



# Institutional Shareholder Services Inc.

## Modern Slavery Statement

### 2021



INSTITUTIONAL SHAREHOLDER SERVICES INC.

[ISSGOVERNANCE.COM](https://www.issgovernance.com)

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## Introduction

This Institutional Shareholder Services (ISS) Modern Slavery Statement is made voluntarily under both the United Kingdom's Modern Slavery Act 2015 (MSA 2015) and the Australian Modern Slavery Act 2018 (Cth) (MSA 2018) and sets out the actions taken by ISS to identify and address modern slavery risks in our operations and supply chain for the year ending 31 December 2021. Appendix 1 outlines which sections of the statement reference the Australian mandatory and UK recommended reporting criteria.

Our choice to report voluntarily reflects our strong commitment to protect and promote human rights throughout our operations and supply chain, in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs). Our actions to address modern slavery risks form part of our broader commitment to our values of diversity, integrity, empowerment, and collaboration. Our values are inspired by a collective sense of responsibility to positively impact the environment and society and promote a culture that prioritises the wellbeing of our people and stakeholders.

This statement is made on behalf of Institutional Shareholder Services Inc. and our controlled subsidiaries in Australia and the UK. A list of these subsidiaries can be found in Appendix 2. As our subsidiaries generally use the same group policies and procedures, engage in similar business activities, and largely share the same suppliers, this statement provides a consolidated description of the group's activities.

This joint statement has been reviewed and approved by the Institutional Shareholder Services Inc. Board of Directors.



Gary Retelny

President, CEO and Board Member

30 June 2022

### Our consultation process

Our CORE Council consists of members of the ISS Leadership team, including the CFO, Global Head of HR, General Counsel, Global Head of Communications, Head of ISS Corporate Solutions and is led by our Head of Corporate Responsibility. The ISS Leadership team oversees the controlled entities within the ISS group. Our CORE Council leads our approach to corporate sustainability across the ISS group and is consulted on the actions taken to identify and address modern slavery risks in our operations and supply chain. The policies and procedures outlined in this statement are group-wide and apply to our controlled entities in Australia and the UK (see Appendix 2). Information related to ISS' CORE Council can be found on the ISS website.

## An Overview of our Progress in Addressing Modern Slavery Risks

### In 2021, we focused on identifying and understanding modern slavery risks. We...

- Became a member of the United Nations Global Compact.
- Continued to develop our corporate responsibility strategy through ISS' CORE Council.
- Appointed an ESG Specialist in Modern Slavery to lead our internal processes on modern slavery, as well as relevant research and engagement services provided to our clients.
- Initiated a risk assessment of our Tier 1 (direct) vendors.
- Developed a Modern Slavery Scorecard to help institutional investors identify, evaluate and act on modern slavery risks. Our supply chain risk assessment leverages our Modern Slavery Scorecard.

### In 2022, we plan to focus on prioritising and further acting on modern slavery risks. We aim to...

- Finalise our supply chain risk assessment and prioritise high-risk and poor performing vendors for further due diligence.
- Review and strengthen our processes to mitigate and remediate modern slavery risks in our supply chain.
- Emphasise across our company our approach to modern slavery and seek feedback from our business units.
- Collaborate across our industry and continue to support initiatives tackling modern slavery.

### How we understand modern slavery

Modern slavery is an umbrella term for some of the most severe human rights abuses, including forced labour, the worst forms of child labour and human trafficking. According to the [International Labour Organization](#), modern slavery refers to “situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power.”

## Our Business

ISS is majority owned by Deutsche Börse AG. The remainder of ISS is held by a combination of Genstar Capital, a private equity firm based in San Francisco, CA, and ISS management.

ISS has more than 35 years of experience working with institutional investors, companies, and other stakeholders, globally, providing corporate governance and responsible investment solutions that help investors manage environmental, social and governance (ESG) risks and seize investment opportunities. As a global company active in the financial markets, we are focused on building for long term growth and increasing the value of the services provided to our clients by placing quality and independence at the core of our organisation, products, and business solutions.

Through our dedicated responsible investment arm, ISS ESG, we provide data and analytics across a range of sustainable and responsible investment issues, including climate change, human rights, labour standards, corruption, controversial weapons, and many more. ISS' solutions enable clients to develop and integrate responsible investing policies into their strategy and execute upon these policies with actionable data, services, engagement, voting and reporting.

ISS has built a culture that seeks to uphold the well-being of our people, clients, and other stakeholders and is rooted in the pillars of integrity, collaboration, empowerment, flexibility, and diversity. ISS takes its responsibility to its stakeholders seriously. As a company, we advance corporate responsibility both with our products and services, and with our organisational programs and policies. We are committed to positively impacting the environment and society both through our solutions and leading by example. ISS is a signatory of the Principles for Responsible Investment (PRI), and a member of the United Nations Global Compact (UNGC) and Responsible Investment Association Australasia, along with several other industry networks.

Further information about our business can be found on [our website](#).

*Signatory of:*



## Our Operations

As a global company, ISS has a team of approximately 2,600 employees across 29 locations in 15 countries.<sup>1</sup> ISS is headquartered in Rockville, Maryland in the United States.

**30+** years of experience providing corporate governance and responsible investment solutions for institutional investors, companies and other stakeholders globally.

**500+** dedicated ESG professionals.

**5,000** clients worldwide (approximately), including asset managers, asset owners, hedge funds and corporates, as well as law firms and academia.

## Our Business Units



Provider of objective governance research and recommendations, and end-to-end proxy voting solutions.



Innovative and high-quality ESG research, ratings, index, screening, data, analytics & advisory services.



Solutions to help companies design and manage their ESG programs to align with company goals, reduce risk, and manage the needs of diverse stakeholders.



Provides critical research, data, insight, and workflow solutions to global asset managers, insurance companies and distributors.

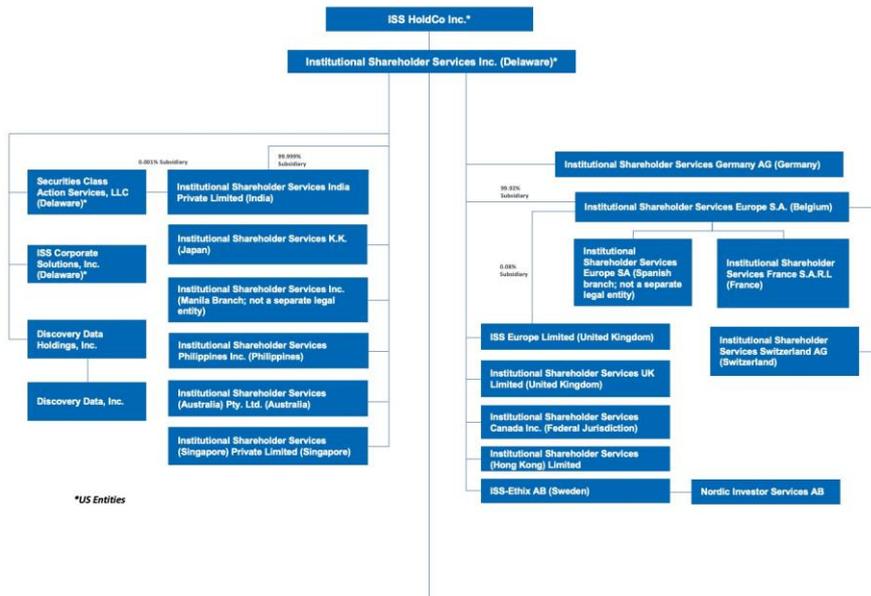


Market-leading digital media brands—PLANSPONSOR, PLANADVISER, and CIO—for the investment management and retirement industries.

<sup>1</sup> The figures within this section are as of 31 December 2021.

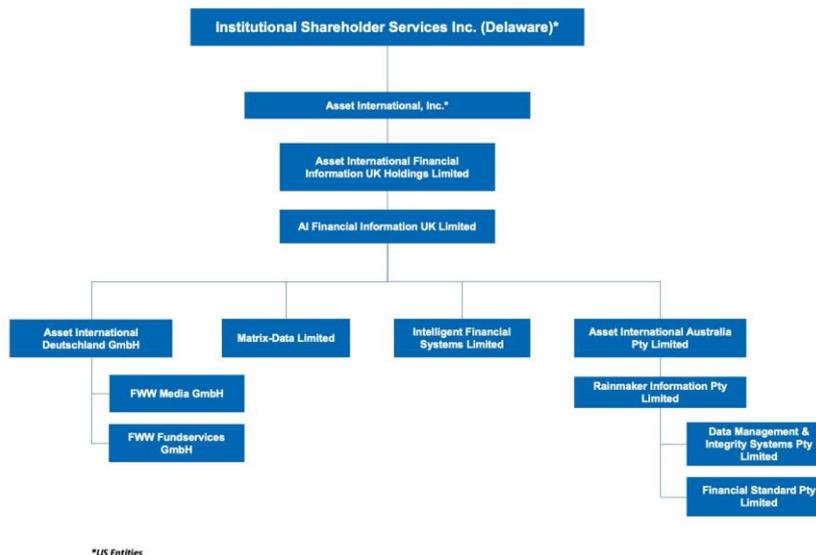
### LEGAL ENTITY ORG CHART

Updated January 1, 2022



### LEGAL ENTITY ORG CHART (continued)

Updated January 1, 2022



Our Office Locations



## Our Supply Chain

All products and services, developed by ISS, are done so in-house by salaried employees. Our suppliers and subcontractors (referred to as vendors) support our core business through supply of items, such as information technology hardware and software, data, office equipment and facilities management, and marketing, media and event services.

### ISS' primary procurement categories by spend

**1,000+** vendors



Information Technology



Office Rent



Data/Processing



Professional Fees



Human Resources, Consultants & Temps

## Identifying and understanding modern slavery risks

Considering the nature of our business – as a research and data provider that does not make or offer tangible goods - and that our services are produced and delivered by in-house salaried professionals, we believe that there is a **very low** risk of modern slavery within our business.

However, we recognise we may be exposed to risk through our supply chain. We are currently undertaking a risk assessment of our vendors. This section outlines our risk assessment framework and process. We plan to provide a more detailed analysis in our 2022 Modern Slavery Statement.

### Our Risk Framework

Our risk framework for modern slavery leverages, in part, our own Modern Slavery Scorecard client offering, which provides a holistic assessment of a company's modern slavery risk exposure and mitigation (see Other Relevant Information for more details). We complement our own data and analysis with reputable external sources, including the Global Slavery Index, International Labour Organization, UK Independent Anti-Slavery Commissioner, Australian Human Rights Commission and the United States Department of Labor.

We recognise there are significant difficulties in obtaining comprehensive data on modern slavery – poor visibility of working conditions in global supply chains, barriers to survivors reporting exploitation and the hidden and criminal nature of modern slavery. Our risk framework situates modern slavery within the context of broader human and labour rights in order to capture potential drivers of exploitation.

Our risk framework assesses both actual and potential human rights impacts, in line with the UNGPs. We assess systemic geographic, industry and business factors that are more likely to enable modern slavery, along with where risk has materialised into impact, through involvement in modern slavery incidents. Our risk framework focuses on risks to people, rather than risks to our business, although we consider that the two will often overlap. For example, our assessment of location risk prioritises modern slavery vulnerability factors, rather than the size or revenue of the vendor's operations, as this may exclude smaller operations or operations in countries where the risks to people are more severe.



## Assessing Risk in our Operations

We consider the risk of modern slavery in our operations to be **very low**, based on the following assessment:

- The majority of our office locations are in countries not considered high risk for modern slavery, according to our risk framework.
- ISS has strong systems in place to identify, mitigate and address risks across our business units (see Mitigating Risk in Our Operations).
- ISS Business Integrity Hotline, a 24-hour anonymous hotline available to employees, has not received a complaint concerning modern slavery.

According to our risk framework, two of our office locations are in countries – India and the Philippines – that are considered more vulnerable than others to modern slavery. We consider that our robust policies and procedures to safeguard employees mitigate this risk. In 2022, we plan to do a deeper risk analysis in these locations.

## Assessing Risk in our Supply Chain

We are currently undertaking a systematic risk assessment of our Tier 1 vendors (i.e. those that directly supply us with goods or services) which we plan to finalise in 2022.

Our risk assessment follows a four-stage process:

### 1. Map

As a starting point, we are focusing on our Tier 1 vendors that represent over USD 10,000 in annual spend. This materiality threshold has helped us to identify vendors where we believe we are more likely to have leverage to mitigate any identified risks.

Our goal is to assess **400+** vendors, representing approximately **96%** of total spend.

### 2. Understand

Using our risk framework, we are drawing on a range of indicators to understand the risk profiles of our vendors. We assess whether our vendors are exposed to risks based on:

- The location of their operations
- The nature of their industry's supply chain and sourcing practices
- Their links to products with well-established reports of forced labour or child labour
- Their involvement in, or links to, modern slavery controversies

### 3. Prioritise

Once the risk assessment is finalised, we will prioritise the following vendors for further risk analysis and due diligence:

- Vendors that are at-risk for modern slavery and are not well prepared to address those risks and/or;
- Vendors that are involved in, or linked to, an alleged or verified, severe, ongoing modern slavery or labour rights controversy.

### 4. Continuous improvement

We are committed to reviewing and refining our supply chain risk assessment annually. Some of our goals include:

- Regularly re-assessing vendors' risk, recognising that risk is continually evolving.
- Assessing risk beyond Tier 1 suppliers, recognising that modern slavery is more likely to occur in lower tiers of the supply chain, where geographic distance, subcontracted suppliers and third-party labour can limit visibility of working conditions.
- Incorporate our risk framework into screening of new vendors, in line with our expectation that our vendors demonstrate ethical business practices.

## Mitigating Modern Slavery Risks

Mitigating modern slavery risks is part of our wider commitment to corporate social responsibility, which is embedded across our responsibility to our people, our engagement with vendors and our business supporting of our clients.

ISS is a member of the United Nations Global Compact, the world’s largest corporate sustainability initiative. ISS is committed to advancing the Global Compact principles, including on the elimination of forced labour and child labour, and embedding these principles as part of our strategy, our vision, culture and our day-to-day operations, and reporting our progress to such ends.

### Risk Mitigation in our Operations

#### Our policies and procedures

We are committed to safe, healthy and non-discriminatory workplaces, underpinned by values of integrity, diversity, empowerment, collaboration and flexibility.

We recognise that strong labour standards, where employees feel comfortable to raise concerns, is fundamental to mitigating risks of exploitative work. We consider the risk of modern slavery in our operations to be **very low**, given the nature of our work and our robust employee policies and procedures.

 CORE Policy	 General Code of Conduct	 Freedom of Association Statement	 Diversity & Equal Opportunities Policy	 Business Integrity Hotline
<ul style="list-style-type: none"> <li>This policy sets forth corporate social responsibility principles regarding our People, Environment and Business Operation, that apply globally across ISS and our subsidiaries.</li> <li>Our CORE Policy is implemented by our Corporate Responsibility team and CORE Council.</li> </ul>	<ul style="list-style-type: none"> <li>Our business practices are guided by our General Code of Conduct to ensure that we comply with the highest standards of integrity, with regards to bribery, corruption, information and data security, workplace safety and whistleblowing procedures.</li> <li>All newly hired employees are required to complete a compliance training session on the General Code of Conduct. Employees are required to certify having read, understood and agreed with the ISS policies and procedures. Subsequent training on the General Code of Conduct occurs on an annual basis.</li> </ul>	<ul style="list-style-type: none"> <li>ISS respects the right of all employees to freely form or join trade unions of their choice and to bargain collectively.</li> <li>A non-discriminatory policy applies to union membership and activity, as well as activities carried out by elected employee representatives as part of their mandate in areas such as employment, promotion transfer or dismissal.</li> </ul>	<ul style="list-style-type: none"> <li>ISS is an equal opportunity employer. We accept our responsibility to make employment decisions without regard to race, age, sex, sexual orientation, religion, disability, or any other classification protected by federal, state, and local laws and ordinances.</li> <li>Our equal opportunity policy applies to hiring, placement, promotion, transfer, demotion, layoff, termination, recruitment advertising, pay, and other forms of compensation, training, and general treatment during employment.</li> </ul>	<ul style="list-style-type: none"> <li>The Business Integrity Hotline is available 24 hours per day, 7 days per week for employees to anonymously raise issues of concerning conduct, whether by an employee, a manager, a client, a consultant, an agent, a supplier or a third party.</li> </ul>

View our policies at [ISS CORE](https://www.iss.com/ISSCORE).

## Our Collaboration and External Engagement

We publish thought leadership, collaborate with our clients, academic institutions, and non-governmental organisations, and participate in industry networks to share key findings of our research, understand best practice, and contribute to policy and market developments in responsible investment.

Our 2021 thought leadership on modern slavery includes:

- [Modern Slavery and Responsible Investment Webinar Series](#)
- [Investor Handbook on Modern Slavery Webinar](#)
- [Investor Due Diligence On Modern Slavery](#)
- [Modern Slavery: How Exposed Are Australian Investors?](#)

Our participation in relevant industry networks includes, among others:

- United Nations Global Compact – Member
- Principles for Responsible Investment (PRI) – Signatory
- Interfaith Centre for Corporate Responsibility – Affiliate Member
- Responsible Investment Association Australasia – Member. ISS ESG participates in the Human Rights Working Group and provides a quarterly presentation on an overview of emerging human rights challenges for investors. In 2022, ISS ESG will work with the Modern Slavery Policy and Advocacy Sub-Group to make a submission to the review of Australia's Modern Slavery Act.

## Risk Mitigation in our Supply Chain

ISS strives to create long-term partnerships with our suppliers. We promote sustainable business practices with our vendors by advocating for stewardship of the environment, fair labour practices, the protection of human rights and business ethics.

We expect our vendors to comply with all applicable laws, the ILO Declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights and the principles set out in our Vendor Sustainability Policy.

### Our expectations of vendors<sup>2</sup>

- Vendors will not use or employ child labour.
- Vendors will not use any forced, compulsory or involuntary labour, which includes slavery, human trafficking and other forms of work done against the worker's will.
- Vendors will respect employees' rights to freedom of association and collective bargaining.
- Vendors will not discriminate in their recruitment or employment practices.
- Vendors will foster a culture and workplace that does not tolerate harassment.
- Vendors will provide a safe and healthy working environment.
- Vendors will ensure that working hours, rest periods and wages are in accordance with local regulations and sector practice.

View our Vendor Sustainability Policy at [ISS CORE](#).

ISS reserves the right to assess a vendor's compliance with these expectations and the accuracy of the information given by the vendor. ISS also reserves the right to terminate or alter business relationships in case vendors are not willing or able to implement requested improvements to align with our policy.

We are currently assessing and prioritising our Tier 1 vendors, based on our risk framework, for further due diligence. In 2022, we will review our internal procurement processes and look to strengthen our due diligence with high risk vendors.

<sup>2</sup> [ISS Vendor Sustainability Policy](#), as of June 2022

## Assessing the Effectiveness of our Actions

In 2021, we focused on identifying and understanding the modern slavery risks that face our industry, global locations, and supply chain. We recognise that effectively tackling modern slavery will require concerted effort, collaboration and change. In 2022, we will focus on strengthening our approach to modern slavery and setting Key Performance Indicators (KPIs) to assess the effectiveness of our response.

### STRATEGIC PLANNING

We are committed to embedding our approach to modern slavery across our business. Our priority for 2022 is to establish goals, with attached KPIs, to guide our future actions. These goals will be developed in consultation with ISS' CORE Council and business units to ensure they are embedded company wide.

### REVIEW OF POLICIES AND PROCEDURES

The policies and procedures outlined in this statement are reviewed on an annual basis.

### GRIEVANCE REPORTING

All reports of modern slavery (or incidents that may indicate risk of modern slavery), made via our Business Integrity Hotline, will be given prompt attention, reviewed, evaluated, and when appropriate remediated.

### MONITORING AND REPORTING ON PROGRESS

The effectiveness of the key actions outlined in this statement will be tracked by the relevant teams and reported to our CORE Council. Some of our KPIs are expected to include:

- # of vendors identified as high-risk and poor performing and prioritised for further due diligence.
- # of grievances raised via our Business Integrity Hotline.
- # of grievances resolved and in what timeframe.

## Other Relevant Information

### ISS ESG's Modern Slavery Solutions

In 2021, ISS ESG developed the [Modern Slavery Scorecard](#) to help investors to identify, evaluate and act on modern slavery risks. Our supply chain risk assessment also draws, in part, on our Modern Slavery Scorecard.

The Modern Slavery Scorecard provides holistic insights into the risk exposure and management of approximately 7,400+ companies<sup>3</sup>, through three components, assessing:

- Modern slavery risk in a company's operations and supply chain;
- A company's disclosure and performance in managing modern slavery risks in its operations and supply chain; and
- Potential involvement in modern slavery or labour rights controversies, including forced labour, child labour, underpayment of wages, violations of union rights and hazardous working conditions.

Recognising the important role of investors in promoting human rights and decent working conditions through responsible allocation of capital and active ownership, we have been actively expanding our work on modern slavery to support investors to address modern slavery risks. In 2022, we will also launch a [Modern Slavery Thematic Engagement Solution](#), allowing investors to participate in joint outreach and dialogue with companies in high-risk supply chains to promote positive change.

<sup>3</sup> [ISS ESG Modern Slavery Scorecard](#), as of June 2022

## Looking Forward

In 2022, we are focusing on building on the work we've done to identify and understand modern slavery risks across our business. We plan to:

- Continue to build capacity and consult across ISS, including with our leadership, procurement, HR, and research teams, to identify, mitigate and address modern slavery risks.
- Finalise a systematic assessment of our direct vendors for modern slavery risk and consider further enhanced due diligence with high risk vendors.
- Review and strengthen our processes to mitigate and remediate modern slavery risks in our supply chain.
- Collaborate across our industry and continue to support initiatives tackling modern slavery, including making a submission to the public consultation on Australia's Modern Slavery Act review and proposed modern slavery legislation in New Zealand.

## Appendix 1: Modern Slavery Act reporting criteria

THE UK MSA RECOMMENDS A REPORTING ENTITY INCLUDE INFORMATION ABOUT:	THE AUSTRALIAN MSA REQUIRES A REPORTING ENTITY INCLUDE INFORMATION ABOUT:	ISS MODERN SLAVERY STATEMENT PAGE REFERENCES
	The identity of the entity.	3, 5
Its structure, its business and its supply chains.	Its structure, operations and supply chains.	5, 6, 7, 8, 9
Its policies in relation to slavery and human trafficking.		12, 13, 14
Its due diligence processes in relation to slavery and human trafficking in its business and supply chains.	Actions taken to assess and address those risks, including due diligence and remediation processes.	13, 14, 15
The parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk.	Risks of modern slavery practices in its operations and supply chains, and any entities that it owns or controls.	10, 11, 12
Its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against performance indicators it considers appropriate.	How it assesses the effectiveness of such actions.	16
Training about slavery and human trafficking available to its staff.		
	The process of consultation with any entities that it owns or controls.	3
	Any other information that it considers relevant.	17

## Appendix 2: Controlled Entities in Australia and the United Kingdom (as of December 31, 2021)

### UK <sup>4</sup>

- Institutional Shareholder Services UK Limited;
- ISS Europe Limited;
- Asset International Financial Information UK Holdings Limited;
- AI Financial Information UK Limited;
- Intelligent Financial Systems Limited; and
- Matrix-Data Limited

### Australia

- Institutional Shareholder Services (Australia) Pty. Ltd (ABN: 88 081 368 327);
- Asset International Australia Pty Ltd (42 147 440 140);
- Rainmaker Information Pty Limited (86 095 610 996);
- Data Management & Integrity Systems Pty Limited (43 109 186 781); and
- Financial Standard Pty Limited (57 604 552 874).

<sup>4</sup> As of December 31, 2021. In the first half of 2022, the operations of ISS' UK entities were consolidated under Institutional Shareholder Services UK Limited.