



# ISS Group Tax Policy



December 2019



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## Background

The ISS Group recognises that in order for the business to grow in a sustainable way, the local communities in which we operate need to grow and benefit as well.

Our most important contributions to local communities are the jobs, income, training, social benefits, and career opportunities that we provide to around half a million employees globally. At the same time, we know that the direct and indirect taxes we pay, and the collected and paid employee taxes contribute positively to many communities around the world.

This document sets out the Group Tax Policy which ISS will apply to tax compliance, management reporting and settlements of income tax obligations and payments. The ISS Group Tax Policy is the foundation to ensure a common approach to the tax position within the ISS Group. The Group Tax Policy applies to all legal entities within the ISS Group and all employees of ISS, in particular those involved in the preparation, oversight or management and approval of ISS tax positions.

ISS Board of Directors

***Group Tax Policy segregates duties between Board of Directors, Executive Group Management (EGM), Group Tax and country CFO***

*Board of Directors approves the ISS Group Tax Policy on an annual basis*

ISS Executive Group Management (EGM)

*On behalf of the Board of Directors, the Audit and Risk Committee reviews the ISS group Tax Policy and Follows up on the effectiveness of the Tax Risk Management.*

Group Tax

*EGM is responsible for ensuring Tax compliance, identifying Tax Risks, Effectively Mitigate the risks and execute on the planning possibilities*

ISS Country CFO

*Group Tax has the operational responsibility to monitor, implement and execute compliance and Tax Risk Management on behalf of EGM.*

## **Governance**

The Head of Group Tax is responsible for the implementation of the ISS Tax Policy throughout the Group, including the Tax management process such as Tax Compliance and Tax Risk management measures, monitoring local controls and compliance processes. The Head of Group Tax works under the supervision of the Executive Group Management Board and reports on a regular basis to the Audit and Risks Committee.

## **Tax Compliance commitment**

Our Group Tax Policy is founded on our commitment to comply with local and international tax legislation, and builds on our corporate values and leadership principles. Paying taxes accurately and in a timely manner is fundamental to how we do business at ISS.

ISS will always act with honesty and transparency in our relationship with local Authorities, including the Tax Authorities, and we will promptly disclose to the Authorities all information that is legally required from us as a responsible corporate citizen.

ISS has zero-tolerance towards avoidance of taxes, social charges or payroll taxes. For the benefit of society, our employees and our customers, we support governmental and industry specific initiatives that introduce tighter controls and sanctions to ensure that companies in our industry play by the rules.

## **The right balance**

ISS is committed to comply with applicable rules and regulations in the countries where we operate. ISS also has an obligation to optimise the return for its shareholders by managing and planning tax payments effectively within the framework of relevant tax regulation. As a good corporate citizen, ISS will always pay applicable taxes, and at the same time ensure a consolidated competitive effective tax rate. This means that ISS will pursue a competitive effective tax rate within the limits of the tax legislation and strive to limit double taxation to the extent possible.

## **Tax risk tolerance and approach to Tax risks**

ISS has a very low tolerance for tax risks and is committed to mitigate tax risks where possible.

Transactions between ISS group companies are conducted based on arm's length principles and in accordance with current OECD guidelines.

In analysing our tax risks and tax opportunities, we comply with local and international tax legislation. All tax decisions must support the business and reflect the corporate strategy and the ISS values. It also means that business initiatives are always implemented in a tax compliant manner.

ISS recognises that from time to time matters will arise during business where the appropriate tax treatment may not be immediately clear. In such circumstances, ISS will act with honesty and transparency in our relationship with the Tax Authorities. We will promptly disclose to the Tax Authorities all legally required information, as tax is a core part of the ISS Corporate Responsibility.

The Tax Risk assessment carried out by ISS will include direct costs such as the risk that planning is ineffectual causing unnecessary costs, and the risk that Tax Authorities interpret and challenge transactions in such a way that tax costs are greater than expected as well as other types of exposure such as negative media exposure and harm to the company's reputation and ethical or moral standing.

## **Group Tax**

Group Tax is responsible for the overall tax position of the ISS Group and shall have an understanding of relevant tax rules (including EU Law) in countries where ISS operates. Group Tax continuously and proactively reviews existing and planned operations to ensure that the ISS Group complies with corporate income-tax legislation, VAT legislation, etc.

The Country CFO is responsible for the local tax compliance based on the ISS Group Tax Policy, including the day-to-day management, accounting and reporting for the local ISS legal entities. In case of material, non-routine tax questions, such as Transfer Pricing, Tax Audits and Tax litigation, Group Tax must be consulted.

## **Use of tax advisors**

ISS will always retain a solid, but diverse base of international and local tax advisors to provide the best advice to address the task in question as well as tax compliance advice.

## **Significant transactions and events – escalation procedure**

The tax aspects of all significant transactions or events must be re-viewed and considered by Group Tax. An event, such as a transaction, issue or risk, will be significant if it has the potential to markedly affect ISS's compliance, operational, financial or strategic outcomes or processes. Significant tax transactions or events must be notified in writing to the EGM and to the Head of Group Tax by the Country CFO.

## **Tax interpretation risks and escalation process**

When determining a tax position not defined by legislation, official guidelines, published practice, or similar, a position may only be taken if appropriate and legally valid arguments support it.

Where a dispute arises on a tax interpretation issue that could jeopardise a transaction being undertaken, the issue should be escalated immediately through the Country CFO to the Head of Group Tax and to the extent deemed necessary to the EGM.

## **Transfer pricing**

Transfer pricing rules will be used to structure business in a compliant way for the ISS Group and all inter-company charges and transactions must be carried out on market terms to minimise the risk of additional tax, penalties, and costs.

## **Legislation**

ISS will contribute with views and input on the drafting and adoption of relevant Tax legislation and will respond proactively to regulatory and other changes as soon as these are known.

**Tax reporting and monitoring risk**

Tax risks such as correct interpretation of tax legislation in connection with submitting tax returns and other filings to tax authorities must be minimised. Therefore, the preparation must follow the same risk assessment as with tax planning and meet a high standard of quality.

ISS will prepare and submit all tax filings required by law and provide complete and timely disclosures to all relevant tax authorities.

All tax filings shall be prepared by staff and advisers with solid knowledge of the company and its transactions and financial position and a solid understanding of tax regulations as well as the approach followed by the relevant Tax Authority.

ISS will conduct independent periodic tax risk assessments of the tax corporate governance framework, including the testing of the design and operation of tax controls associated with operational and compliance aspects of ISS's tax obligations.

**Whistle Blower**

ISS provides grievance redressal to serious and sensitive concerns that could have an adverse impact on the tax position of ISS. More information can be found in the Group Speak Up Policy.

**Fraud**

ISS will act with honesty and transparency in our relationship with local Tax Authorities and will promptly disclose to the local Tax Authorities all or any information that is legally required.

**Review cycle**

The Group Tax Policy and the group tax position, including how Tax Compliance and Tax risks are managed and monitored, are reviewed annually by the Board of Directors.

# Notes

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[illegible]

**Honesty**

We respect

**Entrepreneurship**

We act

# The ISS Values

**Responsibility**

We care

**Quality**

We deliver

ISS has adopted a Speak Up Policy to make it possible for employees of ISS, business partners and other stakeholders to report any serious and sensitive concerns in a secure and confidential way.

A Speak Up Guide is available at [www.issworld.com/about-iss/speakup/speak-up-guide](http://www.issworld.com/about-iss/speakup/speak-up-guide) to help you assess if your concern is (a) a local matter that should be reported to your supervisor, manager, local HR/People & Culture director, local legal counsel or local CFO or (b) a serious and sensitive concern that should be reported to Group via a secure and externally hosted reporting system available at the website of ISS in your country or at [www.issworld.com/about-iss/speak-up/incident-reporting](http://www.issworld.com/about-iss/speak-up/incident-reporting).

You can also contact directly:

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All inquiries will be treated confidentially and in accordance with the ISS Speak Up Policy.

