



Remuneration Policy

ISS A/S

CVR no. 28 50 47 99



Remuneration Policy of ISS A/S

1 Preamble

- 1.1 This remuneration policy (the “Remuneration Policy”) of ISS A/S, CVR no. 28 50 47 99, (“ISS” or the “Company”) is based on the recommendations published by the Committee on Corporate Governance and implemented by Nasdaq Copenhagen A/S.
- 1.2 The Remuneration Policy provides a framework for remuneration paid to the members of the Board of Directors and the Executive Group Management Board of ISS. It is the Board of Directors’ ambition that the Remuneration Policy shall be clear and transparent. The Executive Group Management Board means the executive officers of the management board of ISS, registered as such, with the Danish Business Authority. The Remuneration Policy applies to remuneration received by the members of the Board of Directors and the Executive Group Management Board for work performed for ISS including all companies in the ISS Group.
- 1.3 With respect to incentive pay reference is made to the Overall Guidelines on Incentive Pay of ISS approved at the Company’s general meeting. The Overall Guidelines on Incentive Pay form an integral part of the Remuneration Policy of ISS.

2 General principles

- 2.1 The overall objectives of the Remuneration Policy are (i) to attract, motivate and retain qualified members of the Executive Group Management Board and top talent for key positions, by providing competitive remuneration that recognises high performance and supports our Leadership Principles; (ii) to create a strong link between remuneration and achievement of our strategic goals and financial performance – both short-term and long-term – for the Executive Group Management Board and other employees in key positions, by providing a significant proportion of their total remuneration in performance-based incentives; and (iii) to align the interests of the Executive Group Management Board and other employees in key positions with the interests of our shareholders by providing a significant proportion of their total remuneration as shares and/or as share-related instruments and to require or recommend a certain amount of shares and/or share-related instruments to be held by members of the Executive Group Management Board and other employees in key positions.
- 2.2 The remuneration of the Board of Directors and the Executive Group Management Board shall be designed to support the strategic short and long-term goals of ISS and to promote value creation for the benefit of the shareholders of ISS.
- 2.3 The Board of Directors seeks to design the remuneration package to the Executive Group Management Board in a manner that is competitive with and reflects the dynamics of the market in which ISS competes for talent.
- 2.4 The Board of Directors may in extraordinary circumstances decide to deviate from the Remuneration Policy on an individual basis. In such case the Board of Directors is obliged to explain the reason for the deviation at the following annual general meeting provided that such disclosure shall not be to the detriment of the Company’s interests.



- 2.5 In addition to the annual base salary, the members of the Executive Group Management Board may receive variable remuneration. Such variable remuneration shall be based on performance and accountability in relation to established objectives, both in short and long-term, as well as the overall performance of ISS. When setting targets for the incentive plans, the Board of Directors shall take into consideration international market practise, budgets and long-term business plans.
- 2.6 The variable remuneration, which includes incentive pay, may consist of any form of variable components, as determined by the Board of Directors, including *inter alia*:
- (a) short-term based incentives, such as cash bonus, shares or other share related instruments (e.g. share options, restricted share units, performance based share units, warrants and phantom shares), and which may include a recurring annual bonus scheme as well as single or event-based bonus scheme, and
 - (b) long-term based incentives, such as shares or other share related instruments, (e.g. share options, restricted share units, performance based share units, warrants and phantom shares).
- 2.7 The amount and composition of the variable remuneration for each member of the Executive Group Management Board shall support the achievement of the short and long-term goals of ISS. Key operational objectives on strategic targets and priorities, including cash, growth, profit, earnings per share, return on capital employed and total shareholder return relative to other Danish listed companies and/or ISS' peers or other bonus objectives as determined by the Board of Directors, may be used as a measure of the performance. In addition, the historic and expected performance of the Executive Group Management Board, motivation and loyalty factors and the general situation and development of ISS may also form part of the terms and conditions of the variable remuneration.
- 2.8 The Board of Directors shall ensure that the variable components of the remuneration of the Executive Group Management Board are based on actual achievements over a period of time with a view to long-term value creation and provide a reasonable balance between short and long-term incentives.
- 2.9 Long-term incentive programmes shall be designed to promote the creation of long-term value and thereby seek to discourage behaviour that leads to excessive risk. Both short and long-term incentive programmes shall be awarded annually or as otherwise decided by the Board of Directors to ensure a rolling programme of variable incentives.
- 3 Remuneration of the Executive Group Management Board**
- 3.1 Annual base salary
- 3.1.1 The annual base salary for the members of the Executive Group Management Board shall be in line with market practice of comparable listed companies and based on the individual member's experience, qualifications, responsibilities and performance.



- 3.1.2 The members of the Executive Group Management Board may be granted customary non-monetary benefits such as company car, insurance, communication and IT equipment, etc.
- 3.1.3 The members of the Executive Group Management Board shall arrange for their own pension planning and shall not be covered by a pension plan of the Company.
- 3.2 Short-term based incentives
 - 3.2.1 Members of the Executive Group Management Board are offered to participate in a short-term incentive programme. The short-term incentive programme shall be designed to motivate performance that promotes sustained growth and secures a strong focus on achieving the strategic objectives and creating shareholder value. The members of the Executive Group Management Board can receive an annual performance based cash bonus with a maximum pay-out of up to 100% of their annual base salary. Performance shall be measured for each financial year and the cash bonus achieved becomes payable in full or in arrears as soon as practically possible after the Board of Directors or such other person authorised thereto has determined the amount of the bonus, however, no later than one month after the Board of Directors' approval of the annual report the following year unless otherwise decided by the Board of Directors.
 - 3.2.2 ISS intends to purchase treasury shares to satisfy obligations (if any) assumed by ISS under the short-term incentive programme.
 - 3.2.3 In extraordinary circumstances, as determined at the discretion of the Board of Directors, the Executive Group Management Board may be offered to receive a separate cash or share or share instrument based bonus up to 100% of the annual base salary or other extraordinary incentive remuneration, e.g. retention bonus, severance payment, sign-on bonus, transaction related bonus or other similar schemes.
- 3.3 Long-term based incentive schemes
 - 3.3.1 The Board of Directors has decided to establish a long-term incentive programme for members of the Executive Group Management Board according to which the Executive Group Management Board shall be eligible to receive a number of performance based share units ("PSUs" and each a "PSU") and/or restricted share units ("RSUs" and each a "RSU"), subject to fulfilment of certain key operational objectives or other bonus objectives to be determined by the Board of Directors or such other person authorised thereto.
 - 3.3.2 Upon vesting, each PSU and/or RSU entitles the holder to receive one share in ISS at no cost. Prior to vesting, holders of PSUs and/or RSUs shall not have any of the rights that holders of shares would otherwise be entitled to, such as voting rights, except as set out in clause 3.3.3 below.
 - 3.3.3 In the event the Company distributes dividend (ordinary or extraordinary) in the period between grant and vesting of PSUs/RSUs, the number of PSUs/RSUs which have been granted in the Annual Grant (as defined below) in 2016 and any subsequent grants under the long-term incentive schemes (including extraordinary grants and additional grants in accordance with this clause 3.3.3) will be increased through an additional grant of



PSUs/RSUs. The number of additional PSUs/RSUs granted will reflect the value of the dividend which should have been paid to holders of PSUs/RSUs had these vested and been converted into shares at the time of distribution of such dividend.

- 3.3.4 PSUs and/or RSUs are expected to be granted annually (the “**Annual Grant**”). PSUs and/or RSUs shall at the sole discretion of the Board of Directors be granted, subject to fulfilment of certain key operational objectives or other bonus objectives determined by the Board of Directors.
- 3.3.5 PSUs granted as a part of an Annual Grant shall, subject to fulfilment of certain key operational objectives, hereunder targets for earnings per share and total shareholder return compared against Danish listed companies and international service companies or other bonus objectives as determined by the Board of Directors vest on the date of the third anniversary from the relevant grant date. RSUs granted as a part of an Annual Grant shall vest no later than on the date of the third anniversary from the relevant grant date.
- 3.3.6 The value of PSUs and/or RSUs granted under the long-term incentive programme to an individual member of the Executive Group Management Board in a given financial year may not exceed 200% of that individual member's annual base salary at the time of grant for each financial year. The number of PSUs and/or RSUs granted as a part of an Annual Grant shall be based on the average trading price of ISS shares on Nasdaq Copenhagen A/S during the past 30 trading days prior to the grant or such shorter period as determined by the Board of Directors.
- 3.3.7 ISS intends to purchase treasury shares to satisfy obligations assumed by ISS under the long-term incentive programme.
- 3.3.8 The aggregate value of the long-term incentive programme shall be disclosed in the annual reports of ISS.
- 3.4 Termination and severance payment
 - 3.4.1 Employment agreements with members of the Executive Group Management Board shall be subject to a maximum notice of termination of 18 months from the Company, except for the employment agreement with the Group CEO who may be terminated at maximum 24 months' notice. Termination by a member of the Executive Group Management Board shall be subject to a minimum of 6 months' notice.
 - 3.4.2 The members of the Executive Group Management Board shall not be entitled to any separate termination right or severance payment in the event of a merger, acquisition or public takeover of ISS. The total remuneration for the termination period, including any severance pay, to a member of the Executive Group Management Board shall not exceed two years' total remuneration.
- 3.5 Right to reclaim variable remuneration and termination of incentive schemes
 - 3.5.1 Agreements with the members of the Executive Group Management Board shall entitle the Company in exceptional cases, to reclaim in full or in part variable components of re-



muneration that were paid on the basis of information, which subsequently proves to be manifestly misstated (claw back).

- 3.5.2 The Board of directors may lay down specific terms governing the termination of incentive scheme(s) or the reduction of variable remuneration, including lapse in cases of serious non-compliance with the Company's reporting or accounting standards, failure to react to internal audit reports, significant audit adjustments and material legal issues (e.g. anti-competition, corruption and fraud), or manifest errors in the accounting figures or other basis for award or vesting under an incentive scheme.
- 3.6 Amendment of incentive schemes
- 3.6.1 The Board of Directors may decide that specific terms shall apply for accelerated vesting or exercise as well as for adjustment of the incentive schemes in case of a take-over in whole or in part, significant divestiture of activities, demerger, merger or other amalgamation of the Company. Finally, the Board of Directors may lay down terms governing adjustment of the exercise price, performance targets, etc. in the event that the Company's capital structure is changed, or in the event of other material events, which would otherwise influence adversely the value or effect of the incentive schemes.
- 4 Remuneration of the Board of Directors**
- 4.1 The members of the Board of Directors shall be remunerated with fixed annual fees approved by the general meeting for the current financial year. Remuneration of members of the Board of Directors shall not include share or warrant related incentive programmes.
- 4.2 All members of the Board of Directors whether elected by the general meeting or the employees of ISS or the ISS Group receive an annual base fee ("Base Fee") which shall be in line with market practice of comparable listed companies taking into account the required competencies, effort and scope of work of the members of the Board of Directors.
- 4.3 The Chairman of the Board of Directors shall receive 3 times the Base Fee and the Deputy Chairman shall receive 1.5 times the Base Fee for their extended duties.
- 4.4 All members of the Board of Directors who are also members of the committees established by the Board of Directors shall receive an additional annual fixed fee as remuneration for their committee work. The size of the fixed committee fee depends on the competencies, effort and scope of work required by the members of each committee.
- 4.5 The chairman for any board committee shall receive up to 1 time of the Base Fee. The other members of board committees shall receive up to 1/2 of the Base Fee.
- 4.6 In the event a member of the Board of Directors takes on specific ad hoc tasks outside the scope of ordinary tasks of the Board of Directors in accordance with the Rules of Procedure of the Board of Directors, the member may be offered a fixed ad hoc fee for the work carried out related to such tasks subject to the prior or subsequent approval by the Board of Directors.



- 4.7 Reasonable expenses in relation to meetings of the Board of Directors and board committees and in connection with the performance of specific tasks assigned by the Board of Directors as well as relevant training may be reimbursed. The Chairman is entitled to reimbursement of reasonable expenses for secretarial services in relation to the duties as Chairman. If members of the Board of Directors have to travel to attend ISS meetings, a fixed daily allowance may be paid to such members.

5 Share ownership guidelines

- 5.1 To strengthen the alignment between the Executive Group Management Board and other employees in key positions and ISS' shareholders, the Board of Directors has introduced share ownership guidelines for members of the Executive Group Management Board and other employees in key positions. Subject to determination by the Board of Directors of the appropriate ownership level, the Group CEO is expected to build up a holding of shares or share related instruments equivalent to a value between 100% and up to 200% of the annual base salary and other members of Executive Group Management Board are expected to build up a holding of shares or share related instruments equivalent to a value between 70% and up to 150% of the annual base salary. Such ownership is expected to be built up by retaining shares received or share related instruments awarded and vested as part of participation in the Company's long-term incentive schemes or other share based incentive schemes (subject to disposals of up to 50% of any shares received as a result of vested RSUs or PSUs and disposals required to meet any tax and other associated obligations). The Board of Directors shall be entitled to amend the share ownership guidelines if the remuneration changes or allow for disposal of shares or share related instruments regardless of whether the share ownership guidelines are met if it is deemed appropriate by the Board of Directors.

6 General remuneration policy for ISS

- 6.1 The general remuneration policy for ISS follows the guidelines and principles laid down in this Remuneration Policy. A selected number of key employees of ISS may be eligible to participate in short and long-term incentive programmes of ISS.

7 Remuneration Committee

- 7.1 The Board of Directors has established a remuneration committee (the "Remuneration Committee") to ensure that ISS maintains a remuneration policy and overall guidelines on incentive pay for the members of the Board of Directors and the Executive Group Management Board as well as a general remuneration policy for ISS. The Remuneration Policy, the Overall Guidelines on Incentive Pay and any changes thereto shall be approved by the Board of Directors as well as the general meeting of the Company.
- 7.2 The Remuneration Committee shall evaluate and make recommendations for the remuneration of the members of the Board of Directors and the Executive Group Management Board and ensure that the remuneration is in compliance with the Remuneration Policy and the Overall Guidelines on Incentive Pay.
- 7.3 The Remuneration Committee can engage independent external advisers to advise the Remuneration Committee in matters relating to remuneration and other related matters comprised by the tasks of the Remuneration Committee. The Remuneration Committee



shall avoid engaging the external advisers that assist the Executive Group Management Board.

8 Approval and publication of the Remuneration Policy

- 8.1 This Remuneration Policy shall apply to any remuneration, bonus or grant of incentives awarded in the financial year 2018 and any subsequent financial year. The Remuneration Policy shall be posted on the Company's website (www.issworld.com) specifying the date of adoption.
- 8.2 The Remuneration Policy shall be described in the Company's annual report and the Remuneration Policy and compliance therewith shall be explained and motivated by the Chairman in connection with the report from the Board of Directors at the annual general meeting.
- 8.3 Information on the total remuneration, including information on key elements of any retention and retirement schemes, in the aggregate for the Executive Group Management Board respectively the Board of Directors and on an individual basis granted by the Company and other companies within the ISS Group, shall be disclosed in the Company's annual report for the relevant financial year, including a statement on compliance with this Remuneration Policy.

As approved by the annual general meeting of ISS A/S on 11 April 2018.