

#### **CR REPORT 2021**

### Contents

#### At a glance

- 2 Our core story
- 3 Strategic update
- 4 Our global footprint
- 5 Regional performance
- 7 Letter to our stakeholders

#### **Our Approach**

- 9 Our ambition
- 10 Sustainable development goals
- **11** Our framework for Corporate Responsibility
- **12** Mitigating risks and challenges
- 13 Our Approach Summary
- 14 Key sustainability events in 2021

#### **Principles of Governance**

- **15** Focus on governance and compliance
- 19 Overview of 2021 Principles of Governance performance

#### **People**

- 20 Reaching our full potential
- 22 Diversity, inclusion and belonging
- **25** Health and safety
- 28 Overview of 2021 People performance

#### **Planet**

- **29** Helping to protect our environment and climate
- **33** EU Taxonomy Regulation
- **36** Overview of 2021 Planet performance

#### **Prosperity**

- 37 Acting with integrity
- 40 Data protection in ISS
- **41** Data ethics in ISS
- 43 Internal controls and assurance
- 44 Overview of 2021 Prosperity performance

#### **Additional information**

- 45 Independent auditor's assurance report
- 47 Reporting principles and compliance
- **48** Our performance and targets
- **50** Performance against objectives and targets for 2021
- 51 GRI disclosures
- 57 United Nations Global Compact (UNGC)
- 58 World Economic Forum's Metrics
- **62** Accounting practice concerning taxonomy delegation

#### ISS case stories



17 Employee kickbacks: **Exposing corruption and** upholding integrity



18 Ghost employee: Payroll fraud in ISS Hong Kong



24 Eeva-Riitta Tuominen: From Service Manager to **Commercial Manager** 



27 Covid-19: Standing together as OneISS to support ISS India



31 Environmental leader: **ISS Global Environmental Awareness Campaign** 



32 Addressing climate change: Climate-related targets and disclosures in ISS



34 Putting circularity into practice: Recycling paper hand towels



35 Nordea Bank: Making sustainability taste great



**39 Refreshing our values:** Transforming ISS culture



42 Due diligence: Employee screening in India













## Our story

#### We are placemakers

From strategy through to operations, we partner with customers to deliver places that work, think and give. They choose us because we create, manage and maintain environments that make life easier, more productive and enjoyable.

Our **people** care about the people they support, always adding a human touch to create places that deliver and delight. Every ISS person in every customer facility is one of us – trained, equipped, motivated and working to **high standards**.

Working with customers day by day, side by side, we come to understand every aspect of the user experience. We deploy data, insights and knowledge to develop innovative strategies and **intelligent solutions** to meet the intricate

realities of service delivery. This helps us manage risk, reduce cost and ensure consistency.

As a global company with a heritage of fairness, equality and inclusion, we empower all of our people to deal with problems and opportunities when they arise. We see it as our job to help our customers achieve their purpose. Whether it is hospitals healing patients, businesses boosting productivity, airports transferring passengers or manufacturing sites producing goods, we are there to help.

People make places and places make people. We know that when we get things right, it enhances lives and makes the world work better – and that is what drives us.

#### **Our purpose**

Connecting
people and places
to make the world
work better

#### **Our promise**

A sustainable business model that supports the world we live in

## Caring for people, places and the planet

Making the world work better starts with our belief in creating a fair and inclusive society.

We take care of, and provide opportunity for **people**, helping them to develop themselves. We do this because we know our people can and do make a difference. We believe that people make places and places make people.

ISS helps to protect and maintain **places**– buildings and the assets inside them. We
help our customers minimise their impact on
the **planet** by reducing their consumption of
energy, carbon and water and cutting their
production of waste, including food.

We bring all of this to life through a unique combination of data, insight and service excellence.

## Strategic update

#### **OneISS**

In December 2020, we launched our refreshed strategy, OneISS, confirming our key account strategy and our Integrated Facility Services (IFS) delivery model. We continue to focus on self-delivery of our core services by experienced placemakers, who care.

Acknowledging that historic execution was unsatisfactory, OneISS focuses on delivering a short-term turnaround of our underperforming contracts and countries, recovery from Covid-19 and a sharpened focus through our divestment programme. At the same time, we are investing in a long-term improvement of the global operating model to enable us to deliver consistent high-quality outcomes to our customers.

#### **Execution on track**

During 2021, we made significant progress. Our turnaround programme is on track, and we have laid the foundation for a strengthened global operating model. We also saw a positive impact from the restructuring initiatives initiated in 2021 across the business in response to Covid-19 as well as initial signs of recovery appearing towards the end of 2021. We will continue this journey in the coming years to create OneISS – Stronger, Simpler, Closer.

Given the significant progress we have made in 2021, we have updated our strategic priorities going into 2022, see Our strategy, p. 29. This will enable us to achieve our 2025 ambition and deliver strong outcomes for all our stakeholders – Customers, Society, Colleagues, and Shareholders.

#### **Progress 2021**

#### **Turnaround 2021-2022**

- Agreement reached to exit Danish Defence gradually until May 2022
- Good progress on remaining underperforming contracts and countries
- Initial recovery from Covid-19 with customers slowly returning to office in some countries

#### **Divestment programme**

- Secured net proceeds of DKK 1.8bn (target of DKK 2bn in 2021-2022)
- Chile reclassified to continuing operations
- Rescoped in January 2022 to only include the remaining three countries and two business units

#### **Global operating model**

- New country blueprint organisation with distinct focus on key accounts and single-service customers
- New Operations Performance function established, including roll-out of benchmarking tool for enhanced productivity of daily office cleaning in selected countries and contracts
- New global product management team and governance, tightly linked with technology
- New global commercial team and strengthened bid process
- New technology strategy led by new EGM member responsible for Technology and Digital
- New Head of Sustainability hired and commitment to net zero emissions by 2040 announced in January 2022

#### Our strategic choices

#### **Key account share**



#### **IFS** revenue share



#### **Customer segments**



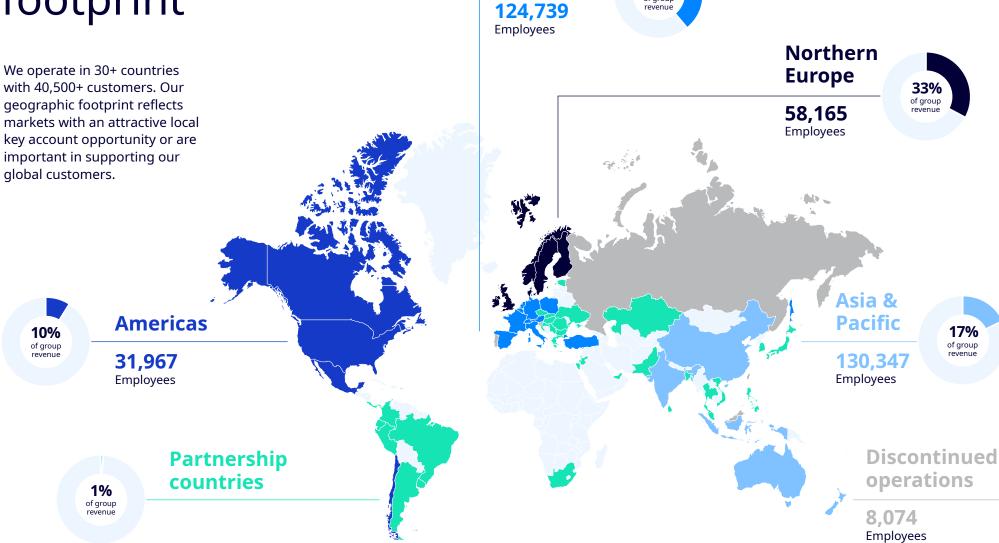
#### **Core services**



17% of group revenue

# Our global footprint

with 40,500+ customers. Our geographic footprint reflects markets with an attractive local key account opportunity or are important in supporting our global customers.



**Continental** 

39% of group revenue

**Europe** 

# Regional performance

#### **Continental Europe**

27.846

DKKbn revenue

Of group revenue

63% **Key accounts** 

4.4%

124,739 **Employees** 

**Organic Growth** 

#### **Northern Europe**

23.424

revenue

Of group revenue

**Key accounts** 

1.3% **Organic Growth** 



58,165 **Employees** 

Revenue by country	DKK million
Germany	5,429
Switzerland	5,212
Spain	4,420
France	3,075
Turkey	2,719
Belgium & Luxembourg	2,695
Austria	2,043
Netherlands	1,216
Italy	699
Poland	286
Lithuania	62
Latvia	2

Revenue by country	DKK million
UK & Ireland	10,634
Denmark	3,673
Finland	3,149
Norway	3,181
Sweden	2,787

# Regional performance

#### **Asia & Pacific**

12.381

DKKbn revenue

17% Of group revenue

67% Key accounts

O.O Organic Growth

130,347 Employees

#### **Americas**

7.141

DKKbn revenue

10% Of group revenue

73% Key accounts

(1.6%)
Organic Growth



**31,967** Employees

Revenue by country	DKK million
Australia & New Zealand	4,349
Hong Kong	2,403
Singapore	2,035
Indonesia	1,635
India	1,076
China	880
Other	0

Revenue by country	DKK million
USA & Canada	5,298
Chile	1,003
Mexico	810
Other	30

### Letter to our stakeholders

ISS delivered significant strategic, financial, and operational progress in 2021. Thanks to our more than 350,000 placemakers, and despite substantial headwinds, not least from the Covid-19 pandemic, ISS supported the needs of our customers as the global workplace was undergoing rapid change. Furthermore, we strengthened our efforts substantially towards a full-scope net zero business by 2040.

Led by our purpose of connecting people and places to make the world work better, we have focused on providing a clean and safe working environment for our customers' employees as well as our own employees – who we call placemakers. This remained a top priority to keep vital infrastructure and key production facilities open and operational in a year where the pandemic was yet again a dominating factor. At the same time, we supported a rapidly-changing global workplace with hybrid work becoming the new normal at many of our office-based customers. We want to thank all our employees for working tirelessly in ensuring this vital support to our customers.

2021 was another difficult year for the world as the Covid-19 pandemic continued to challenge societies and businesses. As a leading provider of services to the global workplace, this also affected ISS. The adverse impact on our revenue from Covid-19 restrictions and lockdowns continued to vary across our services, customer segments and geographies. However, we also saw a positive contribution from continued strong demand for deep-cleaning and disinfection solutions, which supported our revenue related to project work.

#### Solid financial developments

Despite the challenges posed by the pandemic and a volatile business environment with wage inflation and labour shortages in many regions, ISS remained resilient and delivered significant financial and operational progress in 2021. This was not least due to the impact from our turnaround programme and restructuring initiatives across our business and a strong focus on servicing our key customer segments.

Organic growth was 2.0% in 2021, compared with (6.6)% in 2020, mainly due to improvements in the portfolio revenue despite continued subdued activity across many segments and regions. Growth remains a key focus area for us, and with the OneISS strategy we are investing further to develop our commercial processes and in delivering world-class customer solutions to attract and retain customers.

Our execution of the turnaround programme and restructuring initiatives and the implementation of the OneISS strategy led to a significant improvement of our operating margin as well as strong cash flow generation. As a result, we raised our financial guidance in the second half of 2021 and ended the full year with an operating margin of 2.5% and a free cash flow of DKK 1.7 billion, in line with our revised guidance.

#### Delivering on our strategic ambitions

The financial progress was a testament to our persistent focus on implementing the OneISS

strategy, which sets out our dual priority of delivering a short-term turnaround while at the same time ensuring long-term improvements to the global operating model.

We launched our strategy refresh in December 2020 with the clear aim of sharpening our focus on key segments, accelerating technology investments, and introducing a new globally aligned operating model. With the refreshed strategy, we are taking advantage of our global scale to drive superior value for all stakeholders, to become the most respected global leader in integrated facility services and to strengthen our position as the global number one in cleaning.

During 2021, we made a number of organisational changes, introduced a new country blueprint and launched changes to the top management teams of ISS. All to ensure that ISS is fit for the future and that we can fulfil our strategic ambitions by delivering strong outcomes for all stakeholders. As a result, 40% of our top 400 leaders are new to their roles. Furthermore, we have significantly strengthened the Executive Group Management team with a good combination of executives recruited within ISS's own talent pool and external profiles with the right international expertise and experience.

a year of fundamental change for ISS. We made significant progress both strategically, financially and operationally.

However, we have only just embarked on this multiyear journey – and we are confident that we will provide further progress in 2022 and the years to come.



Niels Smedegaard Chair

Jacob Aarup-Andersen Group CEO



We continued to execute on our turnaround programme for 2021-2022 focusing on profitability and cash generation. The turnaround plan entails a substantial improvement of underperforming contracts and countries, a recovery from the Covid-19 situation and a sharpened strategic focus through our divestment programme. During the year, we achieved important milestones on these priorities.

In June, we reached an agreement to gradually exit the underperforming partnership contract with Danish Defence. Furthermore, the performance of the Deutsche Telekom contract, our largest contract globally, developed according to the recovery plan and we saw improvements in the performance of our operations in France and the UK.

On our divestment programme, we signed or completed a total of 14 divestments during the year (including in January 2022), taking us well ahead of our plan and securing net proceeds of DKK 1.8 billion out of the targeted DKK 2 billion by year-end 2022. In addition, we saw the early signs of recovery from the pandemic as customers gradually returned to offices in certain countries and despite the recent rise in infection rates. Overall, we delivered according to plan on the turnaround programme, and in some areas even ahead of our expectations.

#### High retention rate for key accounts

In line with our strategic focus on global key accounts, we maintained a high retention rate for key accounts of 94%. During the year, we

further strengthened our position both within existing and new key accounts across several markets. In March, we agreed to extend the strategic partnership with Barclays until 2025. For the past nine years, ISS has delivered integrated facility and workplace services in more than 30 countries across the Barclays portfolio.

In June, we announced an agreement with energy company Equinor to deliver services to its office sites. The contract will run for five years, with a possible extension of five additional years This is the largest contract of its kind on the Norwegian market. In Turkey, we strengthened our position in the strategically important healthcare sector with the acquisition of Rönesans Facility Management Company in September. The expansion in the Turkish healthcare sector will advance our efforts to accelerate our leadership position within this key segment.

At the end of the year, we agreed to extend the long-standing partnership with Hewlett Packard Enterprise for another five years and generally, we managed to renew a number of other large key accounts with multi-year contracts throughout the year.

### Ensuring a safe, diverse, inclusive and sustainable workplace

As the world continues to recover from the pandemic, our focus remains on supporting our customers in their current and future needs. Not least when it comes to ensuring a safe and sustainable global workplace to the benefit of our planet and the people who live and work on it.

At ISS, we recognise the full scope of the ongoing climate and environmental crisis. And we are strongly committed to carrying out our operations and delivering our services in a sustainable way. For this reason, we have recently appointed a new Head of Sustainability and in January 2022, we launched our new sustainability targets, including an ambitious target of reaching full-scope net zero greenhouse gas emissions by 2040.

Furthermore, social sustainability, which has always been in our DNA, was further strengthened in 2021. ISS is built on a foundation of equity, inclusion, fairness and respect for all individuals. With the appointment of a new global Head of Diversity & Inclusion and the launch of a new D&I strategy, we are committed to taking a proactive responsibility towards our surrounding communities, our customers, and society by reflecting diversity and reinforcing an inclusive culture where everyone can be their authentic self and feel that they belong.

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. Tragically we suffered five work-related fatalities in 2021 (three in 2020). This is unacceptable.

We are deeply affected by the fatalities and the impact this has on their families, friends and colleagues. We have investigated the incidents

to ensure we determine the root causes and take corrective actions so that they are not repeated.

In the past decade, we have reduced our Lost Time Injury Frequency (LTIF) by over 80%. The continuous improvement has been driven by our systematic approach and focus on HSE risks across the organisation.

#### Our commitments

We remain committed in our support of the United Nations (UN) Global Compact as we have been since 1999. We continuously align our strategy and operations with the ten principles of the UN framework. We are committed to the UN Guiding Principles for Business and Human Rights and, in terms of climate change, committed to reducing greenhouse gas emissions related to our operations. In the last few years, we have specifically focused on strengthening our due diligence systems in order to implement the 'Protect, respect and remedy' framework in accordance with UN Guiding Principles on Business and Human Rights.

In ISS, we welcome the increased focus on transparency and the principle of 'knowing and showing' the full scope of our non-financial responsibilities.

### Our ambition

At ISS, we are driven by our purpose: connecting people and places to make the world work better. ISS is a global business employing hundreds of thousands of people in many different countries. We realise that we have a huge role to play in improving the lives of our employees and our customers, and in solving some of the world's most pressing sustainability challenges.

Our OneISS strategy ensures that we live up to our purpose, to strengthen our reputation as the most respected global leader in integrated facility services and to positively influence the lives of our people, our customers and the world.

Our goal is to be **stronger**, **simpler**, **closer**. To build on our unique heritage, doing what we do best and investing in the right areas to grow. To make life easier for our people and leverage our global scale to work better for all of us. To continue embracing the right values, working together in a more aligned way and with a clearer structure, to succeed as OneISS.

Making the world a better place starts with our belief in creating a fair and inclusive society. We take care of, and provide opportunities for our 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 places make people.

We have a proud heritage based upon our deep respect for people and our strong customer focus. **Inclusion, Equality and Fairness** are fundamental to our value proposition for all our stakeholders. A people company is built upon respect. We treat all our employees with dignity and help them grow as individuals and professionals while working determinedly on enhancing society's recognition of all people.

Our employees come from more than 175 countries. They have different cultures, languages, skills and perspectives and we want everyone to feel included and able to contribute. ISS often provides people with the first jobs in their lives, in their career or in a new country. We give them the dignity to be part of the society they live in, to support their families and to contribute to the wider world as they progress in their journey through life. We are a social mobility engine giving people the opportunity to better their lives through experience and training, so they can achieve their aspirations for their careers and their lives.

Inclusion, Equality and Fairness are supported by a guidance framework of policies, rules and manuals. These are underpinned by a core set of Stakeholder Capitalism Metrics (SCM) as defined by the World Economic Forum. They are organised under four pillars that are aligned with the United Nations Global Compact and Sustainable Development Goals (SDGs), and the principles of Environmental, Social and Corporate Governance (ESG).

We have structured this report around these four pillars, and in the following pages we

#### The Four Pillars Defining the social benefit of the business and ensuring good **Principles of** governance with the principles of agency, accountability and stewardship Governance Seeking an end to poverty and hunger in all their forms and helping people fulfil their potential in dignity and equality in a healthy environment **People** To meet the future challenges of unsustainable consumption, climate change, water scarcity, biodiversity loss etc, we are working in collaboration with employees, customers, suppliers and external stakeholders where we will take ambitious steps towards a more sustainable future through sustainable consumption and production as well as our ambitions to reach net zero Ensuring everyone can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature **Prosperity**

explain how these principles are embedded in our organisation. We use case studies to demonstrate our policies in action and bring to life how we meet the challenges posed.

ISS aims to lead our industry by example, driving business and societal outcomes together. We always seek to influence the market wherever we operate, and we must be aware of and respond to what is happening where we operate,

whether these be global trends or something specific to a single country or culture.

The materiality assessment underpins the management of our responsible practices along the entire value chain, and we interviewed key internal stakeholders as part of the process. The findings were validated and confirmed internally and externally. The materiality assessment was updated in 2021 and will be again next year (see page 12).

## Sustainable development goals

ISS is a responsible corporate citizen and we are committed to peace and prosperity for people and the planet, as expressed in the 17 UN Sustainable Development Goals. We invest particular effort in supporting six SDGs, which constitute the foundation of the change we seek to make: 5) Gender equality, 8) Decent work and economic growth, 10) Reduced inequalities, 12) Sustainable consumption, 13) Climate action and 16) Peace, justice and strong institutions.



#### SDG 5

#### Achieve gender equality and empower all women and girls

ISS is a multicultural company and embraces and encourages diversity. With almost 50% women in the workforce, we have contributed significantly to empowering women. Female representation in management, leadership development and graduate programmes has high priority and is progressing. Our Diversity Policy continues to bring results, with more initiatives to identify female candidates and promote women to more senior roles. Training programmes educate, enforce and embed policies against harassment and discrimination.



#### SDG 8

### Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Minimum wages, the right to organise and a safe working environment are basic standards at ISS. As a dedicated people company, we invest significantly in developing employees at all levels of our organisation. We take continuous action at all levels to eradicate injuries and fatalities. We have zero tolerance of forced labour, child labour, modern slavery and human trafficking in our operations and this is strictly enforced through governance controls, including audits.



#### **SDG 10**

### Reduce inequality within and among countries

As one of the world's largest private employers, ISS provides the economic foundation for many individuals and families around the world. There is an increasing number of refugees in our workforce, as well as people with mental and physical disabilities, social challenges or little academic education. We offer employees the chance to develop their skills through education programmes, increasing their job and career opportunities.



#### **SDG 12**

### Ensure sustainable consumption and production patterns

We aim to reduce the consumption of chemicals through our Cleaning Excellence programme, working with strategic suppliers to develop and test new tools and processes that will reduce the environmental impact. We focus on green innovation projects, such as the comprehensive Diversey SURE range of cleaning products. These are plant based and 100% biodegradable, designed to deliver superior results while being safe for people and kind to the environment.



#### **SDG 13**

#### Take urgent action to combat climate change and its impacts

ISS is committed to continuously reducing any negative impact on the environment due to our operations, and we also work with customers to help them reduce their own environmental footprint. We work at our customers' premises, meaning we gain insight into their performance and use this knowledge to help them manage and reduce their impact and reach their targets. We have set a Net Zero emission target for 2040 covering all scopes.



#### **SDG 16**

# Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

We aim to eradicate all forms of discrimination and unethical behaviour through the ISS Code of Conduct and the Global People Standards. These policies are the basis of our learning tools and programmes, including an extensive onboarding course in which all new employees are trained in our way of working and our values. Corruption and bribery are illegal and against our values, and we promote the Speak Up system to allow employees to raise concerns on these matters, anonymously and without fear of reprisal.

# Our framework for Corporate Responsibility

# Committed to ethical and responsible business conduct

Our corporate responsibility framework is based on our business fundamentals: our OneISS strategy, our values and our purpose. To ensure good corporate governance, ISS has adopted a number of policies, guidelines and standards, which are outlined below.

Our Code of Conduct is connected to everything we do. It sets out the key principles for conducting business in an ethical and responsible manner in line with our values. In support of this is our Corporate Responsibility Policy (CR) and our Group Strategy for Health, Safety, Environment and Quality (HSEQ).

#### Our desired outcomes are:

- Ensuring a healthy and safe work environment;
- Driving a responsible supply chain;
- Reducing our environmental footprint;
- Mitigating risks through internal education;
- · Building strong leadership capabilities.

Policies are available here.

As a global business, we work continuously to fully integrate these policies and strategies into our local operations. Group HSEQ and CR is responsible for driving the strategy, monitoring and reporting on HSEQ and CR, and works

closely with the Executive Group Management. Reviewing performance and actions in this way helps us achieve common Group goals.

#### **Going forward**

In 2021, we strengthened our focus with the appointment of a new Global Head of Sustainability. Going forward in 2022, the newly established Group Sustainability will be responsible for driving the strategy, monitoring and reporting.

Policies	<ul><li> ISS Code of Conduct</li><li> ISS Corporate Responsibility Policy</li><li> Group HSEQ Management System</li><li> ISS Safety Rules</li></ul>	Group Health, Safety, Environment and Quality and Corporate Responsibility	Central & Southern Europe
runcies	<ul> <li>ISS Tax Policy</li> <li>ISS Global People Standards</li> <li>ISS Supplier Code of Conduct</li> <li>ISS Supply Chain Policy</li> </ul>		Northern Europe
	<b>Our values</b> – Honesty, Entrepreneurship, Responsibility, Quality and Unity, and the ISS Leadership Model		Asia & Pacific
Foundation	Our purpose – Connecting people and places to make the world work better		Americas
	Our strategy – OneISS		

# Mitigating risks and challenges

One of the key goals of the ISS corporate responsibility policy is mitigating risks. Risks can be potential barriers to us achieving our goals and disrupt our business, our customers and the planet. We approach risk with a carefully considered strategy, seeking to minimise exposure while also identifying opportunities.

#### **Proactive risk** management

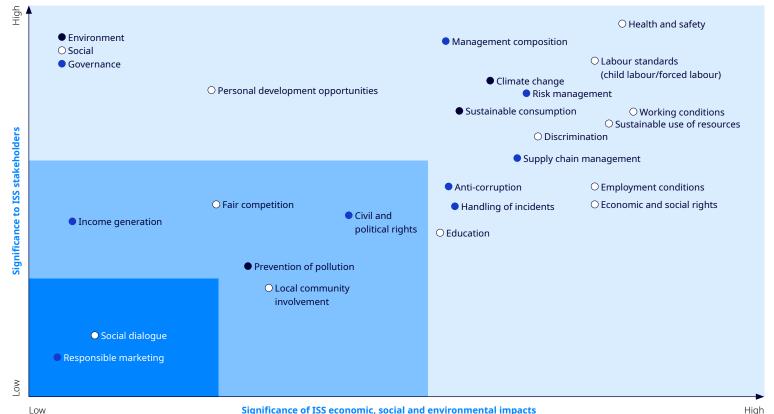
ISS takes a proactive and systematic approach to mitigating risks, continually enforcing our global standards across our organisation into each local market we operate in. We use our knowledge to take meaningful action in a constructive and transparent way.

We focus on strengthening compliance in our supply chain and, as a service provider, we are also asked by our customers to help them improve their working conditions and impact on the environment. Our efforts are part of a continuous development, as challenges remain and there will always be new ones to overcome.

This year, ISS has updated and strengthened a number of our key compliance policies, including our Code of Conduct, our Anti-Corruption Policy, and our Speak Up Policy, our reporting channel for raising serious and sensitive

concerns. We have also implemented a new standard for Gifts and Entertainment and a new Sanctions Policy. More information can be found in the Focus on governance and compliance section on page 15.

The risks, impacts and actions related to the UN Global Compact principles on responsible business are presented in the overview below and on page 13.



# Our Approach Summary

	Risks	Impact	Actions
Anti-corruption	Given the large number of employees around the world, complying with anti-corruption rules may pose a risk. Although bribery and corruption are illegal and against ISS policies, we acknowledge that we cannot always prevent breaches of rules or legislation.	Foul play by just one of our 354,636 employees somewhere in the organisation can seriously harm our company at a corporate level. Adverse effects could include financial costs, corporate liability, and reputational damages with the potential to destroy business opportunities. Corruption affects society by e.g. endangering the rule of law and destabilising economic growth.	Our global standards are part of the training for all ISS employees. Enforcing the anti-corruption and bribery rules requires constant focus and the commitment from our top management is unambiguous. Local management must work actively to implement the standards. We monitor and ensure that each case of non-compliance gets escalated and treated seriously.
Environment	Reducing our environmental footprint is a clear ambition in ISS.  We manage two different risk categories: our own operations and our customers'.  There are 3 main challenges:  1. access to accurate and reliable data for both ISS own operations and customers;  2. complex supply chain to drive change and reduce carbon footprint;  3. rethinking the product life cycle to reduce environmental impacts.	With our global reach, improving resource productivity will have a significant impact on the environment by decreasing the use of water, energy and materials. When we transfer our standards to customers' businesses, the impact will grow accordingly. Greater visibility into our data and our customers' data will accelerate ISS's transition and delivery on our net zero commitments, and do the same for our customers as well. We will apply our expertise, services coupled with real time data, to drive low-carbon services and resource efficiency.	Based on a systematic approach we aim to achieve continuous improvement in quality and performance. We set standards and targets for improvements, and measure and report on our performance. Credible and effective management of environmental and climate-related risks are part of our value proposition to our customers.
Labour practices	As a global organisation our people have numerous interactions every day. This tests our ability to respect human rights, particularly in regions affected by instability and weak law enforcement. We have identified three main areas posing a risk: child labour, forced labour and right to privacy. They reflect the vulnerability of the people we interact with.	Breaching the rights of vulnerable people is particularly problematic: their exposed situation is worse, and feeling defenseless they may not claim their rights. Influenced by local sub-cultures, this could also impact people in general.	We recognise that certain individuals and groups require increased awareness and attention to protect against potential abuse. Our policy on safeguarding children and vulnerable people is being implemented via a thorough programme. It is part of our onboarding programme, training of top management and leaders and also included in our Global People Standards. Our work on privacy is detailed on page 40.
Human rights	Our policy is to ensure that slavery and human trafficking are not taking place in any part of our business and our supply chain. We recognise that certain categories of our supply chain carry higher risk of child and slave labour. Here, we specifically seek to secure adequate risk controls.	People who become part of slavery or human trafficking usually do not know their rights. They are victims of a cruel business exploit- ing vulnerable humans. Apart from the human costs, the negative societal and economic consequences are significant.	ISS is committed to help eradicate slavery and human trafficking; hence we have a systematic and proactive approach to ensure this. We conduct internal audits to verify our standards to manage these risks. In relation to our supply chain, we require self-assessments and carry out audits to verify our suppliers' labour standards and performance.
Working conditions	The management of working conditions and supply chain risks are becoming more important as compliance with international standards grows. Operating in unstable regions with limited legislation can be challenging to enforce ISS global standards which impose decent working conditions.	As we operate a global company with 354,636 employees and managing a vast number of sub-contractors and suppliers every year, we directly or indirectly impact labour rights for a significant number of people.	Working with private sector partners as well as civil society and labour organisations, we seek to promote labour rights both globally and locally. We support the UNI Global Union's 12 fundamental principles and the UN Guiding Principles on Business and Human Rights, and we manage labour rights on the foundation of these shared goals.

# Key sustainability events in 2021

#### March

#### ISS Belgium & Luxembourg wins HSE Award for sustainability projects

The award from UCB recognises ISS Belux's sustainability projects being carried out at a large research and manufacturing site in Braine-l'Alleud, Belgium. The projects include recycling paper tissues, smart waste bins with inbuilt weighing scales, a digital dashboard for smarter waste management, and recycling cigarette butts.

#### April

#### **ISS** commemorates 120-year anniversary

ISS marks 120 years since its founding by celebrating its employees and lauding the great service they and the company have provided in over a century of business. ISS's people care about the places where they work and the customers they serve. They always go the extra mile, which is what sets them apart as ISS.

#### May

#### ISS signs up to the Valuable 500

The Valuable 500 is a global collective of 500 business leaders and brands committed to promoting disability inclusion and to unlocking the business, social and economic value of people living with disabilities across the world. ISS signs the Valuable 500 Commitment to support this movement and to put disability on the business leadership agenda.

#### **August**

#### ISS Turkey wins HRH Crown Prince Frederik International **Business Award**

ISS Turkey and country manager Cavit Habib receive the Business Excellence Award from HRH Crown Prince Frederik of Denmark. The awards celebrate the achievements of individuals and companies who promote Danish products, services and values around the world. The jury praised ISS Turkey for supporting gender equality and women's rights, as well as creating a digital business model that promotes transparency.

#### September

#### ISS signs UN Women's **Empowerment Principles**

ISS strengthens its commitment to promoting gender equality and women's empowerment in the workplace by signing the Women's Empowerment Principles (WEPs). The company has defined a target of at least 40% gender balance within all leadership roles by 2025. The WEPs offer guidance to businesses on advancing gender equality in the workplace, the marketplace and the wider community.

#### October

#### ISS awarded prestigious **Business Culture Award**

The ISS Global Operations team serving the Barclays account wins the 'Culture in a Crisis'

award at the Business Culture Awards held in London. The awards celebrate the best in workplace culture which enhances business performance, as well as attracting and retaining the best people.

#### ISS China receives IFMA **Best Occupational Health** and Safety Award

ISS China is given the IFMA China Facility Management Award for Best Occupational Health and Safety. The award recognises a facility whose technology has had a substantial positive effect on its operations, and which has the best-managed occupational health and safety programme.

#### ISS UK & Ireland picks up three **IWFM Impact awards**

The IWFM Impact Awards is the workplace and facilities management industry's most prestigious event, showcasing best practice and ingenuity from the profession. ISS UK & Ireland is named Team of the Year, as well as receiving the Social Value award for its JointForces@ISS programme and the Technology award for ISS ServicePoint, a technology solution for better patient care.

#### November

#### ISS qualifies for Dow Jones **Sustainability Index**

ISS joins the world's top performing sustainability companies on the Dow Jones Sustainability

Index, a benchmark for investors who recognise sustainable business practices are vital to shareholder value in the long run. Companies are selected for the index based on their long-term sustainability plans and must make continual improvements to keep up with the evolving criteria.

#### ISS joins the Mentoring Refugee Women initiative in Europe

ISS pledges to mentor 50 refugee women over the next three years in Spain, France and the Netherlands as part of a European initiative launched by the Tent Partnership for Refugees and the global nonprofit Catalyst. The aim is to make an impact on the lives of refugee women in Europe by empowering them and improving their job and career prospects. It reinforces ISS's commitment to advancing opportunities for groups of people at risk of poverty or social exclusion.

#### **December**

#### ISS Austria wins the Facility/Security Services sector for eighth time at **Best Recruiters**

ISS Austria is named the Best Recruiter in the Facilities/Security Services sector for the eighth year in a row by Best Recruiters, the largest recruiting study among German-speaking countries. ISS Austria was praised for its successful and professional recruiting policies.

# Focus on governance and compliance

ISS places great importance on governance and accountability, and good corporate governance practices are an integral part of our values and a promise we make to our customers, employees and stakeholders. We manage our risk, and that of our customers, and ensure ethical behaviour by focusing on compliance and by maintaining our strict internal controls.

#### **Operating model**

To meet our customers' needs for compliance, efficiencies, transparency, and consistency of service performance across our global portfolio, ISS ensures a clear line of sight along all our operating model, from Group to Regions to Countries to customer sites, where we deliver our services.

It is key to have alignment and consistency in our organisation. This is supported by a well-defined set of business fundamentals across ISS, including our values, our purpose and leadership principles, supplemented by mandatory policies and processes.

Our performance on business integrity and good business practice is monitored by Group Internal Audit, using a robust set of assurance activities. Group HSEQ also performs audits against the Group HSEQ Manual. In 2021, Group HSEQ performed 18 audits, concentrating on the control of high-risk activities. The main finding

was the lack of a systematic approach to using the Permit to Work system. As a result, Group HSEQ will pilot an e-Permit to Work system to facilitate full implementation of the PTW process.

#### **Escalation Policy**

Our Escalation Policy ensures proper and timely escalation of serious incidents in order to make the right decisions and actions for both ISS and our customers. The policy ensures:

- all serious incidents that could have a significant impact on the activities, employees, customers, financial performance or reputation of a customer or of ISS are escalated immediately;
- appropriate emergency response planning and management are in place to address serious incidents; and
- the accountability of Country, Regional and Group Managers as well as Key Account Managers and Global Account Directors for duly and timely escalation of serious incidents.

The Escalation Policy also makes clear that when there is doubt over whether an incident is serious or not, it should be escalated regardless so it can be properly managed.

Time is of the essence and escalation cannot await thorough investigations and long reports. The manner of initial communication is by phone to provide the high-level details of the incident, which will allow appropriate actions to be commenced as early as possible. Subsequent communication will normally be less

time-sensitive and is therefore preferably done in writing, unless otherwise agreed case-by-case.

The Escalation Policy and framework are reviewed and tested annually.

#### **Speak Up Policy**

The ISS Speak Up Policy is an additional system to facilitate the reporting of concerns. It is designed to encourage our employees, customers and suppliers to report inappropriate and wrongdoing related to the business. It is promoted throughout our global organisation to ensure that appropriate actions are taken to identify and stop any inappropriate behaviour.

In 2021, we have continued to strengthen the Speak Up system, which is now available in 21 languages and localised for 36 countries. Employees can access the system via phone, the web and an app. We found people can sometimes be reluctant to use an answering machine to report serious incidents, so this year we introduced a manned hotline to encourage people to come forward. We continue to see strong engagement from our employees with the Speak Up system and in 2021, 337 cases were reported. For more details, please see the case study on page 19.

#### **Code of Conduct**

The ISS Code of Conduct is the overarching guidance for behaviour for anyone working for, supplying or representing ISS. It is part of our employment terms and is supported by mandatory e-learning based training modules for all staff,

available in more than 20 languages. There are two Code of Conduct training programmes, one for frontline staff and the other for support staff.

Last year, we updated the training programme for our frontline staff to explain the 10 behaviours and actions expected of our employees. For more details, please see page 35 (Prosperity section). We are now commencing work on a new update to our support staff training course, which will be introduced in 2022. So far, 143,819 employees have completed the Frontline Code of Conduct programme and 36,299 have undertaken the Support Staff Code of Conduct training.

This year, we also added a new value of Unity to our Code of Conduct. This is to reflect our additional emphasis on diversity and inclusion. For more details, please see page 22 (Diversity, Inclusion and Belonging) and page 39 (Refreshing our values).

#### **Anti-Corruption Policy**

Corruption and bribery are illegal and detrimental to businesses, institutions and governments, as well as harmful to societies and individuals. Such acts are against ISS values, and ISS has always sought to combat corruption, extortion and bribery wherever we do business.

This year, we introduced an updated Anti-Corruption Policy to reinforce the prohibition of bribes, facilitation payments and political contributions, and to reiterate our zero-tolerance policy towards any non-compliant behaviour by our employees, suppliers and business partners.

The policy emphasises how important ethical and compliant business dealings are for ISS and our customers.

As part of this, we also issued a new standard for Gifts and Entertainment, which sets out the guidelines for how ISS employees must conduct themselves when giving and receiving gifts and when participating in entertainment with customers, suppliers and third parties. The standard contains clear monetary thresholds for how much ISS employees can spend on Gifts and Entertainment and restricting the offering of Gifts and Entertainment to public officials to an absolute minimum.

#### **Travel and Expenses Policy**

The ISS Travel and Expenses Policy governs travel and business expenses incurred by ISS employees and the entertainment of ISS staff. ISS will pay for and reimburse reasonable and necessary expenses incurred in relation to business activity, whether such activity involves travelling or not. The following fundamental principles apply:

- The purpose of the expense incurred must be business related:
- Always use good judgement when incurring business expenses;
- Employees are responsible for ensuring that travel plans are reasonable, realistic and support the Company's business activities;
- Travel should only be undertaken when necessary. Employees must always consider alternatives such as virtual meetings or conference calls before deciding to travel.

Before any booking takes place, employees must seek written approval for the trip from their line manager. In order to protect our employees when they travel on company business, all booking must be made via our travel agency Egencia.

Our Travel and Expenses Policy has led to better governance of business travel expenses, as well as reducing the Company's carbon footprint due to a decrease in overall business travel.

#### **Sanctions Policy**

ISS interacts with customers, suppliers and other third parties in many different countries and jurisdictions, and we take the responsibility of ensuring these interactions are compliant and lawful very seriously. The integrity of our business practices as well as the integrity of those we do business with are of the utmost importance to ISS. We do not do business with countries or individuals who are subject to sanctions. Our Sanctions Policy sets out how ISS carries out its business in accordance with applicable sanctions laws in the countries in which we operate.

We ensure compliance by vetting our employees in accordance with local laws and specific customer requirements and screening our customers for compliance with sanction laws. ISS also has a global Supplier Compliance and Approval Programme that assists ISS in monitoring and screening suppliers and business partners to ensure they are not subject to any sanctions.

#### **Supplier Compliance**

As well as holding ourselves, our business and our employees to account for the compliance of our policies and processes, we also hold our many valuable suppliers worldwide to the same high standards. We focus on where the risks are and establish close relationships with selected key suppliers and clients in order to implement

our policies, standards, knowledge, processes and solutions.

These risks include governance and policies, unethical behaviour, Freedom of Association,

workplace health and safety, conditions of employment and work, child labour, environmental protection, subcontracting, financials and contract compliance.

The key stakeholders we engage with		
Employees	Relation with designated manager and annual appraisal.  Daily Team Board talks	
Customers	Ongoing dialogue to meet expectations and feedback from annual Customer Experience survey	
Investors	Close dialogue through road shows, conference calls, investor meetings and announcements	
Suppliers	Increased dialogue to ensure a responsible and strong supply chain, to the benefit of both parties. This engagement is carried out on a continuous basis during the year	
Unions	Constructive interaction with international and national works councils, unions and employee representatives.  Quarterly with the EWC and semi-annually with UNI	
Media and NGOs	Proactive and constructive communication with media and NGOs on a broad variety of platforms	



#### **EMPLOYEE KICKBACKS**

# Exposing corruption and upholding integrity

ISS is committed to maintaining the highest standards of business integrity. We do not tolerate violations of our Code of Conduct and other key compliance measures at any level of our organisation. Regular internal audits are performed across the entire ISS Group in order to ensure our compliance policies are strictly adhered to.

One such internal audit was being conducted into the operations of a procurement department in an ISS country, when questions were raised about a new supplier the department was using. This prompted an allegation to be made via our Speak Up system about an ISS employee in the procurement department receiving kickbacks of various food items from the supplier.

Cases involving kickbacks and bribery can be notoriously difficult to prove. However, in this case the ISS investigation managed to obtain confirmation from the supplier that the accused employee was indeed receiving kickbacks from them. The employee then faced ISS disciplinary measures and was exited.

Kickbacks and bribes are among the most common corrupt practices in business and can lead to increased prices, unsuitable suppliers and reduced quality in goods and services. This case demonstrates how ISS's internal audits effectively monitor business practices across our global operations and help to uphold our integrity and manage our risks.





#### **GHOST EMPLOYEE**

# Payroll fraud in ISS Hong Kong

This year, ISS received a report through the Speak Up system of a ghost employee in ISS Hong Kong. A ghost employee is either a fictitious employee who appears on the company payroll but does not actually work for the company, or a real employee who appears more than once on the payroll.

The report alleged that the employee had created a false identity in order to simultaneously work two jobs and receive salaries for both. Although there are no local regulations in Hong Kong prohibiting a person from working two jobs, ISS began an investigation to ascertain whether a fake identity was in use to commit payroll fraud.

The investigation found that a back-office employee had used her sister's details to

create a fake identity, with which she had then secured a second, frontline job with ISS Hong Kong. ISS took disciplinary action, and the employee was subsequently fired.

A new policy was also introduced afterwards to strengthen ISS governance around ghost employees. The policy ensures, as well, there is no cross-over within ISS between frontline and back-office staff, and that employees are prohibited from working more than their permitted hours.

ISS is the employer of a large workforce globally, and it has always been important for ISS to ensure that all employees are treated with respect and dignity, and that their wellbeing is looked after, including the number of hours each individual is working.



# Overview of 2021 Principles of Governance performance

Subject	Enabled by	Activities	Progress
Internal controls	<ul><li> ISS Group Internal Audit monitoring</li><li> ISS Group HSEQ audits</li></ul>	Group Internal Audit monitors business integrity and good business practices via robust set of assurance activities.  Group HSEQ performs audits focusing on control of highrisk activities.	In 2021, Group HSEQ performed 18 audits. The main finding was the lack of systematic approach to using the Permit to Work system, so an e-system will now be piloted to facilitate full implementation.
Refreshing our values	ISS Code of Conduct	ISS culture is important to the effective execution of corporate strategy and is shaped by our values:  Honesty Responsibility Entrepreneurship Quality Unity	A new value of Unity was added this year to reflect additional emphasis on diversity and inclusion. After this year's launch, Unity will be fully integrated into ISS values during phase 2 in 2022 and phase 3 in 2023.
Access to remediation	ISS Speak Up Policy	The Speak Up system is ISS's reporting channel for raising serious and sensitive concerns, now available in 21 languages and localised for 36 countries.	Employees can access the system via phone, web and an app. This year, after finding people could be reluctant using an answering machine, we have introduced a manned hotline to encourage employees to come forward. In 2021, 337 cases were reported.
Upholding integrity	<ul><li> ISS Anti-Corruption Policy</li><li> ISS Gifts &amp; Entertainment standard</li><li> ISS Sanctions Policy</li></ul>	We manage our risk and ensure ethical behaviour by focusing on compliance and maintaining strict internal controls. This is supported by our values, internal audits and our mandatory policies and processes.	In 2021, we introduced an updated Anti-Corruption Policy to reinforce the prohibition of bribes, facilitation payments and political contributions. The policy emphasises the importance of ethical and compliant business dealings for ISS and our customers. We also introduced a new standard for Gifts and Entertainments, containing monetary thresholds, and an updated Sanctions Policy.



# Reaching our full potential

ISS is a people company, with a unique heritage built on the foundation of our employees. We have an opportunity and a duty to improve the lives of our people and help them reach their full potential. Education and training provide them with the skills and knowledge necessary for this, and by investing in and nurturing our people, ISS as a company grows and benefits.

We are one of the largest employers in the world and, as such, we recognise the importance of offering industry-leading training and development to all our employees. We know we can help our people harness their full potential to fulfil their need for personal development and job satisfaction, while meeting the needs of our customers.

We also see ourselves as more than just a job provider. It is our ambition that anyone who works or has worked at ISS should be able to make a difference in their everyday lives. When we succeed in helping our employees grow, they are able to contribute to our customers and societies and make the world work better.

#### Focus on education

As we believe that development is a continuous process for every employee at every level of the organisation, and we are committed to giving everyone equal access and opportunity to learn

and develop, all ISS employees will be offered training before 2025. Our ambition is to provide multi-language literacy, numeracy and core IT skills training as free online courses for all team members

MyLearning is our global Learning Management System, a multi-function platform which supports the deployment and tracking of over 2,000 global and country-specific e-learning modules along with 800 training videos. It is accessible to all ISS employees, from executives and country leaders to frontline staff, anywhere in the world, no matter where they work.

The platform allows country organisations to assign, track and store evidence for on-the-job training, skills, licences, certifications and qualifications. It has a classroom management tool for automating invitations and marking attendance at formal classroom-based training sessions. It is cloud-based, which means our frontline team members do not need to have company network access, and it is mobile-friendly, with an intuitive interface for easy access through smartphones, tablets and computers by users who may not be familiar with using online tools.

MyLearning can also automate personalised training assignments based on a team member's role, location, customer, and country. This helps to ensure all team members are properly trained, safe and compliant when performing their job. Key focus areas of standardised global MyLearning training include the ISS Code of Conduct, Information Security, Data Protection, ISS Escalation Policy and position-appropriate

HSE (such as driving safety, waste management and office safety). Each ISS country organisation is also encouraged to develop local training to support their local needs.

In late 2021, ISS began a journey of digital transformation and enablement among our placemaking workforce with the piloting of MyISS: a web platform and mobile application designed to connect all ISS team members around the world. The platform is build upon a foundation of personalised communication and the opportunity for our people to contribute and make their voices heard through surveys and employee listening, while also – in the longer term – providing access to 'quality of life' features like pay information, rosters and absence requests.

MyISS is positioned as the 'digital front door' to ISS, with a focus on supporting our placemakers and providing them with access to what they want, when they want it. Following small-scale proofs-of-concept in 2021, the development and rollout of the MyISS platform will accelerate throughout 2022 and 2023. It is expected to be available to all placemakers around the world in 2024.

#### Our people's development

At ISS, we believe people never stop learning, which is why we constantly invest in our people's development. At every level of our organisation, our employees are given the care and attention they need to thrive.

Inspired by the launch of our new OneISS strategy and our 2025 ambition, 2021 has been

a year marking the beginning of our cultural transformation. We aim to create even more value for our employees through the quality of our leadership and by giving them greater access to personal development that will support their aspirations. We built the OneISS cultural blueprint, which defines the right leadership behaviours, ISS values and service culture to support a stronger culture of trust and collaboration.

The two main stepping stones we focused on this year were:

- Placemaker's Path renewed service culture development programme;
- New Leadership Model clear guidance on behaviours required from our leaders to support organisational transformation and our people's engagement.

#### Placemaker's Path

When our employees join ISS, they join the Placemaker's Path – a career-long journey during which our commitment to making the world work better is matched by continuous learning and development. Whatever their roles or aspirations, Placemaker's Path empowers our employees with the knowledge, skills and community they need to continuously grow and make places that work, think and give.

The programme is a cornerstone of the ISS service culture, beginning during recruitment, to ensure we attract people who care, and continuing during their time at ISS to support their development and success.



For our frontline colleagues, the Placemaker's Path is a comprehensive programme that enables our Placemakers to continuously develop their service understanding and professional capabilities. We empower and develop our people through specific training and reinforcement activities that support their growth and understanding of our value proposition and their role in delivering it.

As part of the programme, we pay special attention to the service leader's role at ISS, which is to drive positive, inclusive and inspiring employee experiences.

Going forward, Placemaker's Path will expand beyond service culture capabilities development and provide our employees with opportunities to develop their general business skills in support of their career aspirations and overall business acumen.

#### **ISS Leadership Model**

People make places, leaders shape culture – the quality of our management and leadership is a critical driver of our growth as well as the day-to-day working conditions for all our employees across the world. We are committed to continuously investing in it, so we provided our people with clear guidance on behaviours that drive OneISS and produce better, more fulfilling working environments. The ISS Leadership Model is built around three pillars:

#### • Delivering Excellence

Bringing the best of ISS to every opportunity, delivering beyond what seems possible, choosing to do the right thing

#### • Igniting Change

Being humble, curious and open-minded, creating clarity of direction, inspiring focused pursuit of our vision

#### Unleashing the power of OneISS

Earning trust through authentic leadership, nurturing diverse talent and creating powerful teams, building community though positivity and belonging

The model has become the backbone of all our people processes and development activities going forward.

#### Covid-19

During 2021, Covid-19 continued to disrupt lives and impact livelihoods and businesses all over the world. ISS maintained various steps to manage the outbreak, from our people perspective to the handling of our customers.

Even with all the efforts, especially from health care professionals around the world, we have unfortunately lost 157 employees since the start of the pandemic, due to Covid-19 related sicknesses.

We are still enforcing local protocols and encouraging employees to continue the behaviours we implemented in 2020: hand hygiene and social distancing. As vaccinations became available, ISS issued guidance on vaccines and how they are a safe way to build protection against Covid-19.

Our Global Emergency Response Organisation (GERO), and in each country our Country Emergency Response Organisations (CERO), still monitor the Covid-19 situation globally and locally. GERO co-ordinates responses in each CERO, monitoring the situation and sharing practices across the different regions.

ISS continues to issue Health Alerts, provide guidance and training to all employees and communicate the latest policies and protocols

through our Health, Safety and Environment (HSE) app. We are also co-ordinating with our customers at the site level to ensure our Covid-19 measures and procedures are aligned.

We have very clear policies in place to ensure our employees and contractors are fully aware of the symptoms of the virus and what to do if there is a suspected case. Anyone suspected of being infected should not come to any work sites and they must carry out a series of checks before any return to work is allowed.

#### **UK Modern Slavery Act**

Our policy is to ensure that slavery and human trafficking are not taking place in any part of our business and in any part of our supply chain. This is consistent with our Code of Conduct, Corporate Responsibility Policy, Supplier Code of Conduct and Global People Standards. Our Global People Standards cover, among other areas, pre-employment checks, zero tolerance for forced and compulsory labour, right to privacy, and child labour.

We conduct internal audits to verify we manage these risks in our operations. We recognise that certain categories of our supply chain carry a higher risk of child or slave labour and we therefore in 2017 implemented a new Supply Chain Policy and ISS ProcurePASS.

# Diversity, inclusion and belonging

As a global company and one of the world's largest private employers, we have always aimed for an inclusive culture where everyone feels valued, engaged and respected, and where everyone is treated fairly and equally, regardless of who they are or where they come from.

ISS is a catalyst for social integration - we provide many people with their first job, help them settle in a new country and support their lifelong learning and career plan. We are committed to empowering our employees to meet their full potential and as such we recognise the importance of promoting and ensuring diversity, inclusion and belonging.

Diversity is about the unique characteristics, life experiences and perspectives - seen and unseen – that make us who we are as individuals and as groups of people. Inclusion means valuing and respecting differences and seeing those as essential for success, while creating an environment where all people are respected and included. Belonging is when employees feel they can bring their authentic selves to work, when differences are embraced and valued.

#### Our strategic approach

Our strategy is driven through five dimensions of diversity, shown in the overview to the right, representing the current needs of our business. We are aware that there are many more dimensions of diversity and we will broaden our focus in the longer term.

We have defined a global target to increase underrepresented minorities, with the first one being to achieve 40% gender balance in corporate leadership by 2025. Gender balance is just one of our dimensions of diversity, but we believe that improving representations of underrepresented minorities will truly be the change we want to see. In 2022, we will continue to work on targets for our additional dimensions.

In 2021, we also signed the UN Women's Empowerment principles, which are designed to help advance and empower women in the workplace, marketplace and community. By signing up to these principles, we are actively demonstrating our commitment to our global gender balance target.

#### Five dimensions of diversity

We have currently identified five dimensions of diversity, which represent the current needs of our business and drive our strategic approach. We are aware there are many more dimensions of diversity and we will broaden our focus in the longer term.

#### 1. Generations & Age

There are currently 5 generations in the workplace. We will focus on generational inclusion and challenge age biases and stereotypes.

#### 2. Cultures, Race & Ethnicity

Covering all imaginable differences among cultures, including ethnicity, language, race, religion, indigenous people, refugees etc.

#### 3. Pride

This dimension is all about expressions of sexual orientation, gender and relationshipand family models along with openness, curiosity and inclusion towards those.

#### 4. Abilities

Disabilities can be broken into 8 sub-categories, seen and unseen. We will create workplaces that are inclusive and accessible towards all abilities.

#### 5. Gender Balance

We will enable gender balance across our organisation, including a focus on balanced representation of gender within senior leadership.

#### Our five dimensions of diversity



Generation & Age



**Cultures. Race** & Ethnicity



**Pride** 



**Abilities** 



**Gender balance** 

#### Status on gender balance

We believe that the advancement of women will lead to greater innovation, improved organisational performance and better service to our customers, enabling us to connect people and places to make to world work better.

The representation of women at management level at the global head office reached approximately 35% in 2021, up from 28% in 2020. To improve the gender balance, we continue to leverage our Diversity policy, requiring us to identify at least one female candidate in searches for vacant positions. We actively identify female candidates for our leadership

programmes. We also continuously develop our succession planning aiming at identifying female successors, and table the matter of women in leadership at ISS for discussion, both at our talent board, and at least once a year at Executive Group Management (EGM) level.

At our EGM, the female representation increased to 25% in 2021 (2020: 20%) following the changes to the management team in 2021 to support and strengthen the next stage in our OneISS journey.

At the Board of Directors (Board), the target of having at least 40% women elected at the general meeting was met with 43% of these Board members being women.









# From Service Manager to Commercial Manager

Over the years, Eeva-Riitta Tuominen has worked her way up from a Service Manager in cleaning to leading the cleaning and multiservice business unit as a Commercial Manager at ISS Finland. Her drive and dedication for learning has led her to paths outside ISS, but she has always returned – twice, in fact.

Eeva-Riitta joined ISS in 1994 after graduating as a cleaning technician. She was recruited to a manager trainee programme, which meant taking on leadership right from the start as a Service Manager. Eventually, her curiosity led her to pursue a job in marketing and communications at another company. While there, she balanced work, family and study, achieving a degree in marketing.

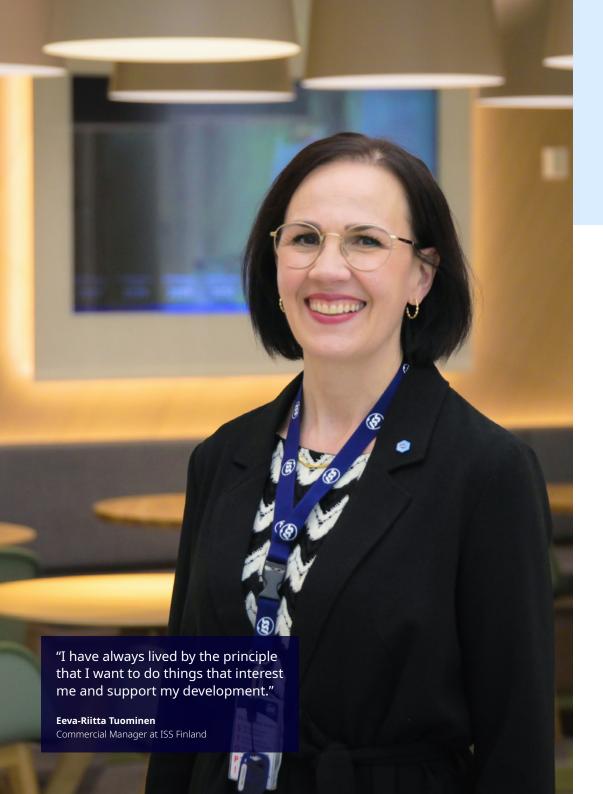
After her third child, Eeva-Riitta started to long for a career she was passionate about, so she returned to ISS as a Service Designer within cleaning. The project-based nature of the role appealed to her, and she worked her way up first to Project Manager, and then to Account Manager.

Although her work has been rewarding, she has always sought opportunities to learn and, capitalising on ISS's supportive learning culture, she achieved a BA and MA in Hospitality Management with a minor in teaching, while working full-time.

When asked where her talents lie, Eeva-Riitta says she's a natural manager of people and services. "I have always lived by the principle that I want to do things that interest me and support my development," she explains. This drive to develop has taken her to many unexpected places, including a two-year stint as a service designer within the health and social care industry.

Today, she heads the cleaning and multiservice business unit as a Commercial Manager, ensuring that the 12-person leadership team has what it needs to create value for clients and shareholders. "My role has a lot to do with managing cleaning – so much, in fact, that it is as if I've returned home, to 1994. It feels fantastic," Eeva-Ritta says.

Looking back on her career at ISS, she credits her success to her curiosity and passion for learning, as well as our supportive culture.



# Health and safety

Our Health, Safety and Environmental goal is represented by an ambitious vision: 100. We strive to be number 1 in our industry in terms of our HSE performance, operate with 0 fatalities at our workplaces, and incur 0 serious incidents or occupational injuries at our workplaces.

### Making safety second nature

As a people company, ISS has an obligation and a responsibility to ensure that our employees go home to their families, their loved ones and their friends as safe and as healthy as they were when they started their working day. In the last ten years, we have established and implemented a systematic approach to drive this vision and ambition where safety is second nature and a natural part of our culture.

Our Global HSEQ Management system is the backbone of this approach. The integrated management system that was first implemented in 2010 was updated to reflect the new ISO standards for Health & Safety, Environment and Quality (HSEQ) and is certified by our global certification partner, DNV. The Group HSEQ Management system is supported by ISS Global Procedures and Guidance Notes. Every Country HSEQ Management System must comply with the Group HSEQ Manual and Global Procedures. The scope of the ISS Group HSEQ Manual includes all activities under our operational control

and also includes contractors that operate under our operational control.

The Manual provides the framework for countries to develop their HSEQ Management system and to tailor it to their activities and the services they provide. Systematic risk management is fundamental to an effective HSEQ system and is the basis for our overall approach; this needs to be integrated into our operational process. This systematic approach sets the minimum bar for how we manage our risks in these areas.

An important aspect of the safety culture we embed in our organisation starts with the ISS Safety Rules, which have become an integral part of ISS safety culture since they were introduced in 2010. The ISS Safety Rules align our behaviours when we carry out our daily tasks. The underlying philosophy of the rules is that there should be no gap between what we state and what we do. An important element is our commitment to an open safety culture where our employees feel secure in seeking advice and raising concerns. To facilitate this process, we have produced an animation film, Living the ISS Safety Rules, that is available on our website and social media. The safety of everyone depends on our common commitment to these rules.

To embed accountability and share best practices in our operations, we have also implemented a global HSEQ IT tool, so our operators can report incidents, carry out investigations and take corrective actions to address root causes. We have used the IT system to create awareness in our operations, as reporting

incidents, including Near Miss incidents, is a key component in creating awareness in our organisation. To encourage employees to report Near Miss incidents and hazard observations, we also launched an app for the IT tool to make reporting and carrying out inspections possible using smartphones.

Despite the continued impact of Covid-19 in 2021 (please see page 21) we continued our quarterly Me and You safety campaigns in all countries. Our campaign focused on slips, trips and falls, STOP, working at heights, and driving safely. Our Health and Wellbeing campaign in June was heavily focused on reducing risks from Covid-19 by addressing topics of hygiene etiquette and also mental health.

The campaigns use posters produced by Group HSEQ that were translated into more than 20 languages. These were supplemented by bi-weekly Toolbox Talks, facilitated by Toolbox Talk Calendars that were also translated into 20 languages, providing our operations with topics and discussions for the talks.

We performed bi-monthly safety inspections for all our large global key accounts during 2021. The inspections build accountability and transparency as results are reported directly into the global HSEQ IT tool. At the same time, the inspections provide documentation that we are living up to the HSEQ requirements included in contracts.

All our processes require commitment from everyone, from our Board and Executive Group

Management (EGM) through to our colleagues delivering our services to our valued customers. We have embedded this commitment at management level; our EGM have all signed Personal Safety Action Plans (PSAPs), and we start all our senior management meetings with a Safety Moment.

At middle management levels, we are also embedding PSAPs and creating Safety Ambassadors by asking our employees to be safety role models by exemplifying safe behaviours such as holding the handrails when using the stairs, ensuring everyone uses their seat belts in the car and not holding their mobile phones while driving.

Our responsibilities also include the health and safety of our customers as we work side by side with them on a daily basis. If we instigate a strong safety culture amongst ourselves, this will also have a positive impact on our customers.

#### **Fatalities**

We regretfully had five fatalities in 2021; in 2020 and 2019 we had three work-related fatalities. We are deeply affected by the fatalities and have investigated the incidents to determine the root causes and take corrective actions to ensure they are not repeated.

The fatalities occurred in Mexico, Spain, Turkey and India and were related to working at heights, vehicle safety and site safety. As per our Group Escalation Policy, each fatality and serious injury is reported to our top management

within 24 hours of occurring. As a result of the incidents, we have sent Global Safety Flashes to the whole organisation to ensure we learn from each incident and take preventive actions.

### Improving the personal safety of our people

The number of Lost Time Injuries decreased to 1,979 from 2,117 in 2020. The Lost Time Injury Frequency (LTIF) for 2021 was 2.7 compared to 2.5 in 2020. This means we have reduced our LTIF by over 80% since our 2010 baseline of 13. Lost Work Hours (LWH) is an important indicator of the general health and wellbeing of our employees. It is also closely linked to both operational and financial gains. LWH decreased by 8% in 2021 compared to 2020. The Total Reportable Cases Frequency (TRCF) was under 8, a decrease of over 65% compared to the 2010 baseline value of 23

#### Risk and due diligence

We perform services with different personal health and safety risk profiles depending on our customers' activities and on the individual site. We have, for example, implemented a standardised Site Risk register that provides us with an overview of the hazards and risks at a site. As part of our due diligence process to ensure we understand and comply with our customers' requirements, we have implemented a HSEQ Compliance Plan.

#### **Annual HSEQ action plans**

Each year, we build and distribute a Group HSEQ Action Plan with actions for each country to implement as part of their Country HSEQ Action Plan. One of the actions in 2021 was to carry out internal audits and inspections at our

operational sites to ensure implementation of the HSEQ Management system in operations. This is to ensure that the Group HSE Vision, ISS Safety Rules, and Country HSEQ Management System are understood and implemented in operations.

#### What we did in 2021

In addition to the Global Campaigns and Toolbox Talk Calendars that were rolled out, we launched streamlined mandatory e-learning modules in our learning management system, MyLearning: the ISS Safety Rules, HSE E-Learning, Office Safety and Driver Safety, in order to improve the user experience.

The new HSE modules won a bronze award from the Brandon Hall Group in the category of 'Best Advance in Customer Content'.

Our systematic approach, including our management systems and processes and IT tools, provides us the foundation to deliver HSEQ as a service at a global level, supporting our overall strategy to develop HSEQ as a value proposition to our customers. This demonstrates that we developed the capabilities and evidence to offer HSEQ as a service to our existing and new customers.







#### COVID-19

### Standing together as OneISS to support ISS India

The loss and distress caused by Covid-19 around the world in the last two years has been deep and widespread. In May 2021, it was India that was being hardest hit. The country was in the grip of the worst surge in the world, suffering more than 4,000 Covid-related deaths on average per day. Its citizens were losing loved ones, subjected to lockdowns, and, with work increasingly uncertain, many faced financial difficulties, impeding their ability to buy daily essentials and vital medicines.

ISS India performed an amazing job assisting and supporting our ISS colleagues and customers in the country. A Central and Regional Emergency Response team was created, which manned a 24/7 emergency hotline and worked around the clock providing hospital transport, emergency medical assistance and advice on financial support. Through the Emergency Response Team's efforts, employees were able to access much-needed medical expertise and attention, including Personal Protection Equipment (PPE) kits and oxygen.

The responsibility of the ISS Executive Group Management and the company as a whole was clear: to stand together as OneISS to support ISS India in every way possible. Firstly, ISS Group contributed financially

to ISS India in support of all the frontline employees and their families, without exception.

Next, in response to the overwhelming offers of help coming in from ISS colleagues around the world, ISS set up a solidarity fund called "Aashraya Nidhi". The aim of the fund was to provide support to both colleagues in ISS India and also social organisations involved in managing the crisis, in particular providing:

- Emergency medical aid such as oxygen supplies, PPE kits, masks, basic medicines, emergency transportation, vaccination of frontline employees;
- Financial assistance to support medical expenses;
- Financial support for the education of children who have lost a parent through Covid-19.

ISS ensured the fund had strong governance, with a Central Governing Council within ISS India to approve all emergency requests and to review the distribution of financial support on a weekly basis.

# Overview of 2021 People performance

Subject	Enabled by	Activities	Progress
Health and safety	<ul> <li>ISS Safety Rules</li> <li>Group HSEQ and CR Action Plan</li> <li>The ISS Group HSEQ Management Manual</li> <li>The ISS Group HSEQ and CR Reporting Manual</li> <li>HSEQ@ISS-IT system</li> </ul>	<ul> <li>Personal safety action plans for individual management members</li> <li>Campaigns</li> <li>ISS HSE App</li> </ul>	<ul> <li>Fatalities: 5</li> <li>Lost Time Injury Frequency: 2.7</li> <li>Decrease in lost work hours compared to 2020: 8%</li> </ul>
Employee engagement	Engagement survey	Follow up on survey taken in 2018	<ul> <li>Actions taken to follow up on the 2018 survey where 230,824 employees responded</li> <li>The measures show continuous high performance with scores above four on a five point scale</li> </ul>
Leadership and training	Training and development programmes	<ul> <li>Key Account Manager Certification (KAMC)</li> <li>Placemakers Path programme</li> </ul>	<ul> <li>More than 1,500 have completed the KAMC programme, 44 in 2021</li> <li>Placemakers received 3,910,577 hours of class room training in 2021, compared to 3,523,217 hours in 2020. This is equal to 12 hours per person in 2021. Subjects included health and safety, technical training, management, language training, leadership and supervisory, IT, security and fire prevention. Support staff had 213,614 hours of training in 2021, compared to 226,642 hours in 2020 and equal to 10 hours per employee</li> <li>The Placemakers Path programme was developed and launched in the second half of 2021</li> </ul>
Human rights and Labour rights	<ul> <li>ISS Global People Standards</li> <li>Diversity policy</li> <li>Formalised union and works council's cooperation</li> </ul>	<ul> <li>Revised the Global People Standards to strengthen requirements on Discrimination, Diversity and Inclusion</li> <li>Further roll-out of ProcurePASS as part of Supply Chain due diligence</li> </ul>	<ul> <li>Countries have completed self assessments against the new Global People Standards and developed action plans for full compliance</li> <li>With a workforce of 354,636 employees, we had 14 cases of discrimination reported in countries and received 11 Speak Up cases involving harassment (please see Access to remediation on page 44)</li> <li>Held the European Works Council conference virtually</li> <li>Continued UNI Global Union collaboration</li> </ul>

#### =

# Helping to protect our environment and climate

ISS is fully committed to delivering our services and carrying out our operations in an environmentally-friendly way that helps protect the planet and taking urgent action wherever we can to tackle climate change. Our purpose statement states that we make the world work better. Indeed, ISS helps to protect and maintain places - buildings and the assets inside them, driving engagement and the wellbeing of the people using them. But we also help our customers minimise their impact on the planet by reducing their consumption of energy, carbon and water, and by cutting their production of waste, including food.

#### **Our strategy**

The environmental challenges we currently face represent an existential threat to our civilisation. Climate change, pollution, freshwater availability and the loss of biodiversity are key areas identified by the UN Global Compact and described by the WEF as being of particular significance to the planet, society and business. It is clear that reducing our impact on the environment is fundamental to our success and future growth.

All of our stakeholders expect greater transparency, engagement and evidence of

environmental initiatives. We aim to create long-term value for our business and the world around us by addressing our main environmental challenges and reporting our performance regularly and transparently.

ISS's impact on the environment primarily comes from the use of cars and air transport, energy consumption in buildings, and water, chemicals and other resources used in delivering our cleaning services, which accounts for 50% of our commercial offerings.

Over 90% of our total carbon impact comes from our supply chain and the goods/services we purchase; therefore, collaboration with them is key to reducing our environmental footprint.

Our environmental policies are integrated with our overall business strategy and are guided by the following principles that it must always:

- be consistent with ISS values;
- be consistent with our ambition of operational excellence;
- enhance our reputation;
- be manageable and measurable;
- · be substantive and documented.

Our environmental strategy must also be scalable and flexible so we can adapt to changing circumstances in the future. We did not identify any significant non-compliance with environmental laws and regulations in 2021.

#### **Exeeding expectations**

Our ambition at ISS is not only to comply with environmental policies standards and external pressures. We want to exceed these expectations and go further, providing ISS with a competitive advantage and increasing our bottom line through:

- a systematic approach to identify potential for more efficient use of resources, lower emissions and cost optimisation;
- proactive mitigation of environmental risk;
- anticipation of our customers' needs.

To achieve this, we need to do more. We are embedding environmental considerations fully into every aspect of our operations. We want ISS to be recognised as an environmental leader, creating significant value through initiatives for our business, our customers and society as a whole. We aim to create economic value and enhance competitiveness through:

- improving resource productivity (energy, water and material) and realising significant cost savings;
- Innovation we have the opportunity to work with our placemakers and customers to shape our sustainability service offerings that results in low environmental impacts and emissions

#### **Life Cycle Assessment**

For many years, Diversey, one of our strategic suppliers, has provided ISS with sustainable products, backed up by robust environmental data and an annual sustainability report. Now, ISS and Diversey are embarking on an exciting new joint sustainability project to accelerate the reduction in our carbon footprint. Carbon neutrality is a goal for us, for Diversey and for our clients, so this project, which starts with a life cycle assessment (LCA) for key Diversey chemicals, is good news for our customers and will cover key sustainability targets.

The LCA is necessary to fully understand the environmental impact of a cleaning product or system. The LCA takes a full account of every material, process and impact from cradle (i.e. raw materials) to grave (i.e. disposal). A product's carbon footprint is calculated in the LCA, along with other environmental impacts at each stage of a product's life cycle. Understanding these impacts can help compare an existing product with another more sustainable product to establish a useful baseline to help organisations make informed decisions.

Diversey is using a software system called GaBi to perform the LCAs. The first cradle-to-grave LCA was conducted on two daily surface cleaners, TASKI Sprint 200 and SURE Interior Cleaner, both standard concentrates in one litre bottles. The calculations assumed no electricity or tools are used in the cleaning, and that all materials are recycled and the solution goes to the waste stream. The results showed a 23% reduction in kg CO $_{\rm 2}$  for the SURE product, solely due to SURE's plant-based formulation versus the Sprint's chemical formulation.

As part of the ISS project, we will be carrying out LCAs on a defined set of chemicals, which form part of the new Daily Office Cleaning Service Product, with the aim of completing this during the first quarter of 2022. As we move further into next year, the project will be extended to analyse carbon footprint reduction in other key hygiene products and environments, which are yet to be determined, but which will benefit ISS, Diversey and our clients alike.

- at their sites, encouraging more sustainable purchasing, practices and consumption;
- Integrating sustainability as an integral part
  of our business strategy, offerings and the
  way we work. Will combine speed, innovation
  and new ways of doing business which will all
  be essential. The magnitude of what needs
  to be done requires all of us to play a role,
  recognizing that some areas might be outside
  our direct control, if we want to be recognized
  as among the best environmental leaders and
  a catalyst of change in our industry. We want
  to be the partner and employer of choice for
  customers and employees.

#### **Establishing our baseline**

In fiscal year 2021, ISS collected data regarding the level of Scopes 1, 2 and 3 emissions related to our business activities. We have used 2019 as the baseline year. We have used the Scope 3 Evaluator Tool from the Greenhouse Gas Protocol to estimate emissions for 15 Scope 3 categories. It is the first step in our Scope 3 measurement and reporting. This data will help us identify areas in which to pursue a more accurate inventory and focus our reduction efforts.

Our 2019 baseline data shows that our Scope 3 emissions are more than 95% of our total emissions.

In 2022, we will establish targets covering Scopes 1, 2 and 3 as part of our submission to the SBTi.

#### **Our 2021 footprint**

 Scope 1 (direct) emissions: Direct greenhouse gas emissions arising from sources under our control, e.g. company vehicles, gas emissions and refrigerants. In 2021, our Scope 1 emissions were 71,726 tonnes CO<sub>2</sub> eq.

- Scope 2 (indirect) emissions: Indirect greenhouse gas emissions from the consumption of purchased electrical energy, heating and cooling and district heating. In 2021, our Scope 2 emissions were 11,838 tonnes CO<sub>2</sub> eq.
- Scope 3 (indirect) emissions: Indirect greenhouse gas emissions from business travel and our supply chain, including purchased goods and services. In 2021, our Scope 3 emissions were 2,497,367 tonnes CO<sub>2</sub> eq. We have used the Scope 3 emission Evaluator Tool from Greenhouse Gas and Quantis to measure these emissions.

#### **Renewable Energy**

In 2021, ISS purchased 5995.38 MWh of renewable energy, that is around 26% of total electricity consumption.

#### Risk and due diligence

Credible and effective management of our environmental and climate-related risks is part of our value proposition to our customers. We have adopted a systematic approach to achieve continuous improvement in quality and performance. We manage these risks as critical business activities, with standards and targets for improvement, and measures, appraisals and reports on performance.

There are two different risk categories: the impact of our own operations and the impact of our customers'. Our customers' operations are proving to be a new business opportunity as they are increasingly looking to improve performance and impact. Our role means we often know their offices and sites better than they do, because we are there every day at the locations and so we are able to provide unique insights into managing and reducing their environmental impact.

Planet – Our way			
Ambition	Our strategic ambition is to be recognised as an environmental leader, advocating for more sustainable actions, measures and goals.		
Enablers	Environmental strategy: We work towards our goals of reducing greenhouse gas emissions, use of water and waste production.  Cleaning excellence: Cleaning excellence is an operating process to identify continuous improvement in both service delivery and environmental impact. It is designed to significantly reduce the use of detergent and water.		
Important for ISS	As people are our most valuable resource, we are responsible for providing a safe and secure work environment with the opportunity for all to achieve their personal and professional potential.		
Drivers	Our environmental initiatives and activities are carried out through a systematic approach, whereby we identify potential for more efficient use of resources, lower emissions and cost optimisation. We proactively mitigate environmental risk and anticipate our customers' needs.		
Impact on society	When we reduce our impact on the environment and climate, we contribute to solving the global challenge of climate change and creating a sustainable world for future generations.		
Drivers	We will strengthen our data as a key driver – how we capture that data to accelerate not only ISS's transition and delivery on our climate targets commitments and to drive low-carbon services, as well as our customers.		
13 canne	CDP Climate Change 2021:		









#### **ENVIRONMENTAL LEADER**

### ISS Global Environmental Awareness Campaign

At ISS, we believe in protecting our environment and climate. We want to be recognised as an environmental leader and to create significant value through various environmental initiatives for our business, our customers and society as a whole.

#### **2021 Global Environmental Week**

Every year, we hold our Global Environmental Awareness Campaign across ISS. Creating awareness about the environment and sustainability pushes all of us to think about the way we consume; for businesses to develop greener models; for governments to invest in recycling infrastructure, renewable energy, low carbon technologies etc.; for educators to inspire students; and for the youth to build a greener future. The 2021 campaign focused on four topics:

- Let's save the planet;
- Let's stand together to reduce plastic;
- · Let's reduce food waste; and
- Let's limit our water consumption.

The awareness campaign took place in September and began with our participation in World Cleanup Day, a social action programme organised by Let's Do It! World, an NGO.

ISS colleagues were encouraged to take part in the day, which unites over 21 million volunteers in 180 countries around the world. They come together to rid the plant of rubbish by cleaning up litter and waste from beaches, rivers, forests and streets. The day begins in New Zealand and then travels around the world in a 36-hour wave of cleanups before ending in Mexico.

#### **ISS Placemaker Forest**

This year, our Global Environmental Awareness Campaign also focused on sponsored tree planting with Tree-Nation. Tree-Nation is a non-profit organisation that allows citizens and companies to plant trees all around the world and offset their CO<sub>2</sub> emissions.

Planting trees has been proven to be one of solutions in the fight against climate change. Tree-Nation's reforestation and conservation projects are helping to restore forests, create jobs, support local communities and protect biodiversity.

This campaign saw almost 10,000 trees sponsored by ISS colleagues, which now form part of the 'ISS Placemaker Forest'. It may seem like a small contribution, but every little bit adds up in helping to save our planet. Let this be the beginning – the beginning of helping contribute to a healthier, cleaner planet for the future.





# Climate-related targets and disclosures in ISS

As part of our role in addressing climate change, ISS has committed to a number of climate-related targets and disclosures.

### Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was established by the G20 Financial Stability Board to improve climate-related financial reporting by companies to give markets and investors clear, high-quality information on the impact of climate change.

In 2021, ISS carried out an assessment with support from Deloitte and developed a three-year roadmap for implementing the TCFD recommendations. These include disclosures about climate-related risks and opportunities on an organisation's governance, business strategy, risk management and metrics.

#### Science-based targets

ISS has also committed to the Science Based Targets initiative (SBTi), which was set up to help pioneering companies lead the way to a zero-carbon economy, boost innovation and sustainable growth, and drive governments to take bolder action in reducing greenhouse gas emissions.

In early 2022, we will set and submit our targets to SBTi for approval. ISS is determined to be a leader in the transition towards a

low-carbon economy and committing to the SBTi will help us maximise resource efficiency along our value chain and develop new low-carbon emission services that may improve our competitive position. Our science-based targets will prepare ISS to future-proofs growth, provide resilience against regulation, boost investor confidence, and spur innovation – while also demonstrating concrete sustainability commitments.

#### **Net-zero emission target**

The consensus among the scientific community is that the world needs to reach net-zero CO<sub>2</sub> emissions by the middle of this century in order to limit global warming to 1.5 degrees C and reduce the destructive impacts of climate change on society and nature.

There is no straight path to zero emissions as there are many interdependencies in play. Transitioning to a lower-carbon economy will involve extensive policy, legal, technological, and market changes. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to ISS. Based on an analysis of our operations, the Board of ISS has approved a net-zero emission target by 2040 covering all 3 Scopes.



# EU Taxonomy Regulation

#### **EU Taxonomy Regulation**

The EU Taxonomy, enacted in July 2020, aims to provide a common framework to determine to what degree an economic activity can be classified as environmentally sustainable. The objective of the taxonomy is to increase transparency for investors, companies, and policymakers and thereby contribute to the prevention of greenwashing, help companies become more sustainable, and channel capital towards greener solutions.

The taxonomy presents six environmental objectives concerning climate change mitigation and adaptation, protection of water resources, circular economy, pollution prevention and protection of biodiversity.

To be classified as environmentally sustainable, an economic activity must contribute substantially to at least one of the six objectives, and it must conduct business in a way that does not harm any of the objectives significantly. The taxonomy is and will in the near future be continuously developed and adjusted.

In 2021, a delegated act was adopted containing a catalogue of different economic activities and specifications of the technical screening criteria for the first two environmental objectives, climate change mitigation and climate change adaptation (environmental objective a. and b.).

A delegated act specifying the final four environmental objectives, (the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems) has not been adopted yet. Therefore, the disclosure on EU taxonomy in the fiscal year 2021 is only for the environmental objectives, climate change mitigation and climate change adaptation.

The Taxonomy will in the coming years be continuously developed and adjusted.

#### ISS and the EU taxonomy

During 2021 we have assessed the different activities ISS performs and examined to what extent they fit in to the economic activities described in the taxonomy for the first two environmental objectives, climate change mitigation and climate change adaptation.

ISS is a workplace experience and facility management company. We primarily provide services and solutions to our customers within cleaning, food, technical services, front and back service support and security.

ISS has for years been engaged in sustainability efforts within our entire ESG scope carried out throughout our activities and the countries we operate in. We are dedicated to our ambitious sustainability strategy and targets including

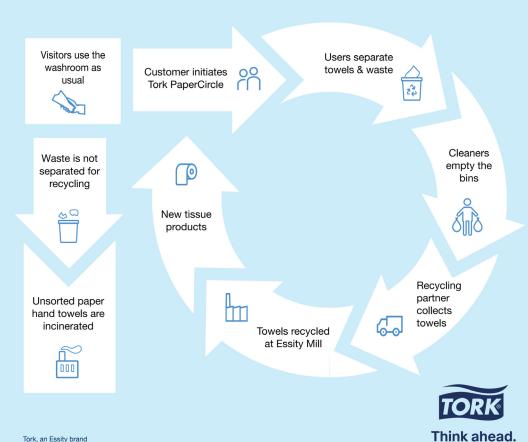
climate and environmental aspects which are further described on pages 29, 30 and 32. For a description of the key sustainable development goals please refer to page 10.

The economic activities described in the current catalogue of the EU taxonomy are mainly associated with manufacturing, transportation, energy and construction which are not sectors ISS operates within.

Our analysis and assessments have therefore led to the conclusion that ISS does not have any taxonomy-eligible activities. Please refer to page 62 for a detailed description of the accounting practice concerning the EU taxonomy.



#### The world's first recycling service for paper hand towels



#### **PUTTING CIRCULARITY INTO PRACTICE**

### Recycling paper hand towels

Paper hand towels remain one of the most hygienic methods for drying hands, but they are also an untapped resource when it comes to recycling and recovering paper fibres.

Today, less than one percent of all paper hand towels are recycled. Substrate and wet-strength agent are added to paper towels during the manufacturing process in order to make them strong and absorbent enough to effectively dry hands. But this means paper towels must undergo a separate and more costly recycling process compared to other paper-based materials.

With the aim of recovering resources and putting paper fibres back into the product loop, global hygiene company Essity has designed Tork PaperCircle® (TPC), the world's first recycling service that turns used paper hand towels into new tissue products.

In collaboration with Essity, ISS has begun implementing TPC at our clients' facilities. The service is installed in our clients' washrooms where used paper towels are collected in a designated bin, which our cleaning staff then remove for transportation to Essity's local mill for recycling into new paper towels and other tissue products.

In this way, ISS has been able to help clients reduce their waste by up to 20% and cut their carbon footprint by up to 40%\*. ISS has so far implemented TPC at large facilities, leading to a recovery of 12,848 kg of used hand towels and a reduction of 5,564 kg of CO<sub>2</sub> in 2021.

\*Based on a Life Cycle Assessment performed by Essity/Tork and verified by IVL. Swedish Environmental Research Institute Ltd 2019, where the avoided processes were taken into account



#### **NORDEA BANK**

# Making sustainability taste great

At Nordea Bank in Norway, a team of passionate ISS chefs is introducing nutritious and delicious planet-friendly food that's driving down costs, giving employees healthier meal options and reducing the kitchen's  $\mathrm{CO}_2$  emissions by up to 80%.

"In Norway, we've only just begun to consider the carbon footprint of what we eat," says Eirik Nordbye, the ISS Food and Beverage Manager who's responsible for driving down carbon emissions from Nordea's food chain. "We feed up to 1,500 people a day here. What we serve has the power to influence their opinions. It shows them how delicious, nutritious and interesting locally-grown, planet-friendly food can be, and at the same time we are lowering our customer's food costs and emissions."

To achieve this, ISS redesigned the food court so now the chefs serve the food themselves, giving them the chance to share their passion about the ingredients and flavours, every dish has a small sign beside it showing the carbon footprint expressed as an equivalent in kilometres driven by car, and there are even beehives and greenhouses on the roof of Nordea's Oslo headquarters, where ISS chefs grow and harvest produce for the employee food court below.

Nordea, the leading bank in the Nordic region, is committed to making the financial sector more sustainable – both through how it invests and how it operates its business. Nordea wants to achieve a net positive carbon contribution by 2030, which requires reducing carbon emissions from its internal operations by at least 50%.

As Nordea's facility management partner, ISS is playing a leading role in this transition. "As a service partner, we have a huge amount to contribute to Nordea's sustainability work," says Eirik. "There's much more we are doing just in the kitchen alone – from food waste reduction to local sourcing – which all contributes to lower costs and reduced emissions for Nordea. We're also showing employees that sustainable food can be healthy and delicious – and I truly believe that has a really positive impact."

# Overview of 2021 Planet performance

Subject	Enabled by	Activities	Progress
CO <sub>2</sub> emissions from leased cars	Reductions achieved through leasing more fuel-efficient cars and changes in driver behaviour	<ul> <li>Driver Safety E-learning that includes eco-driving</li> <li>Continued leasing of more fuel-efficient vehicles</li> </ul>	Vehicle emissions decreased from 78,703 tonnes ${\rm CO_2}$ eq. in 2020 to 71,159 tonnes ${\rm CO_2}$ eq. in 2021
CO <sub>2</sub> emissions from business travel	We encourage more online meetings to reduce air travel in particular	Use of webinars	<ul> <li>Emissions from business travel (air and train) increase from 5,814 tonnes in 2020 to 6,128 tonnes in 2021. The increase was due to the lifting of Covid-19 travel restrictions in parts of the world. We expect business travel emissions to increase in 2022 with the lifting of Covid-19 restrictions</li> <li>We continue to encourage online meetings to limit travel</li> </ul>
Chemicals	We collaborate with suppliers to develop and test environmentally-friendly products and materials that also offer reduced costs in use and increased productivity	Further integration of an IT tool to propose environmentally-friendly solutions instead of traditional chemicals and tools	By using dosing and dilution systems, a reduction in 2021 of 50,500 kg waste; 553,000 litres water consumed; and 125,000 kg $\rm{CO}_2$ eq. in GHG emissions
Electricity (own)	Mandatory certification according to the ISS Green Offices Programme	Implementation of awareness and behaviour changing measures	In 2021, we consumed 22,906 MWh of electricity compared to 29,133 MWh in 2020; in 2021, we purchased 5995.38 MWh of renewable energy. The reduction in electricity consumption has also been due to Covid-19 and divestments (non-material impact)
Water (own)	Mandatory certification according to the ISS Green Offices Programme	Implementation of awareness and behaviour changing measures	In 2021, we consumed 145,948 m³ water, a decrease from 207,071 m³ in 2020; the decrease is due to improved awareness and the impact of Covid-19 restrictions

# Acting with integrity

For ISS to retain our position as the most respected global leader in integrated facility services, we must be competitive, but we must also be fair. We aim to influence the global business environment positively by ensuring our own business integrity and financial compliance.

ISS employees deal with customers, suppliers and other stakeholders hundreds of thousands of times every day and we want these relations to be based on sound practices. We have a number of comprehensive measures in place to ensure this happens.

## Code of Conduct and 10 Basic Behaviours

The core training module of our Code of Conduct - the main employee guide on behaviour sets out the ten rules of basic behaviour we expect from all our placemakers. They must:

- 1. Comply with the law and live by ISS values;
- 2. Ensure when accessing a customer's premises that they have secured permission to work there and have passed any vetting or security requirements;
- 3. Remember safety first;
- 4. Treat customers, colleagues and business partners with respect and fairness;
- 5. Always act in the best interests of ISS and avoid conflicts of interest;
- 6. Ensure their personal appearance is tidy and professional at all times:

- 7. Not show up to work under the influence of alcohol or illegal drugs;
- 8. Use social media responsibly and apply common sense – do not bring ISS into disrepute;
- 9. Always treat the property and assets of ISS and our customers with due care and
- 10. Respect customer privacy and treat confidential information with the utmost care.

These behaviours apply to all employees and form the basis of the sound business practices that underpin all our dealings with our customers, suppliers and wider stakeholders. A comprehensive set of assurance activities are conducted by Group Internal Audit to monitor our performance on business integrity.

## Tax: honesty and responsibility

ISS recognises that in order for our business to grow in a sustainable way, the local communities in which we operate need to grow and benefit as well. We contribute to local communities with the jobs, income, training and career opportunities that we provide to all our employees globally. We know as well that the direct and indirect taxes we pay, and the collected and paid employee taxes, also contribute positively to many communities around the world.

At ISS, we have a commitment to comply with local and international tax legislation that is founded on our corporate values and leadership principles. Paying applicable taxes accurately and in a timely manner is fundamental to how we do business at ISS and is a core part of ISS corporate responsibility. ISS will always act with honesty and transparency in our relations with local authorities, including the tax authorities, and we will promptly disclose to the authorities all information that is legally required from us as a responsible corporate citizen.

ISS has zero tolerance towards evasion of taxes. social charges, or payroll taxes. For the benefit of society, our employees, and our customers, we support governmental and industry specific initiatives that introduce tighter controls and sanctions to ensure that companies in our industry play by the rules. The Group Tax Policy is the foundation which ensures a common approach to the tax position with the ISS Group. It applies to all legal entities within the ISS Group and all employees of ISS, in particular those involved in the preparation, oversight or management and approval of ISS tax positions.

# Approach to tax risks

The Group Tax Policy was updated in September 2021 to provide further details on our approach to tax risks. ISS has a very low tolerance for tax risks and is committed to mitigate tax risks where possible. All tax decisions must support the business and reflect the corporate strategy and ISS values.

The tax risk assessment carried out by ISS will include direct costs such as the risk that planning is ineffectual and causing unnecessary costs, and the risk that tax costs are greater than expected

as well as other types of exposure, such as negative media exposure and harm to the company's reputation and ethical or moral standing.

ISS will conduct independent periodic tax risk assessments of the tax corporate governance framework, including the testing of the design and operation of tax controls associated with operational and compliance aspects of ISS's tax obligations.

Transactions between ISS Group companies are conducted based on arm's length principles and in accordance with current OECD guidelines. Intercompany transactions are mainly related to royalty management services and financing.

# **Transfer pricing**

Transfer pricing rules will be used to structure business in a compliant way for the ISS Group and all intercompany charges and transactions must be carried out on market terms to minimise the risk of additional tax, penalties, and costs. In general, transfer pricing is assessed to be the tax area with highest exposure in the ISS Group as areas within transfer pricing can be subject to very complex tax audits and can require co-ordination between tax authorities for ISS to avoid a double taxation position.

## Governance structure explanation

ISS A/S is a limited liability company registered under Danish law and listed on the Nasdag Copenhagen Stock Exchange. Management

powers are distributed between the Board of Directors and the Executive Group Management Board (the EGMB). The members of the EGMB are the Group CEO and Group CFO and form the management registered with the Danish Business Authority. The Group has a wider Executive Group Management (the EGM), which comprises nine Corporate Senior Officers of the Group in addition to the EGMB.

Group Tax Policy segregates duties between the Board of Directors, the EGM, Group Tax, and the Country CFO. The Board of Directors approves the ISS Group Tax Policy on an annual basis. The EGM is responsible for ensuring tax compliance, identifying tax risks, and executing planning possibilities. The Head of Group Tax has the operational responsibility to monitor, implement and execute tax compliance and tax risk management.

# Escalating significant transactions and disputes

The tax aspects of all significant transactions or events must be reviewed and considered by Group Tax. An event, such as a transaction, issue, or risk, will be significant if it has the potential to markedly affect ISS's compliance, operational, financial, or strategic outcomes or processes. Significant tax transactions or events must be notified in writing to the EGM and to the Head of Group Tax by the Country CFO.

When a dispute arises on a tax interpretation issue that could jeopardise a transaction being undertaken, the issue should be escalated immediately though the Country CFO to the Head of Group Tax and to the extent deemed necessary to the EGM.





Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Prosperity – O	Prosperity – Our way			
Ambition	We are a competitive business, but we want to compete on honest, fair and equal terms. We aim to create value for our customers by allowing them to focus on their core business.			
Enablers	Audit programmes: A comprehensive set of assurance activities are conducted by Group Internal Audit to monitor our performance on business integrity and good business practices.  Compliance: The Code of Conduct is the overarching guidance for behaviour by anyone working for, supplying or representing ISS. Building on this, we have adopted policies on competition law and anti-corruption.			
Important for ISS	We intend to create value for our shareholders by maximising the cash growth from our business in a sustainable fashion over the shorter and longer term.			
Drivers	OneISS is about optimising the customer experience while driving cost efficiencies through the alignment of our organisation behind a set of common business fundamentals, and benefits of scale.			
Impact on society	As ISS continues to be a prosperous and growing business, we impact many communities around the world through compliant ways of working and by paying tax and duties correctly and on time.			
Drivers	We will retain our healthy pipeline of a growing number of national and international key account customers, and continue to service and support their businesses by creating and delivering on our compelling value proposition. We will work with our customers to develop healthy and productive work spaces, innovative solutions and apply our full range of concepts for creating value.			
16 PAME ANTHON MONTHUM NO.				





#### **REFRESHING OUR VALUES**

# **Transforming** ISS culture

Culture is important; it can be an accelerant of, or an obstacle to, effectively executing corporate strategy. Research shows that companies where culture is aligned to strategy have significantly higher five-year returns on assets, investments and equity.

People choose to work with ISS because of our culture. Our customers choose us because we understand them and help them to achieve their purpose. Our culture is shaped and defined by our values:

- Honesty: we respect our customers, our colleagues and our company;
- Responsibility: we care about what we do and for whom we do it;
- Entrepreneurship: we act and innovate;
- Quality: we are professionals with a passion for quality.

## Unity - our new value

To these four values we are adding a new, fifth value of Unity. We trust each other and believe in creating equality, inclusion and a sense of belonging for all - a culture where everyone can be their authentic selves. That includes building diverse talent and teams, creating space for collaboration, as well as leaning on and learning from one another.

We know that when we act together, we deliver a better experience for our customers and their communities. Only together and united can we deliver on our purpose.

Culture is dynamic and changing it requires engagement and collaboration. In 2021, we embarked on our first phase, launching Unity and communicating to our employees about the cultural journey that lies ahead of us. Phase 2 begins in 2022 and aims to shift behaviour through the integration of ISS values into core learning content, leadership development and global incentive programmes. Finally, in 2023, we will build a greater sense of belonging and togetherness through the recognition and connection of all of our ISS people.

# Data protection in ISS

Data protection compliance is a fundamental element of our corporate responsibility strategy, and ISS has increasingly invested in resources to ensure a robust global framework around data protection across the whole company.

Central to our data protection compliance efforts are the ISS Group Data Protection Policy and the ISS Binding Corporate Rules (BCRs), which were initially approved by the Danish Data Protection Agency in May 2018. The BCRs are regularly updated by ISS to ensure compliance with the EU General Data Protection Regulation (GDPR) and internal compliance procedures. The updated and current BCRs are available on the ISS website.

# ISS maintains a global dataprotection network

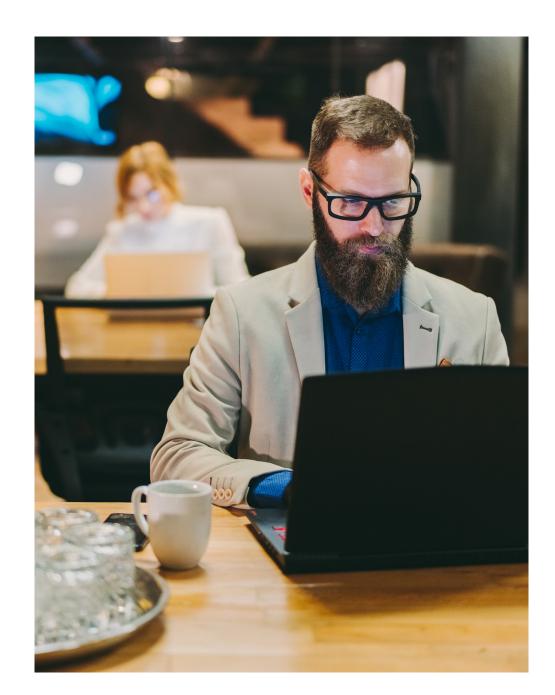
ISS maintains a global network of Data Protection Managers dedicated to developing data protection methods, including the proper documentation and mapping of how data is processed in ISS. We have also invested in new resources to support our organisation in maintaining and updating data processing activities, facilitating impact assessments, supporting data subject rights, and ensuring a fast and efficient approach to handling potential data breaches.

On an annual basis, the Group Data Protection Policy is reviewed and approved by the ISS Data Protection Committee and Executive Management.

## Awareness and training

Awareness was a key area of focus for ISS in 2021 as the Covid-19 pandemic continued to require employees to adopt alternative ways of working, including working from home. As such, ISS's Global Headquarters held its third annual Data Protection Day to promote awareness, as well as guidance to support responsible and secure handling of personal data. The material was shared across the ISS Group to enable similar efforts locally.

All employees with an ISS email address are required to take the relevant data protection training and it is mandatory to complete it every year. In 2021, we further sharpened our focus on the ISS Data Protection Training Programme, rolling out a new Data Protection E-Learning course worldwide to all ISS managers and relevant employees with access to personal data. The course won a bronze award from the Brandon Hall Group in the category of "Best Advance in Compliance Training".



# Data ethics in ISS

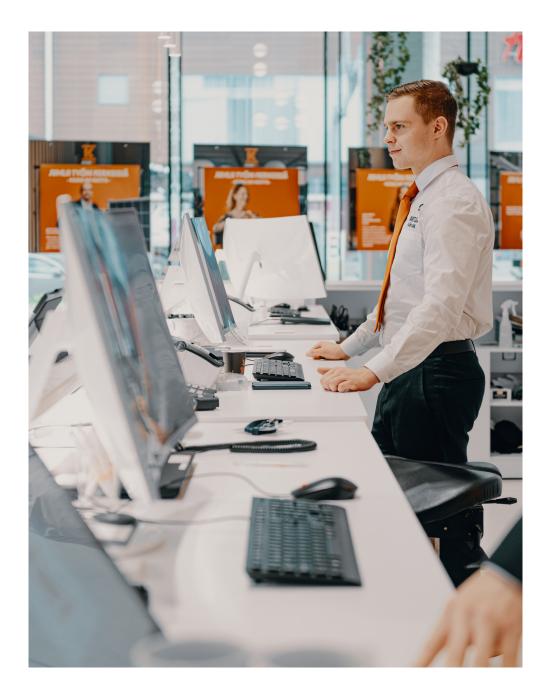
In response to new Danish legislation and in line with ISS values, we have worked throughout 2021 to develop and implement a new group policy concerning data ethics, which further enhances our responsible and transparent approach to the treatment of data globally across our company.

On 1 January 2021, a new law came into effect in Denmark requiring large and listed companies to supplement their annual report with a statement on data ethics. The aim is to encourage companies to reflect on the responsible use of data and artificial intelligence (AI), and to develop transparent policies and guidelines on data ethics.

In order to comply with the legislation and to uphold ISS's commitment to a best practice approach towards data, the ISS Group Data Ethics Policy was adopted. The policy is based on the EU Charter of Fundamental Rights and addresses self-determination, human dignity, responsibility, equality and fairness, progressiveness, diversity and inclusion, and accountability. It details the ISS approach to data ethics and encourages employees and partners, particularly those involved in the use of data, to actively participate in questions and discussions about data ethics.

We recognise that there is no clear legal definition of data ethics, and one of the points of the legislation is to raise the profile of the subject matter and ensure its continuous development.

Our policy also establishes our governing principles for developing and deploying technologies based on AI systems, which seek to ensure safe, accountable, transparent and non-discriminatory use of AI in ISS.







# Employee screening in India

Conducting thorough and effective background checks on potential employees is the basis of a successful recruitment process and an important part of mitigating risk in ISS's corporate responsibility policy. However, such screening is complicated, time consuming and can suffer from inaccuracies.

A senior manager within ISS India was recruited after passing all the necessary background checks conducted by a professional recruiting company on ISS's behalf. ISS was subsequently made aware of an allegation concerning past misconduct by the senior manager in a previous job, which had not been flagged in the background check.

The allegation was investigated, and the ISS team discovered that the senior manager had omitted the previous job from his employment history. The employer in question was contacted and confirmed the reports of misconduct on the part of the senior manager, who was then exited from his role in ISS. The fact that his position was one of seniority meant that it was even more important to show our zero tolerance to any breach of our standards, even if the misconduct took place before his time at ISS.

As well as dealing with the employee in question, ISS India also took action to strengthen the screening process and to enhance the way background checks on potential employees are conducted. We work continuously to improve our processes and procedures in every way we can whenever mistakes or shortcomings come to light.



# Internal controls and assurance

During 2021 GIA performed a number of internal audits to provide assurance on the effectiveness and efficiency of the internal controls across the entire ISS Group, covering countries, contracts and key Group functions and projects. While the integrity of financial reporting is a key audit focus, business integrity and good business practices represent equally fundamental elements in the internal audits performed.

Audit programmes	Audits completed 2021	Examples of key findings in 2021
A baseline audit programme that assesses the internal controls and compliance across 68 controls, with a view to ensure a strong foundation for the internal control environment across all key risks areas. This audit embeds CR issues such as Code of Conduct, discrimination, anti-corruption, health and safety, child labour and working hours.	12 baseline audit	Evidence of gaps to the ISS People Standards has resulted in continued focus on enforcing compliance to overtime hours and employee screening.
A contract audit programme which assesses the internal controls and contract compliance for key customer contracts. In terms of CR, the programme assesses the controls and processes for e.g. employee screening, training of new hires and performing of preventive maintenance programmes for critical equipment.	8 contract audits	Need to strengthen the procedures and documentation for screening and onboarding of ISS subcontractor employees. Standards and systems for employee on- and off-boarding require strengthening.
Risk-based standardised audit programmes are providing assurance on the effectiveness of internal controls related to financial reporting and compliance with internal and external rules and regulations. This covers pay-roll, HR and HSE including over-time, timely payments and child labour as well as travel and entertainment expenses, and the accounting-to-reporting process.	12 risk-based audits	Need for improved governance within partner- ship countries including embedding segregation of duties in everyday activities.

# Overview of 2021 Prosperity performance

Subject	Enabled by	Activities	Progress
Integrity and good employee behaviour	Code of Conduct and Code of Conduct training	Core training module of ISS Code of Conduct which sets out ten basic behaviours required from all ISS employees when dealing with customers, suppliers and other wider stakeholders and forms the basis of the sound business practices that underpin all these dealings.	The 10 Basic Behaviours were introduced as part of the Code of Conduct training for Placemakers in 2020, and in 2021 there have been 36,299 completions of the Support Staff Code of Conduct and 143,819 completions of the Placemakers Code of Conduct. A comprehensive set of assurance activities are conducted by Group Internal Audit to monitor our performance on business integrity.
Acting with integrity – Tax	ISS Group Tax Policy	ISS is committed to complying with local and international tax legislation. Paying applicable taxes accurately and in a timely manner is a core part of ISS corporate responsibility and fundamental to how ISS does business.	ISS Group Tax Policy was updated in September 2021 to provide further details on ISS's approach to tax risks. ISS has a very low tolerance for tax risks and is committed to mitigate tax risk where possible. All tax decisions must support the business and reflect the corporate strategy and ISS values.
Protecting data	<ul> <li>ISS Group Data Protection Policy</li> <li>ISS Data Protection Training Programme</li> </ul>	Data protection is a key compliance area governed internally by the ISS Group Data Protection Policy and the ISS Binding Corporate Rules, and externally by the EU General Data Protection Regulation. ISS maintains a robust global data protection framework across the whole company.	ISS has increasingly invested in resources to ensure data protection, including a global network of Data Protection Managers. This year's annual Data Protection Day at ISS Global HQ promoted awareness about data protection-related tools and a new, award-winning Data Protection E-Learning course was rolled out worldwide.
Developing data ethics	ISS Group Data Ethics Policy	In order to comply with new Danish legislation and to uphold ISS's commitment to a best practices approach towards data, ISS worked throughout 2021 to create the Group Data Ethics Policy.	The new policy seeks to raise the profile of data ethics and encourage its continuous development. It further enhances ISS's responsible, comprehensive and transparent approach to the treatment of data across the company.
Access to remediation	Speak Up system established in 2013. It is a reporting channel for raising serious and sensitive concerns guaranteeing all persons making complaints in good faith protection from reprisals or retaliation.	In 2021, we continued our efforts in raising awareness of the Policy and system; we further increased the number of languages to enable more employees to report and have initiated the establishment of a manned phone hot line to strengthen the accessibility of the platform.	93% of cases reported through the Speak Up platform relate to matters which are resolved at a local level. In 2021, only 2% of reported Speak Up system cases related to Covid-19 working conditions. In addition, 24 Speak Up reports required investigation by Group Internal Audit (GIA) covering violations of our Code of Conduct. The reports continue to demonstrate the effectiveness of our efforts in raising awareness and reach of the Speak Up system, with a 25% increase in the number of reports per 1000 employees in 2021.

# Independent auditor's assurance report

# To Management and broader stakeholders of ISS A/S

We have reviewed the 2021 Corporate Responsibility Report ('the report'), which covers ISS' global activities from 1 January to 31 December 2021, to provide limited assurance that:

- The performance data regarding 'People' and 'Planet' on pages 28, 36, 48, 49 and 50 in the report, have been stated in accordance with the reporting criteria;
- The report has been prepared in accordance with the requirements of sections 99a, 99b and 99d of the Danish Financial Statements Act (FSA) and the requirements of the UN Global Compact Communication on Progress Policy;
- The report has been prepared in accordance with the principles and reporting criteria defined in the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level)
- The report reflects the company's progress in implementing recommendations from the Taskforce on Climate-Related Financial Disclosure (TCFD) and World Economic Forum (WEF) Stakeholder Capitalism Metrics.

We express a conclusion providing limited assurance.

#### Management's responsibility

Management of ISS is responsible for collecting, analysing, aggregating and presenting the

information in the report ensuring that data are free from material misstatement, whether due to fraud or error. The ISS 'Group Health, Safety, Environment and Quality (HSEQ) and Corporate Responsibility (CR) Data Reporting Manual' and the 'Group Controlling Accounting Manual' contain Management's defined reporting scope for each data type.

#### Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation to obtain limited assurance about whether the selected CR data in the report are free from material misstatement.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for

Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material error, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed in-person and online interviews with ISS between December 2021 and February 2022. We have not performed site visits or interviewed external stakeholders. We have not performed any assurance procedures on economic or financial data, including the reporting on eligibility under the EU Taxonomy, as this is performed by the financial auditor. We have not performed assurance procedures on forward-looking statements, such as targets and expectations, or on individual case stories disclosed in the report. Consequently, we draw no conclusion on these statements.

Considering the risk of material error, we planned and performed our work so as

to obtain all information and explanations necessary to support our conclusion. We used the ISS 'Group Health, Safety, Environment and Quality (HSEQ) and Corporate Responsibility (CR) Data Reporting Manual' and the 'Group Control Accounting Manual' together with GRI reporting principles and criteria as an appropriate basis for our engagement. Our procedures included the following:

- Reviewing ISS' processes for determining material issues to be included in the report and challenging the material text statements in the report;
- Reviewing the key processes, tools, systems and controls for gathering, consolidating and aggregating data at group level and performing analytical review procedures and obtaining additional explanations of selected data performance from group functions;
- Interviewing management staff across various group functions, including internal audit, as well as personnel responsible for data and reporting;
- Obtaining relevant, available company documentation on a sample basis to verify the extent to which they support the information included in the report;
- Evaluating the overall presentation of the report, including consistency of information;
- Reviewing the report for adherence to the requirements of sections 99a, 99b and 99d of the Danish Financial Statements Act (FSA) and the requirements of the UN Global Compact Communication on Progress Policy;



 Reviewing the report for adherence to the GRI principles for defining report content and ensuring report quality, as well as the GRI Standards disclosure requirements.

#### Limited assurance conclusion

Based on our work, nothing has come to our attention that causes us not to believe that in all material respects:

- The performance data regarding 'People' and 'Planet' on pages 28, 36, 48, 49 and 50 in the report, have been stated in accordance with the reporting criteria;
- The report has been prepared in accordance with the requirements of sections 99a, 99b and 99d of the Danish Financial Statements Act (FSA) and the requirements of the UN Global Compact Communication on Progress Policy;
- The report has been prepared in accordance with the principles and reporting criteria defined in the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level);
- The report reflects the company's progress in implementing recommendations from the Taskforce on Climate-Related Financial Disclosure (TCFD) and World Economic Forum (WEF) Stakeholder Capitalism Metrics.

#### Copenhagen, February 24, 2022

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab Business Registration No. 33 96 35 56

Kirsten Aaskov Mikkelsen

State Authorised Public Accountant MNE no 21358

**Helena Barton** Lead Reviewer

# Auditor's observations regarding the GRI Standards' Reporting Principles

#### **Materiality and Sustainability Context**

The 2021 Corporate Responsibility Report reflects, in all material respects, the response of the company to the sustainability context in which it operates. The materiality assessment is reflected in the content of the report. The company management continues to show a unified sense of priorities and responsibilities and a continued commitment to the UN Global Compact and the UN Sustainable Development Goals, which is also reflected in the report. Expanded reporting to the Recommendations of the Taskforce on Climate-Related Financial Disclosure (TCFD) and the World Economic Forum (WEF) Stakeholder Capitalism metrics suggests a strong commitment to transparent disclosure.

#### **Stakeholder Inclusiveness**

Despite the global pandemic impacting some stakeholder engagement activities, the company continued to engage its key stakeholders throughout 2021, and the report provides relevant examples of this.

# Comparability, Completeness and Timeliness

The report presents comparable and timely data on the company's performance. The company continues to improve data collection and disclosure, with a focus on e.g. exposure hours of contractors working under our operational control. Ongoing efforts to enhance the completeness of GHG emissions data will help the company document progress towards its carbon reduction targets.

### **Accuracy and Reliability**

The company's reporting principles, procedures and controls continue to promote the accuracy and reliability of reported data. The company shows a strong commitment to continued accountability and transparency in line with global good practice.

### **Clarity and Balance**

Based on our review of the report narrative and data combined with interviews with leadership from key functions, we found that the report provides a balanced presentation of the company's 2021 Corporate Responsibility performance. The communication on performance is clear and accessible to stakeholders seeking such information.

#### **Recommendations to Management**

We have no significant recommendations from our observations on the GRI Standards' Reporting Principles. We have communicated a number of minor recommendations for improvement to the Management of ISS.

# Reporting principles and compliance

## **Data quality**

This report, the eleventh comprehensive Corporate Responsibility report prepared by ISS, covers activities under our operational control in the calendar year 2021. The scope is all countries and assets that are under ISS operational control and include all employees (ISS employees, temporary workers and contract personnel). In 2021, we have not added new data parameters. For divestments, data was included up to the time of the divestment taking effect and not thereafter. To further ensure improvements in the quality of data, we have also held webinars with countries to explain the data parameters.

# External principles and guidelines

We have designed our reporting to be in line with the new GRI Standards by the Global Reporting Initiative (GRI), the world's most widely-used sustainability reporting framework. We have chosen to be in accordance with the 'Core' option. An overview of the GRI Standards disclosures included in this report can be found in the tables from page 51 onward.

We have also used the ISO Standard ISO 26000 Guidance on Social Responsibility and the Danish Standard DS 49001 'Social responsibility management system – Requirements' as a basis of our analysis and reporting.

In addition, we also work with the principles of SA8000 pertaining to labour and human rights. The SA8000 Standard is a tool for implementing international labour standards to protect employees.

This is the statutory report on corporate social responsibility cf. §99a, §99b and §99d of the Danish Financial Statements Act.

The reporting furthermore serves to fulfil our obligation to Communicate on Progress (CoP) as required by the UNGC. In addition, it contributes to us meeting the requirements of the UK Modern Slavery Act.

## **Internal guidelines**

As a basis for our reporting, ISS developed a Group HSEQ and CR Reporting Manual in 2010 to provide reporting principles and rules to ensure a consistent basis for reporting. This Manual is reviewed and updated yearly.

The Manual specifies the data that shall be available for monitoring performance and for reporting on corporate responsibility issues at Group level.

Number of employees are the total number of headcount full-time and part-time averaged over the 12-month reporting period. Full-time employees are defined as employees who work a minimum of 30 hours a week for ISS. Number of employees are specified into frontline and white-collar employees.

Hours of training are hours registered as spent by internal and external trainers and hours spent by participants while preparing and participating. This includes any training participation, paid or unpaid, as a result of employment within ISS.

Incidents of discriminations are the registered number of incidents of discrimination on grounds of race, colour, sex, religion, political opinion, national extraction, or social origin as defined by ILO.

Number of vehicles are all company vehicles: a vehicle that is owned or leased by the company and provided to an employee in order to carry out the requirements of their work i.e. to meet a particular business need, including pool vehicles. Personal company cars are excluded.

Number of vehicle accidents are any "contact" made between a vehicle and another vehicle, person or other object, regardless of whether there is property damage or personal injury, but **excluding:** 

- damage to vehicle while it is parked in a legitimate parking area;
- environmental damage (e.g. hail storms, damage from wind, etc.);
- vandalism, break-ins, or stone chips.

Energy consumption includes electricity, gas, heating and colling. Energy consumption is calculated from utility invoices or meters. Fuel consumption is calculated using fuel purchases e.g. invoices

from the supplier. Business travel emissions are calculated from data received from travel agencies and where this is not possible, emissions are calculated on flight type (short haul, medium haul, long haul), passenger kilometres travelled and emission factors from recognised bodies.

In fiscal year 2021, ISS collected data regarding the level of Scopes 1, 2 and 3 emissions related to our business activities. We have used the Scope 3 Evaluator Tool from the Greenhouse Gas Protocol to estimate emissions for 15 Scope 3 categories. We have also included in Scope 3, our emissions for refrigerants and electricity from services delivered at our customer sites.

The source for emission factors for electricity is the IEA's Emissions factors, 2021 edition and for fuel is UK Government GHG Conversion Factors for Company Reporting, version 1.3 by the UK Department for Business, Energy and Industrial Strategy. For electricity emission factors, we have used 2019 actual factors

## Changes and future outlook

From 2021, we have included gas, heating and cooling data as part of Scopes 1 and 2.

One parameter we will work on improving is the exposure hours of contractors working under our operational control.

# Our performance and targets

This section presents our key performance indicators and results against objectives and targets for 2021. Objectives and targets for 2022 are also communicated here.

We report on our performance within three areas:



**People:** Safe working conditions and human rights



**Planet:** Reducing our impact on the environment and climate



**Prosperity:** Compliance with sound business standards

## Financial highlights in 2021

71,363

Revenue (DKKm)

2.0%

**Organic growth** 

2.5%

**Operating margin** 

354,636

**Number of employees** 

For additional information, please see Report-
ing Principles and Compliance on page 47.

Defined as employees working an average of less than 30 hours
 per week for ISS

### **People**

2021	2020	2019
354,636	378,946	471,056
76	75	77
24	25	23
333.102	357,021	444,912
94	94	94
52	52	52
48	48	48
21,535	21,926	26,144
6	6	6
56	57	58
44	43	42
30	33	35
32	38	37
33	42	39
31	34	35
19	19	21
20	19	21
19	18	21
4,124,191	3,749,859	6,510,989
3,910,577	3,523,217	6,200,889
213,614	226,642	310,100
2.8	2.5	2.1
14	16	12
5	3	3
2.7	2.5	2.8
725.2	848.8	986.4
18.393	24,309	20,571
2.483	2,724	3,390
	354,636 76 24  333.102 94 52 48 21,535 6 56 44  30 32 33 31 19 20 19 4,124,191 3,910,577 213,614 2.8 14 5 2.7 725.2 18.393	354,636 378,946 76 75 24 25  333.102 357,021 94 94 52 52 48 48 21,535 21,926 6 6 6 56 57 44 43  30 33 32 38 33 42 31 34 19 19 20 19 19 18  4,124,191 3,749,859 3,910,577 3,523,217 213,614 226,642 2.8 2.5 14 16 5 3 2.7 2.5 725.2 848.8 18.393 24,309

A LTI is defined as any work-related injury which prevents that person from doing any work after the incident i.e. any work related injury which results in a person being unfit for his/her work for at least one full working day or shift. The LTIF is based on 1 million exposure hours. This includes contractors under ISS operational control.

 $<sup>^{\</sup>rm 3)}$  Exposure hours include contractors working under ISS operational control.

#### **OUR PERFORMANCE AND TARGETS**

### **Planet**

	2021	2020	2019
Electricity consumption (MWh.)	22,906	29,133	39,903
Electricity emissions (Scope 2) (tonnes CO <sub>2</sub> eq.)	9,108	7,390	12,009
Electricity costs (million DKK)	31.7	29.5	42.9
Fuel usage (million litres)	27.4	30.3	38.6
Vehicle emissions (Scope 1) (tonnes CO <sub>2</sub> eq.)	71,159	70,084	89,334
Business Travel emissions (Scope 3) (tonnes CO <sub>2</sub> eq.) <sup>1</sup>	6,128	5,814	21,263
Water consumption (m³)	145,948	207,071	307,758

<sup>1)</sup> Vehicle emission for 2020 adjusted with new factors from DEFRA (see page 47).

For additional information, please see Reporting Principles and Compliance on page 47.

	2021	2019
Scope 1 total emisions (vehicle, gas and refrigerants) (tonnes CO <sub>2</sub> eq.)	71,726	100,255
Scope 2 total emissions (Electricity, heating & cooling) (tonnes CO <sub>2</sub> eq.)	11,838	11,048
Scope 3 total emissions (tonnes CO <sub>2</sub> eq.)	2,497,367	2,625,104

We are using 2019 data as the baseline for all scopes.

## **Prosperity**

	2021	2020	2019
Revenue (millions DKK) 1)	71,363	70,752	69,823
Operating profit before other items (millions DKK)	1,776	3,203	3,226
Net finance costs (millions DKK)	657	549	542
Taxes paid (millions DKK)	528	666	666
Staff costs (millions DKK)	46,369	46,579	46,082
Income tax paid by employees (millions DKK) <sup>2)</sup>	11,849	12,160	12,160

<sup>1) 2020</sup> financial data adjusted for discontinued operations.

For additional information, please see Reporting Principles and Compliance on page 47.

<sup>&</sup>lt;sup>2)</sup> Income tax paid by employees comprises estimated employment taxes, social charges and contributions paid either by ISS or directly by employees.

# Performance against objectives and targets for 2021

Our most material issues are also the ones most directly supporting our strategy and are related to health, safety and environment as well as monitoring of labour conditions for our employees. We set targets and carry out audits to ensure the organisation's focus remains on these subjects.

People	Ambition	Progress	Next	On trend
Fatalities	0	Unfortunately we had five fatalities See page 24	Our target is 0	×
Lost Time Injury Frequency	Reduce by over 80% compared to 2010 to below 2.5	LTIF decreased over 80% from the baseline value of 13, to 2.7 in 2021	Our target in 2022 is less than 2.5	<b>~</b>
Lost Work Hours	Reduce 55% compared to 2010	The number of Lost Work Hours per 1000 exposure hours reduced by 57%	Our target in 2022 is a reduction of 10% based on a new 2021 baseline	<b>~</b>
Planet	Ambition	Progress	Next	On trend
CO <sub>2</sub> emissions from electricity	Zero emissions by 2030	There was a 9% reduction in electricity consumption compared to the 2019 baseline of 10,008 CO <sub>2</sub> eq. that excludes the divested countries.	Build a road map for achieving zero emissions by 2030	<b>~</b>
CO <sub>2</sub> emissions from leased cars (g/km)	Zero emissions by 2030	In 2019, we established the new base- line based on the new Standards. We have reduced emissions from leased cars by 8% from the baseline	Build a road map for achieving zero vehicle emissions by 2030	<b>~</b>
Prosperity	Ambition	Progress	Next	On trend
Audits with HSE and CR content	In at least 20% of countries where we operate	The scope of internal audits in more than 30% of countries included the ISS Code of Conduct, the ISS Safety Rules, child labour and working hours	In at least 20% of the countries where we operate	<b>~</b>
Code of conduct e-learning	Embed the e-learning module in more levels of the organisation	Over 30,000 employees successfully passed new e-learning module	In 2022, we aim for at least 250,000 employees	<b>~</b>

# **GRI** disclosures

The following tables provide an overview of the GRI Standard disclosures included in the report. The tables show the indicator, the topic and the page(s) the topic is covered in the report.

GRI 101 Foundation	GRI Standard Number	Disclosure	Page number/comment
GRI 102 General disclosures	GRI Standard Number	Disclosure	Page number/comment
	102-1	Name of the organisation	Cover
	102-2	Activities, brands, products, and services	Page 2 and here
	102-3	Location of headquarters	Back cover
	102-4	Location of operations	Page 4
	102-5	Ownership and legal form	Annual Report
	102-6	Markets served	Page 4 and here
	102-7	Scale of the organisation	Page 3, 5 and 6
	102-8	Information on employees and other workers	Page 48
	102-9	Supply chain	Pages 13 and 16; Our Supply Chain includes over 82,000 suppliers covering categories such as Cleaning, Fleet, Subcontracting and Indirect spend
	102-10	Significant changes to the organisation and its supply chain	Annual Report and Page 3
	102-11	Precautionary Principle or approach	Page 30
	102-12	External initiatives	We are a founding signatory to the UN Global Compact
	102-13	Membership of associations	Annual Report
	102-14	Statement from senior decision- maker	Pages 7-8
	102-15	Key impacts, risks, and opportunities	Pages 9-13
	102-16	Values, principles, standards, and norms of behaviour	Page 11 and here
	102-17	Mechanisms for advice and concerns about ethics	EU
	102-18	Governance structure	Pages 11 and 37 Annual Report
	102-19	Delegating authority	Page 11

GRI 102 General disclosures	GRI Standard Number	Disclosure	Page number/comment
	102-20	Executive-level responsibility for economic, environmental, and social topics	Page 11
	102-21	Consulting stakeholders on economic, environmental, and social topics	Page 16
	102-32	Highest governance body's role in sustainability reporting	Page 7; our Board reviews and approves the Report before it is published
	102-33	Communicating critical concerns	Pages 15 and 44
	102-34	Nature and total number of critical concerns	Page 44
	102-35	Remuneration policies	Annual Report and here
	102-36	Process for determining remuneration	Annual Report and here
	102-40	List of stakeholder groups	Page 16
	102-41	Collective bargaining agreements	Over 49% of our employees are covered by bargaining agreements
	102-42	Identifying and selecting stakeholders	Pages 9, 12 and 16; Stakeholders have been based on our latest Stakeholders assessment of materiality topics in 2021 that was part of our yearly review of our material assessment
	102-43	Approach to stakeholder engagement	Page 17; we regularly meet with stakeholders (meetings, seminars, Investor day); our stakeholder engagement throughout the year has served as input into our report preparation.
	102-44	Key topics and concerns raised	Pages 9, 12 and 13
	102-45	Entities included in the consolizdated financial statements	Annual Report
	102-46	Defining report content and topic Boundaries	Page 9-13 and 47
	102-47	List of material topics	Page 12
	102-48	Restatements of information	Pages 48 and 49 (footnotes)
	102-49	Changes in reporting	Page 47; no materiality topics have changed since 2020.
	102-50	Reporting period	Page 47
	102-51	Date of most recent report	2020
	102-52	Reporting cycle	Page 47
	102-53	Contact point for questions regarding the report	Back cover
	102-54	Claims of reporting in accordance with the GRI Standards	Page 47
	102-55	GRI content index	Page 51-56
	102-56	External assurance	Pages 45-46

GRI 200 Economic Standards - Material topics	GRI Standard Number	Disclosure	Page number/comment
	103-1	Explanation of the material topic and its Boundary	Pages 12 and 47
	103-2	The management approach and its components	Pages 7, 9, 37, 38 and Annual Report
	103-3	Evaluation of the management approach	Pages 32, 37 and 44
	201-1	Direct economic value generated and distributed	Page 49
	205-1	Operations assessed for risks related to corruption	Pages 13, 43 and 44
	205-2	Communication and training about anti-corruption policies and procedures	Pages 15 and 43; the Anti-corruption Policy has been communicated to 100% of all governance body members at Group, Regional and country levels. We do not report on the breakdown by employee category, region or business partner
	205-3	Confirmed incidents of corruption and actions taken	Page 37, 43 and 44; we had 0 incidents related to corruption where contracts with business partners were terminated or not renewed; we had 0 public legal cases regarding corruption; we do not report the number of employees dismissed or disciplined
	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	We have not been involved in any anti-trust issue or anti-competitive behaviour, and not monopoly practices
	207-1	Approach to tax	Page 37 explains the tax approach; ISS Tax Policy is disclosed already: here
	207-2	Tax governance, control, and risk management	ISS Tax Policy includes some management structure information: here
	207-4	Country-by-country reporting	Please see section 1.5 of the Annual Report

GRI 300 Environmental Standards – Material topics	GRI Standard Number	Disclosure	Page number/comment
	103-1	Explanation of the material topic and its Boundary	Pages 29 and 30
	103-2	The management approach and its components	Pages 29 and 30
	103-3	Evaluation of the management approach	Page 36
Energy	302-1	Energy consumption within the organisation	Pages 30, 36 and 49
Energy	302-3	Energy intensity	Based on: Revenue: 0.3210 MWh/mill. DKK Exposure hours: 31.59 MWh/mill. exposure hours
Energy	302-4	Reduction of energy consumption	Pages 36 and 49
Water	303-3	Water withdrawal	Pages 36 and 49; we only report on municipal water supplies as this is the main source of water
Emissions	305-1	Direct (Scope 1) GHG emissions	Pages 30 and 49
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	Pages 30 and 49
Emissions	305-3	Other indirect (Scope 3) GHG emissions	Pages 30 and 49
Emissions	305-4	GHG emissions intensity (Scope 1)	Based on: Revenue: 1.01 tonnes CO <sub>2</sub> eq./ mill. DKK Exposure hours: 99.91 tonnes CO <sub>2</sub> eq./mill. exposure hours
Emissions	305-5	Reduction of GHG emissions	Pages 30 and 49
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Page 29
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Page 16; 100% of new suppliers screened
Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	Pages 13 and 16

GRI 400 Social Standards - Material topics	GRI Standard Number	Disclosure	Page number/comment
	103-1	Explanation of the material topic and its Boundary	Pages 13, 15-16, 25-26
	103-2	The management approach and its components	Pages 13, 15-16, 25-26
	103-3	Evaluation of the management approach	Page 28
Employment	401-1	New employee hires and employee turnover	Page 48; we do not report age group
Employment	401-3	Parental leave	The ISS Global People Standards:  Ensure paid maternity leave in accordance with local legislative requirements;  Provide women with the opportunity to access paid or unpaid maternity leave for a minimum of 12 weeks without risk of losing their employment  In terms of numerical data, we cannot report at the global level
Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	We comply with European laws based on the European Union's Acquired Rights Directive (ARD) protecting the rights of employees in a business transfer situation, also known as TUPE)
	403-1	Occupational health and safety management system	Page 25
Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	Pages 25 and 26
	403-3	Occupational health services	Pages 25 and 26
Occupational Health and Safety	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety are covered in the agreements with unions. In addition, at the European Works Council meetings, health and safety is on the agenda.
	403-5	Worker training on occupational health and safety	Pages 25-26

GRI Standard Number	Disclosure	Page number/comment
403-8	Workers covered by an occupational health and safety management system	Page 25
403-9	Work-related injuries	Page 48
403-10	Work-related ill health	Page 48
404-1	Average hours of training per year per employee	Pages 20, 28 and 48
404-2	Programmes for upgrading employee skills and transition assistance programmes	Pages 20 and 21
404-3	Percentage of employees receiving regular performance and career development reviews	It is mandatory for all employees; however, we cannot report on all completed data as some are completed on hard copies and registered in files and we are still working on implementing a system to collect the data
405-1	Diversity of governance bodies and employees	Pages 22 and 23 and Annual Report
406-1	Incidents of discrimination and corrective actions taken	Pages 43 and 44
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pages 11 and 12
408-1	Operations and suppliers at significant risk for incidents of child labour	Pages 13 and 16; we have identified suppliers of work wear as the highest risk of child labour
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pages 12, 13 and 16; we have identified suppliers of work wear as highest risk of forced or compulsory labour
412-1	Operations that have been subject to human rights reviews or impact assessments	Page 43
412-2	Employee training on human rights policies or procedures	Page 43; Human rights training carried out as part of On Boarding for all employees, and training such as ISS Code of Conduct E-learning module and Advantage
414-1	New suppliers that were screened using social criteria	Page 16; 100% of new suppliers screened
414-2	Negative social impacts in the supply chain and actions taken	Page 16; we did not identify any negative social impacts in the supply chain.
415-1	Political contributions	We do not contribute to political parties
417-2	Incidents of non-compliance concerning product and service information and labelling	We have not identified any non-compliance with regulations and/ or voluntary codes concerning products and service information and labelling
417-3	Incidents of non-compliance concerning marketing communications	We have not identified any incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	We have not identified any substantiated complaints concerning breaches of customer privacy and losses of customer data
	403-8 403-9 403-10 404-1 404-1 404-2 404-3 405-1 406-1 407-1 408-1 409-1 412-1 412-2 414-1 414-2 415-1 417-2	403-8 Workers covered by an occupational health and safety management system  403-9 Work-related injuries  403-10 Work-related ill health  404-1 Average hours of training per year per employee  404-2 Programmes for upgrading employee skills and transition assistance programmes  404-3 Percentage of employees receiving regular performance and career development reviews  405-1 Diversity of governance bodies and employees  406-1 Incidents of discrimination and corrective actions taken  407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk  408-1 Operations and suppliers at significant risk for incidents of child labour  409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour  412-1 Operations that have been subject to human rights reviews or impact assessments  412-2 Employee training on human rights policies or procedures  414-1 New suppliers that were screened using social criteria  414-2 Negative social impacts in the supply chain and actions taken  415-1 Political contributions  417-2 Incidents of non-compliance concerning product and service information and labelling  417-3 Incidents of non-compliance concerning marketing communications

# United Nations Global Compact (UNGC)

The following table provides an overview of the UNGC principles and the page(s) the principle is covered in the report.

United Nations Global Compact (UNGC)			
Human rights		Read more on page	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	7	
Principle 2	Make sure that they are not complicit in human rights abuses.	13, 15	
Labour standards		Read more on page	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	16, 28	
Principle 4	The elimination of all forms of forced and compulsory labour;	13, 43	
Principle 5	The effective abolition of child labour; and	13, 37, 43	
Principle 6	The elimination of discrimination in respect of employment and occupation.	43, 44	
Environment		Read more on page	
Principle 7	Businesses should support a precautionary approach to environmental challenges;	29	
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	29	
Principle 9	Encourage the development and diffusion of environmentally-friendly technologies.	29	
Anti-corruption		Read more on page	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	15, 38, 44	

		Sub-Themes, Core Metrics and Disclosur	es	Sources	Reported
	Governing Purpose	Setting purpose The company's stated purpose, as the expression of the means by which a business proposes solutions to economic,	environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	GRI (102-26), EPIC, Colin Mayer and others	<b>~</b>
	Quality of Governing Body	Board composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number	of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	GRI (102-22), GRI (405-1a), IR 4B	<b>~</b>
a	Stakeholder Engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and	the company, how the topics were identified and how the stakeholders were engaged.	GRI 102-21, GRI 102- 43, GRI 102-47	<b>~</b>
Governance	Ethical Behaviour	<ul> <li>Anti-corruption</li> <li>Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region</li> </ul>	<ul> <li>2. (a) Total number and nature of incidents of corruption confirmed during the current year but related to previous years (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year</li> <li>3. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption</li> </ul>	GRI 205-2, GRI 205-3	<b>✓</b>
		Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for:	<ol> <li>seeking advice about ethical and lawful behaviour, and organizational integrity;</li> <li>reporting concerns about unethical or unlawful behaviour, and lack of organizational integrity</li> </ol>	GRI 102-17	<b>~</b>
	Risk and Opportunity Oversight	Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks,	how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	EPIC, GRI 102-15, World Economic Forum Integrated Corporate Gover- nance, IR 4D	<b>~</b>

		Sub-Themes, Core Metrics and Disclosure	es	Sources	Reported
	Climate	Greenhouse Gas (GHG) emissions  For all relevant greenhouse gasses (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tC)2e) GHG Protocol Scope 1 and 2 emissions.	Estimate and report upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	GRI (305-1), TCFD, GHG Protocol	<b>~</b>
Planet	Change	TCFD-aligned reporting on material climate risks and opportunities  Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation.	Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Recommendations of the TCFD, CDSB R01, R02, R03, R04 and R06, SASB 110, Sci- ence Based Targets initiative	ISS' response to CDP Climate Change
	Nature Loss	<b>Land use and ecological sensitivity</b> Report the number and area (in hectares) of sites owned,	leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	GRI 304-1	N/A
	Fresh Water Availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline	water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	SASB 140a.1, WRI Aqueduct water risk atlas tool	Partial We report water consumed at ISS offices and premises.

#### =

	Sub-Themes, Core Metrics and Disclosur	es	Sources	Reported
	Diversity and inclusion (%) Percentage of employees per employee category, by age	group, gender and other indicators of diversity (e.g. ethnicity).	GRI 405-1b	Partial ISS reports employees per gender and category
	Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for	priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Adapted from GRI 405-2	×
Dignity and Equality	Wage level (%)  1. Ratios of standard entry-level wage by gender, compared to local minimum wage.	<b>2.</b> Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	GRI (202-1), Adapted from Dodd-Frank Act, US SEC Regulations	×
	Risk for incidents of child, forces or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:	<ul> <li>a. type of operation (such as manufacturing plant) and type of supplier; and</li> <li>b. countries or geographic areas with operations and suppliers considered at risk.</li> </ul>	GRI 408-1b, GRI 409-1	Partial ISS reports that the suppliers of work wear have highest risk of incidents of child and forced labor
Health and well-being	Health and safety (%)  1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.	<b>2.</b> An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	GRI:2018 403-9a&b, GRI:2018 403-6a	<b>✓</b>
Skills for the Future	<ul> <li>Training provided (#, \$)</li> <li>Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees)</li> </ul>	2. The average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	GRI (404-1), SASB (HC0101-15)	We do not report on expenditure
	Health and well-being	Diversity and inclusion (%) Percentage of employees per employee category, by age  Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for  Wage level (%) 1. Ratios of standard entry-level wage by gender, compared to local minimum wage.  Risk for incidents of child, forces or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:  Health and well-being  Health and safety (%) 1. The number and rate of fatalities as a result of work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury, and the number of hours worked.  Training provided (#, \$) 1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the	Diversity and inclusion (%) Percentage of employees per employee category, by age  Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for each employee category by significant locations of operation for each employee category by significant locations of operation for each employee category by significant locations of operation for each employee category by significant locations of operation for each employee category by significant locations of operation for each employees, except the CEO to the median of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.  Risk for incidents of child, forces or compulsory labour. An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:  Health and well-being  Health and safety (%)  1. The number and rate of fatalities as a result of work-related injuries; main types of work-related injury; and the number of hours worked.  Pay equality (%)  Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.  a. type of operation (such as manufacturing plant) and type of supplier; and b. countries or geographic areas with operations and suppliers considered at risk.  Pay the median of the annual total compensation of all its employees, except the CEO.  a. type of operation (such as manufacturing plant) and type of supplier; and b. countries or geographic areas with operations and suppliers considered to average and the suppliers to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.  Training provided (#, 5)  1. Average hours of training per person that the organization's employees, are called injuries; and the number of training provided to employees divided by the number of employees.	Dignity and Equality  Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for all its employees, except the CEO. Risk for incidents of child, forces or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:  Health and well-being  Health and safety (%)  1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries; main types of work-related injury; and the number of hours worked.  Skills for the Future  Dignity and Pay equality (%) Ratio of the basic salary and other relevant equality and other relevant equality areas.  Pay equality (%) Ratio of the annual total compensation of the CEO to the median of the annual total compensation of the CEO to the median of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.  a. type of operation (such as manufacturing plant) and type of supplier; and b. countries or geographic areas with operations and suppliers considered at risk.  GRI (202-1), Adapted from GRI 405-12  All its employees, except the CEO.  a. type of operation (such as manufacturing plant) and type of supplier; and b. countries or geographic areas with operations and suppliers considered at risk.  GRI (2018 403-9a &b., GRI 409-1  A replanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.  Training provided (#, \$)  1. Average hours of training per person that the organizatio

		Sub-Themes, Core Metrics and Disclosur	es	Sources	Reported
		Absolute number and rate of employment  1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity, and region	2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region	Adapted, to include other indicators of diversity, from GRI 401-1a & b	<b>~</b>
Prosperity	Employment and wealth generation	Economic Contribution  1. Direct economic value generated and distributed (EVG&D) – on an accruals basis, covering the basic components for the organization's global operations, ideally split out by:  • revenues  • operating costs  • employee wages and benefits  • payments to providers of capital  • payments to government  • community investment	2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	GRI 201-1, GRI 201-4	<b>~</b>
Pros		Financial investment contribution  1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.	<b>2.</b> Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	As referenced in IAS 7 and US GAAP ASC 230	Annual Report
	Innovation of better products and services	Total R&D expenses (%) Total costs related to research and development.		US GAAP ASC 730	<b>~</b>
	Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable	VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Adapted from GRI 201-1	<b>~</b>

# Accounting practice concerning taxonomy delegation

In accordance with article 10, paragraph 1 of the Delegated Act of 6th of July 2021, which specifies the content and presentation to be disclosed, ISS will disclose the proportion of our turnover, CAPEX and OPEX that relates to Taxonomy-eligible and Taxonomy non-eligible economic activities.

## Taxonomy-eligibility

Taxonomy eligibility states the share of ISS' turnover, CAPEX and OPEX, which are covered by the Taxonomy delegated acts. Taxonomy-eligibility therefore only states the proportion of ISS' economic activities that are described in the Taxonomy Regulation's delegated acts, and not whether these economic activities qualify as environmentally sustainable (Taxonomy-alignment).

Taxonomy-eligibility is expressed with three KPIs that are calculated as the part of turnover, CAPEX and OPEX considered to be Taxonomy-eligible (numerator) divided by ISS' total turnover, CAPEX and OPEX (denominator). Descriptions of the three KPIs are provided below.

#### **KPI** for turnover

ISS' main activities, cleaning and food, are not included in the list of economic activities. As such, ISS does not have taxonomy-eligible turnover.

#### **KPI for CAPEX**

Total CAPEX is defined as ISS' additions of tangible and intangible assets determined at cost (except for acquisition-related brands and

customer contracts which are recognised at fair value at the acquisition date) and are shown in note 2.1 and 3.6 in the 2021 annual report. Intangible assets include additions of goodwill, customer contracts, capitalised software and other intangible assets. Tangible assets mainly relate to production equipment, hardware equipment and other equipment. The denominator also includes the value from additions of long-term leased assets and right of use assets that supports taxonomy-eligible activities. As ISS do not have economic activities that are currently taxonomy-eligible we do not have CAPEX investments that are associated with taxonomy-eligible activities.

#### **KPI for OPEX**

OPEX is defined as direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to day-to-day servicing of assets of property, plant and equipment.

As ISS do not have economic activities that are currently taxonomy-eligible we do not have any part of our OPEX that are associated with taxonomy-eligible activities.

## Specification of taxonomy-eligible KPIs

#### Turnover

Economic activities (1)	Proportion of turnover
A. Taxonomy-eligible activities	
Turnover of Taxonomy-eligible activities (A)	0%
B. Taxonomy-non-eligible activities	
Turnover of Taxonomy-non-eligible activities (B)	100%
Total (A+B)	100%

#### **CAPEX**

Economic activities (1)	Proportion of CAPEX
A. Taxonomy-eligible activities	
CAPEX of Taxonomy-eligible activities (A)	0%
B. Taxonomy-non-eligible activities	
CAPEX of Taxonomy-non-eligible activities (B)	100%
Total (A+B)	100%

#### **OPEX**

Economic activities (1)	Proportion of OPEX
A. Taxonomy-eligible activities	
OPEX of Taxonomy-eligible activities (A)	0%
B. Taxonomy-non-eligible activities	
OPEX of Taxonomy-non-eligible activities (B)	100%
Total (A+B)	100%

### Share your opinion

We welcome your feedback as it is an important part of our dialogue with our stakeholders.

### You are welcome to contact

Head of Group Sustainability at +45 3817 0000 or write to us at:

#### **Head of Group Sustainability**

ISS A/S Buddingevej 197 2860 Søborg, Denmark

#### Text

Richard Jones

#### **Design & production**

KIRK & HOLM Stibo Complete