

Anti-slavery and human trafficking

– annual statement

The ISG logo consists of the letters 'ISG' in a bold, white, sans-serif font, centered within a black square that has a white border.

Introduction

This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 (the "Act") and constitutes ISG Limited's (previously ISG plc) annual slavery and human trafficking statement.

ISG is committed to conducting all aspects of its business in an ethical and transparent manner. We acknowledge our duties and responsibilities under the Act.

Forced or compulsory labour, human trafficking and other kinds of slavery represent some of the gravest forms of human rights abuse in any society. We all have a responsibility to be alert to the risks in both the ISG business and our supply chain.

ISG values require that all workers are treated with dignity and respect. We are fundamentally opposed to slavery, human trafficking, forced labour, debt bondage, the sale or exploitation of children and all exploitative practices in the workplace.

This statement is made by ISG Limited on its own behalf and on behalf of all its subsidiary companies within the ISG group. Subsidiary companies of ISG Limited that are incorporated in the UK and also subject to the reporting requirements under s. 54 of the Act are:

- ISG Construction Limited
- ISG Retail Limited
- ISG Fit Out Limited
- ISG Engineering Services Limited

Our statement sets out the steps that ISG Limited and its subsidiary companies have either already taken during the financial year to 31 December 2019, or the current financial year, or may intend to take during the next 12 month period, to prevent modern slavery and human trafficking in its business and supply chains.

Structure and supply chains

ISG is a dynamic global construction services company. Our people specialise in fit out, construction, engineering services and development and are dedicated to delivering places that help people and businesses thrive.

With a worldwide turnover of c. £2.6 billion for the financial year ended 31 December 2019, and an employee base of more than 3,000, we have operations in 20+ countries. Our operations are predominantly based in the UK, but we also have businesses in Europe, the Middle East and Asia.

We are seeking to apply the principles detailed in this statement across relevant parts of the group but acknowledge it is taking time to achieve consistent standards, especially overseas and within all of our supply chains.

ISG has historically been managed on a decentralised basis. However, in the more recent history of the group, various changes have been made to centralise certain key functions and to better align each of the group businesses. This approach is also being adopted in managing the risk of modern slavery.

The ISG business model means that we work in partnership with a large number of sub-contractors and other suppliers to fulfil commercial and contractual obligations to our customers.

In common with many companies operating in the construction industry, our supply chain is complex; there are often many tiers of suppliers between ISG (as the main contractor) and the source of the raw materials and labour we use.

Prevention of modern slavery within ISG and our supply chains

ISG requires that all contractors and suppliers do not engage in any such practices, and do not knowingly themselves contract with third parties which do.

ISG values require that it terminates business relations with any contractor or supplier found to be in serious or deliberate breach of anti-slavery and/or human trafficking obligations. Continuous improvements in education, awareness and processes are key to eradication, and we will work proactively alongside suppliers that need and seek our assistance.

We are committed to providing a great place to work for our employees and this is at the heart of our business strategy. We comply with local minimum age and wage laws and do not employ child labour.

All our employees (i.e. those who are paid directly via ISG) are:

- paid by bank transfer; we do not allow payment to be made into third party bank accounts, thus minimising the risk of forced or compulsory labour. All ISG employees must receive details of hours worked/pay (within their payslips) when they are paid and this must also clearly show deductions for tax and social security contributions; and
- vetted for the right to work in the country where they are employed. Where employees require a work permit/VISA we ensure they have the necessary documentation in place.

As a responsible employer, we take the welfare of our employees (and others working on our behalf) seriously. Our whistleblowing policy encourages employees to report wrongdoing (including exploitation) in any form. We are committed to investigating all matters raised through our whistleblowing policy via robust and transparent processes.

We are also in the process of developing a user-friendly on-site practical guide for our operational parts of the business, designed to clarify what to do in the event of concerns being raised around individuals from our supply chain who may be the victim of slavery/forced labour.

ISG is a member of the Gangmasters and Labour Abuse Authority ("GLAA") Construction Protocol. This involves a collaboration with some of the biggest names in the UK Construction industry to develop innovative and creative ways to get ahead of those who may be looking to exploit workers. We recognise that pro-active action is required to help safeguard the rights and freedoms of certain vulnerable individuals. ISG is committed to working in partnership with this peer group to share information which may stop or prevent exploitation of workers within the construction industry and to collaborate in helping to raise awareness of the subject and the issues that surround it.

Risk Assessment

In identifying the risk that Modern Slavery poses to our business, there are a number of industry publications that we have reviewed in order to understand the context of our key risks. Some of the publications we have reviewed are listed below;

- CIOB's report "Modern Slavery: The Dark Side of Construction"
- CIOB's report "Building a Fairer System: Tackling Modern Slavery in Construction Supply Chains"
- FLEX report "Shaky Foundations: Labour Exploitation in London's Construction Sector"

Specifically, through our operations we are aware that there are particular areas within our supply chains that we identify as higher risk. These include;

- Use of lower skilled labour in particular activities on site;
 - Logistics
 - Cleaners
 - Groundwork's
 - Concrete Frame
 - Dry lining
- Procurement of particular materials and products where transparency in regards the origins of components can prove problematic and spend tends to be high;
 - Cladding and facades
 - Mechanical & electrical equipment

Due diligence processes

As part of our sub-contractor due diligence pre-qualification (PQQ) procedures, within the UK we vet our sub-contractors through a due diligence process. All potential new sub-contractors who go through our 'Doc-hosting' pre-qualification process are required to sign up to our '*anti-slavery and human trafficking supply chain commitment*' (the "**Supply Chain Commitment**") before they can be classed as an 'ISG approved sub-contractor'. A copy of our Supply Chain Commitment can be found on ISG's website at www.isg ltd.com

However, we acknowledge there is still more work to do in this area. In addition to our UK approved sub-contractors, we also work with a large variety of other suppliers both in the UK and overseas. We need to ensure that all our supplier groups, wherever they are working, are required to sign up to our Supply Chain Commitment and wider due diligence procedures.

In terms of our supply chain, we are in the process of taking additional steps to strengthen our approach to due diligence and ability to identify risk. Additional resource is being allocated to our Business Assurance team with a view to undertaking regular right to work compliance audits within our supply chain. This will help us to assess the understanding and knowledge that our supply chain partners have and will also provide the opportunity to educate around the subject of modern slavery. On a random basis, we are also giving consideration to carrying out on-site spot checks to verify right to work documentation; this will also include speaking with sub-contractor employees who are working on ISG managed sites to ask questions about their welfare and give opportunities to find 'red flag' modern slavery risks that may be present.

During the course of this year, supply chain forums have taken place with a variety of our supply chain partners, to discuss specific topic areas. We plan to carry out a pilot discussion and education forum in relation to right to work and modern slavery during the course of 2021, to raise further awareness of the subject and the issues faced within the construction industry in tackling the problems.

At project level, there are a number of actions that we are implementing, including;

- Investigating avenues to better worker engagement, building greater trust and transparency
- Use of access control systems on sites, where practical, to record and flag any issues around operatives working hours
- Inclusion of modern slavery awareness into our project monthly stand downs

Training/awareness

An update on modern slavery and the various issues to be aware of is included in our UK on-site Health & Safety induction training processes.

Relevant employees within the group (to include those working in supply chain, procurement, human resources, health & safety and senior on-site roles) are required to complete a modern slavery and human trafficking e-Learning training module. This course covers the requirements of the Act, ISG's obligations, our supply chain expectations and the potential consequences for non-compliance. We maintain a proactive approach to ensuring that all new employees joining the business, in one of these relevant roles, complete the training module within a 90-day window from commencement of their employment.

During 2019, we developed links with external authorities to raise further awareness within ISG and our wider supply chain. This has included working with both City of London Police and Thames Valley Police. We will continue in developing our links with external bodies.

Some parts of our supply chain are also encouraged to subscribe to classroom and e-Learning modules run by the Supply Chain Sustainability School (of which ISG is a partner), which includes matters relating to modern slavery and human trafficking and the risks they need to be aware of.

We are also committed to carrying out regular governance training at a Director/Senior Manager level. Each year we focus on different governance/compliance related topics; at the 2020 event two of the key focus topic areas presented were the prevention of illegal workers and modern slavery awareness. These courses are designed to keep important governance related subjects at the forefront of key decision-makers minds, as well as developing a better understanding of the risks posed and how to report, deal with and record matters in a consistent manner.

Towards the end of last year our Company Secretary and Head of Sustainability participated in an IEMA accredited online training and support programme (END Slavery), run via Ardea International. This gave the opportunity to discuss common challenges in tackling the issue of Modern Slavery with peers from within the construction sector. The programme has instigated the concept of a pilot programme to help identify

exploitation on construction sites in the UK; the pilot is scheduled to commence prior to the end of this year.

Measuring effectiveness

Consideration is currently being given to the key performance indicators that ISG may choose to use in tracking our progress in reducing modern slavery risks. The indicators we choose will help to deliver an increase in awareness, especially within our key supply chains and amongst site operative teams.

These key performance indicators are likely to include e-Learning completion rates amongst our own employee base, the use of anti-slavery site inductions, commitments to deliver modern slavery supply chain forums and the effectiveness of our communications through the number of incidents reported.

Ongoing review

We will continue to review and evolve our anti-slavery and human trafficking policies and procedures over time, as we gradually make progress in the adoption of a common approach throughout our global businesses.

As discussed above, our key focus areas will continue to be centred around rolling out training and obtaining sub-contractor commitments, the development of 'right to work' checks and balances amongst our supply chain and on-site spot checks to try and identify 'red flags' from both a right to work and modern slavery perspective.

Approved by the ISG Limited Board of Directors on 24 November 2020.

For and on behalf of ISG Limited

Signed:



Paul Cossell
Chief Executive Officer

Date: 24 November 2020
