

ISS UK Limited

Annual report and financial statements

Registered number 00463951

For the year ended 31 December 2020



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Strategic report

The Directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is that of a management company for the ISS UK operating and Group companies. The principal activity of the operating companies is the supply of facility services. The company is a private company limited by shares.

Development and performance of the business of the Company

Turnover for the year was £37.5m (2019: £39.2m), which has decreased due to a reduction in management fees charged to other Group companies. Operating losses were £21.5m (2019 operating loss: £17.0m) an adverse performance for which the company is working on turning around following the undertaking of a major finance improvement programme which commenced in 2020. 2020 was also impacted by a malware attack (£4.9m) which has been reflected in the costs of sales, along with a Group earned rebate now being recognised in the other UK Legal Entities of £2m. These were partially offset by a Furlough Grant income of £0.5m received during the COVID crisis.

The Company's loss before taxation was £20.8m (2019: profit £3.1m). The Company did not receive any dividends (2019: £19.0m).

Business environment

The external commercial environment is expected to remain competitive. However, the Directors remain confident that the company's performance levels will be improved in the future, subject to the uncertainties related to the COVID-19 pandemic described below.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, that of a management company for the UK operating Group, the Company's Directors are of the opinion that analysis using KPIs, other than those already given above, is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to be the recovery of amounts due from subsidiaries and fellow Group companies of its investments, service performance and employee retention.

Current macroeconomic conditions are uncertain with both the impact caused by the emergence of COVID-19 worldwide and new market conditions after the Brexit transition period ended on 31 December 2020.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the annual report of ISS A/S which does not form part of this report but can be obtained from the address in note 25.

Directors' qualifying third party indemnity provision

The company has granted an indemnity to all directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Section 172 of the Companies Act 2006

ISS UK Limited is a wholly owned subsidiary of ISS UK Holdings Limited, who in turn is a wholly owned subsidiary of ISS Global A/S (ultimately owned by Danish listed ISS A/S) and is the UK operational company servicing the UK central services and operational management of the UK Group. In 2020 the ISS Group revenue was approximately £8bn, employing over 370,000 people in over 50 countries. In the UK and Ireland, ISS UK Limited in total employs around 36,000 people with skills ranging from Cleaning, Catering, Security and Facility Maintenance.

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

Strategic report (continued)

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

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

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

ISS Global A/S

ISS Global A/S (Group) determines the overall strategy for the global operating companies and maintains a framework of policies, standards, guidance, incentive schemes and controls for the operating companies to adopt and embed within the operation of their country [refer to the Group Annual Report <https://brand.issworld.com/m/4169fd395b94c41/original/ISS-Annual-Report-2020.pdf>].

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

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

ISS Group Strategic Decisions

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

The global purpose was developed and strengthened throughout 2020:

Connecting people and places to make the world work better

The core ambition is to be:

Global leader in Integrated Facilities Services

#1 Globally in cleaning

The ISS Value Proposition:

***Placemaking solutions that contribute to better business performance and make life easier, more productive and enjoyable
– delivered to high standards by people who care.***

Strategic report (continued)

On 16 December 2020, ISS Global launched a refreshed strategy, to build on the 3 core areas. The new strategy's core aim is to align Country operating models and sharpen customer focus. The key operating model is:

- Stronger**
 - The most respected global leader in IFS
 - #1 globally in cleaning
- Investing in central functions to drive excellence in the way ISS work
 - Building world class technology
- Simpler**
 - Key account strategy underpinned
 - Sharper commercial focus
- Aligned structure, processes and ways of working
- Closer**
 - Working together to deliver for our customers
 - Collaborating to grow our business
 - Building our collective culture as OneISS

As below for 2020 the focus remained on the existing three core areas.

Factors affecting ISS Strategy in 2020.

COVID – 19

Along with the entire world, ISS was affected by the global coronavirus pandemic in 2020. During this challenging year, the focus was squarely on business continuity for customers and the health and wellbeing of their employees and the ISS team. ISS continued to supply people at customer facilities – trained, equipped, motivated and working to high standards.

Dealing with the pandemic and its effects on all ISS stakeholders dominated the decisions and communications throughout the year whilst being guided by the overall ISS strategy.

On 31 January 2020 the first working party was held to initiate the updates to the Executive Management Board. There were a further five meetings until February 28th, 2020 when the Country Emergency Response Organisation (CERO) was formally set up. This group met three times a week during the remainder of 2020 with the primary focus on key decisions for managing all key stakeholder groups. [A summary of the CERO output – Stakeholder Table Appendix 2]

ISS Global Malware – Ransomware attack

In February 2020 ISS suffered a Global Malware attack. On February 17, 2020 in the early hours (GMT) an incident alert was received; on the same day systems were taken off line and the Global Network suspended. The UK and Global offices communicated directly with Clients and suppliers. On February 19, 2020 an official announcement was published and broadcasted globally.

February 19, 2020

<https://www.issworld.com/en/news/2020/02/19/security-incident-impacting-parts-of-the-it-environment>

March 20, 2020

A finance/outlook and IT security incident update was published:

“We have now regained control of the vast majority of our IT infrastructure and are systematically relaunching business-critical systems, albeit with somewhat reduced functionalities.”

<https://www.issworld.com/en/news/2020/03/20/updates-covid-19-it-security-incident-outlook-and-ordinary-dividend>

Internal status reports were generated to enable robust communications to all stakeholders, and information was updated on the Global and UK ISS Websites.

Strategic report (continued)

In the immediate aftermath of the attack, forensic experts from the renowned Microsoft DART (Detection and Recovery Team) were onsite in Copenhagen to piece together what happened and how to establish the extent of the damage. A ten-week programme followed led by the Microsoft CRT (Compromised Recovery Team) established the overall recovery plan. The plan was led by the Group Information Security team. As part of that team the Group Security Operations Centre (SOC) also implemented advanced detection tools to generate high value alerts which are then investigated by a security analyst. These detections result in much earlier response to threats that have entered the ISS environment. In short – early detection means less impact to ISS.

Health, Safety and Wellbeing

As always, the overarching key priority for ISS is the health and wellbeing of our colleagues, customers and suppliers and none more so than during 2020 due to the impacts of the Global Pandemic.

- UK Key Decision – Covid – CERO set up to manage the operations.
- UK Key Decision – follow government guidelines for all Covid responses – this was integrated into the CERO group discussions and decisions.
- UK Key Decision – Key communications set up for Covid-19 response – myISS app and Helpline for all matters [See Stakeholder Table]

One ISS was announced in December 2020, the strategy throughout 2020 remained a focus on the 3 core areas. These three areas are:

- 1) ***Focus and segmentation:*** Strengthen our Key Account focus and our prioritisation of customer segments
- 2) ***Build capabilities:*** Increase our focus on workplace and user experience
- 3) ***Investment in technology:*** Strengthen our ability to deliver on the generic Key Account customer needs via investment in technology

Decisions based on the three core areas:

1. ***Focus and segmentation: Strengthen our Key Account focus and our prioritisation of customer segments***
 - **UK key decision** – At the beginning of 2020 a review was performed in line with the ISS Group strategy. This review looked at the potential Divestment of UK businesses and a thorough review of UK contracts. The review identified two UK Business Units for divesting and work proceeded throughout 2020. However, Covid caused some delays during the year and the divestment of one Business (Spectrum) completed in 2021.
 - **UK key decision** – UK Property Closure in response to Covid and the subsequent acceleration of the programme to streamline the UK property portfolio. As many other businesses in the UK experienced, ISS had to execute unprecedented rapid plans to close the UK offices in line with the Government Guidelines. The execution of the closure was performed in under 5 weeks with 24 ISS UK Offices being completely closed

As part of the Global Strategy, ISS UK defined a plan to rationalise and reduce the portfolio of properties in the UK to dispose of those that do not fit the strategy and business needs.

The impact of Covid has energised the appetite to evolve key offices from a 'location' to work to a 'destination'. Desk presence is being reduced in favour of more agile, collaborative and energising multi-purpose spaces across the board.

Strategic report *(continued)*

3-year property strategy includes the following:

- Reduction of 50% of non-core locations and offices, mostly of operational nature
 - Definition and consolidation of locations for specific purposes (e.g., Administrative, finance, operational, sales)
 - A circa £8M investment plan to optimise our key locations
 - An average reduction of 30% desk space in those future projects and an increment of 50% of public and collaboration space
- **UK Key Decision** - Within the Private Sector the focus throughout 2020 was aimed at supporting our customers and transitioning through any changes. There was focus on the Food manufacturing sector and managing the operational challenges seen in the retail area.

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

- **UK Key Decision - Financial Improvement Programme** – During 2019 some key financial risks were identified; these are clearly reported in the Group Annual Report.
In April / May 2020 eight key workstreams were identified along with three supporting programmes. These projects are key to realigning the UK operations and mitigating the risks. The programme has been designed to build a solid foundation for the financial processes which supports all sections of the operation. It is key to the long-term strategy of the business.
- **UK Key Decision** – Covid-19 overviews – the UK Executive Management Board (EMB) reviewed operational resilience to maintain our services during the course of the Global Pandemic. This decision was key to maintaining the reputation of the business particularly within critical areas for example healthcare and communications. [See Stakeholder table]

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

- **UK Key Decision** – the early part of 2020 was focused on the recovery of systems post the Malware attack.
- **UK Key Decision** – Operational Services Mobilisation & Transformation– the project is an operational / process and technical upgrade solution. The aim was stated by the EMB:
A highly efficient, well governed works order management process which is underpinned by technology and delivers a seamless service in line with commercial & contractual commitments.
- **UK Key Decision** – BlueDoor – The Healthcare division developed a suite of tools that bring fast and real-time connected technology touchpoints that allow the request for and fulfilment of services, in real-time with complete transparency [See Stakeholder Table]

UK Structure

During 2020 there were a number of changes to the UK Management structure, these are documented within the Corporate Governance section.

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

Strategic report *(continued)*

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

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

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

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

ISS Facility Services Limited

ISS Facility Services Limited manages the UK Private sector contracts, with a turnover of over £740 million. It predominately focuses on developing Key Accounts in the following areas: Banking; Financial Services and Retail and Business Services. There is an additional sector, Specialised Services which provides single areas: Support Services, Cleaning and Transport, Security, Sustainability & Technical Services.

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

In 2020 ISS Facility Services Ltd saw a number of initiatives placed on hold as the overall business coped with the operational difficulties of Covid. An overall streamlining of contracts was not possible as a number of contracts saw unprecedented closures. As an impact from the pandemic there was a focus particularly on Food Services [\[See Stakeholder Table\]](#)

ISS Mediclean Ltd

All ISS Public sector contracts are managed by ISS Mediclean Ltd., which has a turnover of over £412m. It operates within the following areas: Healthcare, Defence, Education, Central Government and Local Government. The division has 15 Private Finance Initiative (PFI) contracts and overall, 35 contracts considered 'Gold' – of high strategic importance to the government or high value. This area, particularly Healthcare was hugely impacted by the Global pandemic and supporting the frontline staff and keeping them safe was the Key Priority. Due to this operational resilience, ISS was able to bid and win the contract for the provision of certain services at the first Nightingale Hospital at London Excel.

Corporate Governance

ISS UK Limited is part of the UK ISS Group of businesses and is wholly owned by ISS Global A/S, whose ultimate parent company, is ISS A/S, a public company listed on the Danish Stock Exchange, Nasdaq Copenhagen ("the ISS Group"). As such, the ISS Group are legally required to abide by the Danish Corporate Governance Codes and a published report can be found at:

Strategic report (continued)

Corporate Governance (continued)

ISS A/S STATUTORY REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2020
cf. Section 107b of the Danish Financial Statements Act

<https://brand.issworld.com/m/1901b097af63c4ba/original/ISS-Statutory-report-on-Corporate-Governance-2020.pdf>

ISS Global 2020 Annual Report

<https://brand.issworld.com/m/4169fd395b94c41/original/ISS-Annual-Report-2020.pdf>

The Wates Principles

As part of the overall ISS Group, ISS UK Limited is subject to the Group led Corporate Governance standards as set out in the ISS Corporate Governance Policy and as reported on in the ISS Global A/S Annual Report (see above). ISS UK Limited has evaluated the Group standards and reporting along with our additional measures applied in the UK, and our aim is to align to the Wates Principles as a Corporate Governance Code. The key areas of progress towards this aim are documented below. The work in 2020 has been progressing alongside the focus on recovery from the February 2020 malware attack and business resilience and ongoing operations in response to the Global Pandemic. On December 16, 2020 ISS Group announced a new strategy, this coupled with the appointment of a new UK&I CEO, Liz Benison in May 2021 provides a solid foundation for the ISS UK group to further develop and embed the core principles whilst strengthening and focusing the overall business.

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

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

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

Company Purpose

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

Compliance to the Principle:

Through the structure of the company and its stakeholder engagement, the ISS UK Board promotes the overall purpose of Integrated Facilities Management. Aligning with Group strategic direction, the UK Board and the UK Executive Management focus on Key Accounts, Workplace Experience and Technology. We believe that our Board meets the requirements set out in this Principle, and through the new Group Strategy ISS UK will further align to the core values.

Stakeholder Relationships and Engagement

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

Compliance to the Principle:

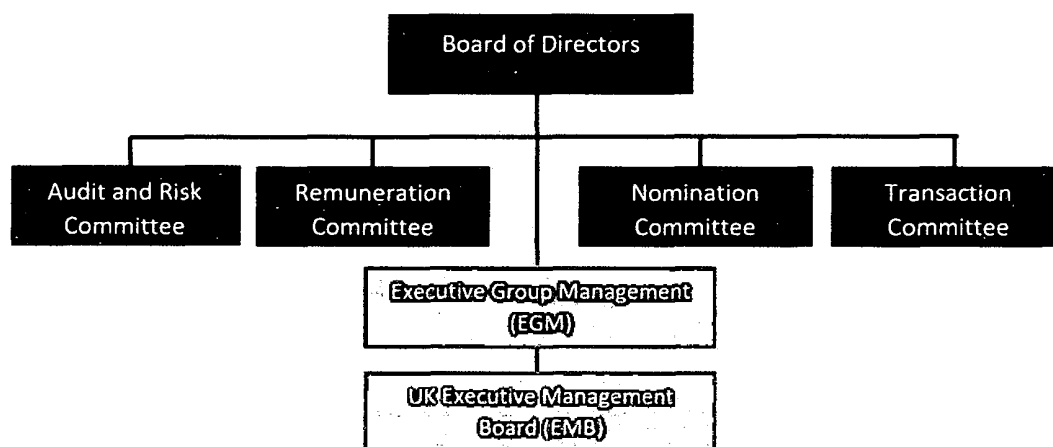
Key stakeholder engagement and significant decisions made are detailed in the section 172 table. As a Board, each member has a significant role in stakeholder engagement ranging from our customers to our considerable workforce; to our highly important supply chain in order to contribute to the overall success of the Group. We promote our core values, Respect, Honesty, Entrepreneurship and Quality and we believe we meet the requirements of the Principle. Throughout 2020 ISS have managed challenging operations but have ensured the engagement of stakeholders has remained a high priority. (See Stakeholder Engagement Table)

Strategic report *(continued)*

Corporate Governance *(continued)*

As ISS UK Limited is wholly owned by ISS UK Holdings Limited and ultimately ISS A/S, the overall corporate framework and committees are based at the Global level. The UK structure is detailed in section 2, showing 2020/21 alignment to Wates Principle 2.

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



ISS A/S Committees

Board committees

The below committees report to the Board of Directors.

Audit and Risk Committee (ARC)

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

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

Remuneration Committee

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

Strategic report (continued)

Corporate Governance (continued)

Nomination Committee

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

Transaction Committee

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

Section 2 – ISS UK Limited

During 2020/2021 there were some Group Structure and Executive Management Board changes:

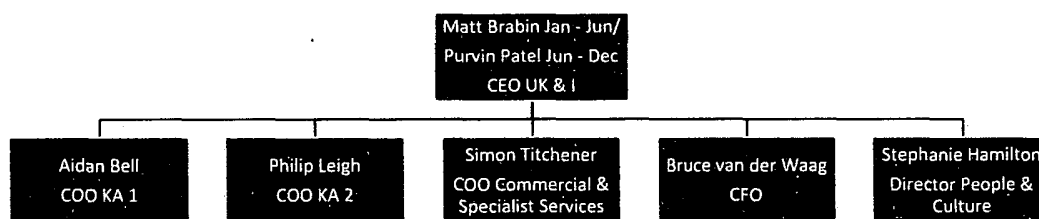
- Matthew Brabin – CEO resigned in June 2020.
- ISS Group appointed Purvin Patel from his role as CEO of ISS India, however for personal reasons, Purvin decided to move back to India in December 2020.
- As an interim, Group appointed Andrew Price in January 2021.
- Liz Benison joined as CEO of UK & Ireland, in May 2021
- Bruce van der Waag resigned in April 2021 and remained in post for the accounting sign off period. Jo Roberts joined as CFO in September 2021

Due to the significance of the UK&I business to the Group, the ISS Group restructured in 2021 with the consequence that the UK&I becomes a Region in itself; Liz as the CEO of UK&I now also sits on the Global EGM.

ISS UK Limited & Ireland Executive Management Board

Throughout 2020 there were six members of the ISS UK Limited team and these preside over the UK&I Group (See above for CEO changes. Philip Leigh was in post throughout 2020, resigning in February 2021. Stephanie Hamilton was in post throughout 2020, resigning in July 2021. Bruce van der Waag was in post throughout 2020 and resigned in April 2021).

Jan to Dec 2020



The ISS UK CEO act as chair to the Statutory Board of Directors as well as their role as CEO to the Executive Management Board. There is additional rigor with the Regional Executive Director and ultimately Group, who preside over Company and Group strategy. Therefore, we do not feel at present it is necessary to have a separate Chair and CEO. The ISS UK Limited Board also preside over ISS Facility Services Limited and ISS Mediclean Limited.

Strategic report *(continued)*

Corporate Governance *(continued)*

Compliance to the Principle

In 2020, the ISS UK Limited Statutory Board of Directors is comprised of six members. Each member brings different skills and knowledge to the Board and there is an overall balance between internal and external experience. As documented below, each member has some unique experience or knowledge from within ISS, Technical or Industry experience. During 2020 we believe that the ISS UK EMB had a good balance of skills, backgrounds, with experience derived from internally to ISS and externally. At each monthly board meeting, the individual Directors present the overviews for their areas, showing not only financial overviews but engagement with stakeholders and the 'Highs & Lows' of the month. Examples in the Stakeholder Engagement table below. With the change in CEO the board still remained balanced with each member bringing a diverse range of strengths and experience to the business.

CEO – Liz Benison – May 2021. Andrew Price Interim January to May 2021, Purvin Patel – June to December 2020

Liz joined ISS in May 2021 as the UK&I CEO. In this role she is accountable for all of ISS's activities in the UK and Ireland, from strategy through to execution. She also joined the Group's Executive Committee at the same time. Liz has spent 20+ years in outsourcing with System's Integrators such as Capgemini and CSC and other business service providers such as Serco and Arriva.

Liz holds Companion Status as a Chartered Manager, and is a recognised Diversity Champion in the UK. She also holds a non-executive director position on the Board of Openreach.

Her purpose at ISS is to ensure that the UK&I Business delivers on all of its commitments to all of its stakeholders- the employees, customers, the Executive Committee and the Board, the Shareholders, our supply chain and ultimately the communities in which we operate- in the local execution of the overall ISS Group Strategy. In performing this duty, she is also accountable for the organisation being compliant with all relevant laws, policies and regulations. She brings significant prior experience to the business, and also the ability to lead through change - a critical skill as ISS embarks upon its OneISS Transformation.

Chief Finance Officer - Bruce van der Waag

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

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

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

Bruce resigned in April 2021 but remains a company director until 15 October 2021 and will be replaced as company Director on this date by Jo Roberts who commenced with ISS on 1 September 2021.

September 1, 2021 – Chief Finance Officer Jo Roberts

Jo is a qualified Chartered Accountant with over 20 years' experience in senior finance and commercial roles within both privately held and UK listed organisations. Jo has spent 15+ years in outsourcing - she worked for Serco Group plc for over 12 years in a number of roles including that of CFO, Local and Regional Government and Europe and more recently she was Group CFO of AMS the recruitment process outsourcer.

Jo brings important experience in the development and implementation of financial strategies necessary to deliver organisation strategic objectives in a sustainable way with a key focus on building effective risk management and control systems designed to safeguard stakeholder interests, Company assets and to ensure the integrity of the Company financial performance and statements.

Strategic report *(continued)*

Corporate Governance *(continued)*

People and Culture Director - Stephanie Hamilton

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

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

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

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

Stephanie resigned in July 2021 and her successor has yet to be announced.

Chief Operating Officer – Key Accounts One (Private) - Aidan Bell

Aidan joined ISS on 2nd September 2019 as Chief Operating Officer to lead our Key Accounts across the Private Sector, after spending 20 years in the FM industry with Balfour Beatty, Aramark and Interserve.

Responsible for all operational activities, Aidan drives excellence and innovation for our clients within the fast-paced private sector. Aidan has worked with global brands across the globe to develop innovative workplace experiences that support employee engagement & productivity and brings that experience to ISS and our client base.

Aidan qualified as an electrician after leaving school, has an MBA from Henley Business School and is a Fellow of the Royal Institute of Chartered Surveyors. His purpose in the business is to bring his operational and structured business experience to strengthen the processes within the Private sector and ensure the business is run in an optimal manner. He offers the board an operational and industry focus.

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

Philip joined ISS on 5th November 2007 and resigned 28th February 2021.

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

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

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

Philip resigned in February 2021 and his successor has yet to be announced.

Strategic report *(continued)*

Corporate Governance *(continued)*

Chief Operating Officer/Chief Commercial Officer– Simon Titchener

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

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

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

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

Legal Director and General Counsel – Elena Zachariou

Elena joined the UK&I Country Leadership Team as Legal Director in May 2021, having worked for ISS in various Legal roles for 13 years. In this role, Elena is accountable for Legal compliance and for driving ISS performance and implementation of its Strategy, along with her peers.

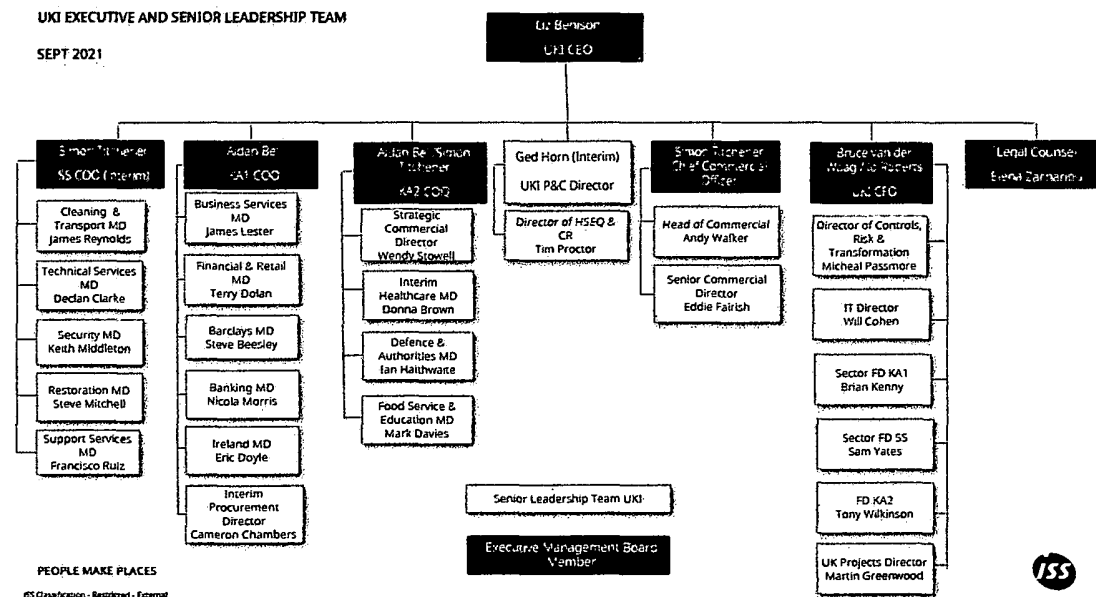
Elena has an LLB in Law and has over 19 years in house legal experience in sectors such as the nuclear industry, oil and gas and facility services.

Her main driver and purpose to ensure that ISS, in the UK and Ireland, is compliant with the Law, policies and regulations, as well as ensuring internal governance standards and requirements are adhered to. Within her accountabilities are GDPR, M&A strategy execution, Corporate Governance and local execution of the overall ISS Group Strategy.

Strategic report (continued)

Corporate Governance (continued)

As at September 2021 the UK & Ireland Senior Leadership team:



Directors' and Board responsibilities

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

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

Each sector reports their monthly business performance, including highs, lows, challenges and achievements, to allow the Board members to have visibility and enable open discussion and challenge. Key projects are detailed in the Stakeholder table.

Compliance to the Principle

Throughout the challenging year the EMB focused on recovery from the malware attack and the operational resilience to the Global Pandemic. The Directors are aware of their responsibilities and the structure of the EMB remains consistent. With the new Group strategy being developed and rolled out, the structure of teams and reporting lines will change with some support functions aligning closer to Group. UK is a key part of the Global business, reiterated by the development of the UK CEO role to a place onto the Executive Group Management at a global level. The development of ISS UK Corporate Governance will be based on this new structure.

At present there are a suite of policies at Group Level for the running of the business and these are adopted within the UK, such as the Code of Conduct, and there is also a Delegated Authority Matrix (thresholds are agreed with the Parent Group) that clearly defines the level of authority required for various decisions. There are a number of control deficiencies and failings that require remediation and for which the company is addressing through the implementation of a financial control framework. These are detailed under principal 4 below.

Strategic report (continued)

Corporate Governance (continued)

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

Reporting to Group Board

ISS UK Exec Management Board have a monthly Business Review with Regional Group Management and at least quarterly with the Executive Group Management (EGM) and Group Committees at Parent company level. OneISS restructure has elevated ISS UK, and the CEO Liz Benison now sits on the EGM.

ISS UK Limited see this reporting and management as a robust structure, as the Executive Group Management are independent of the day-to-day management of the operations in the UK. Additionally, there are a number of control functions set up within the wider Group to preside over the UK entities for example (and not limited to): Group Internal Audit (detailed below), Group Legal/Group Treasury & Risk and Group Information Security. Therefore, whilst operationally the CEO chairs the Executive Board Meetings and there are no independent members there is independent review of the Executive Board and strategic decisions are sanctioned via the wider Group Governance framework.

Opportunity and risk

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

In 2019 ISS UK Ltd identified material weaknesses in certain financial processes and internal controls within parts of the UK business, primarily related to accounts payables and accrual accounting. On the back of these weaknesses, changes in the management structure were made and the company has been working intensively on remediations and making necessary improvements to relevant processes and internal controls. ISS Global acknowledge (referenced throughout the Annual Report as above) and support the UK operations to embed the robust frameworks.

In response to the weaknesses identified, in March 2020, ISS UK transitioned a number of finance projects into one overall programme – Finance Improvement Programme (FIP).

The key objectives set out in March 2020 were to ensure:

- ISS UK produces financial accounts that are complete, provide an accurate picture of business performance and have integrity by June 30, 2020
- The necessary strengthening of internal controls, policies, processes and people capability as well as culture change are fully embedded to ensure a sustained improvement is delivered.

There are eight workstreams and these contain multiple sections each. The Programme Governance sits at ISS UK CFO and ISS Group Level.

	Workstream
1	Clean Up
2	Data Management & Governance
3	GSS OS review
4	Internal Trade & Recharges
5	Policy & Controls
6	PTP
7	RTR
8	System Access & Interface Control

During 2020 the operational impact of the Malware attack and the on-going Global pandemic caused some delays however, the programme is still progressing.

Throughout 2021 the FIP has been managed by a central project team and Governed by the Change Advisory Board. This board has both UK & I and ISS Group representatives.

As at September 2021 the original workstreams have migrated to the projects below with full governance in place to ensure all workstreams were appropriately mitigated.

Three workstreams are currently on hold due to the restructure for the Global OneISS referenced in Section 172.

Throughout the challenging year the EMB focused on recovery from the malware attack and the operational resilience to the Global Pandemic. The Directors are aware of their responsibilities and the structure of the EMB remains consistent. With the new Group strategy being developed and rolled out, the structure of teams and reporting lines will change with some support functions aligning closer to Group. UK is a key part of the Global business, reiterated by the development of the UK CEO role to a place onto the Executive Group Management at a global level. The development of ISS UK Corporate Governance will be based on this new structure.

At present there are a suite of policies at Group Level for the running of the business and these are adopted within the UK, such as the Code of Conduct, and there is also a Delegated Authority Matrix (thresholds are agreed with the Parent Group) that clearly defines the level of authority required for various decisions. There are a number of control deficiencies and failings that require remediation and for which the company is addressing through the implementation of a financial control framework. These are detailed under principal 4 below.

Strategic report (continued)

Corporate Governance (continued)

Compliance to the Principle

ISS UK Limited have identified and understand there are a number of weaknesses in our overall Risk Management Structure, and as described above have had to implement resolutions in order to improve the processes and controls. The new OneISS structure is strengthening some of the central group support function – Risk Management being one. Throughout 2020 the overall focus was supporting the business – ensuring the safety of our employees and maintaining the overall operation. With the implementation of the additional resource at Group level for Risk, a refreshed methodology is being developed to better support the overall Enterprise Risk Management.

ISS Group Top-Down Risks

Throughout 2020 ISS Global A/S aligned to 10 Principal Risks, as outlined in the Group Annual Report found on the company's website. These risks are 'Enterprise' level risks and provided the structure for UK risk reporting to group.

This top-down approach helps the Group to collate their key risk areas and evaluate them from a central global perspective. A review of these risks and the mitigations in place in the UK was performed and used to drive actions for key areas.

ISS UK Limited Bottom-Up Risks

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

During 2020 the key risks lay within the two major incident areas – IT malware attack and Global pandemic. These issues had to be worked on in a live, fast pasted environment. These issues and their impact is detailed further in the above within s172.

The malware recovery was led by ISS Global.

In the UK the Governance of the response to the pandemic was centrally managed by the Central Emergency Response Operation (CERO). The CERO met three times a week for the majority of the year and developed key procedures and guidelines – Business Continuity Plans, Site closure plans and guidance, Health/Safety communications

Some of these can be found at UK Corporate responsibility report:

<https://brand.issworld.com/m/43955296c88ef00b/original/2020-CR-Report.pdf>

Integrated Management System

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

ISO14001: Environmental Management

ISO45001: Occupational Health and Safety Management

ISO9001: Quality Management

ISO50001: Energy Management

ISO27001: Information Security (Technical Services, a division of ISS Facilities Services)

ISO44001: Collaborative Working

ISO55001: Asset Management

Being aligned via the International Standard allows ISS UK Limited businesses to harmonise between UK operations and the wider Group. The OneISS global restructure is looking to extend the scope of the ISO certifications to worldwide.

Financial Control Framework

As above – ISS UK Group are currently working on a Financial Improvement Project.

Strategic report (continued)

Corporate Governance (continued)

Group Contract Risk Assessment Model

During 2020 many of the UK contracts had to have variations due to the exceptional working conditions; sites closing, staff roles changing and all changes required 'Change Control Notices' to be drawn up. Throughout this however the UK commercial team continued to bid for extended or new contracts. The Contract Risk model remains in place at present however Group have identified the need to simplify and strengthen the model and to focus on the new strategic aim. This model is currently under development and will be implemented within the UK towards the end of 2021.

Risk & Opportunities Management ongoing improvement – Align to Regulatory Compliance

In 2020 ISS UK Group identified the need to understand the Regulatory Compliance environment and using a risk-based approach ensure that obligations are understood and met. Due to resource focus on the operational pandemic response this work is ongoing, and will also be tailored to align with the new group structure. The current Global system used to record GDPR compliance is being reviewed and additional applications considered to use the system to record risks and compliance requirements.

Whistleblowing – Reactive Risk management

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

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

<https://www.uk.issworld.com/en-gb/about/corporate-responsibility/speak-up>

ISS Group have placed further emphasis on the Speak-Up system as part of the OneISS restructure and have recruited a dedicated team member to manage the communication and support of the system.

- On June 14, 2021 new external webpages related to the Code of Conduct and Speak Up: Responsible Business Conduct and Speak Up.
- On March 1, 2021 dedicated Speak Up manager, Kamila Przepieć, was hired to continue to embed the agenda of Speak Up, ethics and compliance at ISS Global (therefore including ISS UK). Kamila is a Legal Advisor with experience in multinational companies, implementing and monitoring the ethics and compliance program group-wide, operating day-to-day group whistleblowing system, and conducting investigations worldwide into alleged misconduct.

The details of each complaint is received by the Head of Group Internal Audit, who:

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

All new joiners to ISS UK Group of businesses have to complete mandatory training – the Code of Conduct which includes the Speak-Up Policy (whistleblowing). The Policy is available internally and also externally through the company's website. In 2020 as below – ISS aligned the Speak-up Policy within the Anti-Human Trafficking publications to further enhance awareness of issues in that area and facilitate a communications method. This was presented to the Crown Representative:

•We are enhancing our existing Speak-Up process to include Modern Slavery suspicions or concerns into our confidential reporting mechanisms. Communications will be issued to the wider business including to Preferred Suppliers to promote these changes to the Speak-Up process

Strategic report (continued)

Corporate Governance (continued)

The Head of Group Internal Audit reports on a regular basis the complaints received and consults with the Business Integrity Committee of ISS. We publicise the Whistleblowing policy and how to use it and we continue to encourage our employees to use it. We continue to see an encouraging effect of the efforts during recent years to raise awareness across the organisation about the Speak-Up Policy and system.

However, we also believe that we need to continuously improve our efforts to increase awareness to ensure that our employees understand the system and use it should they feel they need to. In 2020 ISS UK reinforced the communication of the policy by reissuing the Code of Conduct training to include all front-line staff. Furthermore, the policy and how to use it was reinforced via our Learning system and in December 2020 the new version of the UK Handbook was published which includes all the Speak-Up details.

Executive Remuneration

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

Remuneration Committee

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

In ISS UK there is an established Remuneration Committee consisting of the CEO, the CFO and the Director of People and Culture, to review and approve any principle or payment outside of the ISS Redundancy policy and together with the Executive Management Board the annual pay increases, although these ultimately are subject to Group scrutiny and approval. This committee presides over ISS UK Limited.

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

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

As outlined in the stakeholder section we engage with our staff by various means and we continuously strive to engage at all levels. 2020 was an unprecedented year that saw a UK trend toward temporary staff in the midst of uncertainty of the future with the Global Pandemic. Across the UK the job market was stagnant. ISS UK focused resource on operational management of a hugely difficult and fast paced workforce management arena. Several initiatives (see Stakeholder Engagement) were deployed to support staff and facilitate redeployment where possible and to enable and administer over 10000 furloughed staff. We reviewed the market at year end in line with external reports – <https://www.rec.uk.com/our-view/reports-jobs>

As we move into a more stable market and to enable us to manage this workforce successfully, we will ensure our remuneration is competitive with external companies to attract and retain quality employees and this is both for internal and external appointments.

Strategic report *(continued)*

Corporate Governance *(continued)*

Senior Incentives

To drive delivery of short- and long-term financial results, retention of leaders and alignment to shareholder value creation, the Group has implemented two types of share-based incentive programmes:

- a long-term incentive programme (LTIP)
- a special incentive programme (SIP)

Under the LTIP, which has been in place since 2014, performance share units (PSUs) are granted annually to plan participants consisting of around 120-150 Global senior leaders. Each PSU entitles the holder to receive one share at no cost after three years, subject to achievement of certain EPS and TSR performance criteria. Performance criteria of the latest two vested programmes, LTIP 2017 and LTIP 2018, were not achieved and they vested at 0%.

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

In December 2020, our refreshed strategy, OneISS, was announced, including introduction of a new SIP to selected leaders – specifically introduced to motivate the implementation of OneISS and behaviour consistent with the ISS values and leadership competency framework.

Compliance to the Principle:

At present the Executive Remuneration framework is not sufficiently developed to meet the requirements of the Principle due to the lack of formalised and documented procedures and terms of reference. This is mitigated by the oversight of the Executive Group Board. However, ISS UK Limited recognises the need to further enhance the framework to ensure it is independently robust. As mentioned, the market has not had a suitable norm for comparative information, however; with a more stable outlook, with the appointment of the new CEO and the overall Group strategy, ISS UK will aim to develop the framework to incorporate the available information and to formally document remuneration decisions. With ISS Group collaboration we ensure that suitable strategy for pay and reward is in the ISS long term objectives.

**Stakeholder
Engagement**

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Employees / Trade Unions	<p>ISS UK Ltd is one of the largest private company employers in the UK and as such acknowledges the key roles employees play in the success of the business.</p> <p>Throughout 2020, ISS was dedicated to maintaining the safest working environment for employees throughout the various stages of the pandemic, whilst also managing resource fluctuations and employees' individual employment requirements. From January 31, 2020 working groups were set up throughout the business and in March 2020 the formal Country Emergency Response Organisation (CERO) met three times a week.</p> <p>For the period to June 2021 ISS have processed over 10,000 furloughed staff. Support for these and all staff has been of key importance.</p>	<p>As per below ISS UK Ltd published updates throughout the year via the Business update communications method. On February 2, 2020 a central intranet site was established to collate ISS internal information and links to external resource. Additionally, MyISS – an employee app, was developed and rolled out.</p>	<p>At the beginning of the pandemic the UK Executive Management Board (EMB) made the decision to adhere to Government guidelines strictly – in those cases where it may have been possible to take various courses of action, the CERO (delegated authority of the EMB) ensured that interpretation of the guidelines was reviewed and approved.</p> <p>During 2020 ISS worked with the Government via both regular and additional Cabinet Office Meetings to establish further guidance – this reinforced the understanding of the requirements.</p> <p>To this end ISS employees were provided with the appropriate guidance for hygiene, distancing and where appropriate to their role; PPE and other safety requirements. All communications to employees (as an example but not limited to Business Updates, Posters and the FAQs published by the helpline) were in line with Government advice.</p>	<p>ISS employees work in a number of different areas and all of these were in some way affected. By making the clear decision to be in line with Government advice the EMB and CERO tried to ensure that clear messages were delivered.</p>	<p>See below examples.</p>

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
	<p>Example 1 - Covid Helpline An initiative established to support colleagues was a dedicated team and helpline for Covid related issues. This service went live the day following the Government official announcement on March 23, 2020. The aim of the team was a central point of contact for employees, and managers, to direct questions related to Covid-19. The team consisted of one People & Culture Manager and up to 4 advisers who were seconded from other parts of the business. The team collated questions that were being asked and then documented approved responses to ensure consistency. They also integrated government advice and reviewed the various government websites to keep up to date on all new information available. This information was collated into an FAQ document for issue business wide.</p>	<p>Example 1 The Covid Helpline established a vital engagement channel. There were also various posters and other campaigns – these can be seen on the ISS UK Corporate Responsibility report at: https://brand.issworld.com/m/43955296c88ef00b/original/2020-CR-Report.pdf</p>	<p>The Helpline that was set up followed the direction as above.</p>	<p>Example 1 During this unprecedented period, advice was sometimes confusing; however, by establishing an intranet site for ISS information and a helpline as well as the other standard forms of engagement, the aim was to provide clarity and support to employees during this difficult time.</p>	<p>Example 1 Employee feedback drove the helpline to develop and publish guidance that in turn helped more employees. Where issues were identified from queries these were collated and fed back to the central teams. Since inception, the helpdesk has dealt with in excess of 4,200 queries: Leave Request from Employees on Furlough - 30% Misc & "Other" Queries - 25% Pay Queries - 21% Covid Testing - 17% GreatPeople - 7% ISS UK also published the 'GreatPeople' magazine. See Appendix 2</p>
	<p>Example 2 - Redeployment of "at risk" employees within the business. The global pandemic saw the full or partial closure of various customer sites which caused services to be scaled back in many areas. As a result, ISS had to undertake restructuring programmes across several contracts and this led to employees being put at risk. A dedicated process was established to support the management teams and employees to be redeployed within the business as much as possible.</p>	<p>Example 2 The ISS EMB supported the redeployment of employees put at risk by the impact on customers of the pandemic. They were given priority access to new vacancies via : Opportunities@ISS – the internal jobs portal. This initiative was communicated via line managers / campaigns and the helpline.</p>	<p>Example 2 As above this initiative followed the overall strategic direction.</p>	<p>Example 2 Ensuring the ISS current workforce had priority access to redeploy across the business, supported those who had been put at risk through customer site closures.</p>	<p>Example 2 ISS enhanced this redeployment process by providing a new personalised and 'hands on' service to help and support those at risk of redundancy identify, apply and interview for new vacancies. See Appendix 1 and ISS UK Corporate Responsibility Report.</p>

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Trade Unions.	<p>Trade Unions are an important stakeholder as they represent many of our employees. We liaise with the relevant Trade Unions on a business-as-usual basis</p> <p>Gender and Pay Gap Our full range of information can be found at: https://brand.issworld.com/web/5cb18f12ee9311d6/iss-uk-policies/?mediaId=A6B08A5C-5F20-4F82-B957BDA9220AF56B</p>	The engagement is a continuous Business as Usual routine	There were no extraordinary decisions	None	None

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Employee – Health & Safety COVID – 19 Response	<p>ISS UK Group (UK operational companies) employs over 35,000 people in the UK and the Health, Safety and Wellbeing of the workforce is of key importance. The issues around Health and Safety for 2020 focused on the global pandemic and the safety of the workforce. Many of the ISS teams are frontline employees and therefore safety measures were even more critical.</p> <p>In January 2020 the world started to become aware of the scale and potential impacts of the Covid-19</p>	<p>Throughout 2020 ISS UK published a further 47 Business update communications – these updates were grouped into:</p> <ul style="list-style-type: none"> • Communications • Critical • Health & Safety • People & Culture • Property services <p>One of the primary functions of the CERO group was to oversee the Health, Safety and Wellbeing of the</p>	<p>The key strategic decision as above was made to adhere strictly to Government guidelines. The safety of the ISS workforce was the key priority and in the circumstances of unknown virus/spread and impact on behaviour, the EMB deemed that the government appointed scientific bodies had the greatest access to skilled research and advice.</p> <p>Keeping ISS employees safe in the midst of the pandemic was key and emphasised at the monthly EMB meetings.</p>	<p>Throughout 2020, ISS provided support and this saw an impact not only on the workforce but also the service delivered to customers.</p> <p>Additionally, in line with Government requirements and ISS Group requirements, ISS UK reported all Covid related statistics.</p> <p>During this time there were many examples of dedication from the teams around the UK where the teams received commendations from customers</p>	<p>As a result of employee engagement and feedback from the operations, the CERO created some key initiatives:</p> <ul style="list-style-type: none"> • Creation and publication of internal guidance on hygiene, personal protective equipment, social distancing and cleaning protocols • Establishing a process for reporting and investigating positive COVID-19 cases among our employees • Creating a five-stage process to ensure the safe and

	<p>virus. On January 22, 2020 ISS Group published a business update and on January 24, 2020 UK Health and Safety cascaded this via the UK 'Business Update email' system to UK managers to cascade to teams.</p>	<p>workforce as part of the 'Emergency Response'. The Group was chaired by the Director of Health and Safety which is an example of the emphasis ISS placed on this.</p> <p>Of the 47 communications 24 were Health and Safety updates. "myISS" – the employee app was updated and a 'QR Code' linked to the updates being published. The app enabled employees to view/search for updates via their personal devices.</p>	<p>In June the Health and Safety team reiterated to the EMB: <i>"Our current Must Win Battle is still to keep the safety culture in place as BAU whilst we fight the Covid-19 battles. We cannot allow standards to drop whilst we are trying to work with stretched resources due to increasing levels of absenteeism. This still remains in place for the third month in a row."</i></p> <p>Throughout 2020 ISS received praise and awards for the continued support to clients in maintaining safe places to work.</p>	<p>See below- Customers</p> <p>Throughout the period too, ISS were nominated and won numerous Safety Awards.</p>	<p>controlled reopening of our buildings after lockdown</p> <ul style="list-style-type: none"> • Securing supplies of face masks, PPE, sanitiser and other critical materials and equipment.
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Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Customers – ISS Facility Services Ltd focuses on private sector customers.	<p>Following the overall strategic decisions by the Group, the ISS UK Ltd and Facility Services Ltd management team continued to develop and focus on Key Accounts however the majority of the year was managing the huge and varied impact the global pandemic had.</p> <p>Some of the private sector clients were key to the UK resilience and ISS managed resource to support these areas.</p> <p>Example 1 – Food Manufacturing</p> <p>Some clients had specific requirements as their operations increased – communications and logistics. The teams within these services played vital roles keeping operations safe, clean and secure.</p> <p>Example 2 – For one major, “UK Critical Client”</p> <p>ISS deployed additional staff across 164 operational sites to raise hygiene standards and perform additional cleaning. All sites remained open.</p> <p>See Appendix 4.</p> <p>Pure Space</p> <p>One of the Group initiatives is ‘Pure Space’.</p> <p>“PURE SPACE is a new ISS product that ensures well-being, maintains hygiene and delivers confidence, so people can connect with the places they need to be in.”</p> <p>[Ref Pure Space verification]</p>	<p>Food Manufacturing Services</p> <p>ISS invited clients to the regular industry briefings (these were a collaboration between Christeys, Diversey and Society of Food Hygiene & Technology (SOPHT)). The meetings were fairly informal and virtual, designed to share knowledge and enable wider learning to be discussed; specific topics were discussed each week – for example mental health awareness, fear factors of returning to workplace, the challenges of Furlough or the continuing working from a mental health perspective.</p> <p>UK Critical Clients</p> <p>ISS UK EMB and the senior management team maintained operational engagement with Critical Clients to work in collaboration with them.</p>	<p>The ISS Facility Service clients range through various sectors and each had challenges from a downturn in retail high street outlets to enhanced requirements in Food Manufacturing. The Executive Management Board (EMB) focused on operational resilience throughout the year whilst continuing to align to the Group Strategic aims of strengthening Key Accounts. The EMB and the senior teams prioritised the operational support of the sector clients and paused initiatives that would divert resource. The ISS Support functions such as People & Culture and Payroll were also focused on maintaining the operations; processing furlough and supporting the redeployment of staff.</p> <p>The Pure Space product package also included the development of ‘Hygiene Stewards’. These members of the teams were highly visible and received specialist Covid – 19 training.</p>	<p>For critical operations such as food manufacturing ISS was key to enabling areas to remain open.</p> <p>UK Critical Clients</p> <p>“It’s vitally important our critical sites stay open and that we keep our key workers safe. I want to thank you for really stepping up to help us – you’re playing an essential role in keeping our colleagues safe and well. My particular thanks go to our housekeeping team who are keeping workplaces clean and hygienic – a critical way to stop the spread of the virus. You have been there for us at a time of great difficulty. I know I speak for everyone in [...] when I say I am extremely grateful to you all.”</p> <p>Quote from the CEO of an ISS Key Account client.</p>	<p>Food Manufacturing:</p> <p>In June 2020 the sector produced a comprehensive collation of the information gathered from the business to assist all clients.</p> <p>The publication encompassed all topics that the Exec Team and the sector senior management teams had been speaking to individuals accounts about. All of the sector client received the information and the Key Account Managers used it in their discussions with clients throughout 2020.</p> <p>PureSpace – the successful trial at one site initiated the rollout across all sites in the UK. Hygiene Stewards were rolled out to many clients.</p> <p>http://www.publications.issworld.com/ISS/External/issworld/Our_Services/pure-space/?page=8</p>

	ISS Facility Services trialled the product at a Key UK client.				
Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Customers – ISS Mediclean – Government as a customer	<p>All ISS Public sector accounts are managed by ISS Mediclean Ltd (Internally expressed as Key Accounts 2 – KA2). ISS Mediclean has provided services to the UK Government for over 30 years with some long-standing stable contracts in place (15 PFI contracts) and as a customer the various UK Government departments are key accounts. ISS are considered a government strategic partner as part of the Critical National Infrastructure of the UK Government.</p> <p>During the course of the pandemic the ISS workforce continued to support the Healthcare sector. This was, and continues to be, a challenge as the stages and impact on the operations of the pandemic are borne out.</p> <p>As a result of the continued operational work, ISS won the contract to support the first Nightingale hospital, based in London.</p> <p>BlueDoor. This is a technology design initiative to reduce administration within the Healthcare environment. This was rolled out throughout 2020 (as much as possible given the working restrictions).</p>	<p>Director engagement with the various Government offices is the cornerstone of the successful relationship ISS have with the Government Departments. Due to the large-scale nature and strategic importance of ISS as a supplier to a range of local and Central Government sectors, there was considerable engagement with all sectors within the Government structure – schools, hospitals, central etc. There is a set quarterly Strategic Account meeting attended by the ISS CEO and COO of Key Accounts 2, the Public Sector division. These meetings are high-level and forward-looking to ensure best practice is applied from experience gained from across the ISS client base.</p> <p>Additionally, quarterly Business Reviews take place between the Directors of KA2 and the Commercial/Specialist workplace Group within Government offices that look at KPIs and remedial actions.</p> <p>Additional meetings were also initiated with various government offices relating directly to service sectors – Healthcare/Education etc throughout the pandemic.</p>	<p>As with the private sector, the EMB focused on maintaining the operations. The Healthcare sector was of particular focus with emphasis on Safety as many of the teams work in high-risk healthcare areas.</p> <p>The EMB also supported the decision to bid for certain services at the first Nightingale Hospital at London Excel – which was successfully won.</p> <p>BlueDoor Connecting Clinical need for patient support services in a frictionless and real-time manner is essential if Patients are to receive the best care and medical outcome.</p> <p>ISS have developed a suite of tools that bring fast and real-time connected technology touchpoints that allow the request and fulfilment of services, in real-time with complete transparency. This is all underpinned by O2 as an ISS Strategic partner, who provides both corporate WAN and more importantly high speed reliable cellular services to the operation.</p>	<p>ISS at Nightingale Hospital, London ISS agreed to help NHS England set up the first Nightingale Hospital in London, colleagues from across ISS helped to enable the opening.</p> <p>Within hours an ISS team was onsite and worked in collaboration with the NHS, military and other suppliers to establish a field hospital. Within 10 days, an ISS team of over 500 were onsite to deliver cleaning, portering, catering management, helpdesk, waste management, pest control and linen services.</p> <p>BlueDoor ISS have so far been able to evidence, on one contract, that there have been the equivalent of 191 clinical shifts' worth of time saved, with this expected to be around 500 shifts once the final site is implemented. This is clinical time that can now be invested in patient care, and not wasted with administrative duties.</p>	<p>The Strategic Supplier engagement forums, various meetings and operational management, continuously improve the value and service levels of the contracts with the government departments where ISS are engaged.</p> <p>Within the Healthcare sector there were numerous accolades given to the healthcare teams. Throughout 2020 the EMB continued to support the operations.</p> <p>See Appendix 3 and Corporate Responsibility report: https://brand.issworld.com/m/43955296c88ef00b/original/2020-CR-Report.pdf</p>

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Parent Group	<p>ISS UK Holding (ISS UK Ltd is a wholly owned subsidiary) is a wholly owned subsidiary of ISS Global A/S and the UK is the largest grossing single country, making up approximately 15% of global revenue.</p> <p>The Group has many central functions that are engaged with the global entities and this relationship is vital for the alignment of ISS worldwide. As mentioned within the Section 172, – ISS Group continued to focus on the three key strategies. In response to the pandemic ISS UK reviewed the various programmes of work to reassess and realign in the light of the changed environment.</p> <p>ISS Group set out the Corporate Governance Requirements at a Group level and these are cascaded through to the countries. The standard shows the expectations for entities of how to structure themselves, compliance with Ethical Standards and Laws, adoption of Group Policies and reporting / escalation requirements.</p>	<p>Management of interaction with Group is both at Exec and functional level, with the Exec and the Directors engaging at least monthly. Monthly Business Reviews are part of the organisation structure and these are compiled and sent through to Group.</p> <p>There are many Global Key Accounts (i.e., customers serviced by multiple ISS Countries) and each have Group structures set up and integrated with local entities. This allows for a more dedicated and streamlined approach to the management of the accounts.</p>	<p>The operational response to Covid – 19 dominated much of the Parent/UK decisions. However, in June 2020 ISS Global A/S announced the appointment of a new ISS Group CEO. With this a review of the overall Global Strategy was performed. On December 16, 2020 a new Global Strategy, OneISS was announced.</p> <p>Details: https://www.issworld.com/en/about/people-make-places/our-strategy</p> <p>The strategy aims to align global operations. Development of Programmes and workstreams takes place throughout 2021.</p> <p>ISS Group recognised in 2019 that the UK had some operational/ structural challenges and supported key projects such as the Finance Improvement Programme (See Corporate Governance – Wates Principle 4) This and other projects will not only strengthen the UK but align into the overall ISS strategy.</p>	<p>Accounting for approximately 15% of the Global operation the UK has a significant impact on ISS Global. Aligning processes and strengthening controls and operations will increase the output of the UK and reduce risk. The impact of such worldwide collaboration brings the business, as a whole, more aligned with the central strategy.</p>	<p>The UK is seen as a significant entity within the ISS Group and as such the success of Key Projects is of high importance. More information can be found in the Group Annual Report 2020</p> <p>Please also refer to Wates Principle 4 in the Corporate Governance Report for further stakeholder engagement by ISS Global A/S.</p>

No dividends were paid in 2020 due to the decision not to pay ordinary dividends for 2019 in light of the extraordinary circumstances relating to Covid-19.

Further information can be found at:
<https://inv.issworld.com/investor-relations>

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Suppliers	<p>A self-delivery model remains core for ISS UK customers, as such we purchase a vast array of goods and services to be able support the needs of our customers as outlined in our agreements. A stable supply chain remains key to our services.</p> <p>In 2020 the supply chain has been tested and affected by COVID 19 restrictions, and BREXIT, both have required detailed planning and action plans.</p>	<p>The ISS UK supply chain is split into different tiers depending on spend/criticality/risk. The list is compiled centrally and reviewed at least annually. For our top tier (strategic) suppliers, senior engagement takes place at least twice a year to ensure business metrics are reviewed and met, and opportunities to introduce new processes and technologies are explored.</p> <p>Day-to-day management is delegated to either centralised ISS UK Supply Chain and Procurement team (SC&P) or Operations within the business, depending on the categorisation of the supplier.</p> <p>ISS UK suppliers are subject to a series of prequalification and then ongoing validation checks using ISS ProcurePASS (Achilles), an outsourced assurance program. ISS has partnered with Achilles, one of the world's largest service providers of supply chain risk management solutions, to introduce global supplier registration and assurance solution to check that new and existing suppliers are appropriately qualified before we work with them.</p>	<p>At the end of 2020 ISS UK decided to centralise and reorganise the SC&P team. The central team is divided into category areas:</p> <ul style="list-style-type: none"> • Catering • Indirect • Fleet • Hard FM <p>These sit alongside Procurement Excellence.</p> <p>The Team has since developed a Balanced Scorecard approach to improvement in four key areas – People, Performance, Customer and Financial.</p> <p>To better support delivery the ISS UK Supply Chain and Procurement Team have also recruited a Programme Manager and strengthened Supplier Assurance Team capability.</p> <p>Detailed BREXIT scenario planning was undertaken including engagement with the supply chain. [Ref Brexit Plans]</p> <p>Throughout the pandemic, the central team was represented on the CERO and ensured that all requirements and communications regarding supply of essential PPE was updated. The central team coordinated the purchase of these items and as a result ensured that the workforce had all government advised PPE.</p>	<p>ISS ProcurePASS (Achilles) Procurement Risk and Assurance assessments are best practice in the Supply Chain Management. The ISS Framework sets out a number of due diligence requirements; these take the form of standard questions regarding financial information, systems and controls.</p> <p>Additionally, by driving forward the supplier engagement with ISS ProcurePASS (Achilles), not only have ISS strengthened the internal compliance but also encouraged our suppliers to do the same. As the reviews are standard and impartial it allows ISS and the supplier to have full transparency.</p> <p>BREXIT – detailed plans were developed and shared with the stakeholder and customer communities; this was done to ensure full alignment with our contractual obligations.</p>	<p>Our customers expect increasing knowledge and security of supply from our supply chain solutions, ISS makes use of ISS ProcurePASS (Achilles) to capture and act on information to ensure suppliers remain fit for business.</p> <p>There has been particular emphasis on BREXIT planning and Modern Slavery & Human Trafficking.</p> <p>The UK is going above and beyond the ISS Group requirements and making use of ISS ProcurePASS (Achilles) in Local Key Suppliers and rolling out to other UK suppliers.</p>

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Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Suppliers – Prompt Payment Code	<p>ISS UK Ltd businesses are signed up to the voluntary Prompt Payment Code and mandated to the Payment Practices Reporting (Duty to Report). Participants are expected to pay 95% invoices within 60 days.</p> <p>For the second half of 2020, ISS Mediclean Ltd achieved 87% and ISS Facility Services Ltd 88% of invoices paid within 60 days.</p> <p>On January 19, 2021, an additional requirement to pay 95% invoices from small businesses (less than 50 employees) within 30 days was announced. This comes into effect from 1 July 2021 for existing signatories.</p>	<p>UK payments and invoice queries are processed in NAV (the ISS Group invoicing system) by the Purchase to Pay team</p> <p>Purchase orders, goods receipting and invoice matching are carried out in the sub-systems Coupa, Saffron (Food) or Maximo (Technical Services) and managed by Procurement.</p>	ISS UK Ltd aim to improve performance and reach 95%. This will assure an effective supply chain and strong supplier relationships. It is also key to supporting the organisation to continue bidding for new contracts and to uphold the reputation of ISS UK Ltd in the market place.	The Prompt Payment Code is designed to support all parties in the supply chain.	ISS seek to improve the results of the Prompt Payment Code performance by driving down aged payments through improvements in the timing of invoice approvals.

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Communities – Charity	ISS UK Ltd understand the impact a large, people focused organisation has on society. There is an active Corporate Social Responsibility function and the Executive Directors (members of the Executive Management Board) are individually engaged by acting as sponsors for the three pillars: <ul style="list-style-type: none"> • Sustainable Service Performance • Enhancing our Customer Purpose • People Empowerment 	Each of the pillars are sponsored by an Executive Director who leads the engagement and drives the programmes forward. Within the Enhancing our Customer Purpose pillar, sponsored in 2020 by both the CEO and COO, ISS UK Ltd focused on engaging with nominated charities. The Executive Director engages with national charities to select a partner. Additionally, there are numerous local charities and Groups that the team are involved with.	An advantage of the scale of the ISS UK Ltd operations is that it is possible to provide support and exposure for one national charity partner as well as supporting a wide variety of local charities. In 2020 ISS UK Ltd continued the partnership with the Stroke Association, as the national charity, and an agreed aim to raise £200,000 by the end of 2021. However – due to the COVID-19 pandemic ISS had to cancel some of the major fundraising events planned for 2020. The approach was reviewed in response to the national restrictions put in place.	The funds raised by ISS UK Ltd are invested in to Stroke Clubs and Groups. These are peer to peer support networks for stroke survivors and their families helping them to rebuild their lives after stroke by reducing isolation, relearning skills and accessing vital information. Despite the COVID-19 pandemic putting a stop to face-to-face meetings of Stroke Clubs and Groups, many have continued to meet virtually on a regular basis in 2020. The ISS funding will be reallocated centrally to the Stroke Association to support the creation of new digital interest groups for stroke survivors and helping individuals gain access to these digital groups.	Further information on the ISS UK Ltd business Corporate Social Responsibility activities can be found at: https://brnd.issworld.com/m/43955296c88e00b/original/2020-CR-Report.pdf

ISS UK Limited
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Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Communities Environment	<p>Carbon Footprint. Due to the size and scale of the UK, operations use a substantial amount of fuel and energy sources to run the vehicle fleet and property estate. Additionally; there is opportunity to work with customers to reduce their carbon emissions, from strategy to delivery, by providing expertise and sustainability services to clients.</p> <p><i>We have now taken the important step of committing to achieve Net Zero direct carbon emissions by 2030. We will only achieve this by taking bold action to decarbonise our vehicle fleet over the next decade and building on our progress to date in promoting Ultra Low Emission Vehicles on our company car fleet. We also have a new target to achieve Zero Waste to Landfill Certification in our own offices by 2025 and build on our commitments to sustainable procurement by adopting sustainable palm oil in our food supply chain. Our Executive Board sponsor for this pillar: Bruce van der Waag, CFO, ISS UK Ltd</i></p>	<p>ISS is fully focused on reducing our energy use and adopting innovative approaches to prepare our own business and customers, where possible, for a future low-carbon economy. As of 2020 ISS are required to additionally report on SECR – This is available at: ISS SECR Report</p> <p>2020 was an unprecedented year and the emission data from the ISS fleet and estate was impacted. The figures for 2019 remained in place for benchmarking.</p>	<p>ISS made the decision to move from four fleet providers to one, giving much more control over end-to-end fleet performance. The vehicle fleet have also now been fitted with telematics (a system that enables the movement and energy consumption of vehicles to be tracked and monitored).</p>	<p>Against our ThinkForward@ISS 2015 baseline we have made a 43.4% absolute reduction in our carbon emissions to 12,087 tCO₂e.</p>	<p>ISS recognise the need to go further and are now committing to an entirely electric (or hydrogen) vehicle company car fleet by the end of 2025 and the commercial van fleet will switch to electric (or hydrogen) vehicles by 2030. This starts with a full business case review in 2021, followed by a roadmap towards full transition. ISS will report progress against this roadmap in future years.</p> <p>Further information on the ISS UK Ltd businesses Corporate Social Responsibility activities can be found at: https://brand.issworld.com/m/43953296e88e000b/original/2020-CR-Report.pdf</p> <p>ISS SECR Report (within the statutory report)</p>

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2020	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Pension Funds	<p>The Pension Fund, it's trustees and group are an important stakeholder due to the reliance on the funds to ensure the provision for employee pensions.</p> <p>The Fund is managed by Mercer and Trustees.</p> <p>The deficit in the DB schemes as at 31 December 2020 for which there are recovery plans, stood at £6.751m.</p>	<p>There is continuous engagement with Mercer, First Actuarial; the regulatory bodies and the pension scheme trustees. This is primarily via Trustee meetings (quarterly for the DC Scheme and annually for the DB Schemes), using administration reports from Mercers and First Actuarial.</p>	<p>Due to the ongoing nature and stability of the pension management, the UK Executive Management Board Exce made the strategic decision to agree to the proposed changes made to the payments by the Trustees of the Pension scheme. Consideration was paid to the financial impact.</p> <p>The Pension Scheme is managed by the Trustees who initiate the regulatory required tri-annual review.</p> <p>Deficit recovery plans agreed between the pension trustees and ISS UK is an annual deficit repair payment of £2.6 million. The current deficit recovery repayment plan will continue until July 2026 subject to review at the 2021 valuation.</p> <p>Following a review of the Transport and Swirl schemes, a deficit recovery plan of £392,000 in 2021, £179,500 in 2022 and £179,500 in 2023 after which the deficit will have been fully repaid</p>	<p>A deficit contribution plan has been agreed with the trustees considering the need to give financial security to our employee, non-employee and pensioner stakeholder Groups.</p>	See left

SECR ISS UK

The UK Government's Streamlined Energy and Carbon Reporting (SECR) regulations, implemented in April 2019, require ISS UK entities to report on their energy consumption and Greenhouse Gas emissions.

ISS UK is committed to be a responsible user of resources and continues to consider ways it can reduce its environmental impact. Since 2018, ISS has purchased all power from renewable sources, resulting in a reduction in operational (Scope 2) market-based carbon emissions^(B). Scope 1 and 2 emissions are those that come directly from the activities of ISS UK e.g. heating and fleet vehicles (scope 1) and from electricity used by ISS (scope 2). Scope 3 emissions relate to ISS's business travel.

The following activities have ensured improvements to our energy efficiency and reduced emissions over this reporting period:

- Increased working from home during the pandemic
- Improved energy efficiency of our South Quay office during an extensive refurbishment, including LED upgrades.
- Launched our net-zero commitment including a full glidepath of emission reduction towards our 2030 net-zero target, including a commitment to 100% EV.

The table below provides this information for our ISS UK Ltd entity from January to December 2019 and 2020. ISS is required to report as a 'large organisation' and emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Figures for the whole UK group have been allocated to each entity based on turnover. All conversions to GHG using the UK Government conversion factors for 2020. Further information on ISS's methodology can be found on the ISS UK Website <https://www.uk.issworld.com/>

ISS UK Ltd- GHG Tonnes (t/CO2e)		
	2019	2020
Scope 1		
Natural Gas	5.38	3.39
Diesel	359.59	263.60
Petrol	11.31	13.36
Heating Oil	-	-
f-Gas	-	0.65
Total scope 1	376.28	281.01
Scope 2	2019	2020
Electricity - location-based	17.45	12.04
Electricity - market-based	2.89	2.50
Total scope 1 & 2 (Location)	393.74	293.04
Total scope 1 & 2 (market)	379.18	283.51
Scope 3	2019	2020
Business Travel (Private miles)	32.35	16.70

Total Scope 3	32.35	16.70
Total Scope 1, 2 & 3 (location-based)	426.08	309.75
Total Scope 1, 2 & 3 (market-based)	411.53	300.21
Total kWh	1,708,487.96	1,258,862.52
Intensity Ratio (t/CO₂ per £m Turnover)	10.86	8.91

- ^ALocation-based emissions: Using the UK National Grid conversion factor, irrespective of the supply arrangements.
- ^BMarket-based emissions: Using the supply agreement recorded emissions associated with electricity procurement of 'green' renewable electricity generation (REGO's), which carry a zero-rated emission.
- ^CF-gas loss resulting from one of our A/C units requiring a re-fill.
- ^DtCO₂e – carbon dioxide equivalent is the measure of greenhouse gas emissions.
- ^EBusiness Travel – emissions resulting from the following were included:
 - o Employee Private vehicles
 - o Employee expenses claims for fuel in private and company or hire cars
 - o Expensed miles for those claiming a car (cash) allowance

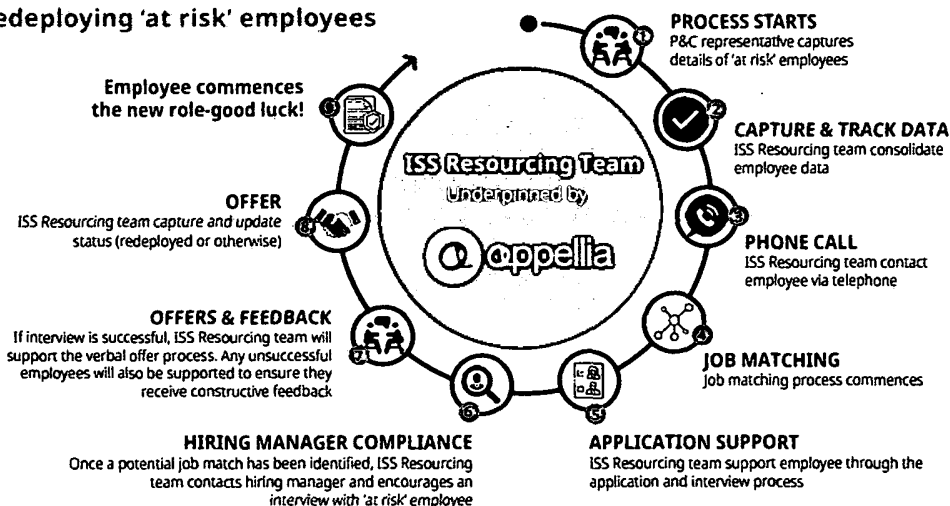
Energy consumption (used to calculate emissions above)

The below table demonstrates the breakdown of the energy consumption for ISS UK Ltd, broken down as per methodology linked above.

ISS UK kWh		
Activity source	kWh 2019	kWh 2020
Natural Gas	29245.7	18429.6
Diesel	1386247.7	1033750.5
Petrol	47635.6	57696.8
Heating Oil	-	-
f-Gas	-	-
Electricity - location-based	60530.8	40176.3
Electricity - market-based	11324.1	10736.4
Business Travel (Private miles)	173504.1	98072.9
Total kWh	1,708,488	1,258,863

Appendix 1

Redeploying 'at risk' employees



Appendix 2



Appendix 3

HEALTHCARE


Thank you for the continued support from ISS and in particular Fawn and the team on the ground. It is recognised by all Exec colleagues and regularly mentioned at Trust Board"
Keith Howard, Director of Estates & Facilities at Lewisham & Greenwich NHS Trust

"Thank you and all your team who are doing a fabulous job in this difficult time."
Catherine Wagband
Infection Control Specialist, Moorfields Eye Hospital NHS Foundation Trust

"...ISS helped opening 350 beds across the Trust... the CEO said that she was extremely impressed and grateful for the massive contribution you have made."
Alison McGee, MD, CMO Services, County Durham & Darlington NHS Foundation Trust

An extract from a patient's letter
Thank you so much for looking after me so well
I am now home and I continue my BP etc readings and they have improved further now I am not so frightened out of my wits due to what was happening.
It would be great if I could single out few people out for special thanks, but everyone was brilliant welcoming kind and caring. This is not just for the nursing staff, but for everyone I came into contact with from the cleaners the people delivering the refreshments and of course all the HCA's and nursing staff who would be rated as 5 star without all the strain of Covid, but the way you all performed was sensational. So a very big thank you to you all.
If I had to sum up the entire visit with a phrase..... It would be when I was really agitated at all the beeping noises etc that the monitors were making, one nurse said to me "Don't Worry John you are in very safe hands here"
She was so right, and it was just what I needed to hear.
With my Gracelul thanks
John Vadgama, Patient at the Princess Royal University Hospital

Feeding The Frontline
At a late hour on Good Friday we were asked by our Client at Calderdale and Huddersfield NHS Foundation Trust, to open up our Restaurant to provide food for the frontline staff through charitable funds, for the remaining days of the Easter Break.
In less than an hour our Chefs had created a menu, worked out shift patterns and named the project as "Feeding the Frontline".
Over 3 days they served up over 1,000 meals to teams of very grateful Doctors and Nurses. This action has led to us being asked to provide Nursing teams also with Food throughout the night.
Our restaurant has become a refuge area laid out now with Social Distancing for Staff to find time away from their very busy Wards and an opportunity to have satisfying and nourishing meal during their shifts.
In our Caterers eyes it is very much their way of being able to make a difference during these uncertain times.



THE POWER OF THE HUMAN TOUCH

Appendix 4 - Key cleint Operation Mobilisation

- Deployment of 360 additional housekeepers to deliver touchpoint hygiene focused cleaning across 164 critical sites
- Working collaboratively with numerous agencies to quickly source and onboard new housekeepers
- Provision of 9,092 additional hours of hygiene focused cleaning per week, across the estate
- Successful cross-departmental working to navigate the issues of global consumable availability. ISS' cleaning excellence and central procurement teams jointly sourced, reviewed and approved new chemicals and products, all the while defining the correct delivery methodology to ensure compliance
- Purchase of over 31,000 pairs of gloves and 47,250 litres of disinfectant for operational use
- Procurement of specialist electrostatic spraying machines (Clorox), and mobilisation of a new 4-hour rapid response team - over 400,000 sq ft decontaminated across key sites
- Installation of 'self-serve cleaning stations' across 43 sites to provide client staff with a contingency cleaning option for their own workspaces
- As a result of the above, all critical sites remained fully operational through the period.

On behalf of the Board



B van der Waag
Director

Velocity 1
Brooklands Drive
Brooklands
Weybridge
Surrey
KT13 0SL

30 September 2021

Directors' report

The Directors present their Director' report and the audited financial statements for the year ended 31 December 2020. Information relating to principal risks and a review of business performance and directors' indemnity provisions are disclosed in the Strategic Report.

Dividend

The Directors did not make any dividend payments (2019: £19,000,000).

Directors

The Directors who served during the year and to the date of this report are as shown below:

A Bell
E Benison (appointed 21 May 2021)
S Hamilton (resigned 31 July 2021)
P J Leigh (resigned 28 February 2021)
P K M Patel (appointed 16 June 2020, resigned 23 December 2020)
S J Titchener (appointed 17 July 2020)
B van der Waag
M Brabin (resigned 16 June 2020)

Employees

The organisation and meeting structure, which continues to operate throughout the company down to individual profit centres, facilitates the free flow of information, company goals and financial performance. The company also produces various information publications for employees and staff. The policy of the company is to employ disabled persons on the same basis as other employees, with the provision that they are able to operate without risk to themselves or others within the conditions prevailing on individual sites. Training, career development and promotion of a disabled person is identical to that of other employees so far as possible.

The company is opposed to all forms of unlawful discrimination, harassment and victimisation on the grounds of: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race which includes colour, nationality, ethnic or national origins and caste; religion or belief; sex; sexual orientation; or any other personal characteristic.

Political contributions

The company made no political contributions during the year (2019: £nil).

Dividends received

The company did not receive any dividends (2019: £19,000,000), from its subsidiary companies, which consisted of £nil from ISS Facility Services UK Limited (2019: £7,500,000) and £nil from ISS Mediclean Limited (2019: £11,500,000).

Going concern

The unprecedented arrival of the global coronavirus pandemic in 2020 has affected ISS along with the rest of the world. The need to contain the adverse impact of COVID-19 has led to prolonged lockdowns, which in turn has affected negatively various industries particularly those driven by occupancy levels and social contact such as food services, aviation and the hotels & entertainment/hospitality and travel segments. Nevertheless, it has led to an increase in activity within the healthcare sector and the provision of core services such as cleaning from various customers in response to the pandemic. As our customers consider the role of future workplaces and work culture, at ISS we believe that while this offers some risk it will also offer certain opportunities where we can lead in offering advice and additional cleaning services.

As a result, ISS Global Group launched the OneISS strategy in December 2020, which will focus on key accounts and integrated facility services with the ultimate aim to become a global leader in Integrated Facility Services (IFS) and number one in cleaning globally. OneISS will create a platform for robust long-term performance with consistent cash generation and strong growth, with a clear path back to sustainable mid-single-digit margins, growth and resilient cash flow generation by the end of 2022.

ISS UK Limited has a long term loan facility for £75m (maturity date of 1 January 2024) in place with ISS Global A/S and an additional short term loan facility for £125m (maturity date of 31 December 2022) similarly in place with ISS Global A/S.

Directors' report (continued)

Going concern (continued)

In order to effect drawings under the availability of this facility across the UK companies, a Cash Sweeping arrangement was set up between the HSBC UK "Header" account held by ISS UK Limited and an account with Nordea Bank held by the ISS Global Group. Each working day HSBC will calculate the cash position within the Cash Pool of the various ISS UK Limited bank accounts and will then automatically send or request funds to Nordea. Once this automatic transaction has completed the HSBC Cash Pool will have a combined balance of £nil. This arrangement negates the need to make daily cash payments between the ISS UK Limited businesses and ISS Global Group when the UK businesses have excess cash or has a requirement for funding.

The Directors have assessed the ability and made the relevant enquiries of ISS A/S (the Global Parent company) to continue to provide these facilities and support during the forecast period to 31st October 2022 and based on the facilities the Group have in place it is considered a remote risk that the facilities of £200m will not be available.

Budgets are compared with prior period actual results and previous forecasts so as to identify variances and understand the drivers of the changes and their future impact so as to allow management to take action as appropriate.

The UK Board reviewed the consolidated ISS UK business' forecasts for the remainder of the financial year 2021 and to 31 October 2022 which included analysis of cash flows for that forecasting period. The directors have prepared various scenarios in assessing the impact of COVID-19 on future financial performance and cash flows with the key judgements applied being the likely time period of a further global wave of infections, the extent to which government enforced restrictions would impact volumes and the extent to which performance would recover subsequent to these restrictions being lifted.

Cash flow forecasts were then reverse stress tested to understand the headroom available before the Loan facilities referred to above could be exhausted. Consideration was then given as to whether the principal risks attributable to the ISS UK businesses would give rise to severe downside scenarios that could cause exhausting the liquidity available, such as significant reductions in revenues, caused by loss of custom through bankruptcy or retender or change in contract scope, or a more prolonged period of impact arising from the pandemic. The possibility of these scenarios happening are considered remote when contemplating the business' financial performance during the COVID-19 pandemic in 2020 and the contractual nature of the ISS UK business which are typically medium to long term in nature; typically contain fixed minimum monthly revenues and any changes in scope or scale require ISS consent. ISS has a relatively low exposure to those Sectors that are considered at risk in the Covid pandemic such as Aviation, non-essential retail or Hospitality and loss of such customers would not give rise to a risk that the facilities available would not be sufficient.

The continued potential impact of COVID-19 has been considered as part of the going concern assessment and under the various scenarios stress tested it is considered remote that the credit facilities will not be sufficient to meet the company's needs.

This assessment confirmed that the consolidated ISS UK businesses have adequate undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern forecast period that was considered to 31st October 2022.

Based on the Board's review of the company's going concern assessment and the liquidity and cash flow reviews of the company, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual report and accounts.

Disclosure of information to auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Future outlook

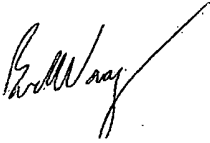
The external commercial environment is expected to remain very competitive. However, the Directors remain confident that the company's performance levels will be maintained in the future, subject to the uncertainties related to the COVID-19 pandemic described above and below.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the board



B van der Waag
Director

Velocity 1
Brooklands Drive
Brooklands
Weybridge
Surrey
KT13 0SL

30 September 2021

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISS UK LIMITED

Opinion

We have audited the financial statements of ISS UK Limited for the year ended 31 December 2020 which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included the procedures set out below.

- We confirmed our understanding of the company's going concern assessment process and how relevant key factors were identified and considered in its assessment;
- We obtained the company's going concern assessment, which covers a period through to 31 October 2022, checked mathematical accuracy of the model and assessed the reasonableness of the assumptions used in the cash forecast, including assessing how relevant risks to the forecasts (eg, the impact of Covid-19, contract wins and losses, cost improvement actions) have been considered and the performance of stress testing;
- We confirmed the amount and period of the facilities available to the company from its ultimate parent ISS A/S; and assessed the likelihood that the company may require additional financial support throughout the forecast period to 31 October 2022; and
- We read the company's going concern disclosures included in the annual report and financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 October 2022.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISS UK LIMITED (*Continued*)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISS UK LIMITED (*Continued*)

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006) and the relevant UK tax and indirect compliance regulations. In addition, we concluded that there are certain significant laws and regulations related to the company's operations that may have an effect on the determination of the amounts and disclosures in the financial statements, including the Coronavirus Job Retention Scheme (CJRS), Health and Safety at Work and pension regulations.
- We understood how ISS UK Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures to understand how the company communicates key policies and procedures in these areas. We corroborated our enquiries through our review of board minutes, litigation reports and other supporting documentation including board packs, company policy manuals and internal audit reports, as well as consideration of the results of our audit procedures.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations focusing on the most significant reporting and tax regulations referenced above. Our procedures involved obtaining and reading correspondence with relevant authorities where available and with professional service advisors where they have been involved or provided advice to the company. We also reviewed legal and professional fees to understand their nature and assist in identifying any non-compliance matters not covered by other procedures. We involved our tax specialists in the audit of management's corporation tax calculations and involved other specialists to assist in our assessment of provisions in other areas of tax where required. We assessed for potential non-compliance with laws and regulations, including required communications. We completed procedures to conclude on the compliance of the disclosures in the accounts with all applicable reporting requirements.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the controls that the company put in place as part of the financial statement close process and other significant processes to address risks identified and to prevent, deter and detect fraud and how those controls were monitored. We identified a risk of fraud and management override related to understatement of trade payables and accrued liabilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISS UK LIMITED (*Continued*)

- Based on this understanding, our procedures included unrecorded liabilities testing to lowered testing thresholds, investigating debit balances within liabilities accounts and testing manual journals, with a focus on identified terms and large or unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Christine Chua (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
1 October 2021

Income statement
for the year ended 31 December 2020

	<i>Note</i>	2020 £'000	2019 £'000
Turnover	4	37,511	39,236
Cost of sales		(58,989)	(56,274)
Operating loss	5	(21,478)	(17,038)
Income from shares in Group undertaking	8	-	19,000
Interest receivable and similar income	9	2,264	3,481
Interest payable and similar charges	10	(2,090)	(2,343)
Other finance income	11	-	2
Other income	5	503	-
Foreign currency loss		(4)	(10)
(Loss) / profit on ordinary activities before taxation		(20,805)	3,092
Tax credit on (loss)/profit on ordinary activities	12	4,261	2,085
(Loss) / profit for the financial year		(16,544)	5,177

All activities relate to continuing operations.

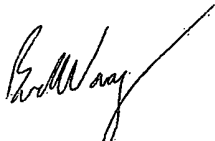
Statement of comprehensive income
for the year ended 31 December 2020

	<i>Note</i>	2020 £'000	2019 £'000
(Loss)/profit for the financial year		(16,544)	5,177
Items that cannot be reclassified to profit or loss:			
Actuarial gain / (loss) recognised in the pension schemes	23	36	(39)
Deferred tax arising on the gain/(loss) in the pension schemes	12	(7)	6
Other comprehensive gain / (loss)		<u>29</u>	<u>(33)</u>
Total comprehensive (loss) / income for the year		<u>(16,515)</u>	<u>5,144</u>

Statement of financial position
as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	13	194	94
Intangible assets	14	5,011	5,858
Investments	15	234,785	234,785
Right-of-use assets	24	408	519
		<u>240,398</u>	<u>241,256</u>
Current assets			
Debtors	16	814,472	806,473
Cash at bank		94	1,801
Deferred tax	20	4,260	6
		<u>818,826</u>	<u>808,280</u>
Creditors: amounts falling due within one year	17	(985,364)	(959,576)
Provisions	19	-	(250)
Lease liabilities	24	(238)	(308)
		<u>(985,602)</u>	<u>(960,134)</u>
Net current liabilities		<u>(166,776)</u>	<u>(151,854)</u>
Total assets less current liabilities		73,622	89,402
Creditors: amounts falling due after more than one year	18	(10,556)	(11,303)
Provisions for liabilities	19	(4,391)	(2,869)
Lease liabilities	24	(167)	(207)
Defined benefit pension plan deficit	23	-	-
Net assets		<u>58,508</u>	<u>75,023</u>
Capital and reserves			
Share capital	21	14,049	14,049
Retained earnings		44,459	60,974
Total equity		<u>58,508</u>	<u>75,023</u>

These financial statements were approved by the board of Directors on 30 September 2021 and were signed on its behalf by:



B van der Waag
Director
Company Registered Number 00463951

Statement of changes in equity
for the year ended 31 December 2020

	<i>Note</i>	Share capital £000	Retained earnings £000	Total Equity £000
At 1 January 2019	21	14,049	74,830	88,879
Profit for the financial year		-	5,177	5,177
Other comprehensive loss	23	-	(33)	(33)
Total comprehensive profit for the year		-	5,144	5,144
Dividend paid		-	(19,000)	(19,000)
At 31 December 2020	21	14,049	60,974	75,023
Loss for the financial year		-	(16,544)	(16,544)
Other comprehensive gain	23	-	29	29
Total comprehensive loss for the year		-	(16,515)	(16,515)
Dividend paid		-	-	-
At 31 December 2020	21	<u>14,049</u>	<u>44,459</u>	<u>58,508</u>

Retained earnings represents all accumulated profits and losses and comprehensive income/(loss) less distributions paid to shareholders.

Notes

(forming part of the financial statements)

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of ISS UK Limited (the “company”) for the year ended 31 December 2020 were authorised for issue by the board of Directors on 30 September 2021 and the statement of financial position was signed on the board’s behalf by B van der Waag. ISS UK Limited is a private company limited by shares and incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (FRS 101) and in accordance with applicable accounting standards.

The company’s financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare Group accounts as it is a wholly owned subsidiary of ISS A/S.

The results of ISS UK Ltd are included in the consolidated financial statements of ISS A/S which are available from Buddingevej 197, DK-2860 Søborg, Denmark.

The principal accounting policies adopted by the company are set out in note 3.

Going concern

The unprecedented arrival of the global coronavirus pandemic in 2020 has affected ISS along with the rest of the world. The need to contain the adverse impact of COVID-19 has led to prolonged lockdowns, which in turn has affected negatively various industries particularly those driven by occupancy levels and social contact such as food services, aviation and the hotels, entertainment, hospitality and travel segments. Nevertheless, it has led to an increase in activity within the healthcare sector and the provision of core services such as cleaning from various customers in response to the pandemic. As our customers consider the role of future workplaces and work culture, at ISS we believe that while this offers some risk it will also offer certain opportunities where we can lead in offering advice and additional cleaning services.

As a result, ISS Global Group launched the OneISS strategy in December 2020, which will focus on key accounts and integrated facility services with the ultimate aim to become a global leader in Integrated Facility Services (IFS) and number one in cleaning globally. OneISS will create a platform for robust long-term performance with consistent cash generation and strong growth, with a clear path back to sustainable mid-single-digit margins, growth and resilient cash flow generation by the end of 2022.

ISS UK Limited has a long term loan facility for £75m (maturity date of 1 January 2024) in place with ISS Global A/S and an additional short term loan facility for £125m (maturity date of 31 December 2022) similarly in place with ISS Global A/S.

In order to effect drawings under the availability of this facility across the UK companies, a Cash Sweeping arrangement was set up between the HSBC UK “Header” account held by ISS UK Limited and an account with Nordea Bank held by the ISS Global Group. Each working day HSBC will calculate the cash position within the Cash Pool of the various ISS UK Limited bank accounts and will then automatically send or request funds to Nordea. Once this automatic transaction has completed the HSBC Cash Pool will have a combined balance of £nil. This arrangement negates the need to make daily cash payments between the ISS UK Limited businesses and ISS Global Group when the UK businesses have excess cash or have a requirement for funding.

The Directors have assessed the ability and made the relevant enquiries of ISS A/S (the Global Parent company) to continue to provide these facilities and support during the forecast period to 31 October 2022 and based on the facilities the Group have in place it is considered a remote risk that the facilities of £200m will not be available.

Budgets are compared with prior period actual results and previous forecasts so as to identify variances and understand the drivers of the changes and their future impact so as to allow management to take action as appropriate.

Notes (continued)

Going concern (continued)

The UK Board reviewed the consolidated ISS UK business' forecasts for the remainder of the financial year 2021 and to 31 October 2022 which included analysis of cash flows for that forecasting period. The Directors have prepared various scenarios in assessing the impact of COVID-19 on future financial performance and cash flows with the key judgements applied being the likely time period of a further global wave of infections, the extent to which government enforced restrictions would impact volumes and the extent to which performance would recover subsequent to these restrictions being lifted.

Cash flow forecasts were then reverse stress tested to understand the headroom available before the loan facilities referred to above could be exhausted. Consideration was then given as to whether the principal risks attributable to the ISS UK businesses would give rise to severe downside scenarios that could cause an exhausting of the liquidity available, such as significant reductions in revenues, caused by loss of custom through bankruptcy or retender or change in contract scope, or a more prolonged period of impact arising from the pandemic. The possibility of these scenarios happening are considered remote when contemplating the business' financial performance during the COVID-19 pandemic in 2020 because of the contractual nature of the ISS UK business which are typically medium to long term in nature; typically contain fixed minimum monthly revenues and any changes in scope or scale require ISS consent. ISS has a relatively low exposure to those sectors that are considered at risk in the COVID-19 pandemic such as aviation, non-essential retail or hospitality and loss of such customers would not give rise to a risk that the facilities available would not be sufficient.

The continued potential impact of COVID-19 has been considered as part of the going concern assessment and under the various scenarios stress tested it is considered remote that the credit facilities will not be sufficient to meet the company's needs. This assessment confirmed that the consolidated ISS UK businesses have adequate undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern forecast period that was considered to 31 October 2022.

Based on the Board's review of the company's going concern assessment and the liquidity and cash flow reviews of the company, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

2 General Information

FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. The company has taken advantage of the disclosure exemptions allowed under this standard. The company's parent undertaking was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 79(a)(v) of IAS 1;
 - (iii) paragraph 79(b) of IAS 1;
 - (iv) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (v) paragraph 118(e) of IAS 38 Intangible Assets;

Notes (continued)

2 General Information (continued)

- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (i) the requirements within the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Pension and other post employment benefits

The cost of defined benefit pensions plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Pension increases are based on expected future inflation rates. See note 23 for more details including sensitivity analysis.

Provisions

The company recognises provisions for legal or constructive obligations arising as the result of past events, including provisions relating to employer's liability claims. In recognising these provisions, management judgment is required to determine the probability of an outflow of economic benefits; and to arrive at a reliable estimate of the amount of the obligation.

Impairment of investments

Investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss and tested for impairment when there is an indication that the investment may be impaired. The assessment of whether there is an indication of impairment is based on both external and internal sources of information such as performance of the subsidiary, significant decline in market values etc.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 3 – 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Notes (continued)

3 Significant accounting policies

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets on a straight-line basis over its expected useful life as follows:

Leasehold improvements	-	life of lease
Plant and machinery	-	20% - 50% per annum

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Tangible fixed assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Notes (continued)

3 Significant accounting policies (continued)

Leases

The company as lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and lease of low value assets (defined as leases < USD 5,000). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options the lessee is reasonably certain to exercise;
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed.
- The lease payments change.
- A change in lease contract that is not accounted for as a separate lease.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Make Good provisions associated with leases under IFRS 16 are measured under IAS 37 and the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. The right-of-use assets are presented as a separate line in the statement of financial position. The company applies IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense as incurred in profit or loss.

For contracts that contain a lease component and a non-lease component, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the components.

Notes (continued)

3 Significant Accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i) Financial assets

The company's financial assets include cash, trade and other receivables.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All financial assets are recognised initially at fair value. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss or recognised in other comprehensive income.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if

Notes (continued)

3 Significant Accounting policies (continued)

the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

ii) Financial liabilities

Financial liabilities are recognised at the date of borrowing at fair value less related transaction costs paid.

The company's financial liabilities include amounts owed to Group undertakings.

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

iv) Fair values

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Cash

Cash is considered readily available if it is available for upstreaming to the parent company (ISS A/S) within five days.

Investments

Investments are stated at cost less provision for impairment.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the exception when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Notes (continued)

3 Significant Accounting policies (continued)

Income taxes (continued)

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Pensions and other post-employment benefits

The company operates a number of defined benefit pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company.

The company operates a number of defined benefit pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice.

Past service costs are recognised in profit or loss. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the company expects to recover by way of refunds from the plan or reductions in the future contributions.

The company also operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Notes (continued)

3 Significant accounting policies (continued)

Revenue recognition

Revenue generated from the management fee recharged to trading subsidiary companies is recognised when the services performed on behalf of the subsidiaries has been performed at amount that reflects the consideration to which the company expects to be entitled in exchange for those services. Control is transferred over time as the subsidiary companies simultaneously receives and consumes the benefits provided by the company. Services are invoiced annually in advance. Revenue excludes amounts collected on behalf of third parties, e.g. VAT and duties.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Note 5 provides further information on the Company accounts for government grants

Dividends

Dividends from subsidiary are recognised in the income statement in the financial year in which the dividend is declared.

Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

There were no new or amended IFRS Standards applicable to the company for the current year.

Notes (continued)

4 Turnover

The company's business activity is that of the provision of management and support services to other Group companies. All turnover is generated within the United Kingdom.

5 Operating loss	2020	2019
	£'000	£'000
<i>Operating (loss)/profit is stated after charging:</i>		
Depreciation and amortisation	1,019	920
Depreciation right-of-use asset	300	286
Intercompany loan impairment	718	2,377
Aborted costs related to restructuring	-	11,300
Payroll system project costs	-	2,276
Other expense	4,890	-

Other expense relates to an IT security incident in the form of a malware attack on 17th February 2020.

	2020	2019
	£000	£000
Audit of these financial statements	4,436	3,650

There were no amounts receivable by the auditors and their associates in respect of taxation or other services (2019: nil)

	2020	2019
	£000	£000
Other income	503	-

Other income consist of government grants that relate to the UK Government Coronavirus Job Retention Scheme, for employees put on furlough because of COVID-19. There are no unfulfilled conditions or other contingencies attaching to these grants. The company did not benefit directly from any other form of government assistance.

6 Remuneration of Directors

	2020	2019
	£000	£000
Directors' emoluments	2,040	1,822
Company contributions to pension schemes	53	48
	2,093	1,870

Notes (continued)

6 Remuneration of Directors (continued)

The number of directors who are members of the Group money purchase pension scheme is six (2019: three).

The following are details of the highest paid director's remuneration:

	2020 £000	2019 £000
Total remuneration excluding pension contribution	407	474
Company contribution to the money purchase pension scheme	-	-
	<u>407</u>	<u>474</u>

Additionally, we have an annual bonus plan and a 3-year LTIP and this incentivises the board and senior leaders to support long term goals. This is based on Performance Share Units (PSUs) which, subject to certain conditions, vest and convert into IS Shares, again incentivising long term value. No options vested during the year.

7 Staff numbers and costs

The average number of persons employed by the company (including Directors) during the year, analysed by category, was as follows:

	Number of employees 2020	2019 Restated
Management and administration	241	247

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	14,944	13,079
Social security costs	2,368	2,847
Other pension costs	1,609	1,192
	<u>18,921</u>	<u>17,118</u>

During the year the company recharged £7,949,000 (2019: £8,306,000) which is in addition to the above-mentioned aggregated payroll costs to a Group company, ISS A/S.

The restatement of comparative figures is as a result of a correction of the calculated totals and a revised presentation of the recharged values which were previously included within the calculated totals.

Notes (continued)

8 Dividends received

The company received no dividends (2019: £19,000,000), from its subsidiary companies, which consisted of £nil (2019: £7,500,000) from ISS Facility Services Limited and £nil (2019: £11,500,000) from ISS Mediclean Limited.

9 Interest receivable and similar income

	2020 £'000	2019 £'000
Receivable from external deposits	4	17
Receivable from Group undertakings	2,260	3,464
9% non-equity preference dividend	1,195	1,093
Interest accrued on unpaid preference dividend	474	520
Provision for unpaid preference dividend and interest accrued	(1,669)	(1,613)
	<u>2,264</u>	<u>3,481</u>

10 Interest payable and similar charges

	2020 £'000	2019 £'000
Bank charges	64	288
Other interest expense	12	490
Payable to Group undertakings	2,014	1,565
	<u>2,090</u>	<u>2,343</u>

Interest payable to Group undertakings is the UK's portion of the Group backstop facility charges.

11 Other finance income/(expense)

	2020 £'000	2019 £'000
Interest income on pension scheme assets	407	534
Interest expense on pension scheme liabilities	(316)	(444)
Adjustment to reflect asset limit	(91)	(88)
	<u>-</u>	<u>2</u>

Notes (continued)

12 Taxation

Tax in the income statement

	2020 £000	2019 £000
<i>Current tax</i>		
UK corporation tax on profit for the year	-	(2,798)
Prior year adjustment	-	(632)
Total current tax (credit)/charge	-	(3,430)
<i>Deferred tax</i>		
Origination and reversal of timing differences	98	135
Relating to other timing differences	(3,888)	1,210
Relating to pension liability	(7)	-
Relating to change in rate of deferred tax	(50)	-
Adjustment in respect of a previous year	(414)	-
Total deferred tax (credit)/charge	(4,261)	1,345
Tax (credit) in the income statement	(4,261)	(2,085)

Tax in other comprehensive income

	2020 £000	2019 £000
<i>Deferred tax in other comprehensive income</i>		
Actuarial gains and losses on defined benefit pension plans	6	(7)
Impact of tax rate charge	1	1
Total deferred tax (credit)/charge	7	(6)
Tax (credit)/charge in other comprehensive income	7	(6)

Notes (continued)

12 Taxation (continued)

Reconciliation of total tax charge

The tax assessed in the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	(20,805)	3,092
(Loss)/profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(3,953)	587
Effects of:		
Expenses not deductible/(not taxable) for tax purposes	156	(3,076)
Effect of income not taxable in determining taxable profit	-	-
Effect of changes in tax rate	(50)	-
Unrecognised deferred tax asset	-	1,036
Adjustment in respect of prior periods	(414)	(632)
Tax (credit)/charge reported in the income statement	(4,261)	(2,085)

Change in corporation tax rate

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the company's/group's deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax credit of £1,345,000.

Notes (continued)

13 Tangible fixed assets

	Leasehold Improvements £000	Plant and Machinery £000	Total £000
Cost			
At beginning of year	62	8,769	8,831
Additions	-	238	238
Disposals	(62)	(8,364)	(8,426)
At end of year	-	643	643
Depreciation			
At beginning of year	62	8,675	8,737
Charge for the year	-	125	125
Disposals	(62)	(8,351)	(8,413)
At end of year	-	449	449
Net Book Value			
At 31 December 2020	-	194	194
At 31 December 2019	-	94	94

Notes (continued)

14 Intangible assets

	Capitalised software £000
<i>Cost</i>	
At beginning of year	7,769
Additions	47
Disposals	(8)
At end of year	<u>7,808</u>
<i>Depreciation</i>	
At beginning of year	1,911
Charge for the year	894
Disposals	(8)
At end of year	<u>2,797</u>
<i>Net Book Value</i>	
At 31 December 2020	<u>5,011</u>
At 31 December 2019	<u>5,858</u>

15 Investments

	Shares in Group Undertakings £000
At 1 January 2020	234,785
Impairment	-
At 31 December 2020	<u>234,785</u>

The company also assessed the value in use of all its investments using the following key assumptions:

- Discount rate of 8.4%, which reflects management's estimate of weighted average cost of capital
- Long term growth rate of 2.0%

The resulting value in use was higher than the investment carrying value.

Notes (continued)

15 Investments (continued)

Details of the company's principal subsidiaries at 31 December 2020 were:

Name	Country of registration	Class of shares held	Percentage Held	Principal Activity
Advance Technical Solutions Limited	England and Wales	Ordinary	100%	Dormant
ABRA Investments Limited	England and Wales	Ordinary	100%	Dormant
Arena21 Limited	England and Wales	Ordinary	100%	Dormant
Ark and General Limited	England and Wales	Ordinary	100%	Dormant
Caterhouse Limited	England and Wales	Ordinary	100%	Dormant
Chenies Landscapes Limited	England and Wales	Ordinary	100%	Dormant
Coflex Limited	England and Wales	Ordinary	100%	Dormant
Concord Integrated Services Limited	England and Wales	Ordinary	100%	Dormant
C.S.F.M. (Holdings) Limited	England and Wales	Ordinary	100%	Holding company
First In Catering Limited	England and Wales	Ordinary	100%	Dormant
First Response Environmental Services Limited	England and Wales	Ordinary	100%	Dormant
Harrwood Environmental Services Limited	England and Wales	Ordinary	100%	Dormant
Harrwood Services Limited	England and Wales	Ordinary	100%	Dormant
Hi-Tech Plus Limited	England and Wales	Ordinary	100%	Dormant
ISS Aviation UK Limited	England and Wales	Ordinary	100%	Non trading
ISS (Brentwood) Limited	England and Wales	Ordinary	100%	Dormant
ISS Damage Control Limited	England and Wales	Ordinary	100%	Contract cleaning
ISS Damage Control (Scotland) Limited	Scotland	Ordinary	100%	Contract cleaning
ISS Finance and Investment Limited	England and Wales	Ordinary	100%	Dormant
ISS Finance & Investment (Bishop Auckland) Limited	England and Wales	Ordinary	100%	Dormant
ISS Food Hygiene Limited	England and Wales	Ordinary	100%	Dormant
ISS Facility Services Limited	England and Wales	Ordinary	100%	Facility Services
ISS Mediclean Limited	England and Wales	Ordinary	100%	Facility Services
ISS Servicelink Limited	England and Wales	Ordinary	100%	Dormant
ISS Technical Services Holdings Limited	England and Wales	Ordinary	100%	Holding company
ISS Technical Solutions Limited	England and Wales	Ordinary	100%	Holding company
ISS Technical Services Limited	England and Wales	Ordinary	100%	Holding company
ISS Technical Services UK Limited	England and Wales	Ordinary	100%	Facility services
ISS Technical Services NI Limited	Northern Ireland	Ordinary	100%	Facility services
ISS Technical Services Corporate Solutions Limited	England and Wales	Ordinary	100%	Facility services
ISS Technical Services Accounts Limited	England and Wales	Ordinary	100%	Facility services
ISS Technical Services Building Fabric Limited	England and Wales	Ordinary	100%	Non trading
ISS Technical Services Denmark ApS	Denmark	Ordinary	100%	Facility services
ISS Technical Services Finland Oy	Finland	Ordinary	100%	Facility services
ISS Technical Services France Sarl	France	Ordinary	99%	Facility services
ISS Technical Services Germany GmbH	Germany	Ordinary	100%	Facility services
ISS Technical Services Ireland Limited	Republic of Ireland	Ordinary	100%	Facility services
ISS Technical Services Italy Srl	Italy	Ordinary	100%	Facility services
ISS Technical Services Switzerland GmbH	Switzerland	Ordinary	100%	Facility services
ISS Technical Services Poland Sp. z o.o	Poland	Ordinary	100%	Facility services
JJ Rae Limited	England and Wales	Ordinary	100%	Dormant
J.V. Strong and Company Limited	England and Wales	Ordinary	100%	Dormant
Mediclean Enterprises Limited	England and Wales	Ordinary	100%	Dormant
Mediserv Limited	England and Wales	Ordinary	100%	Dormant
Mitchell & Struthers (Contracts) Limited	Scotland	Ordinary	100%	Dormant
Mitchell & Struthers Limited	Scotland	Ordinary	100%	Dormant
MJ Building Services Group Limited	England and Wales	Ordinary	100%	Dormant
Pegasus Security Holdings Limited	England and Wales	Ordinary	100%	Non trading
Pegasus Security Group Limited	England and Wales	Ordinary	100%	Dormant
RCO Group Limited	England and Wales	Ordinary	100%	Dormant
RCO Support Services Limited	England and Wales	Ordinary	100%	Dormant
s3 Compliance Limited	England and Wales	Ordinary	100%	Non trading
Spectrum Franchising Limited	England and Wales	Ordinary	100%	Contract cleaning
Spectrum Holdings Limited	England and Wales	Ordinary	100%	Holding company
Standby Pest Control (Holdings) Limited	England and Wales	Ordinary	100%	Dormant
Standby Pest Control Limited	England and Wales	Ordinary	100%	Dormant
Strata Security and Combined Services Limited	England and Wales	Ordinary	100%	Dormant
Superclean Support Services Holdings Limited	England and Wales	Ordinary	100%	Dormant
Superclean Support Services Limited	England and Wales	Ordinary	100%	Dormant
Target Clean (West Midlands) Limited	England and Wales	Ordinary	100%	Dormant
Target Exoel Limited	England and Wales	Ordinary	100%	Dormant
Target Medicare Limited	England and Wales	Ordinary	100%	Dormant
The Catering People Limited	England and Wales	Ordinary	100%	Dormant
Waterers Landscapes Limited	England and Wales	Ordinary	100%	Dormant
Waterers Landscape (Holdings) Limited	England and Wales	Ordinary	100%	Dormant
We Are Cleaning (G.B.) Limited	England and Wales	Ordinary	100%	Dormant
ISS Servisystem South Limited	England and Wales	Ordinary	100%	Dormant
ISS Workwear and Washroom Services Limited	England and Wales	Ordinary	100%	Dormant
ISS Servisystem Midlands Limited	England and Wales	Ordinary	100%	Dormant
Landford Cleaning Services Limited	England and Wales	Ordinary	100%	Dormant
ISS Scotland Limited	England and Wales	Ordinary	100%	Dormant

Notes (continued)

15 Investments (continued)

ISS Servisystem North Limited	England and Wales	Ordinary	100%	Dormant	*
ISS Servisystem Southwest and Wales Limited	England and Wales	Ordinary	100%	Dormant	
ISS Support Services Limited	England and Wales	Ordinary	100%	Dormant	*
Swirl Holdings Limited	England and Wales	Ordinary	100%	Dormant	
Impressions Cleaning Scotland Limited	England and Wales	Ordinary	100%	Dormant	
Janitorial Suppliers Limited	England and Wales	Ordinary	100%	Dormant	*
ISS Catering Limited	England and Wales	Ordinary	100%	Dormant	
Southdown Cleaning & Maintenance Limited	England and Wales	Ordinary	100%	Dormant	
Pegasus Group Training Limited,	England and Wales	Ordinary	100%	Dormant	*
Pegasus Security Southern Limited	England and Wales	Ordinary	100%	Dormant	*
Pegasus Security Limited	England and Wales	Ordinary	100%	Dormant	*
Pegasus Security Northern Limited	England and Wales	Ordinary	100%	Dormant	*
ISS Environmental Services Limited	England and Wales	Ordinary	100%	Dormant	
Delta Environmental Services Limited	England and Wales	Ordinary	100%	Dormant	*
ISS International Service System Limited	England and Wales	Ordinary	100%	Dormant	
ISS Technical Services Central Limited	England and Wales	Ordinary	100%	Dormant	*
ISS Technical Services Regions Limited	England and Wales	Ordinary	100%	Dormant	*
Tarbert Technologies Limited	England and Wales	Ordinary	100%	Dormant	*
Worxcare Limited	England and Wales	Ordinary	100%	Dormant	*
Worxclean Limited	England and Wales	Ordinary	100%	Dormant	*
ISS Brightspark Limited	England and Wales	Ordinary	100%	Dormant	*
ISS UK Trustee Limited	England and Wales	Ordinary	100%	Dormant	

Equity owned by subsidiary companies is indicated by an asterisk (*)

The registered office of all subsidiaries registered in England and Wales was Velocity 1 Brooklands Drive, Brooklands, Weybridge, Surrey, England, KT13 0SL.

The registered office for all other subsidiaries was:

ISS Damage Control (Scotland) Limited	Unit D2, Fairways Business Park, Livingston, West Lothian, EH54 8AF
ISS Technical Services NI Limited	Unit 1a Portside Business Park, Airport Road West, Belfast, BT3 9ED
ISS Technical Services Denmark ApS	Buddingevej 197 DK 2860, Søborg
ISS Technical Services Finland Oy	Elielinaukio 5B 00100 Helsinki, Finland
ISS Technical Services France Sarl	12 Rue Fructidor 75017, Paris
ISS Technical Services Germany GmbH	Herriotstrasse 1 60528 Frankfurt am Main Germany
ISS Technical Services Ireland Limited	4-6 Riverside Walk, Citywest Business Campus, Dublin 24, D24 DCW0
ISS Technical Services Italy Srl	Viale Bruno Buozzi 64 Roma 00197 Italy
ISS Technical Services Switzerland GmbH	Industriestrasse 4 Zug CH 6300, Switzerland
ISS Technical Services Poland Sp. z o.o	Ul. Bobrzynskiego 46 30-348 Krakow, Poland
Mitchell & Struthers (Contracts) Limited	Unit D2, Fairways Business Park, Livingston, West Lothian, EH54 8AF
Mitchell & Struthers Limited	Unit D2, Fairways Business Park, Livingston, West Lothian, EH54 8AF

Notes (continued)

16 Debtors

	2020 £000	2019 £000
Amounts owed by ultimate parent company	40,719	66,022
Amounts owed by group undertakings (of which £9,692,000 (2019: £9,692,000) is due after more than one year)	771,178	732,381
Corporation tax	1,176	1,424
Rebates receivable and prepayments	1,400	6,646
	<u>814,473</u>	<u>806,473</u>

Amounts owed by Group undertakings include provisions of £nil (2019: £276,000) against amounts that are deemed irrecoverable.

Preference shares issued by another Group undertaking included in the £771,178,000 above includes provisions of £16,627,000 (2019: £14,958,000) against amounts that are deemed unrecoverable.

The preference shares of £0.01 were issued by Pegasus Security Holdings Limited ('Pegasus'). Each preference share entitles the holder to receive a fixed preference dividend equal to 9% of the subscription price and any preference dividend due or accrued in respect of each financial year until redemption of the preference shares and proportionately for any part of a year. In addition, penalty interest accrues on any preference dividends at a rate of 4% above the Bank of Scotland base rate. The preference shares shall become payable and be paid on the earlier of the seventh anniversary of their issue (18 May 1998) or upon a sale of Pegasus. Pegasus may redeem the shares in tranches of 100,000 or more after 29 days written notice. The preference shares entitle the holder to receive notice and attend general meetings of Pegasus, but only to vote if the meeting includes a resolution on the winding up of Pegasus; a change in the capital structure of Pegasus; or varying or abrogating any of the special rights pertaining to the preference shares.

In accordance with IAS 32 the 9% preference shares are treated as financial assets.

Notes (continued)

17 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	2,536	1,613
Amounts owed to ultimate parent company	109,235	104,128
Amounts owed to group undertakings	837,179	830,371
Other creditors including taxation and social security	16,566	13,056
Accruals and deferred income	19,848	10,408
	<u>985,364</u>	<u>959,576</u>

The amounts owed to parent companies and subsidiary undertakings are non-interest bearing and repayable on demand.

18 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Amounts owed to subsidiary undertakings	10,556	10,556
Deferred income	-	747
	<u>10,556</u>	<u>11,303</u>

The amounts owed to subsidiary undertakings are unsecured, interest free and are repayable in more than five years.

19 Provisions for liabilities and charges

Current provisions

	Payroll Cycle £000
At 1 January 2020	250
Utilised during year	-
Released during the year	(250)
Amounts created in year	-
At 31 December 2020	<u>-</u>

Non-current

	Insurance Liabilities £000
At 1 January 2020	2,869
Utilised during year	(2,198)
Amounts created in year	3,720
At 31 December 2020	<u>4,391</u>

Notes (continued)

19 Provisions for liabilities and charges (continued)

Insurance liabilities principally relate to employer's liability claims. The company uses historical data to estimate the risk profile and assess the likelihood of paying out notified claims as well as estimating future claims still to be reserved in relation to periods prior to the statement of financial position date.

20 Deferred tax asset

	2020 £000	2019 £000
At start of the year	6	1,345
Deferred tax (charge)/credit in the income statement (note 12)	4,261	(1,345)
Deferred tax (charge)/credit in other comprehensive income (note 12)	(7)	6
	<hr/>	<hr/>
At the end of the year	4,260	6
	<hr/>	<hr/>

The elements of deferred taxation are as follows:

	2020 £'000	2019 £'000
Relating to timing differences due to accelerated capital allowances	349	-
Relating to other timing differences	3,912	-
Relating to pension schemes	(1)	6
	<hr/>	<hr/>
	4,260	6
	<hr/>	<hr/>

21 Share capital

	2020 £000	2019 £000
<i>Authorised</i>		
15,000,000 Ordinary shares of £1 each	15,000	15,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
14,049,000 Ordinary shares of £1 each	14,049	14,049
	<hr/>	<hr/>

22 Contingent liabilities, commitments and guarantees

The company's bankers have issued performance bonds totalling £7,328,000 (2019: £7,328,000) against default of the company's performance in the ordinary course of business.

Along with other members of the ISS Group in the UK, the company participates in a cash pooling arrangement operated by the Group's bankers in the UK. Under this arrangement, all participating companies have entered into a guarantee to ensure the timely repayment of any debit balances when required.

Notes (continued)

23 Pension schemes

ISS Group Pension Plan

The company is part of the ISS Group Pension Plan. This is a defined contribution pension scheme with each member having their own personal pension fund.

The pension charge for the year was £1,363,537 (2019: £1,328,789) of which £347,000 (2019: £334,000) was paid by Group companies.

Contributions outstanding at the end of the financial year were £117,000 (2019: £117,000)

ISS Pension Scheme

The company operates a pension scheme providing benefits based on final pensionable pay, the ISS Pension Scheme section of the ISS Platinum Pension Plan. The scheme was closed to new entrants, and pensionable service under the scheme for existing members ceased, with effect from 30 September 1997.

The scheme is administered by a Trustee board that is legally separate from the company. The Trustee board is composed of a sole independent trustee. The Trustee board is required by law to act in the interest of all relevant beneficiaries and is responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

When determining the adjustment in respect of the minimum funding requirement, the company is assumed not to be able to obtain economic benefit from any surplus that currently exists. An additional liability has been recognised now such that the immediate payment of the present value of agreed deficit contributions would not result in a statement of financial position asset under FRS 101.

The latest full actuarial valuation of the ISS Pension Scheme was carried out at 31 March 2018 and was updated for the purposes of IAS 19 to 31 December 2020 by a qualified independent actuary.

The results of the latest funding valuations have been adjusted to the new balance sheet date, taking account of experience over the period since the valuation dates, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 as follows:

	2020	2019
Rate of increase in salaries	Not applicable	Not applicable
Return on scheme assets	1.45% pa	1.95% pa
Discount rate	1.45% pa	1.95% pa
RPI inflation	2.80% pa	2.65% pa
CPI inflation	2.10% pa	1.90% pa
Rate of general long-term increase in salaries	Not applicable	Not applicable
Average pension increases in payment	2.75%	2.65%
Mortality	SAPS with Heavy Projections	SAPS with Heavy Projections

The assumed life expectancy on retirement at age 65 is:

	2020	2019
Retiring today		
- Males	85.0	85.0
- Females	88.2	88.2
Retiring in 20 years		
- Males	86.1	86.5
- Females	89.5	89.8

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

Notes (continued)

23 Pension schemes (continued)

Reconciliation of fair value of scheme assets:

	2020 £'000	2019 £'000
Fair value of scheme assets at beginning of year	21,149	18,260
Interest income on scheme assets	407	534
Actuarial gain/(loss) on scheme assets	1,919	2,880
Contributions paid by company	78	88
Administration costs	(50)	(50)
Asset related costs	-	(20)
Benefits paid	(600)	(543)
	<hr/>	<hr/>
Fair value of scheme assets at end of year	22,903	21,149
	<hr/>	<hr/>

Reconciliation of the present value of the defined benefit obligation:

	2020 £'000	2019 £'000
Present value of defined benefit obligation at beginning of year	16,504	15,285
Interest expense on scheme liabilities	316	444
Actuarial gain due to experience	-	(157)
Actuarial gain due to changes in demographic assumptions	(156)	(881)
Actuarial loss/(gain) due to changes in financial assumptions	1,372	2,356
Benefits paid	(600)	(543)
Curtailments and settlements	64	-
	<hr/>	<hr/>
Present value of defined benefit obligation at end of year	17,500	16,504
	<hr/>	<hr/>

Amounts to be recognised in the statement of financial position:

	2020 £'000	2019 £'000
Present value of funded obligation	(17,500)	(16,504)
Fair value of scheme assets	22,903	21,149
	<hr/>	<hr/>
Surplus in the scheme	5,403	4,645
	<hr/>	<hr/>
Unrecognised asset	(5,403)	(4,645)
	<hr/>	<hr/>
Net liability in statement of financial position	<hr/>	<hr/>

Notes *(continued)*

23 Pension schemes *(continued)*

Amounts to be recognised in the income statement:

	2020 £'000	2019 £'000
Interest expense on scheme liabilities	(316)	(444)
Interest income on scheme assets	407	534
Administration and asset related costs	(50)	(50)
Interest expense on effect of asset ceiling	(91)	(88)
Curtailments and settlements	(64)	-
Total expense to be recognised in the income statement	<u>(114)</u>	<u>(48)</u>

Total amount recognised in other comprehensive income:

	2020 £'000	2019 £'000
Actuarial gain	703	1,562
Asset related costs	-	(20)
Effect of the limit on the net asset to be recognised	(667)	(1,581)
Actuarial gain/(loss) recognised in other comprehensive income	<u>36</u>	<u>(39)</u>

Fair value of scheme assets at year end:

	2020 £'000	2019 £'000
Equities	15,250	14,380
Bonds and gilts	4,919	4,019
Cash	2,734	2,750
Total scheme assets	<u>22,903</u>	<u>21,149</u>

Estimated contributions:

The employer's best estimate of contributions to be paid to the scheme by the company next year is £80,000 (2019: £50,000). Employees are not required to pay contributions to the scheme.

Notes (continued)

23 Pension schemes (continued)

Sensitivity analysis:

The table below illustrates the sensitivity related to significant actuarial assumptions used in the calculation of the defined benefit obligation recognised at the reporting date. The analysis is based on changes in assumptions that the company considered to be reasonably possible at the reporting date. It is estimated that the relevant changes in assumptions would have increased/(decreased) the defined benefit obligation by the amounts shown below:

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 7%
Inflation assumption	Increase/decrease by 0.5%	Increase/decrease by 2%
Post retirement mortality longevity	Increase/decrease by 1 year	Increase/decrease by 3%

Maturity analysis:

The estimated weighted average duration of the defined benefit obligation in the ISS Platinum Pension Plan was 17 years (2019: 17 years) and is split into:

	2020	2019
Active employees	20	20
Retired employees	12	12
Deferred vested	20	20
Total employees	17	17

24 Leases

Right-of-use assets

	Vehicles
<i>Net book value</i>	£000
At beginning of year	519
Additions	208
Disposals	(19)
Depreciation charge for year	(300)
Net book value 31 Dec 2020	408

Amounts recognised in profit and loss

	2020	2019
	£000	£000
Depreciation expense on right-of-use assets	300	286
Interest expense on lease liabilities	12	12
Expense relating to short-term leases	-	-
Expense relating to leases of low value assets	-	-

The total cash outflow for leases amounted to £315,000 (2019: £302,000).

Notes (continued)

24 Lease (continued)

Lease liabilities

Analysed as:

	2020	2019
	£000	£000
Current	238	308
Non-current	<u>167</u>	<u>207</u>
Total lease liabilities	<u>405</u>	<u>515</u>

Maturity analysis

	£000
Year 1	238
Year 2	131
Year 3	35
Year 4	<u>1</u>
Total	<u>405</u>

The company does not face a significant liquidity risk with regard to its lease liabilities.
The average lease term is 3.4 years.

25 Ultimate parent company

The company is a subsidiary undertaking of ISS UK Holding Limited, a company incorporated in England and Wales.

The company's ultimate parent company is ISS A/S which is incorporated in Denmark.

The largest and the only group in which the results of the company are consolidated is that headed by ISS A/S incorporated in Denmark. The consolidated accounts of this company are available to the public and may be obtained from the following address:

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Buddingevej 197
DK-2860 Søborg
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