

Anti-slavery and human trafficking – annual statement



Introduction

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

Our statement sets out the steps that ISG Limited and its subsidiary companies have either already taken during the financial year to 31 December 2022, or in the current financial year to date, to prevent modern slavery and human trafficking in its business and supply chains. Where relevant, we will also update on priorities, initiatives, or further improvements that we are planning to focus on during the next 12 months.

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

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

During 2022, ISG joined the United Nations Global Compact as a participant. We are committed to aligning and embedding the Ten Principles of the United Nations Global Compact into our strategies and operations, and committed to respecting human and labour rights, safeguarding the environment, and working against corruption in all its forms. This statement supports the principle to eliminate all forms of forced and compulsory labour, and the effective abolition of child labour

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

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

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

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

During 2022, we have made steady progress in further developing our anti-slavery strategies, assisted by ongoing oversight from our internal anti-slavery forum, which was established at the start of 2021. Through this forum, which meets at regular intervals throughout the year, we review progress made to date with our various anti-slavery initiatives, ongoing priorities, and resource requirements. Attendees at this forum include our Managing Director (UK Construction), Managing Director (UK Fit Out), Managing Director International Fit Out, Head of Sustainability, Head of Compliance, Group Health & Safety Director and the Company Secretary.

About ISG

Our vision is to become the world's most dynamic construction services company, delivering places that help people and businesses thrive.

We work across 10 key sectors – central and local government; education; financial and professional services; healthcare; advanced technology facilities and production; life sciences, pharmaceutical and research; logistics and distribution; real estate and development; retail, hospitality and leisure; and technology, media and telecommunications – offering two core services:

Construction

Internationally, we deliver hyperscale, technically complex and highly engineered construction projects for a range of multinational clients. Our projects in this area include hospitals and scientific labs, datacentres, advanced technology facilities, film studios, pharmaceutical manufacturing plants, and logistics and distribution hubs. In the UK specifically, we are one of four strategic suppliers to the public sector and deliver a full spectrum of construction projects across multiple sectors, and at a range of sizes and values, from small and bespoke, to hyperscale.

Fit Out

Our origins as a business are in fit out, and we have a highly competitive track record in this field. We deliver at scale in sectors including offices, retail and hospitality – across Europe, the Middle East and Asia.

Overview

ISG delivered group turnover of c. £2.2 billion for the financial year ended 31 December 2022, via an employee base of c. 3,200. For more information on ISG, download a copy of ISG Limited's Annual Report – [here](#).

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

The ISG business model means that we work in partnership with a large number of sub-contractors and other suppliers to fulfil commercial and contractual obligations for our customers. To give an indication of the size of our supply chains, within the UK business alone (as currently registered on our supply chains systems as at 30 June 2023), we had c. 6,000 sub-contractors (of which c. 110 are considered to be part of our strategic subcontractor network, representing c. 57% of our subcontractor spend) and c. 2,500 materials suppliers (of which c. 100 are considered to be part of our strategic materials supply network).

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

Prevention of modern slavery within ISG and our supply chains

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

ISG values require that it terminates business relations with any contractor or supplier found to be in serious or deliberate breach of anti-slavery and/or human trafficking obligations. Generally,

we would only seek this ultimate sanction as a last resort, preferring to work with members of our supply chain to assist in the education and improvement process, where possible, and also in cases where relevant suppliers show a willingness to learn and improve.

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

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

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

As a responsible employer, we take the welfare of our employees (and others working on our behalf) seriously. Our whistleblowing policy encourages employees to report wrongdoing (including exploitation) in any form. We are committed to investigating all matters raised through our whistleblowing policy via robust and transparent processes. During 2022, we did not receive any reports/concerns via our various whistleblowing reporting routes, in relation to slavery or forced labour concerns. We are not, however complacent and recognise that we can further improve how we publicise ISG's whistleblowing policy to reinforce the message to our employees (and particularly our on-site operatives who work via our sub-contractor supply chains) that slavery or forced labour concerns can be reported via such routes.

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

Risk Assessment

In identifying the risk that modern slavery poses to our business, there are a number of industry publications that we have reviewed in order to understand the context of our key risks. Reviewed publications included:-

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

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

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

Referring back to previous statements, we have embarked on a process to audit the right to work and modern slavery status of our sub-contractors. In collaboration with ISG's supply chain team, we have identified those suppliers which are considered to be high risk, and they were prioritised for our auditing process. We use a comprehensive audit questionnaire and agree remedial actions where necessary. We then prioritise follow up meetings to ensure that relevant actions have been undertaken. During the course of 2022, ISG carried out 35 sub-contractor audits, with a target of a further 35 completed audits by the end of this year. Results from this initial cohort have proved highly informative on the variance in understanding of the subject matter and employer responsibilities between sub-contractors. Generally, through these audits, we have identified several areas for improvement within our supply chains, to include a better focus on right to work documentation generally, the certification of such documents, and ensuring the legibility and completeness of information.

Due diligence processes

As part of our sub-contractor due diligence pre-qualification (PQQ) procedures, within the UK we vet our sub-contractors through a due diligence process. All potential new sub-contractors, who progress through our pre-qualification process, are required to sign up to our '*anti-slavery and human trafficking supply chain commitment*' (the "**Supply Chain Commitment**") before they can be classed as an 'ISG approved sub-contractor'. A copy of our latest Supply Chain Commitment, which was updated earlier this year, can be found [here](#).

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

Last year, ISG rolled-out a new on-site pre-enrolment system. This requires subcontractors to provide information about their employees before they commence work on site, and will allow for individual sub-contractors, who are working on ISG sites, to be provided with key information prior to arriving on-site. A key focus for 2023 will continue the process of further embedding and developing this new system into the site operations of ISG's many and varied project sites.

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

- Avenues for better worker engagement, building greater trust and transparency
- Ongoing improvement of access control systems on sites, where practical, to record and flag any issues around operatives working hours
- Inclusion of modern slavery awareness raising within our operational teams

Towards the end of 2022, ISG decided to develop links with the anti-slavery and exploitation charity, Unseen. To date, Unseen has carried out a desktop review of our policies and procedures designed to reduce our exposure to slavery and forced labour, particularly within our supply chains. We are currently considering adopting a number of the recommendations put forward. More recently, Unseen has also embarked on a beta trial to carry out visits at project sites within the UK, to engage on-site operatives on a confidential basis, to ascertain if they are at risk, or currently victims of slavery, forced labour, or financial exploitation. The initial trial encompasses five project sites within the UK; the business will consider expanding this in due course, once initial results and on-site feedback have been collected and analysed.

Training/awareness

An update on modern slavery and awareness is included in our UK on-site health & safety induction training processes.

Relevant employees within the group (to include those working in supply chain, procurement, human resources, health & safety and senior on-site roles) are required to complete a modern slavery and human trafficking e-Learning training module. This course, the content of which has recently been updated to include our latest guidance, covers the requirements of the Act, ISG's obligations, our supply chain expectations and the potential consequences for non-compliance. It also confirms reporting routes for employees who may have slavery and/or forced labour concerns for fellow employees or members of our supply chain teams. We maintain a proactive approach to ensuring that all new starters to ISG, in one of these relevant roles, complete the training module within a 90-day window from commencement of their employment.

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

We are also committed to carrying out regular governance training at a Director/Senior Manager level. Each year we focus on specific governance/compliance related topics at our annual 'Governance Day' event. We are currently developing our plans for the 2023 Governance Day event, which will specifically focus on senior employees working at project site level. One of the five subject area workshops this year will focus on slavery and forced labour, and the wider right to work issues faced within the wider construction industry.

Measuring effectiveness

During the past 12 months ISG has made good progress in developing many of its wider ESG-related strategies and all linked key performance indicators, which will carry forward to 2028. While at the time of signing this statement, such KPI's are still in the process of being approved at Board level, it is planned to have anti-slavery/right to work KPI's within these high level measures, as part of the Governance strand of our wider ESG strategy. This will ensure the business has an ongoing core focus on these important areas, as well as formal responsibility to accurately report on progress in meeting such targets.

Ongoing review

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

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

Approved by the ISG Limited Board of Directors on 30 June 2023.

For and on behalf of ISG Limited

Signed:



Matt Blowers
Chief Executive Officer

Date: 30 June 2023