

Publishing our annual gender pay gap data is a significant step towards finding solutions collectively as an industry to close the gap. The results are not unexpected, and at ISG we know that we need to do more to improve the gender balance of our more senior roles, as our results reflect. What is important is how we collectively address the gender imbalance, to ensure we have a workforce that more accurately reflects our society. While as individual organisations, we have the mechanisms to positively affect behavioural change and make our businesses more inclusive and diverse places to work, our industry needs to collectively work harder to positively change the conversation and perception of careers in construction.



I truly believe that new talent makes us better, and the gender pay gap report is a welcome move from the UK government. It provides a real wake-up call to every business leader that they must work harder to address gender imbalances.

We've taken significant steps over the past year in an effort to accelerate closing the gap, and we have seen an improvement against our 2017 results. As a business we need to set the conditions for a balanced workforce at every touch point. That means engaging with pupils, teachers and parents at a much earlier stage, actively supporting and engaging with STEM (science, technology, engineering and mathematics) subjects in schools, looking outside our industry for inspirational leaders' and becoming much better at explaining why the built environment is a home for aspirational and talented individuals, regardless of gender.

In 2018 we developed and launched our Professional Construction Practice (PCP) Level 3 Applied Diploma in the UK. Equivalent to an A-level, the qualification is a major step forward in how as a business and an industry we can change the conversation about construction and attract the brightest and most diverse range of young people into our industry.

We've also joined The 5% Club, which lobbies UK businesses to make sure at least 5% of their workforce are in 'earn and learn' positions as trainees, apprentices or graduates, and requires ISG to increase the gender and ethnic diversity of our business.

As CEO, I have taken steps to improve gender balance in our global leadership team and I'm pleased to report that we have significantly improved the gender balance on the 10-person strong executive committee, and we've recently appointed Jane Falconer to our Statutory Board as chief human resources officer. We are signatories to the Young Women's Trust's pledge to help more young women into apprenticeships, and support the Apprentice Diversity Champions Network, which champions apprenticeships and diversity among employers, and encourages more people from under-represented groups, including women, those with disabilities and members of the BAME (black, Asian and minority ethnic) communities, to consider apprenticeships. Although we've made some significant strides, we know there is more to do.

Our 'Reaching for balance' five-year diversity strategy aims to accelerate our workforce balance at all levels by focusing on four key areas:

1. Representing diversity at all levels
2. Recruiting a balanced workforce
3. Retaining a balanced workforce
4. Removing barriers to success

We recognise that there is no 'silver bullet' to addressing the gender imbalance in all roles, and that this will require a considered and consistent approach that will take time to generate the results that we all want to see. We are committed to finding the right people to drive the business forward and creating the right environment for them to thrive.

A handwritten signature in dark ink, appearing to read 'Paul Cossell'. The signature is fluid and cursive, written over a white background.

Paul Cossell
CEO
4 April 2019

Our gender pay gap headlines

Our data

We've calculated the pay and bonus data from our legal entities across the UK with 250 or more employees which are:

- ISG Construction Ltd – our three UK Construction businesses
- ISG ISG Ltd – our office fit out and engineering services businesses in the UK
- ISG Retail Ltd – our UK-wide retail construction and fit out business
- ISG Central Services – our enabling departments across the UK

We've made these calculations based on pay and bonus data from April 2017 to April 2018.

We welcome the opportunity to publish our gender pay gap findings, and we are committed to taking significant steps towards accelerating closing the gap in our industry.

For full pay gap information for each legal entity, have a look at page 13.

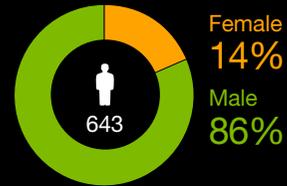
ISG Construction Ltd

Gender pay gap

Women's hourly rate is

31.5% lower (mean) 34.6% lower (median)

Gender balance of workforce



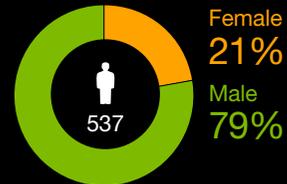
ISG ISG Ltd

Gender pay gap

Women's hourly rate is

42.8% lower (mean) 41.9% lower (median)

Gender balance of workforce



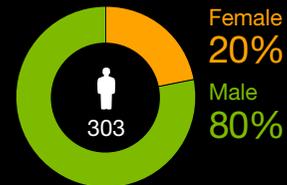
ISG Retail Ltd

Gender pay gap

Women's hourly rate is

35.5% lower (mean) 36.3% lower (median)

Gender balance of workforce



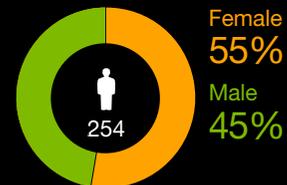
ISG Central Services

Gender pay gap

Women's hourly rate is

32.9% lower (mean) 15.5% lower (median)

Gender balance of workforce



About gender pay gap reporting

The gender pay gap is the difference between the average pay of all men and women across the business, and captures the mean and median gender pay gap based on the hourly rate of pay. The pay gap isn't a measure of equal pay, which measures whether men and women are paid the same for performing similar roles of work of equal value, as set out by The Equality Act 2010. Instead, the gender pay gap is driven by other factors, including more men in senior, higher-paid roles.

Mean and median

The data is calculated by showing the mean and median. The mean is the average, or the total of all hourly rates divided by the number of employees, and measures the average pay for a woman against the average pay for a man. The median compares the middle pay for a woman and the middle pay for a man when all hourly rates are listed in order. It's important to note that the median is less affected by numbers at the top end of the pay spectrum.



Reaching for balance – our five-year diversity strategy 2018–22

We are dedicated to equipping ourselves with the organisational agility to respond quickly and effectively to the ever-changing nature of business today. Creating a diverse business is not only the right thing to do, it helps us to become the kind of global business we want to be. In 2018 we developed our 'Reaching for balance' five-year diversity strategy, aimed at accelerating our workforce balance at all levels.

During 2019, we will continue to focus on recruiting a balanced workforce, generating a more balanced leadership succession pipeline, removing potential diversity imbalance barriers, and ensuring that we have an inclusive culture that celebrates diversity at all levels.



Focus #1

Representing diversity at all levels

Ensuring our business vision and strategy has diversity, celebration and improvement at its core.

1. **Lead** – taking a stand for the industry in our recognition that having a diverse, balanced and inclusive workforce is important to creating more engaged, more productive teams where everyone is given the opportunity to shine and thrive.
2. **Consult** – interrogating our data to understand and address gender gaps, and regularly asking our people what they think is going well and what they think we can do differently to encourage better diversity balance at ISG.
3. **Connect** – ensuring we make strong connections with our communities and end users in order to best understand how to reflect those populations through our own workforce, while continuing to work with and attract new, like-minded customers, who also recognise that diversity balance is vital to sustainable businesses.

What we've done

ISG has signed the Young Women's Trust pledge, to help more young women into apprenticeships.

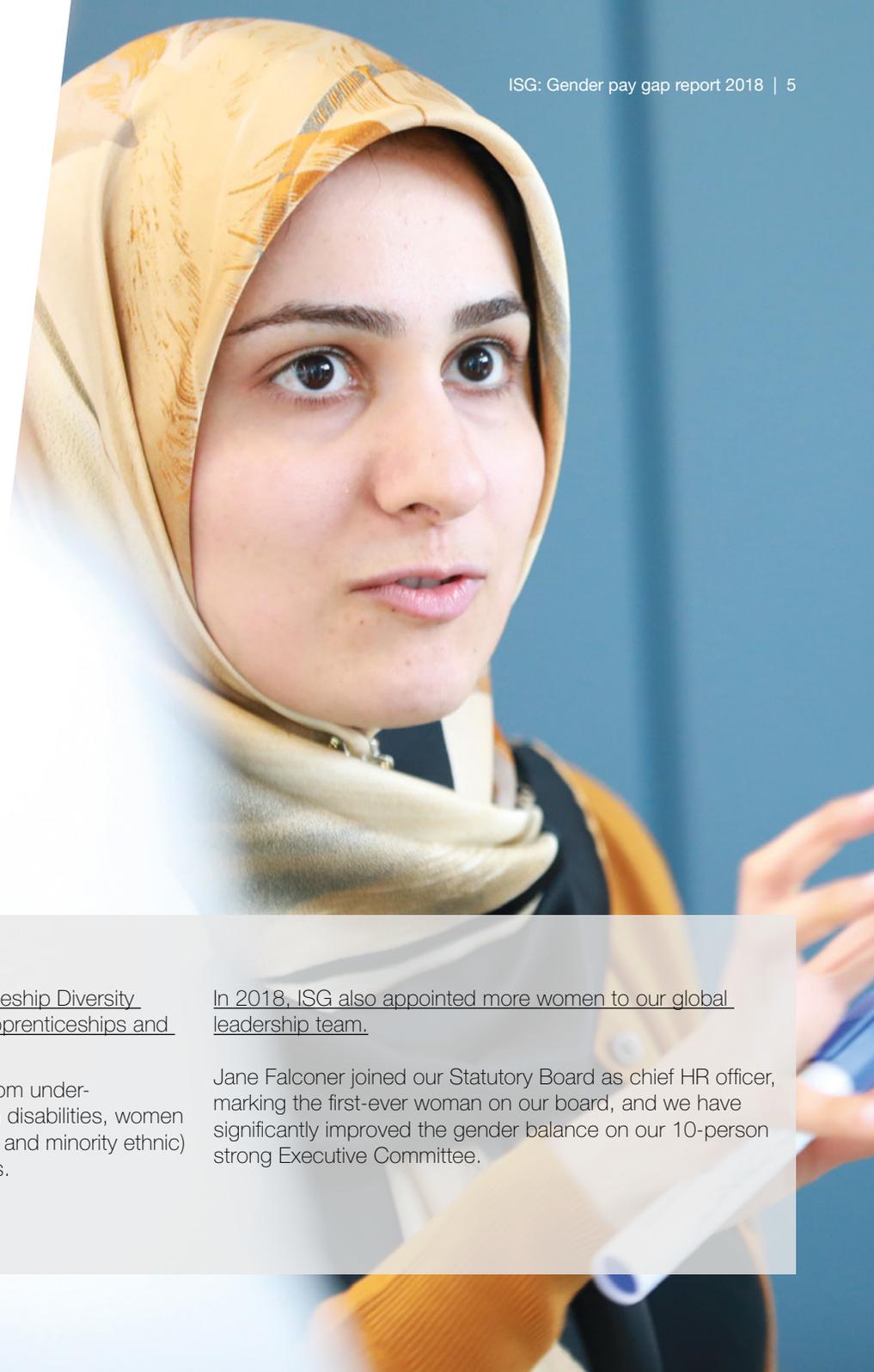
We stand behind the pledge and its commitment to "recognise the value of gender diversity and take action to increase the representation of young women in their apprenticeship programmes". Working with the Young Women's Trust is another way that ISG can demonstrate that both our business and the industry are open and actively seeking to recruit more women to our workforce.

We have also signed up to the Apprenticeship Diversity Champions Network, which promotes apprenticeships and diversity among employers.

The network encourages more people from under-represented groups, including those with disabilities, women and members of the BAME (black, Asian and minority ethnic) communities to consider apprenticeships.

In 2018, ISG also appointed more women to our global leadership team.

Jane Falconer joined our Statutory Board as chief HR officer, marking the first-ever woman on our board, and we have significantly improved the gender balance on our 10-person strong Executive Committee.



Focus #1

Representing diversity at all levels

Launching Level 3 Applied Diploma in Professional Construction Practice



There is no quick fix in making sustainable changes to gender diversity in our industry. So we decided to tackle the issue at the grass roots, by making a significant investment which will benefit not only ISG but the industry as a whole.

In line with this, in 2018 ISG took a major step in tackling the looming skills and recruitment crisis facing the construction industry and launched the UK's first Level 3 Applied Diploma in Professional Construction Practice (PCP) at the iconic House of Commons in London.

The PCP course is worth up to 56 UCAS points (the equivalent of an A-Level), and was developed in co-ordination with awarding organisation, WJEC. Endorsed by the Chartered Institute of Building (CIOB), the course provides a contemporary insight into modern construction management practices, encompassing the technologies, behaviours and innovation that support the delivery of world-class and iconic buildings.

The technological focus of the course is also an attempt to broaden the appeal of construction to engage both female and ethnically diverse audiences, who make up just 14% and 6% respectively of the UK construction industry workforce. This qualification can provide the catalyst to address the skills gap, while also creating the foundation for a more diverse workforce.

The qualification launched with the support of leading members of parliament (MPs), schools, colleges and further and higher education institutions. We have also invited a number of other colleges across the UK to join our 'Learning Alliance', and are upskilling tutors to bring real-life projects to learners – using the very latest technologies to see beyond the traditional site visit experience.

Our CEO, Paul Cossell, commented: "The PCP qualification is our response to engaging the brightest and most-talented young people at an earlier age, with a Level 3 qualification that can sit alongside, and complement, existing STEM subjects."

He added: "Students are given the confidence to explore contemporary construction practice and earn transferable UCAS points, which is an essential element as this unlocks the barriers that some may feel towards specialisation at an early age. This is the real game-changer – a qualification that accurately reflects our industry, but doesn't negatively penalise those who are interested but ultimately find that it is not for them in the long term."

Not the usual domain of a main contractor, we see the PCP as an industry initiative, and the hope is that as the qualification's popularity grows, the wider industry throws its considerable weight behind the diploma to support the change our sector so desperately needs.

Since the launch of the Level 3 Applied Diploma in Professional Construction Practice, over 20% of students who have signed up are female. We will continue to work with colleges across the UK to offer the programme, and are committed to finding ways to continue reaching for balance in the industry.

Focus #2

Recruiting a balanced workforce

Proactively addressing the shortage of women in our industry from primary school level and beyond.

1. **Enthuse** – increasing our outreach programmes to schools to educate pupils about careers in construction, paying attention to attracting boys and girls and re-evaluating our apprenticeship and graduate programmes to ensure we are attracting a balance of men and women to entry-level roles.
2. **Attract** – challenging our recruitment processes to ensure we are eradicating unconscious bias and proactively seeking out both men and women with the required capabilities and cultural best fit for our business.
3. **Convert** - attracting experienced professionals from outside our immediate industry to improve the diversity of our management and leadership teams, and benefitting from their different perspective and experiences.

What we've done

To improve the talent and diversity pipeline of young people entering the construction industry, ISG developed a world of work experience initiative called WOWEX.

Following funding received under the Construction Industry Training Board's Innovation and Prototypes Funding Stream, WOWEX materials were trialled with five different groups of students, with the hope that hundreds of students will benefit from the materials in the future. 89 students have participated in WOWEX so far; nearly half were young women (42%) and 59% were members of the BAME (black, Asian and minority ethnic) communities.

We've joined The 5% Club

The 5% Club is a pan-industry, employer-led organisation which aims to increase the employment and career prospects of today's young people and equip the UK with the skilled workforce it needs. By joining the club, we are formalising our commitment to take the necessary steps to increase the gender and ethnic diversity of people working in our business.



Focus #2

Recruiting a balanced workforce

Developing a global capability framework

We are really proud that ISG is one of the most fun, driven and dynamic companies to work within the construction sector. We make sure that we employ people who share our values and constantly strive to deliver thriving places. We care deeply about attracting people from a broad spectrum of backgrounds, skills and experiences to become an increasingly diverse and vibrant company.

Our four core values are the guiding principles that determine our actions and behaviours at ISG. Rooted in the brand, they are what drive us every day and provide the building blocks for our common corporate culture. They aim to attract the best people to ISG and inspire our teams, as well as reflecting our bold ambitions.

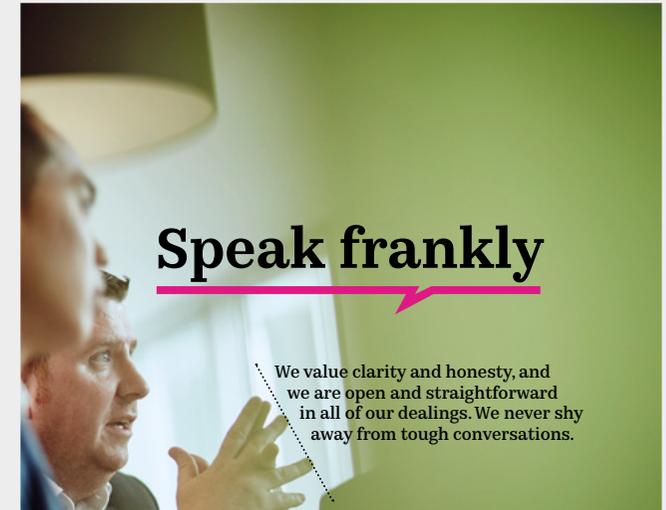
We've developed a capability framework designed around our values to explain what skills and behaviours we're looking for in current and future employees. The framework looks at all levels of the business, is an integral part of our management process, and is a guide for employees, managers and senior leaders to demonstrate the behaviours that drive ISG's success. Additionally, the framework provides us with an assessment framework to help us recruit like-minded people to join our business.

Our values are a core part of employees' professional development reviews and the new framework enables all employees to identify which behaviours they're bringing to life and which ones they need to develop.



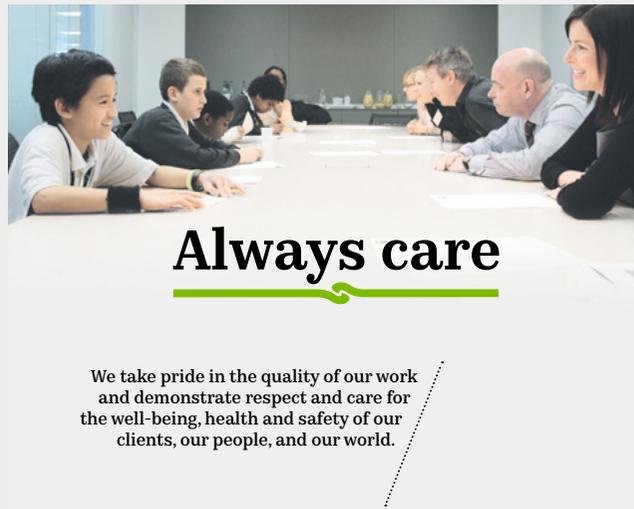
Dream smart

We encourage new thinking and bold ideas backed by knowledge, sound decision-making and first-rate implementation.



Speak frankly

We value clarity and honesty, and we are open and straightforward in all of our dealings. We never shy away from tough conversations.



Always care

We take pride in the quality of our work and demonstrate respect and care for the well-being, health and safety of our clients, our people, and our world.



Never stop learning

We encourage and reward great ideas. We constantly strive to improve by seeking new knowledge and skills.

Focus #3

Retaining a balanced workforce

Creating frameworks to help people navigate their personal career development at ISG, with supportive development opportunities befitting their ambition.

1. **Retain** – mapping out our people’s career paths to identify when, why and where women might be leaving ISG, putting actions in place to mitigate this: analysing promotions by gender, giving visibility of male/female split at all levels and setting targets for improvement to close the gap.
2. **Mentor** – establishing a progressive mentoring programme to drive greater employee satisfaction, stronger retention rates and improved diversity, as well as identifying future leaders with gender balance ambition at all levels.
3. **Celebrate** – appreciating that men and women may require different support at work and celebrating the value of diversity in the workforce will encourage honest conversations.

What we’ve done

ISG’s comprehensive development training programme is designed to kick-start graduates’ careers in the construction industry.

ISG has developed an early careers programme designed for graduates, placements and apprentices, and 20% of our current intake are women. The programme focuses on technical learning, strengthening employees’ personal effectiveness, and includes a range of training courses to develop management and leadership skills.

Upholding our value to ‘never stop learning’ is Smartspace – a high-quality learning and development vehicle set up by ISG.

In 2018, 40% of attendees for our Management Essentials course were women, and we know that learning and development is key to recognising talent and rewarding ambition. We believe this is as a key aspect in attracting, developing and retaining our employees.

ISG’s Futures Group is made up of our brightest young minds in the early stages of their careers, giving the individuals a chance to create and implement innovative solutions to improve the business.

Championed by ISG’s Statutory Board and senior leadership across the business, the Futures Group finds ways to tackle real business challenges, while working with and learning from the top leaders in the company.



Focus #3

Retaining a balanced workforce

Reviewed our development programmes.

In 2018, ISG reviewed our senior leadership community and the top three tiers of the business, identifying any gaps ISG is facing. To drive a balanced leadership community, we are establishing plans to ensure we are attracting diverse recruits, identifying and developing high potentials across all demographics and showcasing succession routes.

Our Futures Group has been looking at publishing career pathways to provide employees pursuing careers in construction with clear progression routes, knowledge on the skills they need, and sharing employee stories. Over the next few months, we will be providing career development resources and offering employees access to short-term career coaching.

We also reviewed our leadership development programmes with a focus on educating managers to value diversity, and our frontline management development programme has been revised to drive a more inclusive and diverse workplace. In 2019, we will be equipping our middle and senior management with the skills to cultivate a balanced working environment.



Focus #4

Removing barriers to success

Recognising that we must engage our leadership to be accountable for proactively removing the barriers preventing gender balance in our organisation.

1. Recognise – ensuring leadership development and performance measurement includes recognition for those that build and engage diverse teams, who foster creativity, innovation and collaboration, and where everyone can celebrate and share their different perspectives.

2. Eradicate – training our hiring managers and leadership in how to understand any potential unconscious bias, and then eradicating this from our promotion and recruitment practices to ensure a more diverse selection pool and improving gender parity at all levels.

3. Family friendly – ensuring that we have family-friendly and modern working practices that support everyone, such as flexible working, home working, and progressive maternity and paternity policies, as well as shared parenting policies to help both men and women feel valued for the contribution they make, and supported in their life choices.

What we've done

Our benefits offering, 'More for You', provides more support for our people and their families.

We offer some of the best maternity, paternity, adoption and family-friendly packages in the industry, including enhanced maternity leave, phased and/or flexible back-to-work arrangements, and return-to-work bonuses.



Focus #4 Removing barriers to success



Bringing together leaders, experts and specialists from across the construction industry and beyond, ISG launched Smart Series in 2018, a unique opportunity for us to explore the topics that really matter to our industry.

Smart Series seminars feature an expert panel of guest speakers tackling different themes at each interactive event, and are designed to promote discussion, drive thought leadership and encourage knowledge-sharing, helping us deliver smarter, more resilient places of tomorrow for people and businesses to thrive.

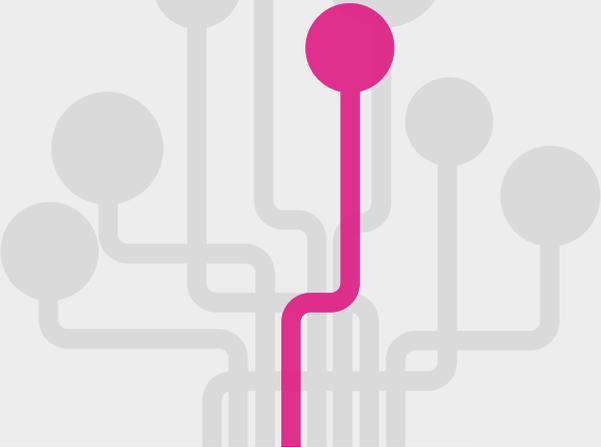
The theme of our October Smart Series event was 'All Change' and centred around diversity in the workplace. The expert panel on the day featured leaders and specialists from across the construction industry, including Katarina Kostic Samen, managing partner at KKS and current president of the British Council for Offices (BCO), Asif Sadiq, head of diversity and inclusiveness at Ernst and Young Financial Services UK, and Laura Brown, legal counsel at Investec.

Katrina explained the need to create inclusive built environments, and stressed the importance of understanding your diverse workforce, and taking responsibility for driving the innovation needed to sustain a positive and inclusive corporate culture, accessible to all.

Katrina went on to discuss best practice in design and the need for design strategy to be built upon human requirements, cohesive communities, different personalities and health and well-being. In addition, she highlighted the importance of understanding what diversity in the workplace really looks like, and explained how companies can look at building a neurodivergent workforce, by using technology to remove unconscious bias and eliminate barriers.

Asif Sadiq highlighted the business case for increasing diversity, and explained how the power of people can be harnessed to create better solutions for the workplace. He stressed the importance of effective and inclusive leadership and explored how the concept of 'belonging' fits in.

ISG is committed to the drive for diversity and inclusion within our company and supply chain. Launching Smart Series in 2018 was an opportunity for us to show that we are more than just a construction contractor. Our business is made up of dynamic and innovative people, and Smart Series aligns with our core values to 'dream smart' and 'never stop learning'.



Statutory disclosures

ISG plc has four legal entities in the UK with at least 250 employees:

- ISG Construction Ltd – our three UK construction businesses
- ISG ISG Ltd – our office fit out and engineering services businesses in the UK
- ISG Retail Ltd – our UK-wide retail construction and fit out business

■ ISG Central Services – our enabling departments across the UK

Under the gender pay regulations we are required to report our gender pay gap data for each of these entities as set out below.

ISG Construction Ltd

ISG ISG Ltd

ISG Retail Ltd

ISG Central Services

Gender balance of workforce

Total no. employees: 643

Female: 14.4% Male: 85.6%



Total no. employees: 537

Female: 20.7% Male: 79.3%



Total no. employees: 303

Female: 19.8% Male: 80.2%



Total no. employees: 254

Female: 55.1% Male: 44.9%



Gender pay gap

Women's hourly rate is

31.5% lower (mean) 34.6% lower (median)

Women's hourly rate is

42.8% lower (mean) 41.9% lower (median)

Women's hourly rate is

35.5% lower (mean) 36.3% lower (median)

Women's hourly rate is

32.9% lower (mean) 15.5% lower (median)

Gender bonus pay gap

48.1% lower (mean) 50.0% lower (median)

82.0% lower (mean) 66.0% lower (median)

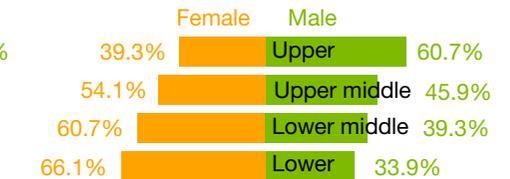
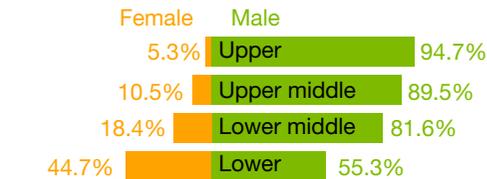
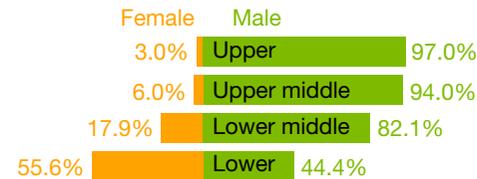
63.2% lower (mean) 25.0% lower (median)

85.4% lower (mean) 38.1% lower (median)

Proportion of males and females receiving a bonus payment



Proportion of males and females in each quartile band



We confirm that ISG's gender pay gap calculations are accurate and meet the requirements of the regulations. The calculations, data and assertions contained in this announcement have been fully assured by the ISG Group HR team, who have confirmed that the methodology provided in The Equality Action 2010 (Gender Pay Information) Regulations 2017 has been applied correctly.



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