

Anti-slavery and human trafficking

– annual statement

ISG

Introduction

This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 (the “Act”) and constitutes ISG Limited’s annual slavery and human trafficking statement.

Our statement sets out the steps that ISG Limited and its subsidiary companies have either already taken during the financial year to 31 December 2021, 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.

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.

ISG will respect all human rights and seek to meet or exceed all local human rights legislation, conducting our business in accordance with the principles of, and with respect for, the Universal Declaration of Human Rights.

ISG has recently joined the United Nations Global Compact as a participant. We are committed to aligning and embedding the Ten Principles of the United Nations Global Compact into our strategies and operations, and committed to respecting human and labour rights, safeguarding the environment, and working against corruption in all its forms. This statement supports the principle to eliminate all forms of forced and compulsory labour, and the effective abolition of child labour

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

COVID-19 impacts

Throughout the course of the COVID-19 pandemic ISG has continued to work closely with supply chain partners in a variety of areas, to include the introduction of new safety measures and working practices, some of which remain in place post restrictions being lifted.

We also held a series of webinars for suppliers to understand their pressure points, concerns and to provide guidance and support. During this period, ISG continued to prioritise prompt payment to our suppliers and subcontractors.

The global COVID-19 pandemic created unprecedented disruption for the construction industry. ISG recognise that the pandemic has created additional risks for the most vulnerable members of society from a human rights perspective.

Set against this backdrop, ISG has made steady progress further developing our anti-slavery strategies, assisted by the formation of our new internal anti-slavery forum, which was established at the start of 2021 (as described in more detail later in this statement).

Through our anti-slavery forum we regularly review progress made to date with our various anti-slavery initiatives, ongoing priorities, and resource requirements.

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. £2.2 billion for the financial year ended 31 December 2021, and an employee base of c. 3,000, we have operations in 10+ countries. Our operations are predominantly based in the UK, but we also have businesses in Europe, the Middle East and Asia. For more information on ISG, download a copy of ISG Limited’s Annual Report [here](#).

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

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, suppliers and other partners 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 have also developed 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.

During early 2021, at the request of the Statutory Board of Directors, a new forum was established to address slavery and forced labour risks around the business. The aim of this new forum is to ensure a greater representation of key areas of the business in discussing/agreeing anti-slavery priorities and helping to further mitigate potential risk. The forum, which meets at regular intervals throughout the year, assess and review the progress and actions taken; involvement in this forum includes, our Managing Director (UK Construction), Operations Director (Fit Out), Head of Sustainability, Head of Compliance, Legal Counsel representation, Group Health & Safety Director and the Company Secretary.

To date, the forum has made steady progress in further developing right to work/anti-slavery supply chain questionnaires and follow-up supply chain audits. A new on-site anti-slavery guidance note was also launched last year and all of our strategic supply chain partners in the UK were formally asked to sign up to the ISG anti-slavery supply chain commitment.

During 2021, various members of this forum took part in an externally facilitated workshop, to consider actions taken to date within the business, future priorities, and resourcing requirements. We have commissioned proposals from three external consultants to assist with our modern slavery obligations and priorities and will select one for approval by the Statutory Board.

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. Reviewed publications included:

- 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:

- Multi-service agents, including security
- Freelance labour agencies
- Cleaners
- Drylining
- Formwork and concrete gangs (including screeding)
- Façade Contractors
- Hoarding and fencing contractors

We have embarked on a process to audit the right to work and modern slavery status of our suppliers. In collaboration with ISG's supply chain team, we have identified those suppliers which are considered to be high risk and they will be audited first, followed by the remainder of the supply chain. We use a comprehensive audit questionnaire and agree remedial actions where necessary and then follow up with further meetings to ensure that the actions have been carried out.

The process of audit will continue periodically once all suppliers have been audited.

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 progress through our 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 latest Supply Chain Commitment, which was updated earlier this year, can be found [here](#).

However, we acknowledge there is still far more work to do within our supply chains. 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 are committed to ensuring that all our supplier groups, wherever they are working, sign up to our Supply Chain Commitment and wider due diligence procedures.

During the past 12 months, a new on-site pre-enrolment system has been gradually rolled-out and this process will continue throughout 2022. This requires subcontractors to provide information about their employees before they commence work on site, and will allow for individual sub-contractors, who are working on ISG sites, to be provided with key information prior to arriving on-site.

Various supply chain forums have also taken place with a variety of our key supply chain partners. In April 2021, the forum (which was attended by c. 130 key sub-contractors via a virtual platform) discussed right to work and modern slavery, raising further awareness of the issue and the role and commitment ISG has made to eliminate this illegal practice.

At project level, there are a number of processes that we are using or following up, including:

- 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

To further support the above processes, during 2021 we took part in an industry pilot programme on worker engagement. Three ISG sites were involved in the trial, with workers at each site taking part in a series of anonymised call cycles. These call cycles interviewed the workers on several areas relating to human rights and ethical employment, allowing the results to be aggregated and analysed for any red flags. Early analysis has identified that the sample size across 3 sites is currently too small to identify any consistent issues and a larger trial is in the process of being investigated.

At one of ISG's high-profile sites, we have worked with our client to implement a series of supply chain ethical audits, aimed at identifying management system improvements focused on human rights and ethical employment behaviours. Initial feedback on this trail has identified that the format of the audit was not ideally suited to the construction sector, and we are working with the client and its consultant partner to highlight improvements that can be made. We are also keen to share such learnings and best practice within the wider construction industry and have sought to achieve this via a published case study, webinar and live panel discussion at this year's UK Construction Week.

We continue to investigate how the above trials on worker engagement and supply chain gap analysis can support our due diligence processes at ISG.

Training/awareness

An update on modern slavery and awareness 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, the content of which has recently been updated to include our latest guidance, covers the requirements of the Act, ISG's obligations, our supply chain expectations and the potential consequences for non-compliance. It also confirms reporting routes for employees who may have slavery and/or forced labour concerns for fellow employees or members of our supply chain teams. 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.

Elements of our supply chain are encouraged to subscribe to classroom and e-Learning modules run by the Supply Chain Sustainability School (of which ISG is a partner), which includes content relating to modern slavery and human trafficking, and awareness training.

We are also committed to carrying out regular governance training at a Director/Senior Manager level. Each year we focus on specific governance/compliance related topics at our annual 'Governance Day' event. At our 2020 event, attendees learned about the prevention of illegal workers and modern slavery awareness. We also provided a refresh on these topics at our 2022 'Governance Day, which took place over two dates in

March and May 2022. These courses are designed to keep important governance related subjects at the forefront of key decision-makers thoughts, as well as developing a better understanding of the risks posed and how to report, deal with and record matters in a consistent manner.

Measuring effectiveness

ISG is currently in the process of developing its over-arching ESG Strategy and all the associated key performance indicators that are linked with this.

Key performance indicators necessary for measuring ISG's progress in reducing slavery and/or forced labour risks are part of this wider process. During the past 12-18 months various new systems have been in development and this will ultimately assist ISG in being able to gather relevant data to develop meaningful and accurate key performance indicator statistics.

Ongoing review

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

ISG remains focused on rolling out training and obtaining sub-contractor commitments, the development of 'right to work' checks and balances amongst our supply chain, on-site spot checks to identify 'red flags', from both a right to work and modern slavery perspective, and the gradual development of meaningful anti-slavery key performance indicators.

Approved by the ISG Limited Board of Directors on 28 June 2022.

For and on behalf of ISG Limited

Signed:



Matt Blowers
Chief Executive Officer

Date: 28 June 2022