

Section 172(1) Statement

The board of directors, individually and collectively, continue to act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. The information which follows describes how, in performing their duties during the year, the directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Act, and constitutes the Board's Section 172 Statement for 2019.

The Board delegates the operational management and decision making to its appointed executive committee, which consists of key management personnel from across the network. However, the Board maintains oversight of the Group's performance and reserves principal decisions ("reserved matters") for its approval. The nature of these reserved matters include approval of acquisitions, purchase of significant capital expenditure, appointment of senior employees and so forth. These reserved matters are fully documented and are communicated to the highest levels of the business to ensure they are followed. The Board monitors that the executive committee is acting in accordance with the agreed strategy of promoting the success of the Group through: business updates on the financial performance, submission of approvals regarding reserved matters and other ad-hoc communications as deemed appropriate. These processes are in place to ensure that the Board receives all relevant information to enable it to make well-informed decisions to support the Group's long-term success.

The Board has identified its key stakeholders as its customers, shareholders, employees, suppliers, and the communities in which the business operates. These relationships are important in allowing the Group to achieve its business aims. Much of the engagement with our stakeholders takes place at an operational level through the executive committee, particularly in respect of our customers and employees whom we deal with in the ordinary course of business on a day-to-day basis. The following sections below describe how the Board and the executive committee engages with its key stakeholders and how it considers their interests when making its decisions.

Our purpose, strategy and consideration of the consequences of decisions for the long-term

Iris is a creative, strategy and innovation group that transforms the relationships that businesses have with their customers. Short term business pressures have never been more pronounced, yet the need for our clients to profoundly change for the long term has never been more pressing.

Iris' proposition to the marketplace is 'For The Forward'; the strategy developed and upheld by the executive committee. We believe that maintaining the status quo is a dangerous thing to do. We know the only way to create the action that drives progress is to use a combination of creativity, agility and calculated risk taking.

Our role in the agency marketplace has always been that of the bold challenger: we are here to help our client partners find competitive advantage in the face of change and disruption. This has led us to make investment decisions based on acquiring the skills that our clients will need to outsource to an agency partner to stay ahead of the changes required of them. Any investment decisions relating to expansion through acquisitions require approval from the Board and in previous years Cheil have supported us on this longer-term investment journey. As a result, we are able to claim one of the most diverse skill sets within the marketing services landscape.

Our people

Approval is required by the Board to employ or terminate senior personnel with key skills above a certain financial threshold. The Board considers the people at Iris to be at the heart of our specialist services and our success depends on recruiting, retaining and progressing the best people across all our specialisms as well as nurturing the growing talent we have.

In accordance with the reserved matters, in 2019 the executive committee put forward to the Board the approval for the appointment of our first Chief People Officer. This appointment has

allowed for greater communication with all employees across the network, through the introduction of anonymised surveys and regular “drop in” sessions to allow for honest and open feedback from our employees. There is regular communication with the executive committee and the Chief People Officer to feed back the views of employees. The executive committee considers this information to assist its decision making in areas such as reward, flexible working and the Iris culture. The aim is to create an inclusive, open-minded and engaging environment in each of our offices and look to share common values across all our agencies.

The average employees during the year are made up as follows:

	Male Number	Female Number
Management	24	19
Fee earning staff	386	320
Administration	50	56
	<hr/>	<hr/>
	460	395
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We have a dedicated team who look after the health and wellbeing of our talent around the world. “Life@iris” is our internal communications brand. We share what we’ve been up to, both inside and outside of work, across internal newsletters and social on a weekly basis. This includes updates from the executive committee and helps our network to feel connected and as ‘One’ Iris.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the share scheme within the Group.

Our shareholders

The Board believes in openly engaging with our shareholders in order to maintain good relationships. We are 100% owned by our parent company, Cheil Worldwide Inc. and effective two-way communication takes place through regular presentations and meetings. The executive committee also provides monthly financial performance updates to Cheil. It is important to us that our shareholders understand our strategy and objectives, so these are clearly explained with the opportunity for feedback and any questions raised properly considered.

Community and environment

The approach of the executive committee is to use our position of strength to create a positive change for the communities and environment around us.

In 2019 the executive committee made the decision to allow employees the opportunity during working hours to support the championing of multiple initiatives to drive positive environmental action amongst our staff. One example is ‘Create and Strike’. Ideated by Iris, the initiative rallied the industry around the climate crisis with UK advertising’s first ever strike.

Diversity and inclusion have always been at the heart of our values as an agency. This investment in our culture has generated better work for our clients too. The executive committee supported the decision to collaborate with Starbucks where our ideas won Channel 4's Diversity in Advertising Award and £1m worth of media spend for our client.

To ensure our clients' partners are ahead of current trends and technologies, we're committed to constantly investing in insight and innovation in this space, and where necessary challenging them to 'change the brief' – replacing briefs that drive irresponsible emissions with ones that help normalise sustainable behaviours.

We've already delivered environmentally responsible and progressive work for the likes of Barclays, Starbucks, Sustenir, Formula E and BRITA, and are committed to doing so for many more forward-thinking brands in the future.

The executive committee, with feedback from across the network, chose Children with Cancer as our chosen partner. In 2019, ten Iris staff in the London office ran the London Marathon and raised more than £26,000.

Maintaining a reputation for high standards of business conduct

Iris has established a strong reputation in the marketplace as a 'tier one' creative company. We see evidence of this through the health of our new business pipeline. We receive over 50% of our new business through direct approaches and recommendations. The executive committee developed our business strategy of 'For the Forward'; our purpose guides the behaviour of our people and therefore the client experience that we deliver. Our values are:

- Courage to act
- Collaboration with energy
- Caring about the legacy we create
- Commitment to seeing it through

The executive committee ensures that our values are understood by all our people through regular communication of our values and purpose. Our people live up to these values which enables us to deliver a client experience that is exceptional.