



Corporate Responsibility Report 2011

The ISS Way





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Letter from the Executive Group Management

For ISS, Corporate Responsibility (CR) is simply of matter of good business sense. In fact our company was originally built on delivering services to protect people and their values. In the beginning of last century ISS was one of the first companies to professionalise various facility services. We turned services like cleaning and security from casual work into respected professions with orderly work conditions, training schemes and career opportunities – much of this achieved in close partnership with the relevant unions and customers.

Today, through our strategy 'The ISS Way', we have committed ourselves to being the best facility services company in the world. We recognise that achieving this vision depends on our ability to win in the marketplace, the workplace, and the community. Corporate Responsibility plays a central role in each of these three arenas.

We win in the marketplace by meeting the needs of our existing and future customers. While it is obviously important to deliver the right services – ISS is also very focused on how these services are delivered. We know that our customers are becoming more interested in how the products and the services they buy are produced and delivered. It has become a key factor in winning and retaining contracts that the services are delivered in a responsible way.

We win in the workplace, because we recognise that the only way to satisfied customers is through engaged employees. Doing business in a responsible way contributes to providing our employees with a sense of purpose and a source of pride in their daily work. As our company is based on human capital, we thrive on having well-trained and engaged employees. We believe our efforts and investments within Corporate Responsibility are contributing to a positive customer experience.

We win in the community by building on our long tradition of responsible citizenship, particularly in the areas of the right to work, diversity in the workforce and access to education. ISS created almost 12,000 additional new jobs across the world in 2011. In addition, our country organisations and employees are highly active in our communities around the world as you will read in the case stories in this report.

Through our global presence in countries covering more than 90% of the world's GDP, we understand the CR issues at hand and are already addressing them through structured efforts. Our systematic approach through our Group Health, Safety and Environment (HSE) Management system supports consistent delivery, as does our continued commitment to the United

Nations Global Compact. Our customers and employees can rely on our solid HSE and CR performance, helping reduce the risks associated with the services we deliver, while protecting people, businesses and images. This is our CR promise and a core part of our value proposition to our customers and employees.

The CR performance of ISS improved over a broad set of measures in 2011. We are pleased with this progress, but we recognise that we still have much to do. We are particularly focused on bringing down the number of fatalities. We insist that one fatality is one too many and we will persist in our efforts to reach our goal of zero fatalities among our more than 530,000 employees. We think of colleagues as members of our family – and we want our family to be safe!

We are leveraging our company's history, vision, and core competencies to define our opportunities and our brand in the communities in which we operate. Most importantly, we are harnessing the expertise, sense of purpose, and dedication of our employees.

Thank you for your interest in ISS and our Corporate Responsibility Report 2011.

Yours faithfully



Jeff Gravenhorst Group Chief Executive Officer (right)
Henrik Andersen Group Chief Financial Officer (left)

ISS at a glance

ISS is all about providing service. We have delivered service for more than 110 years and today we cover more than 50 countries worldwide. We clean, we cook and we provide care – serving more than 200,000 public and private-sector customers every day. Our focus is on how we can add to the success of our customers.

It all started with a small group of employees in Copenhagen, Denmark in 1901, and since then ISS has grown to become one of the world's leading providers of facility services.

Service offering

ISS is built on the basic insight that for most companies cleaning services, support services, property services, catering services, security services and facility management do not form a core part of their business process. At ISS, we have made these services our core business. We provide our customers with a compelling value proposition built around efficient, reliable and flexible services.

Even a basic service – like cleaning a floor – can be done in many ways. Because providing facility services is our core business, we have become real experts. Our service offering is built on a strong foundation of service excellence tailor-made to specific customer needs. We are keen on ensuring that our customers constantly benefit from partnering with a facility services expert.

ISS's service offerings are constantly being developed to meet customer needs. In recent years our customers have realised the benefit of having fewer suppliers taking care of their facilities. In response, we have expanded our service offering and developed a full range of services, including our integrated facility services (IFS) concept. This gives the customer a single point of contact and only one company delivering all facility services instead of having many different service providers on their premises. This is not only convenient for the customers, IFS is also more flexible and efficient and it provides our customers with a consistent delivery model across all their operations – locally or across borders.

Employees

Some service providers primarily work through subcontractors. At ISS, on the contrary, we are strong believers in self-delivery. By delivering our services through staff employed directly by ISS, we have much better control of the quality of the service delivered to our customers. ISS aspires to be a great employer by focusing on corporate responsibility and being a good corporate citizen as we believe that it is the best way to keep our customers engaged. The self-delivery model has made ISS one of the world's biggest private-sector employers providing jobs

and stable income to more than 530,000 employees. In 2011, we created almost 12,000 new jobs.

Organisation

From our head office in Copenhagen, Denmark, we ensure a coherent direction for the Group by providing strategic direction, managerial support and financial control combined with functional leadership. At the same time, ISS maintains a decentralised organisational structure and our country operations have significant autonomy, led by a strong regional management structure. The multi-local structure ensures a coherent and yet entrepreneurial organisation that is highly responsive to market conditions everywhere in the world.

Ownership

ISS A/S is owned by FS Invest II S.à r.l (Luxembourg), a company indirectly owned by funds advised by EQT Partners and Goldman Sachs Capital Partners. ISS A/S has no operating activities of its own and its primary assets consist of shares in ISS World Services A/S.

What is Facility services?

Facility services covers a range of services:

- Cleaning services – office cleaning, industrial cleaning, specialised cleaning, washroom services and more;
- Office support services – reception and hospitality services, internal moves, helpdesk/call centre internal services & logistics and more;
- Property services – building maintenance, technical maintenance, pest control services, damage control, landscaping and more;
- Catering services – company restaurants, canteen services, vending machine services, events & conference dining and more;
- Security services – access control, manned guarding, alarm response, surveillance systems and more;
- Facility management services – on-site management of facility services, change management, space management, consulting and more.

ISS offers three models for providing services:

- Single service, where the customer buys just one of the services ISS offers;
- Multi service, where the customer buys two or more of the services ISS offers;
- Integrated facility services, where ISS takes over all, or most of, the facility functions at the customer's premises.

cnost



KALKANOV SERZOD CZECH REPUBLIC

The ISS Approach to Corporate Responsibility

This section describes our approach to integrating Corporate Responsibility in our business strategy.

In corporate responsibility there are two overall dimensions to consider and integrate: what is our business and where is global development headed?

For ISS the first question appears easy: we are in the facilities services industry. We clean, cater, plan and maintain workspaces, manage office spaces and provide security services.

In everything we do, regardless of whether it is cleaning people's workspaces and surroundings, providing food and drinks at work, providing an engineer for your electric installations, looking after your energy consumption or safeguarding facilities, we touch many millions of people. When our employees perform ISS services, they alleviate the daily lives of our customers' employees and clients by providing a clean, nurturing and secure environment. When we are working at hospitals, our employees are helping patients get healthy; when we are working at an aircraft manufacturing plant, we are helping build a plane.

This is a huge responsibility. ISS needs to ensure that we treat our people respectfully and keep them safe while they are performing their duties. If not, we cannot expect them to deliver the services we promise to our customers, impacting significantly on other people's lives. Therefore, the health and safety in combination with training and education of our employees is one of our top priorities.

"We provide facility services. But our business is people."

Trend: sustainability

To get a grip on global development trends and how they may affect our industry, in 2011 we carried out a scenario project. (The full report: "ISS 2020 Vision – Scenarios for the future of the global Facility Management Industry" can be downloaded from our group website www.issworld.com).

We have learned many things from this process, but most relevant to our approach to corporate responsibility is the unfaltering conviction of both ISS managers and facilities management industry experts globally that issues related to sustainability will be fundamental to global development.

Increasing middle classes in emerging markets such as Brazil, China, India and Indonesia challenge economic systems in providing resources without fundamentally altering the global ecosystem. Environmental issues such as consumption of energy and water, how to manage waste and indoor climates will add to this

challenge. On top of this come migration, urbanisation, poverty and global health challenges.

"In 2010, we laid the foundation for a structured approach for Corporate Responsibility in alignment with the United Nations Global Compact."

*Joseph Nazareth,
Head of HSE and
Corporate Responsibility*



How ISS can contribute?

Labour & Human Rights

- Giving people an opportunity to enter the labour market;
- Working with our employees and the local community and society at large in improving employees' lives in ways that support sustainable development and our business;
- Ensuring fair and equal treatment and no discrimination or harassment;
- Respecting employee's right to collective bargaining and the right to join trade unions;
- Supporting introduction of minimum wages and compliance with working time regulations;
- Avoiding use of child labour as well as forced or compulsory labour.

Health, Safety & Environment (HSE)

- Providing proper working conditions including a safe working environment for our employees;
- Managing our business activities in an environmentally responsible way.

Business Ethics

- Conducting our business in a lawful manner;
- Competing for business on fair terms and solely on merits of our services;
- Combating corruption and bribery;
- Carrying out our activities according to principles of good corporate governance;
- Ensuring that the social, environmental and ethical commitments of ISS are reflected in dealings with customers, suppliers and other stakeholders.



SERKAN ATSIZ, DANIEL TULADHAR DENMARK

ISS holds one of many keys

For ISS, this is where global trends and our business intersect. The work we perform can help ISS, our clients and society towards:

- more efficient use of resources;
- provide employment and training which helps alleviate poverty; as well as
- creating healthy environments for work.

In other words, we acknowledge that ISS as a leader in its industry and one of the world's largest employers, can influence global efforts to reduce or eliminate the less desirable effects of a century of unbridled economic growth. It will take a lot of keys to unlock the door to a more balanced society, but we recognise that we have one of these keys.

This is the how we see it. In the rest of the report, we describe and document how we do it.

Corporate responsibility supports strategy

In the world of business and strategy, corporate responsibility can hardly be seen as a niche product anymore, but rather an element of strategic leadership.

For example, the 2011 edition of PwC's annual CEO survey showed that nearly half of the participating CEOs are prepared to highlight their corporate responsibility practices, including those of their suppliers, within the next three years to address society's changing sentiments. Moreover, two-thirds of CEOs stated that developing environmentally friendly products and services is an important part of their growth and innovation strategies. Furthermore, 80% of Global Fortune 250 companies are now releasing data on their CR performance and an increasing number of these cite economic concerns as a driver for their corporate responsibility efforts.

The key driver for these activities is customer expectations, particularly those of large corporate clients. Increasing our share of the market for integrated facilities services with global companies is one of ISS's strategic priorities. We know that we can only partner such prominent customers if we can document a good performance record and governance system for HSE and CR components. Another strategic priority is increased presence in emerging markets, which historically carry more risks within the corporate responsibility sphere.

Serving our customers in the best way possible, in ISS we are confident that our corporate responsibility efforts will aid us in gaining a competitive advantage that will allow us to reach our strategic goals by:

- Making us a preferred partner due to our solid Health, Safety and Environment and Corporate Responsibility performance;
- Demonstrating ISS's understanding of the issues and ability to address them through proactive risk management;
- Delivering resource preservation and hence cost savings;
- Enhancing our reputation, helping us attract, motivate and retain our employees;
- Attracting new business opportunities through a stronger brand and reputation.

Guided by UNGC principles

ISS has chosen a principles-based approach to Corporate Responsibility (CR), integrating universally accepted principles into the way we do our business. This approach comes recommended by the United Nations Global Compact (UNGC), to which ISS has been a signatory and supporter since its inception in 1999.

Signatories are requested by the UNGC to align strategy and business operations with the UNGC's ten principles on human rights, labour rights, environmental protection and anticorruption. We have translated these areas into what we find is their relevant expression within our sphere of influence.

In 2011 the embedding of these principles into our business processes has been the mainstay of our Corporate Responsibility work, compared to 2010 when we laid the foundation by preparing policies, updating standards and creating manuals.

Our 2011 priority was to implement the content of the many initiatives that were taken in 2010 in terms of the ISS Corporate Responsibility framework. Among these are implementation of policies and manuals, self-assessments, management systems and risk surveillance.

Defining what is material to ISS

Our 2009 materiality assessment remains a good guidance document in our prioritisation of issues within Human Rights, Labour Practices, Environmental and Anti-Corruption.

With the help of an external partner, ISS's seven regions were assessed and a consolidated and prioritised list of corporate responsibility issues and topics produced. These issues are still the key to our corporate responsibility initiatives.

Moreover, the materiality review pointed to three areas where ISS holds a unique position to contribute, and which support our overall business vision and business strategy, The ISS Way:

- Facilitating the Right to work;
- Non-discrimination, equal opportunities and diversity;
- Access to education.

Throughout the report, initiatives from ISS around the world will show how these areas are being brought to life through the business endeavours of our company.

Targeted stakeholder engagement

To continuously validate our strategic priorities, both commercially and for corporate responsibility, we pursue different stakeholder engagement activities.

ISS's web of stakeholders, internal and external, provides us with insights into how we are perceived and the legitimacy of our actions, as well as access to client and employee priorities and wishes.

Though sensitive to local customs, we endeavour to communicate with one voice to all stakeholders in all geographies to support our aspiration to lead our industry globally as one company with one culture and one brand. This voice should be open and honest in both good times and bad, and resonate with fairness and respect toward our stakeholders.

We communicate with our primary stakeholders regularly, also in 2011:

- Employees – besides daily communication, we ran our second Corporate Employee Engagement Surveys (EES), offering around 30% of our employees the opportunity to voice their opinion. Read more on page 21.
- Customers – with whom we interact daily and in 2011 offered a chance to participate in a customer experience survey system, which provided us with many insights. The survey was sent out to approximately 80% of our turnover, in line with our target. Read more on page 31.
- Investors – who are at present limited to two private equity

companies. We have a very close relationship with these investors through a professional Board.

- Financial Institutions – we have an on-going dialogue with our banking partners and undertake to keep the broader financial community abreast of developments at ISS through e.g. quarterly results announcements and related presentations.

Other important stakeholders are:

- Users – who work at the facilities we manage but are not involved in the decision to have ISS as a provider. We also tested an User Satisfaction survey concept for the daily user of the services provided by ISS in 2010. Due to resource priorities we did not carry out this survey in 2011. However some countries such as Finland, Hong Kong and Australia carry out these surveys locally.
- Unions – to improve standards for employees and to make sure issues are dealt with we engage in dialogue locally, regionally and globally. Read more on page 31.
- Suppliers – where we have begun implementation of a self-assessment questionnaire in 2010. We intended to follow up on this with audits of key suppliers in 2011. However, these activities were postponed as efforts related to ownership change preparations took priority.
- Media – with whom we had more contact than usual, due to the planned – but postponed – changes in ownership.

Reporting for accountability

We published our first data based corporate responsibility report in 2010, intending for all our stakeholders – and particularly our primary stakeholders – to know that we have a strong framework in terms of responsibility and that we are accountable and transparent in our activities and performance.

This remains the intended purpose and audiences for the 2011 report.

The data in the report covers ISS employees and their contractors and electricity and water consumption at ISS offices and own facilities such as central kitchens. The report does not cover our customers or electricity consumption at our customer sites. Items reported on in this report have been chosen based on our work to determine materiality in terms of corporate responsibility for ISS.

Prioritised corporate responsibility issues in ISS are:

Labour Rights	Human rights	Environment	Anti-Corruption
1. Health & Safety	1. Freedom of association	1. Systematic environmental management	1. Systematic anti-corruption management
2. Work time & overtime	collective bargaining		- Gifts and entertainments
3. Harassment	2. Child labour	2. Chemicals	- Price fixing
4. Security	3. Discrimination		- Kick-backs
5. Responsible sourcing			- Use of agents
6. Privacy			
7. Living wage			

Aligned with strategy and leadership

Aligned with our strategic cornerstones

1. **Customer focus:** We build sustainable partnerships with our customers who value our approach in how we deliver our services in for example an environmentally friendly way;
2. **People management:** We excel in managing our people by managing our HSE risks in our operations and provide opportunities for development;
3. **Integrated Facilities Services strategy:** By integrating our service deliveries into our customer's organisation, we can also create value for our customers in helping them reduce their risks in the corporate responsibility area;
4. **Multi-Local Approach:** Our global framework in managing health, safety, environment, labour practices, human rights and anti-corruption allows us to leverage a systematic approach to these areas regardless of location.

Corporate responsibility and our value chain

The implementation of the ISS Value Chain as a management tool is an integral part of the Group's strategy process in implementing the ISS Way. We believe that value is created through dedication in each link of the Value Chain, and that corporate responsibility activities support the links in the Value Chain.

Business Platform: Our corporate responsibility commitment, strategy and performance are important aspects of the Business Platform in determining what to do and what not to do. The choices made in the business platform must be aligned with our commitment to the ten principles of the UNGC.

Service Concept: The purpose of the service concept process is to convert the needs of our customers into concrete and attractive service offerings. Global challenges deeply embedded in corporate responsibility can inspire business opportunities such as 'Green Cleaning'. Extended stakeholder engagement activities will also provide more sources for market understanding.

Employee satisfaction: To have satisfied customers, you need capable and engaged employees motivated by being part of a strong team and capable through training. Research clearly shows that in companies that focus on corporate responsibility, employees find it provides a sense of purpose and a source of pride.

Service Value: Our customers may have different needs but they all request a consistent service product. Our Group Health, Safety and Environment Management system supports a systematic approach in delivery of our services.

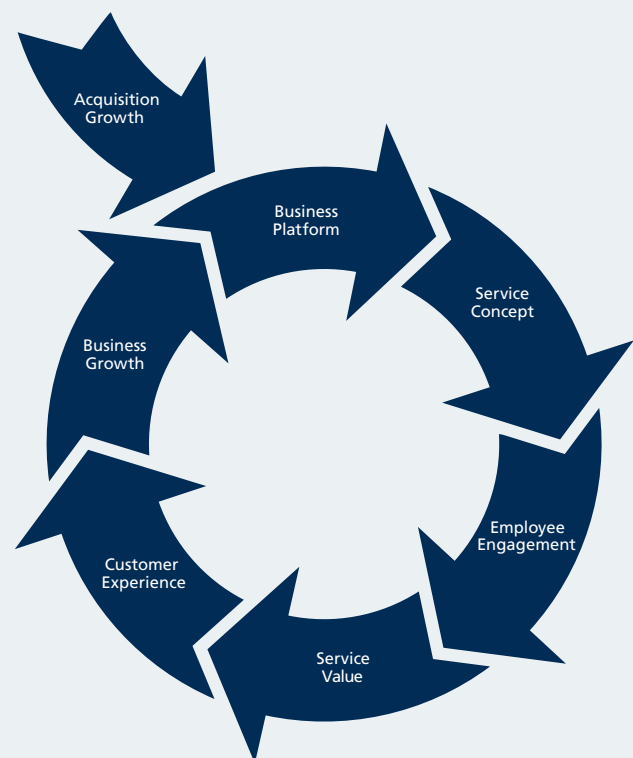
Customer Experience: A positive customer experience supported by capable, engaged and motivated ISS team members. In line with research, we believe our focus on corporate responsibility will provide our employees with a sense of purpose that will contribute to a positive customer experience.

Business Growth: Our corporate responsibility performance inspires customers' trust in our company leading to increased business opportunities.

Leadership principles

The leadership principles describe the way leadership is performed at ISS. In combination, they serve as a guideline and a benchmark for leaders and help us bring out the full potential of our employees. They translate our Values into actions and describe behaviour that characterises a successful leader within our company. In other words, it is the framework for the way we do business. The nine Leadership Principles are:

1. In ISS we put the customer first;
2. In ISS we have passion for performance;
3. In ISS we encourage innovation;
4. In ISS we treat people with respect;
5. In ISS we lead by example;
6. In ISS we lead by empowerment;
7. In ISS we develop ourselves and others;
8. In ISS teamwork is at the heart of our performance;
9. In ISS we are one Company with shared values, one brand and one strategy.



The ISS Value Chain

Governance

In this section, we highlight key aspects of our business fundamentals – our governance structure, policies and processes.

ISS has a two-tier management structure consisting of the Board of Directors and the Executive Group Management (EGM).

The Board of Directors regularly reviews the Group's corporate governance in relation to the Group's activities, business environment and statutory requirements. A set of specific corporate governance guidelines for the ISS Group has been adopted by EGM and subsequently implemented by all regional and local entities. According to these, all operations in ISS must adhere to the following fundamentals:

Compliance with law

– a fundamental implying always operating in accordance with local laws and regulations.

The ISS Corporate Values

- the guiding principles of how ISS conducts its business which each manager is expected to understand and follow.

The ISS Code of Conduct

– each manager is responsible for managing the ISS business in compliance with our Code of Conduct, and for ensuring that employees are aware of and adhere to the same principles. The Code of Conduct has been updated in 2010 to ensure alignment with the UNGC, and has been distributed first to white collar workers, followed by front-line employees. The Code of Conduct is considered part of the terms on which all employees accept employment in ISS.

Compliance with ISS Group policies

– falls under the responsibility of ISS regional and country management. The operations of ISS must comply with policies and guidelines designed by the ISS Group functions, and document their implementation. As part of the work to build a solid foundation, most of our policies related to corporate responsibility have been revised or developed in 2010, and their implementation and testing began in earnest in 2011.

Governance of corporate responsibility

Corporate responsibility is anchored in ISS's Executive Group Management comprised of the CEO and CFO.

While Executive Group Management is ultimately responsible for ISS Corporate Responsibility activities, Group Health, Safety and Environment and Corporate Responsibility (Group HSE and CR), is responsible for the development of the ISS Group's Corporate Responsibility strategy, including Health, Safety and Environment.

Corporate Values



The Head of Group HSE and CR reports to a member of the Group Management Board (GMB) – a forum within which our CR strategy is set. Under the mandate of the EGM and GMB, Group HSE and CR works with other Group functions, Regional CEOs and Country Managers in implementing the strategy in our operations and countries. Countries in the ISS Group report on corporate responsibility aspects as part of the annual reporting process thus contributing to the overall ISS Group Corporate Responsibility reporting. The reporting requirements for CR are detailed in a yearly Group HSE and CR Reporting manual that specifies and defines the indicators and data parameters that all countries need to report on.



LAURINDA CAMACHO FRANCE

Multi-local has benefits and challenges

In our governance, we aim to strike the right balance between extensive autonomy and strategic alignment.

On the one hand, we operate with strong local leadership and extensive autonomy to ensure timely responses to local operational and customer demands and to benefit from knowledge of local labour and business conditions. We also develop and implement overall Group policies and strategic directions to enable us to exploit best practices and leverage our geographical footprint.

This extensive autonomy, as expressed in the strategic cornerstone multi-local, is an integral part of the way ISS is governed, and we are wholly convinced that it brings us the benefits mentioned above. Notwithstanding, a very decentralised governance model comes with inherent challenges in terms of alignment and in 2011 we made a focussed effort to align frameworks and ensure relevant documentation covering the whole organisation.

“ISS will always be a multi-local business, but a company of the size we have grown to, needs clarity on processes, decisions and mandates.

“We truly want to maintain the ability to make decisions fast and be light on our feet, but we also need a greater degree of accountability and transparency – internal and external,” says Bjørn Raasteen, Group General Counsel in ISS.

The need has been growing since 2009, when ISS focussed on sustainable, organic growth, after having acquired more than 600 different companies worldwide in the preceding eight year period.

Based on a risk identification exercise in 2010, the increased governance effort focuses on six risk areas: finance, contracts, corporate governance, HSE (health, safety and environment), anti-corruption and human resources. For each of these areas corporate initiatives exist and we need to develop control mechanisms for each area. So far these have been formulated for corporate governance, finance, HSE and anti-corruption.

During 2011 Group Legal and Group Internal Audit have visited all the seven ISS regions, Western Europe, Nordic, Asia, Pacific, Latin America, North America and Eastern Europe. The visits intended to support similar and equal implementation of the Corporate Governance guidelines, which were first introduced in the second half of 2009.

The implementation of these key control activities is monitored in a control self-assessment tool, which by the end of 2011 was in place for subsidiaries representing more than 95% of Group turnover. Group internal audit will as part of their ordinary activities evaluate the accuracy of information submitted in self-assessments.

“We have made great strides in terms of governance this year,” says Carsten Højlund, Head of Group Internal Audit.

The target for 2012 is to include more corporate responsibility and HSE-related subjects in the control self-assessment.

Internal audits

Group Internal Audit plays a key role in ensuring compliance with commitments and governance frameworks across the Group. In 2011, the scope of certain internal audits in 15 countries included management systems and controls related to labour and human rights.

Although certain weaknesses were identified locally, none of these were of a general nature applying to the whole Group.

The overtime dilemma

As do many other companies, ISS has to find a solution to the dilemma of overtime. The UNGC frames the dilemma as follows:

“How does a company ensure it respects relevant international standards and national laws relating to working hours... when workers are either compelled, have no choice, or operate in a context which makes them accept excessive working hours? Workers, including migrant workers, for example, may be compelled to work longer hours in order to earn a living wage or maximise their income. This could also occur in a country where the culture expects long working hours or where the government does not restrict working hour limits or does not effectively enforce the law.”

These examples are nearly all relevant to ISS's operations in a number of countries. The ISS International HR standards address this question through these guidelines and responsibilities:

ISS is committed to meeting the labour standards under the United Global Compact.

This includes:

- Set working hours that comply with national laws or benchmark industry standards;
- Respect international standard allowable working hours, overtime and maximum working hours to ensure time for rest and leisure;
- Agree overtime should be voluntary and infrequent;
- Business Units respect workers' right to at least one free day following six consecutive days worked as well as public and annual holidays.

Specific rules may apply to various types of work (such as shift work, offshore work, seasonal work etc.) where flexible working hours may be the norm .

Specifically, ISS provides right pay, pay slips with detailed information and payment on time.

Compliance mechanisms

Our commitment to corporate responsibility has been communicated to suppliers, major customers and our employees. Also, when we enter new markets and joint venture opportunities, we actively promote the ISS Code of Conduct.

We have a zero tolerance approach to significant breaches of the Code of Conduct and have, when necessary, terminated contracts with managers and employees if they were found to behave in breach of the Code of Conduct.

The company's Group Business Integrity Committee consists of the Group CFO, Head of Group Legal, Head of Group HR, and Head of Group Internal Audit.

The Committee is responsible for investigating reports of possible significant breaches of the Code of Conduct throughout the Group. The Committee meets at least once per quarter and is convened as and when required.

The Committee is authorised by the EGM to monitor fraud controls and fraud losses; decide how to investigate fraud suspicions and suspected non-compliance with laws, ethical standards and the ISS Code of Conduct; and to direct appropriate actions in response to investigation results.

“ Within the scope of its responsibilities, the Committee has authority to obtain any information required from employees, officers and external parties within the scope of its responsibilities and applicable legal requirements. The Committee has authority to request audits, and when deemed appropriate to secure investigation of issues or concerns.



ASTRID ABRAHAMSE HOLLAND

Our Performance and Targets

This section presents our Key Performance Indicators and results against objectives and targets for 2011.

We also establish objectives and targets for 2012.

We report on our performance within three areas:

People, planet, and profit

At this stage of our reporting journey, we do not have data or targets for the partner area.

PEOPLE	2011	2010	2009	2008
No. of employees	534,519	522,700	485,847	472,801
– Full time %	73%	73%	71%	69%
– Part time % ¹⁾	27%	27%	29%	31%
Total workforce				
– Front line	505,265	494,109		
– White collar	29,254	28,591		
Turnover				
– % All employees	45%	49%	39%	49%
– % Front line	46%	53%	41%	51%
– % White collar	23%	16%	16%	24%

PLANET	2011	2010
Electricity consumption (<i>Mwh</i>)	100,734	91,995
Electricity emissions (<i>tonnes CO₂eq.</i>)	39,341	30,710
Electricity costs (<i>million DKK</i>)	88.4	76.2
Vehicle emissions ³⁾ (<i>tonnes CO₂eq.</i>)	92,834	72,924
Business Travel emissions ⁴⁾ (<i>tonnes CO₂eq.</i>)	16,510	3,660
Water consumption (<i>m³</i>)	702,690	-

PEOPLE	2011	2010
Hours of training		
– Front line	2,212,730	2,605,633
– White collar	396,402	382,255
Absentee rate	2.3%	2.3%
Incidents of discrimination	29	48
Fatalities	7	5
Lost time Incident Frequency (LTIF) ²⁾	10	11
Exposure hours (million hours)	930.7	908.4
Number of Vehicles	23,485	24,960
Number of Vehicle Accidents	6,453	5,574

PROFIT	2011	2010
Revenue (<i>million DKK</i>)	77,644	74,074
EBITA (<i>million DKK</i>)	4,165	4,192
Net Finance costs (<i>million DKK</i>)	2,807	2,566
Taxes paid (<i>million DKK</i>)	749	697
Staff costs (<i>million DKK</i>)	50,089	47,990

¹⁾ Defined as employees working an average of less than 30 hours per week for ISS.

²⁾ A LTI is defined as any work related injury or occupational illness which results in a person being unfit for his/her normal duties for more than 24 hours any day after the injury. The LTIF is based on 1 million exposure hours.

³⁾ Covers 17,206 leased vehicles comprising 74% of the fleet in 2011; 13,824 leased vehicles comprising 55% of the fleet in 2010.

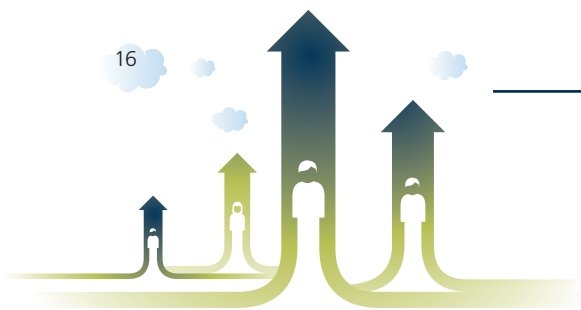
⁴⁾ In 2010, we reported emissions from Group and 5 countries. In 2011, we report emissions from Group and 30 countries.

Performance against objectives and targets for 2011

Targets 2011	Performance 2011	Trend
In accordance with the HSE Vision, our first priority is to prevent fatalities at our work places. Our Group target is 0.	We regrettably experienced seven fatalities. See page 20	
In terms of Lost Time Incidents Frequency (LTIF), the Group target for 2011 is to reduce LTIF by 25% to below 10.	LTIF decreased by 23% from the baseline value of 13, to 10 in 2011.	
Related to the LTIF are Lost Work Days (LWD) as a result of lost time incidents. The Group target for 2011 is a reduction of 15% from the baseline in 2010 per 1000 exposure hours.	The total number of Lost Work Days per 1000 exposure hours was the same as in 2010.	
In terms of Total Reportable Cases Frequency (TRCF), the Group target for 2011 is to reduce our TRCF by at least 25% from the baseline in 2010.	TRCF decreased by 35% from the baseline value of 23, to 15 in 2011.	
At least one yearly Management review by Country management of the suitability, adequacy and effectiveness of the Country's HSE Management system.	98% of countries have carried out at least one management review for 2011.	
Systematically measure the carbon emissions across the Group from electricity in 2011.	Began measuring consumption of electricity at our own sites, enabling us to establish baseline data for these consumptions. We can start to establish baseline data for improvement targets.	
Reduce the emissions from our leased cars (gm/km) from 2011 over the leasing period of 4 years by 15%.	In 2011, we have reduced the emissions from our leased cars (g/km) by 4%.	
All Countries translate the ISS Code of Conduct in their local languages in 2011 and to make this available during the induction for every employee.	In 2011, all countries have translated the Code of Conduct in their local languages and are making this available for induction training.	
All countries must carry out a customer experience survey to customers representing 80% of revenue in 2011.	Approximately 6,500 customers, equal to 80% of our total revenue, were given the opportunity to participate in the survey, which 46% choose to do.	
To conduct an annual employee engagement survey with a target to have offered 250,000 of our employees to respond to the questionnaire by the end of 2012.	We offered more than 190,000 employees, over one third of our workforce, the opportunity to express their opinion of working for ISS. 38% chose to make use of this opportunity.	
To have a minimum of 350 of our Top Managers across the Group take the E-learning modules on Anti-Corruption and Competition laws in 2011.	By the end of 2011 this training had been completed by 762 managers.	
To carry out audits on at least 20% of countries we operate in regarding compliance with Child Labour and working time regulations.	In 2011, the scope of internal audits in 15 countries included management systems and controls related to labour and human rights.	

Objectives and targets for 2012

1. In accordance with the HSE Vision, our first priority is to prevent fatalities at our work places. Our Group target is 0.
2. In terms of Lost Time Incidents Frequency (LTIF), the Group target for 2012 is to reduce LTIF by 40% relative to our baseline figure.
3. Related to the LTIF are Lost Work Days (LWD) as a result of Lost Time Incidents. The Group target for 2012 is a reduction of 25% relative to the baseline figure in 2010 per 1000 exposure hours.
4. In terms of Total Reportable Cases Frequency (TRCF), the Group target for 2012 is to reduce our TRCF by at least 30%.
5. At least one yearly Management review by Country management of the suitability, adequacy and effectiveness of the Country's HSE Management system.
6. Systematically measure the carbon emissions across the Group from electricity in 2011.
7. Reduce the emissions from our leased cars (gm/km) from 2011 over the leasing period of 4 years by 15%.
8. To conduct an annual employee engagement survey with a target to have offered 250,000 of our employees to respond to the questionnaire by the end of 2012.
9. To carry out audits on at least 20% of countries we operate in regarding to issues within Corporate Responsibility.
10. To roll-out the e-learning module on Anti-Corruption in different languages.



ISS and People

– a safe and respectful employer

This section describes how we care for our most important resource – our employees.

People are the core of ISS's business. Of our over 530,000 employees more than 500,000 are in the front line of our business serving over more than 200,000 customers and they are our most valuable resource.

Managing risks in terms of health and safety for our employees is demanded by our customers, required by our investors but above all our employees deserve that we care deeply for their safety at work. This is a basic human right.

The success of our HSE efforts is dependent on every individual in the company taking on the responsibility for eradicating risk behaviour in themselves and among colleagues. In this way, we all share the responsibility for:

- Managing our HSE risks systematically;
- Learning from our collective experiences in order to continually improve our HSE performance;
- Being Ambassadors by promoting and driving a strong HSE culture.

Governance framework for health and safety

The basis for all governance questions in ISS is the ISS Code of Conduct, which clearly calls for us to secure and protect the personal health and safety of our workforce.

The Code of Conduct also protects employees' right to fair and equal treatment, freedom of association and collective bargaining. It further states that we do not use forced labour or employ children, and that we offer adequate wages and training opportunities as well as respect employee privacy and protection of personal data. That health, safety and environment is a top priority is also embedded in our leadership principles.

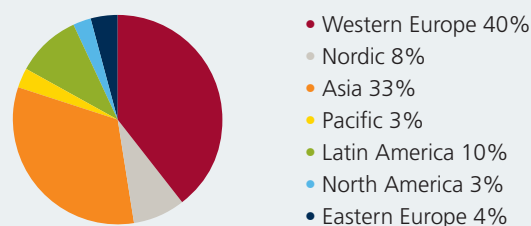
"In ISS we treat people with respect: We respect the laws of the localities where we operate and we consider Health, Safety & Environment a top priority.
From our Leadership Principles

Furthermore, we are fully aware that healthy business performance depends on healthy people and safe processes and equipment. We recognise that our success and our future require us to carry out our operations in a safe and environmentally conscious manner. This is part of the ISS Way.

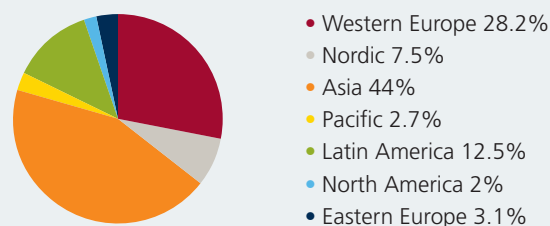
The next layer in our governance framework for HSE is our HSE vision and policy. These are reflected on this page.

EMPLOYEES PER REGION

Total



Full Time



The ISS vision and policy for HSE

Our HSE vision is called '100'.

- 1: We aim to be number 1 in our industry and recognised as an industry leader in the way we deliver health, safety and environmental performance;
- 0: We operate with 0 fatalities in our workplaces; and
- 0: We incur 0 serious incidents and occupational injuries at our workplaces.

Our HSE Policy is to:

- Have a systematic approach to HSE management designed to ensure compliance with the law and achieve continuous improvement;
- Measure, review and report performance and set targets for improvement;
- Investigate incidents to determine their root causes and take appropriate corrective actions;
- Require our suppliers to manage their HSE in line with this policy;
- Include HSE performance in the appraisal of staff and reward accordingly.

Making HSE operational

In line with the efforts to strengthen governance across our multi-local organisation, for the past two years we have built and implemented an operational framework to create a consistent approach to HSE across the Group. The objective is to achieve continuous improvement in quality and performance, in the daily dealings of the vast majority of people employed by ISS, as they clean, guard, garden, prepare meals, etc.

The ISS Group Health, Safety and Environment (HSE) Manual, based on four international standards, (OHSAS 18001, ISO14001, ISO 22000 and ISO 9001), provides the countries with a road map to a systematic approach to health, safety and environmental management. The manual was rolled out in 2010, as was an ISS Group HSE and CR Action Plan.

Full compliance with the manual was required by the end of 2011 and we are pleased to report that all countries have now performed self-assessments, identified gaps and completing action plans to close these.

A number of countries have also certified their Management systems in accordance to ISO 9001, 18001, 14001. The bar chart on the right side shows the number of countries that have certified their system to cover all their operations or certain services or divisions,

The objective of the Group HSE and CR Action Plan are targets and actions to:

- Improve our HSE and CR culture;
- Improve our HSE management systems; and
- To monitor our HSE and CR performance.

In 2010, we also launched the ISS Safety Rules to align behaviours in daily operations. These have been rolled out in all countries in 2011 by way of translation to local languages and communication through locally available channels such as personal handbooks, brochures, posters, etc.

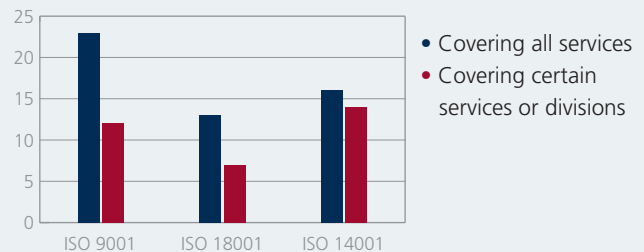
Based on our HSE and CR performance, the stated targets and actions will be reviewed and amended yearly as deemed appropriate to meet our HSE Vision. The Action Plan also has a road map for targets and new indicators to be measured in the next five years.

ISS Safety Rules

The rules cover:

- Stopping unsafe work;
- Permit to Work;
- Energy isolation;
- Electrical safety;
- Confined space entry;
- Driving safety;
- Working at heights;
- Housekeeping;
- Manual Handling;
- Working with Chemicals.

COUNTRIES THAT HAVE CERTIFIED THEIR MANAGEMENT SYSTEM



Monitoring supports transparency

A part of the overall strategy for HSE and CR is demonstrating our performance through measuring, monitoring and reporting. Supporting this goal in 2011 we implemented an HSE-IT tool, a performance management tool that will enable ISS to monitor and document our performance, compliance and risk management in HSE. The tool will provide ISS with:

- A systematic approach to reporting across the ISS Group;
- Simplified reporting to Group and at country level;
- Monitoring of our performance and progress across the Group and to country management in terms of their performance;
- Increased awareness across the Group through reporting;
- Opportunity for building a value proposition for our customers.

With the HSE-IT tool ISS can have oversight of incident reporting, corrective actions performed as well as audit outcomes. In 2012 we plan to integrate a sustainability module to cover environmental data as well. The system is being deployed to all countries.

Reviews support accountability

Beginning in 2011 we enhanced accountability by including health and safety items in existing periodic business reviews of each country in which the Group operates. The reviews will focus on how the country is progressing in meeting the action plans established in 2010.

To facilitate this process, Group HSE held in 2011 two Regional HSE meetings in Helsinki, Finland and Buenos Aires, Argentina with the HSE heads from nine countries representing the Nordic and Latin America regions to develop a common understanding of the Group strategy and to share best practices. These Regional meetings will continue to be held in 2012 in order to facilitate this common understanding with meetings in Asia Pacific and the US already planned.

One of the key elements in the Group HSE manual is a Management Review. From 2011 onwards, Country Management will

be required to carry out at least one Management review of the suitability, adequacy and effectiveness of the Country's HSE Management system annually.

“ In 2011, 98% of countries have carried out at least one management review.

Campaigning to improve

One element in the Group HSE and CR Action Plan is what has been termed 'Me and You' campaigns which will run every quarter of the years to come. The first campaign focused on safety, and ran in March 2011 under the name 'Drive to 100 Safety Campaign'. The 'Drive to 100' refers to our HSE Vision of 100.

The campaign focused on three safety subjects:

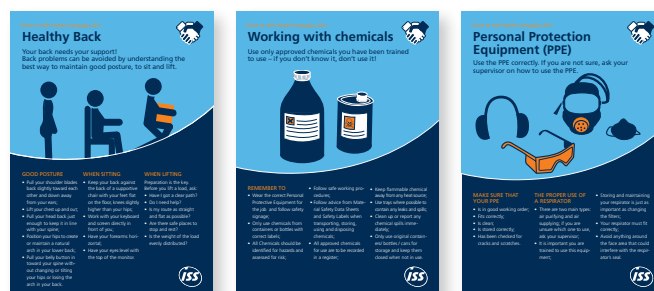
Working at heights Falls from height was the cause of two of the fatal injuries in 2010 and several serious injuries. Moreover, many of ISS's work activities involve working at height. Working from ladders, scaffolds and platforms are obvious examples.

Slips, trips and falls According to statistics from e.g. the UK Health and Safety Executive (HSE), slips and trips are the single most common causes of injuries at work and account for over a third of all major work injuries.

Driving safely It is estimated in some countries that up to a third of all road traffic accidents involve somebody who is at work at the time. This includes employees driving to meetings and events, visiting customers or clients and driving between sites. ISS has also experienced incidents related to driving, leading to three fatalities last year. With over 20,000 vehicles in our fleet, driving safely is an important aspect of our safety culture.

Posters highlighting these subjects were sent to HSE-managers in all countries, also in a version fit for translation to local languages. The posters were translated into Chinese, Croatian, Danish, Dutch, Estonian, Finnish, German, Indonesian, Malay, Portuguese, Russian, Spanish, Swedish, Thai and Turkish languages. In addition to these posters, one on the STOP methodology was included in the campaign materials and explaining how to use it. This is a recognised method of identifying hazards when carrying out work.

The campaign subjects for the 2nd quarter of 2011 were, under the overall theme "Health": Healthy Back, Working with chemicals; and Personal Protection Equipment.



Safety Flash communication

Another kind of campaigning is carried out through sending out what is termed as 'Safety Flashes'. These are letters sent to safety responsible persons across ISS at times where obvious trends are showing. In 2011 we sent out two such flashes. One was concerned with working at heights, the other with fatalities. The Safety Flashes recounts the current trend and points out potential learning and suggest subjects for discussion across the organisation.



How campaigns are run

- Posters and the 'You and Me' slogan from the campaign are hung in offices etc.;
- Top and middle management should be involved in campaigns;
- Posters and flyers are distributed, ideally by management layers as well;
- Supervisors/facility managers are encouraged to hold Tool Box talks or start work shifts by discussing the posters;
- Safety committees or safety forums are involved in campaigns;
- Campaign messages are communicated by intranet, meetings, newsletters, posters on boards.



THOMAS MÄLSTRÖM SWEDEN

Health and safety performance 2011

Regrettably we had seven fatalities at our workplaces in 2011, two more than in 2010. Each of these is a tragedy and we will never accept that working for ISS can be fatal. The safety of our employees is our number one priority in terms of corporate responsibility, our most material issue. For the same reason, the only acceptable performance statistic on fatalities is zero occurrences.

The only way to reach this target is by establishing an impenetrable safety culture across the entirety of our operations regardless of variations in local cultures and management styles.

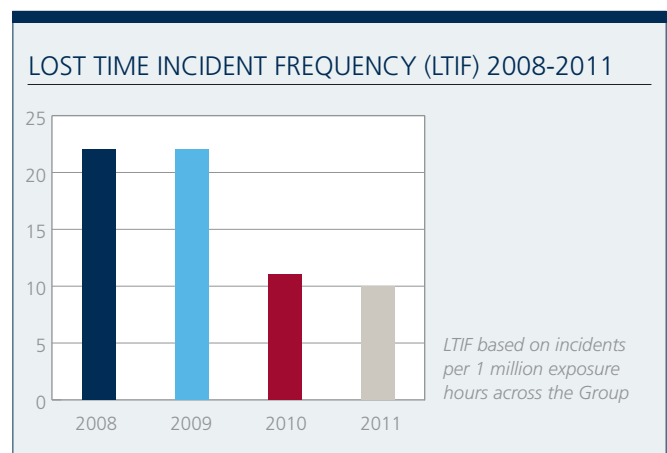
Our health and safety governance framework, which was strengthened and expanded in 2010, is an important element in enhancing our safety culture as is the campaigns described above.

“As we all agree any loss of life is one too many. While we are all working on improving our safety processes, we still need to reflect on what more we can do to prevent fatalities and serious injuries at the work place. ... I would therefore encourage you and your management team to take time to stress our commitment to safety to our staff. We need to show our employees this commitment starts at the top and that we must carry out our tasks safely and avoid injury at our work place.

Jeff Gravenhorst, CEO

Part of the framework is our requirements of local management to carry out investigations of root cause for each of these accidents, by analysing what caused the incident and what can be done in order to prevent similar incidents in the future. All these fatalities should have been avoided.

In order to achieve our HSE vision, we have set targets for reducing injuries significantly over the next few years, beginning with a 25% reduction in 2011 from the baseline value of 13, to below 10 in 2011. Our Lost time Incident Frequency based on incidents per 1 million exposure hours across the Group was 10 in 2011, compared to 11 in 2010.



Fatalities

Location	Date	Services	Worked	Description
India	Mar 15	Security	5 months	Employee was working as a security guard at an aluminum plant. He entered the yard to replace his radio battery. While he was returning back from the yard gate to his duty post, a truck ran him over and he died instantly. The truck driver's visibility was limited due to heavy dust in the area.
Brazil	May 2	Cleaning	N.A.	An ISS sub-contractor was contracted to paint a building and also clean the roof gutters. In order to work on the roof gutters, the sub-contractor was working on the roof surface where he lost his balance and stepped on tiles that did not support his weight. This resulted in him falling through the roof into the interior of the building, a fall of 6 meters that resulted in his death.
Australia	Aug 16	Mechanic	28 days	Our employee was driving back to the office after servicing an ISS vehicle when his car had a head on collision with another car. He was air lifted to a hospital with critical injuries but passed away shortly after.
India	Sep 5	Cleaning	8 months	Our cleaner was working at a Laboratory. While carrying out cleaning activities, he stepped on a cement sheet which was used as cover for the underground water tank opening. The sheet broke and our employee fell into the tank. He was immediately shifted to hospital but he had passed away.
Thailand	Sep 7	Security	1 year	Our security guard was working at a building under completion at a University. Our guard opened the lift doors and fell down the lift shaft, leading to his death.
Czech Republic	Oct 3	Cleaning	6 years	Our employee worked at a recreation centre where she managed special cleaning services and laundry. She was driving to the site when her car had a frontal impact with a truck, resulting in instant death.
India	Nov 13	Security	26 ½ years	Our Security supervisor was on transport escort when his car was hit by a truck that had lost control and crossed a 4 foot median and entered into other side of the road resulting in a head on collision. All the five travelling in the car sustained injuries. Our supervisor sustained chest and head injuries and later succumbed to the injuries.

Next steps in International Human Resources standards

Integrated in the management of human resources is compliance to and measurement of the ISS International HR Standards. It is essential that local legislation and practices are respected everywhere and that the implementation of all policies is conducted with sound judgement, compliance with local market laws and common sense.

Our International HR standards are rooted in the ISS Way and constitute the basis for effective HR Management across the ISS Group. They enable us to have the right employees in the right positions, for maximisation of staff performance. The standards apply from the first point of contact with a possible future employee and help us keep focus on vital aspects of employment for as long as we continue a relationship with an employee.

A 2011 edition of the standards was distributed to more than 700 HR staff in ISS, with the inclusion of strengthened standards in the areas of Human Rights, Forced and Compulsory Labour, Child Labour, Working Hours and Anti-Corruption. This was an outcome of a review of our standards up against the UN Global Compact performed in 2010.

The model for implementation of these standards into daily practice is chosen by the countries exclusively, but as part of Group Internal Audit's new control self-assessment tool and subsequent guidelines for internal auditing, we are developing a form of monitoring and accountability measures.

A first step has been significant changes to the parameters on which the countries report to Group level, with an increased focus on monitoring and dialogue over a few HR areas. The purpose is to align reporting with our multi-local approach by achieving accountability, but only on business critical issues.

Prime examples of business critical issues are retention of employees and absenteeism.

Having a stable workforce

Our industry is known for high levels of employee turnover, where jobs are often used for short-term or secondary employment, as well as for high rates of absenteeism. However, a stable work force increases our productivity and the value proposition we can make to our customers.

We have increased the frequency on reporting demands on absences, and included employee turnover and absences due to illness in the demands for countries' reports to Group level. Additional areas are correct pay and individual performance appraisals. We have also increased our efforts in succession planning for management positions.

We also work to reduce turnover among front line employees by offering more full-time and daytime work, by providing multi-tasking jobs, encourage career development opportunities and

YEAR ENDED 31 DECEMBER

	2011	2010	2009	2008
Employees length of service				
Share of employees with less than one year of service	34%	39%	36%	35%
Share of employees with one to five years of service	41%	38%	40%	38%
Share of employees with more than five years of service	25%	23%	25%	26%

ISS International Human Resources standards

Subjects covered by the standards:

- Recruitment;
- Forced and compulsory labour;
- Child Labour;
- Working Hours;
- Discrimination, harassment and abuse;
- Remuneration, Benefits and Incentives;
- Employee Appraisals and Reviews;
- Training and Development;
- Health and Safety;
- Succession Planning;
- Motivation and Loyalty;
- Employee Relations;
- Managing Sickness and Absenteeism;
- Reporting and Monitoring.

design programmes to promote teamwork and skills development. These activities and programmes are, however, subject to local judgement of suitability.

In 2011, the share of full-time employees (working 30 hours or more a week) was 73%, same as in 2010. This indicator is important, as, on average, full-time employees develop stronger ties with ISS. The distribution of employee seniority (in years) provides another perspective for employee loyalty within ISS. The number of employees with more than one year of service increased from 61% in 2010 to 66% in 2011, with 25% of our employees with more than 5 years of service.

Satisfied employees are critical

Being in the services industry, ISS can only make our customers satisfied if our employees experience opportunities for engage-



ment and the motivation to grab these. In fact, the principle that engaged employees are a prerequisite for satisfied customers is at the heart of the ISS Way and the core of our belief system.

In 2010, we began to measure the engagement of employees through a structured employee engagement survey method. The method was tested in a survey for 4,500 employees in Portugal and 30,000 in the Nordic countries. In 2011 we expanded the same survey method to more regions and countries. As a result we offered more than 190,000 employees from our Nordic, Western Europe and Latin America regions the opportunity to express their opinion of working for ISS. Almost 38% chose to make use of this opportunity.

A very important part of implementing an aligned Employee Engagement Survey has been the involvement of Country Management Teams, managers, first line employees, unions and other stake holders in the country organisations. From the beginning it has been very important that the survey is anonymous for all our employees; both white collar and front-line employees. All employees have answered the same 24 questions and to ensure that our employees fully understood the questions all information and questionnaires have been translated into 21 different languages.

What are the questions about

- ISS in general
- My work conditions
- My manager
- My personal development
- My team

Measured on a scale from zero to five, the average result of the surveys was 4.3 implying that our employees in these countries indeed are engaged and happy to work for ISS. The honest feedback from our employees gives extraordinary good input for future initiatives on how our employees can become even more engaged working for ISS and provide our customers with better service.

The embedding of the Employee Engagement Surveys throughout the ISS world will continue in 2012. The Asia and Pacific regions will begin the implementation of the same process, structure and questionnaire in up to 11 Asian countries. Our target is to offer up to 250,000 of our employees the opportunity to respond to the questionnaire by the end of 2012.

Labour relations in Europe

For our European operations we conduct our employee relations according to an established model of a European Works Council. In this model, quarterly meetings between management and union representatives are held, as well as one annual meeting for all union members and a greater share of management representatives.

The topic of this year's EWC meeting was 'Social Dialogue', i.e. ways to improve communication between employer representatives and employees. At the end of the three-day meeting, all participating countries walked away with an action plan based on sharing of best practices from around ISS.

The meeting also makes room for a half-day training session for union representatives conducted by the European Trade Union Institute.

ISS University curriculum

Which programmes does ISS University offer?

- **Advantage programmes**

The ISS Advantage Programme is the first step to enabling employees for key roles in the ISS Strategy – The ISS way.

The Advantage Programme is an energised forum with involvement from Group Management Board who presents the ISS Group Strategy and focus on giving an in-depth understanding of all of the steps in The ISS Way.

- **Strategy and the Value Chain programmes**

The Strategy and the Value Chain Programme has been developed for Regional and Country Management with the objective to secure a more in-depth understanding of The ISS Way strategy and the ISS Value Chain and how to apply it. Participants will further be introduced to the ISS Value Chain toolbox and communication/implementation of our strategy and the change management required securing its success.

- **Value Proposition programmes**

This hands-on workshop moves through the steps necessary to create a value proposition that motivates the buyer. It shows how to select the right kind of value, quantify it and link it to ISS's differentiators. It also provides practice in using the most effective pattern for presenting value, the NOSE structure.

Most of these training programmes were developed exclusively at ISS University, while others) were designed in cooperation with institutions, such as Stanford University, International Institute for Management Development, Henley Management College and INSEAD Business School.

As part of the ISS University philosophy, regional and country managers are being certified to run ISS Academy programmes in local languages, which will facilitate the flow of knowledge to our employees.

Additionally, in order to implement strategic initiatives, such as Cleaning Excellence and the integrated facility services concept, ISS University continues to develop key specialists and train-the-trainers.

Skill training is conducted locally

The success of each of the services we offer to customers depends on the skills of the people who deliver it. Therefore, it is essential that the organisation is staffed with people who can deliver services that strengthen our customers' experience of service value.

Consequently, our ability to train and develop employees remains one of the cornerstones of the ISS human resources strategy.

As part of our International Human Resources Standards we ask the countries to ensure that all employees receive the necessary training to enable them to fulfil their job requirements, as well as relevant training in health and safety. Training needs to be planned, implemented and evaluated to ensure that it meets business needs and defined objectives, and to be adjusted to match business strategies. Most training is conducted at ISS academies and training facilities in national and local operations.

In ISS we also give attention to developing the first management layer e.g. team leaders, supervisors and contract managers, who are responsible for the immediate staff and customer contacts.

Our focus on training was validated by findings in the 2010 employee satisfaction survey which found that units where training had been very high on the agenda in the past year had a higher score in the survey.

In 2011, 176,356 front line employees participated in class room type training across the Group. There were various types of training including health and safety, technical training, management, language training, leadership and supervisory, IT, security and fire prevention.

Training for leadership

Leadership development is a clear strategic priority for ISS, as we progress to create the one company, one brand, one strategy-operation which we desire. Due to ISS's accelerated acquisitive growth in the first eight years of this millennium, pockets of individual company management culture remain and leadership development is a valued tool in becoming One Company.

The ability of our leaders, at all levels, to guide and motivate must be based on human understanding, respect and responsibility, as people management is our core competence in delivering excellence to our customers.

Part of the efforts is ensuring that our Leadership Principles (see page 9) are embedded in the local leadership training programmes. Furthermore, in addition to the training provided in the countries and on a regional level, we have established the ISS University, an in-house education centre in Copenhagen, to educate and train our managers and executives.

In 2011, 165 senior managers and specialists attended workshops and programmes at ISS University.



DENMARK

PROOF ESTABLISHED THAT DIVERSITY PAYS

Out of 10,000 employees in ISS Denmark 60 % are female and 40 % are male. Nearly half of our employees have another ethnicity than Danish, descending from more than 130 countries and are evenly distributed in regards to age. In 2011 ISS and PwC measured the effects of our work with diversity on the operational performance. The measurement is the first of its kind and shows that diverse teams are 3.7% more effective than non-diverse teams.

In other words, it has a proven economic effect to work strategically with diversity as a part of the overall HR strategy.



SPAIN

300 SERVICE MANAGERS TRAINED IN MANAGEMENT

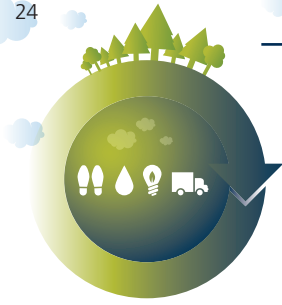
ISS Spain innovates in the industry creating career opportunities for Service Managers with two-year training course in management. Since 2007, ISS Spain has implemented a complete educational program for all Service Managers. This program, PDHG ("Programa de Desarrollo de Habilidades de Gestión") has been developed by high quality professors who collaborate with the renowned international IESE Business School. The program's length is two years, with monthly one-day sessions. At the end of the program, a formal graduation ceremony is held in the facilities of IESE Business School (in Barcelona & Madrid).



UK

GETTING LOW-RISK EX-OFFENDERS BACK INTO PAID EMPLOYMENT

ISS Facility Services Landscaping in co-operation with the Royal Borough of Windsor and Maidenhead and social enterprise firm, Blue Sky is helping ex-offenders to turn them away from their former lives and back into paid employment. The Royal Borough is the first local authority in the country to turn temporary placements into permanent jobs following a successful six-month pilot scheme last year. Five young ex-offenders are working with ISS FS Landscaping as fully paid employees involved on tasks such as maintenance of parks and cemeteries, grass cutting and tree planting. Although grounds maintenance work can be erratic due to seasonal changes, ISS and the Council committed to provide employment to the five young men throughout the twelve months of 2011. It is hoped that this will provide them a spring board for seeking further employment beyond this contract. The re-offending rate of employees placed through Blue Sky is 15 per cent, just a quarter of the national average.



ISS and the Planet

– influencing impact globally

This section highlights initiatives we are undertaking to increase our operational efficiency and thus reduce our environmental impact.

The main environmental impacts from ISS's operations derive from our cleaning services and consist of use of chemicals as well as water and energy consumption. We also emit CO₂ through the use of cars in our operations and travel activities.

There are three ways in which ISS can influence the extent of our impacts:

1. Through conscious behaviour in terms of consumption at our own sites;
2. Through the design of processes and equipment we use at our customer sites;
3. Through the portfolio of services we offer to our customers.

Limiting our own footprint

Many ISS operations are already certified in accordance with environmental standards such as ISO 14001, LEED, Green Seal etc., but with the implementation of the HSE manual, including a management and reporting system, in 2011, we can now govern our own impact on the environment with more structure and systematically.

In 2011 we have begun measuring consumption of electricity and water at our own sites, enabling us to establish baseline data for these consumptions. We continue to measure the CO₂ emissions from our car fleet and business travel.

The consumption of electricity for 2011 was 100,734 MWh, an increase from 2010 when we reported 91,995 MWh. This is because in 2011, we have 11 more countries that have reported their consumption. If we consider this, the consumption would be the same for 2010 and 2011. The emissions from business travel also increased to 16,004 tonnes. This was due to the number of countries reporting their emissions from business travel increased from 5 to 30 countries.

We measured water consumption at our own sites for the first time in 2011 and we consumed 702,690 m³.

ISS Environmental policy

ISS is committed to continuously reducing the adverse environmental effects of its operations.

This policy is included in the ISS Code of Conduct.

Campaigning for the environment

As part of the Group HSE and CR Action Plan for 2011, ISS has carried out quarterly HSE campaigns in 2011. The third quarter campaign focused on the environment emphasising awareness in terms of consumption of energy and water, and production of waste.

As the campaigning material emphasised, doing something to protect our environment starts and ends with each of us, and if we duplicate these initiatives by 534,519 – the number of people working for ISS – we believe our environmental footprint can be reduced quite substantially. (For information on how the campaigns are rolled out see page 18).

In the same vein ISS has also entered a climate partnership with Danish utility company DONG to reduce the consumption of energy at our head office. This partnership is presented in more detail on page 31.



Greener equipment on the way

ISS's second route to influencing our environmental impact is through the tools and processes we use delivering our services.

From our materiality review it was clear that our main impact in terms of tools and processes stems from transportation, i.e. our car fleet and business travel, and from our choice of chemicals when delivering cleaning services.

We began measuring our CO₂ emissions from transport in 2010, and are pleased to report that from 2010 to 2011 the average CO₂ emission decreased from 165 g/km to 158 g/km. We have replaced 21% of the global fleet of more than 17,000 leased vehicles with energy efficient models in 2011. For example in the UK, the average CO₂ emission has decreased from 184 g/km to 158 g/km from 2010 to 2011. In addition, fleet managers in our countries continue car driver safety programmes that include reducing speed and hence fuel consumption.

Everyone wins

Ways to reduce our environmental impact from our operations are often linked to and even initiated by potential economic gains.

This was the case in 2011, when a price restructuring was negotiated with Diversey chemicals in Europe, who for nearly a decade has been ISS's strategic supply partner for cleaning chemicals.

Part of this re-negotiation of our contract with Diversey consisted in an upgrade from old cleaning technologies to new dilution systems using super-high concentrate chemicals. As the consequences of the upgrade were calculated, it became clear that not only would it imply significant cost savings, it also held sustainability benefits:

- Highly concentrated products require less use of raw materials and packaging, and reduce the amount of water transported when compared to conventional products;
- Products covering 90% of our daily cleaning needs are eco-label certified by the European Union;
- Benefits are not limited to ISS, customers will also see cost-savings and sustainability improvements with reductions in chemicals and plastic consumed, less energy consumed in manufacturing, lower CO₂ emissions and improved health and safety.

This is completely in line with our goal of increased use of concentrated chemicals and dosing technologies, which provide accurate dosing of cleaning chemicals to the benefit of the environment and for the safety of our workers.

On a broader scale, it is comforting to know that through this win-win agreement we can contribute to a decrease in the global consumption of cleaning chemicals, which the International Facilities Management Association (IFMA) estimates to be at least 2.7 million tonnes annually in the performance of cleaning tasks. They also find that misuse and overuse due to lack of training is very common.

New equipment, increased synergies

Cleaning tools and equipment that electrolyse regular tap water, transforming it into a powerful cleaner have already entered the market. According to the manufacturers of such tools and equipment, changing the chemistry of normal water gives it new properties and allows the charged water to act in the same manner as a general purpose cleaner and, in some cases, a sanitising agent. Shortly after the charged water has been applied, it transforms back into its original state, leaving no residue or lasting effects.

After pilot projects at a number of ISS customer sites, which indicated effectiveness and saving potentials, in 2010 ISS purchased over 275 machines from Tennant with the ec-H₂O technology described above. Should they prove equally efficient in terms of cleaning quality, the benefits of water-based technology are numerous. The elimination of potentially harmful chemicals helps protect the health and safety of cleaning workers, as well as facility employees and guests. Because there is no residue left behind, concerns over chemical disposal are eliminated. From an economic standpoint, the potential to purchase and use fewer chemicals can have a positive impact on the bottom line. An independent test will be carried out in 2012 to verify the savings.

Greening cleaning

Finally, our product offerings to clients can aid in reducing environmental degradation. In the facilities management's current state, we find ISS is uniquely positioned to deliver leadership in greener facilities management. We have worked for decades to develop documentation of processes, supplier relationships and a structured management approach securing uniform services worldwide.

The part of our business where we can be most influential is cleaning. Of ISS's revenue, 50.8% originates from cleaning services. As shown in the examples above, ISS works to reduce the amount of chemicals we use for cleaning, and to design processes and employ tools which can reduce water consumption. This is in line with recent research and recommendations for making cleaning greener.

We have even developed a cleaning service offering named 'ISS Green Cleaning', integrated in the principles of 'Cleaning Excellence', also developed by ISS, which already brings sizeable reductions in terms of water and cleaning substances consumption.

The benefits from 'Cleaning Excellence' alone include reductions in detergents by 75% over one year and in water consumption by up to 70%. In addition to this, 'ISS Green Cleaning' is a cleaning concept using and procuring certified and environmentally friendly chemicals, employees educated in greener cleaning, and day time cleaning, which reduces energy consumption between four to eight per cent annually from eliminating night time lighting and heating.

ISS Green Cleaning wants to affect the entire process of creating a healthy environment for the people who work and visit the facilities managed by us.

Our research shows us that current and potential customers around the world are experiencing a growing need to demonstrate their commitment to sustainability in their operations. ISS has the products and tools to be part of the answer. However, we have also found that companies and organisations do not seem to include cleaning and other facilities management services in their considerations of reductions of their environmental impact.

A broader impact

On a global scale the cleaning industry consists of more than 250,000 companies using facilities, equipment, water, electricity and cleaning substances every day, producing by-products and in other ways impacting the environment. ISS wholeheartedly believes that this represents a significant opportunity for facility managers and other end users to choose vendors and suppliers who have a proven commitment to sustainable practices.

And many things can be done to back up the efforts of manufacturers to create the products, equipment and supplies to address these environmental impacts. Other opportunities can come from working in partnership to find ways to reduce environmental impacts.

ISS tries to influence the entire industry to move towards greener cleaning by working with suppliers, as described above, and our membership of the International Facilities Management Association. Read more about our partnerships on page 30.



NORWAY

CLIMATE NEUTRAL BUSINESS AREAS

Big achievements are often the result of many simultaneous initiatives. Through structured efforts, ISS Norway in 2011 has achieved climate neutrality within the business areas Facility Management, Catering and Security. This was an expressed goal for 2011 and was achieved through a multitude of target points, among these: Reducing fuel consumption through drivers' education, GPS Fleet Management, increased use of video and telephone conferences, and initiating an environmentally conscious renewal of the fleet. Also energy optimisation and waste sorting, increased sales of environmentally friendly waste solutions, as well as increased use of eco-labeled products.



FINLAND

ISS HELPED MANY CUSTOMERS JOIN THE NATIONAL ENERGY SAVING WEEK

Since 1997 Finland has run the national Energy Saving Week once annually, to remind everyone that we all have an impact on energy consumption. In 2011 many of our customers participated in the week for the first time – on ISS's initiative. For example, in a large national retail chain ISS personnel was responsible for planning the schedule and distributing material for the week, implementing the energy saving-operations and informing together with the customer.



HONG KONG

THE HONG KONG NO AIR CON NIGHT 2011

"No Air Con Night" is a promotional event organised by Green Sense, to encourage reducing the use of air-conditioning. The event targets the general public including Hong Kong households, government officials and university hostels.

The event was held on 29 September 2011, when all participants were invited to switch off air-conditioners for 12 hours beginning at 7pm. ISS Facility Services Limited participated by switching off the air-conditioner at our offices during that period and encouraged all staff to join the event.



INDIA

VOLUNTEERING FOR A GREENER COMMUNITY

On the Occasion of World Environment day 2011, ISS Chennai team conducted an Awareness program on Plastic Use called "Gyaan Gu Sa" ("Green Planet") in Tibetan Language. It was an awareness drive among the public on reducing the usage of plastics and make the environment healthy. Part of this programme consisted in a beach cleaning activity in one of the well-known local beaches by ISS Employees. Similarly, an awareness and a massive cleaning drive was conducted by ISS near Mumbai, in collaboration with others companies, local government and NGOs. A lot of unwanted waste materials, plastic covers, water pet bottles etc. were removed from an open road-side area which was highly appreciated by the locals.



CHINA

WATER RECYCLING INITIATIVE PRAISED BY CUSTOMER

At the site of DuPont Shanghai, ISS has initiated an energy conservation programme through recycling condensed water from the air-conditioning system. With a small investment in pump and pipes, low temperature (about 15) air-conditioning refrigeration water is stored instead of discharged and pumped to a cooling tower where it is mixed with cooling water for the system. By doing this, 4663 m³ was saved since its installation in May 2011, and the effect of the AHU is improved at the same time. The programme is also highly praised by DuPont.



UK

2011 GREEN BUSINESS AWARD FOR PARTNERSHIP

ISS Facility Services Healthcare and 3663 have won the 2011 Green Business Award for Partnership. Under the ISS sustainability banner of "Treading Lightly Together", the two firms showed how an innovative and open approach to working together made a significant difference to reducing carbon emissions, improving efficiency and cutting costs. 3663 is one of the UK's leading foodservice distributors. The companies worked closely to rationalise ISS' foodservice logistics requirements as vehicle use accounts for the majority of the company's carbon emissions.

Detailed analysis and planning saw suppliers reduced from 51 to 23 and ultimately delivered 84% fewer deliveries – or 33,147 fewer deliveries each year. This reduced vehicle movements by 134,000 kilometres annually, cutting carbon emissions by an estimated 96 tonnes. ISS also joined 3663's cooking oil recycling scheme, generating 141,000 litres of biodiesel, which the majority of the 3663 fleet runs on.



LUIS GARCIAS, INÊS COSTA AND
JOAO SEQUEIRA ARMAZEM PORTUGAL



ISS and Profit

– stronger governance, stronger accountability

In this section, we present an overview of our financial performance, highlight our principles related to economic sustainability and report on related activities in 2011.

Running a sustainable and profitable business is the first order for ISS, and we delivered a strong performance once again in 2011. ISS seeks to maintain and enhance operational efficiency by focusing on three operational objectives: (i) Organic Growth, (ii) Operating Margin and (iii) Cash Conversion.

We focus on organic growth through new sales and cross-selling of facility service solutions to both new and existing customers. Our strategy is focused on developing value propositions within each of our defined services based on the needs of our customers. These services can either be delivered as a single service, multi-service or as an integrated solution. We also seek to leverage our corporate responsibility performance to become a preferred partner for our customers and to develop this into a value proposition that can help our customers reduce their risks in this area.

We are applying a commercial strategy aimed at specific customer segments and implementing commercial planning processes and tools. This is further supported by our Global Corporate Clients organisation which enables us to win and deliver on large global contracts. The organic growth was 6.2% in 2011 and has on average been on 4.4% per year from 2007 to 2011.

Another objective is to improve our Operating Margin, which has been on average 5.8% per year from 2007 to 2011. We seek to improve operational efficiencies by implementing Group-wide excellence and best practice initiatives.

“We also focus on cash flow through our Cash Conversion which reflects our ability to convert accounting profit into cash. Over the period from 2007 to 2011 the Cash Conversion has been on average 98%.”

Very importantly we work with Unions, customers and employees to improve ‘payment on time’ behaviour, as late payment is a significant threat to sustainable business behaviour. Our premise to pay our employees on time depends on being paid on time.

Making our Code of Conduct available

As recognition of the global consensus on the many detrimental effects of corruption, such acts are a criminal offence in most jurisdictions.

ISS has always had very strict rules against the practice of corruption and bribery in its business. It is not The ISS Way, it is against

Anti-Corruption in the ISS Code of Conduct

- 1) ISS is against any form of corruption and bribery and is committed to combat such practices.
- 2) ISS competes for business on fair terms and solely on the merits of its services.
- 3) Regardless of local practice, any personal payments, kickbacks or bribes between ISS and customers, suppliers or public servants are strictly prohibited.
- 4) It is unacceptable to receive gifts or other gratuities from business partners – unless customary in the environment, of modest nominal value and serves a business purpose.

These rules form the basis of our Anti-Corruption Policy.

our values (see page 10), and by signing the UNGC we are publicly and automatically committed to combat the use of corruption, extortion and bribery, wherever we do business.

Since its first edition in 2003 rules against corruption and bribery have been part of the ISS Code of Conduct, as it is also a key risk to our business.

During 2011 we continued to expend a sizeable amount of energy on strengthening our governance structures, even though we strongly intend to continue operating according to the multi-local principle.

Our business integrity is a central part of the terms on which we hire and potentially give members of our staff notice to leave. And operating in countries with a weak legal framework for anti-corruption is no excuse: the ISS Code of Conduct principles on Anti-Corruption still apply.

To make these types of demands on our employees, the ISS Code of Conduct must be available to our employees in a language understood by them. This is why one action in the Group HSE and CR Action Plan for 2011 was for all countries to translate the ISS Code of Conduct into their local languages and integrate this in the induction for every new employee.

E-learning boosts training in anti-corruption

In line with a steady global focus on combating unclean business practices, as demonstrated by the enforcement of the US Foreign Corrupt Practices Act, as well as the passing of the UK's bribery act, we launched the ISS Anti-Corruption Policy in 2010.

Building on the principles set forth in the ISS Code of Conduct, the ISS Anti-Corruption Policy brought new demands for compliance by all our ISS country managers. It was sent out to all countries and Group Legal reached out to all regions to explain the implications of the new policy, and train top management (with a particular focus in 2011 on Asia and Iberia/Latin America).

We took a new step in 2011 by rolling out our e-learning based training modules to ensure that all relevant managers complete compliance training in anti-corruption and competition law. By the end of 2011 this training had been completed by 762 managers. Participants are required to go through both modules and complete and pass the quiz at the end of each module. Compliance training is also an integrated part of the ISS Advantage Course as well as some of the ISS Academy programmes in contract management.

We are currently translating the e-learning module to Chinese, Spanish, French and German to ensure an even broader roll-out throughout the ISS Group.

Clean growth

It is crucial to us to protect what we stand for and to show respect for our Values, Code of Conduct and Leadership Principles. ISS therefore allows anyone privy to information of that nature, to report experienced irregularities in our business.

A management representation letter is signed annually by our country managers, stating that all country reporting is done accurately, fairly and according to the ISS Accounting manual. The letter now also includes a section confirming compliance with the ISS Anti-Corruption Policy and, in general, with the ISS Code of Conduct.

In 2011 we responded to a potential vulnerability in ISS's business in a South Asian country where ISS had apparently been given some privileges when paying locally established parking taxes. A clean-up took place in 2011 and tax consultants were hired to advice on future payments. Although such clean-up may hamper growth in the short run, only clean growth counts in ISS.

We also worked on following up and terminating a case of excess sponsorship agreements in a Southern European country.

For more about our corporate governance system, please see the annual report.

Implementation of whistleblower system going live in 2012

Our whistleblower policy and system was approved by the Danish Data Protection Agency early in 2011.

We had expected the system to be functional and implemented by the end of 2011. However, the implementation was held back due to activities related to ownership change.

Roll-out has since been activated and an external provider was chosen to set up a secure, externally hosted, system handling any potential complaints and the system will go live in second quarter 2012.

This system will offer a channel for employees, business partners and other stakeholders to raise serious and sensitive concerns, protecting any person raising a serious concern in good faith from reprisals or retaliation. A complaint will be able to be filed online, using a dedicated link on the ISS website.

Complaints or concerns will be received and recorded by the Head of Group Internal Audit who will consider the seriousness and credibility of the complaint or concern raised, as well as proceed to determine the appropriate action in coordination with the Business Integrity Committee.

Some complaints or concerns may be resolved without requiring investigation. Others may be investigated by Group Internal Audit or external auditors, investigators and/or legal counsel may be engaged to assist in the investigation and analysis of the results thereof.

The conclusions of the investigation are submitted to the Audit Committee, established by the ISS Board of Directors. Depending on the gravity and magnitude of the violation, the report may be presented to the Board of Directors.



ISS and Partners

– working together to find broad solutions

This section highlights some of the many relationships we have established to find CR solutions in our industry.

ISS has relationships with a multitude of stakeholders, and with the right amount of shared interests, desire to reach a common goal or complementary competencies, these relationships can turn into partnerships. In a number of situations, ISS has through a close collaboration with such organisations managed to drive change in the market and create awareness on particular initiatives such as new ways of working, sustainability and improved working standards and conditions.



With International Facilities Management Association (IFMA) on green cleaning and more

ISS is a sustaining partner and sponsor of IFMA and ISS is especially involved in IFMA's annual conference and exhibition called World Workplace. IFMA works to promote the facility management profession through education, credentialing, government relations, leadership opportunities, publishing, research and standards development.

ISS partners with IFMA on several research project and have among other initiatives been involved in a project covering the diffusion of more sustainable cleaning services. One example is our co-authoring of a publication titled 'Global Green Cleaning'. It was prepared in collaboration between ISS, DCS Global Enterprise LP® and ISSA. Besides practical advice on how to perform green cleaning, its main message is that the facilities management industry must play its part in explaining to customers how cleaning services can become sustainable. So far, this publication has been published in more than 2.000 copies.

See also www.ifma.org



With IFMA Foundation

ISS is a proud sponsor and contributor to the IFMA Foundation, where we also sit on the Board of Trustees. The IFMA Foundation is a non-profit organisation providing scholarships for Facilities Management students, providing accreditations of universities and educational programmes for FM credentials and the foundation offers research on FM related topics.

In 2011 ISS has donated funds to support research, white papers as well as fund raising events.

see www.ifmafoundation.org



With GlobalFM

ISS is a long term partner of GlobalFM. GlobalFM is an organisation that connects regional and local FM organisations such as IFMA, EuroFM, AsiaFM etc. and provide guidance on education and provide input on industry standards.

In 2011 ISS was involved with GlobalFM on celebrating WorldFM day, which is a day recognising the importance of the facility management function and especially provides recognition to all who is involved in FM. Also ISS sponsored and hosted the annual GlobalFM awards recognising facility management excellence across the globe.

In 2011 ISS produced the ISS 2020 Vision "Scenarios for the future of the Global Facility Management Industry". We did this project in collaboration with GlobalFM that involved more than 50 of their members in an empirical research study carried out by the Copenhagen Institute of Future Studies on behalf of ISS.

See also www.globalfm.com



With International Association of Outsourcing Professionals (IAOP)

ISS is a sustaining partner of IAOP. IAOP is the global, standard-setting organisation and advocate for the outsourcing profession. With a global community of more than 110,000 members and affiliates worldwide, IAOP is the leading professional association for organisations and individuals involved in transforming the world of business through outsourcing, off shoring and shared services. In 2011 ISS was recognised as the 2nd best company on IAOP's Global Outsourcing Top 100. ISS is very pleased by this great recognition by IAOP of our ongoing efforts to meet customer demands.

With Regional and local industry organisations

On a regional and local level ISS is involved in organisations such as; ISSA, Security league, EuroFM, AsiaFM, BIFM; Abrafac, FMAustralia, AustriaFM and more. ISS acts both as partners and sponsors of these organisations and many ISS managers are actively and personally involved in these organisations.

A responsible supply chain

As an industry leader, ISS has to ensure a responsible supply chain, thereby guaranteeing partners and business associates protection of their brand. This is accomplished by working together with global partners that have integrated sustainability into their businesses.

To progress against this aspiration, a supplier questionnaire, based on recommendations of the Danish Institute of Human Rights and the Confederation of Danish Industry, was developed and tested in 2010. We are now integrating this questionnaire into our audit programme.



With UNI over good, global employment standards

Through a global agreement with Union Network International (UNI), ISS has since 2003 committed to support 12 fundamental principles based on International Labour Organisation (ILO) conventions.

The agreement was renewed in 2009 with an increased focus on labour and the right to join a union. The agreement aims at enabling all ISS employees worldwide to be able to exercise rights to union membership and collective bargaining.

The agreement and collaboration has prompted UNI to name ISS as 'an employer that treats its workers well and is setting a good example for other global employers'.

As part of the agreement, ISS and UNI created the Global UNI-ISS Foundation in 2009 with the purpose of monitoring and improving employment standards within the service industry globally. The Foundation aims to ensure that the annual ISS donation of EUR 100,000 is invested in projects within the industry and countries in which ISS operates.

This has led to establishment of the Mexico City Fundación en Pro de la Educación Sindical. The foundation will create the United Cleaning Workers Center in order to impact Mexico City facilities management in terms of compliance with labour laws and improved bidding and contracting policies for cleaning contractors in public sector buildings.

Two major themes are in play: Human rights violations and lack of contributions to the health and pension system. The project will improve conditions for facilities management workers in general, as well as show that companies such as ISS and others are important exceptions of these trends of non-compliance.



With energy supplier to reduce climate impact

In March 2011 the ISS Group entered a climate partnership agreement with DONG energy, one of the leading energy groups in Northern Europe, headquartered in Denmark.

The basic element in the partnership is the ambition to reduce energy and resource consumption at ISS headquarters where DONG will use its experience in energy consulting to reduce our energy consumption. The savings will then be utilised by ISS to buy renewable energy and that way the partnership contributes to the expansion of for instance wind farms. In 2011, an energy audit at headquarters was carried out by DONG Energy that resulted in a report recommending saving projects. As it is the intent to move the headquarters shortly, only a limited of these actions were initiated.

Part of the same agreement is a project to develop an international climate strategy for ISS, aiming at providing our customers with climate conscious frontline staff and solutions that reduce customers' energy consumption and costs.

With customers over improved services

ISS employees are present and visible in the daily life of our customers – and to their business partners as well. In this way, people working for ISS become part of our customers' image. That is a huge responsibility on our part and an equally great deposition of trust on the part of our customers. We know this, and have made it part of the way we do business.

Enabling us to work systematically with these important bonds of trust and service delivery, in 2011 ISS conducted our first global customer experience survey. Approximately 6,500 customers, equal to 80% of our total turnover, were given the opportunity to participate in the survey, which 46% chose to do.

Our main learnings from this process were that customers are satisfied with our frontline staff and describe them as positive, responsive, fast to react and flexible. On the other hand, there is room for improvement in showing how ISS differentiates itself from our competitors. This is an interesting communications exercise to which we believe our strengthened governance and the full roll-out of HSE/CR can contribute.

The survey was led by our corporate headquarters with the involvement of all the country operations including a 'customer experience champion' in each country driving the local contributions. A web-based portal has been established where all countries can

slice and dice the data on their country to achieve maximum benefit from the exercise.

Responding to the survey results, countries have prepared action plans corresponding to their unique challenges, including among others follow-up with customers. This takes the survey from thermometer to dialogue tool.

Country specific examples



FRANCE

FOR ITS CONTRACTS, ISS FRANCE TAKES RESPONSIBILITY IN TERMS OF SOCIAL INTEGRATION.

The integration of underprivileged young people is one of the pillars of ISS's corporate responsibility commitment. In addition to the social aspect of this commitment, we believe that it can also act as a differentiating factor for our clients. In June 2011, ISS France signed a partnership agreement with the "Etablissement Public d'Insertion de la Défense (EPIDE)" in Montlery (near Paris). The EPIDE works with young people aged between 18 and 25 who have dropped out of school without a diploma or qualifications, offering them vocational integration courses. Based above all on the idea of voluntary commitment, the EPIDE offers accommodation and courses to young people who want to start over, helping them to regain their place in society by getting them started on working. With this agreement, ISS France acts as a real partner and has undertaken to pass on to the EPIDE regularly offers of placements in different jobs, contracts that alternate work and training. Both public and private customers are also extremely keen on these types of action.



INDIA

EMPLOYMENT LINKED SKILL DEVELOPMENT PROGRAMME FOR BPL (BELOW POVERTY LINE)

In a public-private partnership working for a social cause ISS has joined forces with the Ministry of Rural Development of India in the 'Employment Linked Skill Development Programme for BPL (Below Poverty Line) Rural Unemployed Youth under Spl SGSY Scheme (Swarna Jayanti Swarojgar Yojana). The basic idea is to convert the rural unemployed / school drop outs into employable persons through placement options in seven Indian states. Within two years, 16,200 rural youth under this programme should have received training. These specified districts are very remote, tribal and undeveloped areas of Bihar, Chhattisgarh, Orissa, UP, Maharashtra, AP and Gujarat states.



SPAIN

ISS FOUNDATION CREATES 1,000 DIRECT JOBS IN DEVELOPING COUNTRIES

The aim of the ISS Foundation Una Sonrisa Más (One More Smile) is to facilitate the creation of decent and sustainable employment in the developing world, through training and professional development, micro-loans or other forms of investment help as well as market access assistance. In the last four years, the Foundation has financed projects in Ecuador, Peru, Burkina Faso and Morocco, creating over 1,000 direct jobs in these countries.

The Foundation was set up in 2007 and is supported by the two main trade unions in Spain: CCOO & UGT. Nearly 3,000 ISS employees contribute on a strictly voluntary basis by donating the cents of their monthly payroll and a further 150 have agreed to do voluntary work for the Foundation. Support for the Foundation also comes from our suppliers, who are converting the traditional Christmas gifts to donations to the Foundation. In the same way, we have informed all our customers that ISS does not send Christmas gifts and instead donates the funds to the Foundation. All the administrative and management costs of the Foundation are paid directly by ISS so that all the funds raised are used for financing the development projects.



INDONESIA

SECURING THE BLOOD SUPPLY

Indonesia's stock of blood can only accommodate 70% of total blood needs, according to Red Cross Indonesia. ISS Indonesia has joined forces with Red Cross Indonesia and organised a blood donation event, which was also supported by the local management team. Our focus on humanity is high and we need to contribute to the nation via this blood donation and we plan to conduct these blood drives regularly in the future.



DENMARK

LEARN DANISH WITH ISS

Since 2010 ISS Denmark has offered intensive language programme to employees who do not have Danish as their mother tongue financed by the Danish government, ISS and the ISS education fund. Participants receive 60 hours of intensive Danish lessons focused on work-related communication as part of their employment at ISS, maintaining their normal salary while part of the programme. So far 130 employees have completed the programme.



SAMMY ABRAHAM TATIUL, NINA ARSIH INDONESIA



JAMES PASK UNITED KINGDOM

Reporting principles and compliance

This report, the second comprehensive corporate responsibility report prepared by ISS, covers activities in the calendar year 2011.

Compared to our first report we have added data on occupational illness cases, fuel costs, fuel usage, and total water withdrawal by source to our reporting.

To improve the quality of data, we are in the process of implementing a global reporting IT system in countries.

External principles and guidelines

We have designed our reporting to be in line with level C in the Global Reporting Initiative (GRI), the world's most widely used sustainability reporting framework. This requires reporting on a minimum of 10 performance indicators as well as a set of profile disclosures. An overview of the GRI standard disclosures included in this report can be found in the table on the following pages.

Late in 2010, 'Guidance on Social Responsibility' (ISO 26000) under the helm of the International Organisation for Standardisation (ISO) was first published, and for our 2011 report, ISS has reviewed the guidance to discover elements in the guidance which might affect changes to our reporting.

ISO 26000 provides guidance on the underlying principles of social responsibility, recognising social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into the organisation. The standard emphasises the importance of results and improvements in performance on social responsibility. As we are already reporting in line with the GRI, we have

not found ISO 26000 to impact our Corporate Responsibility reporting as such. Our annual reporting on our corporate responsibility activities and management is also in accordance with the "Danish Financial Statements Act (Accounting for CSR in large businesses)". The reporting furthermore serves to fulfil our obligation to communicate on progress (COP) as required by the UNGC.

Internal guidelines

As a basis for our reporting, ISS developed a Group HSE and CR Reporting Manual in 2010 to provide reporting principles and rules to ensure a consistent basis for reporting.

The principles listed are derived from generally accepted accounting and reporting policies and include Relevance, Consistency, Transparency, Accuracy and Completeness.

They are intended to guide data gathering and reporting to ensure that the reported information fairly presents our HSE and CR performance. The Group HSE Manual requires that Countries and others collecting data manage their HSE and CR data quality systematically as part of their management system.

In order to facilitate control and review of HSE and CR data, each reported parameter shall have an audit trail. An audit trail is a clear (documented) record of definitions, assumptions, aggregation, calculations and references that result in the final reported data.

The manual specifies the data that shall be available for monitoring performance and for reporting on corporate responsibility issues at Group level.

Response to feedback on 2010 report

We received valuable feedback from the Danish Accountants' Association to which we have responded in the manner depicted in the table below.

Comment	Response	Pos/Neg
Broad, covering many interesting subjects.	No change	+
Good links between CR and the value chain	Customer driven emphasised, more country stories explaining link.	+
Good correlation between targets set and performance	No change	+
Balanced and transparent in description of fatalities	No change	+
Good GRI disclosure table	Improved visual presentation	+
No description of report scope and target groups	Addition of paragraph titled "Reporting for accountability" in section on ISS Approach to CR, including information previously contained in 'Reporting principles and compliance'.	-
More performance data compared to descriptive elements preferable.	Data added on occupational illness cases, fuel costs, fuel usage, electricity consumption, electricity costs, and total water withdrawal by source to our reporting. We have also added figures on the 2011 actions.	-
One comment that the People-Planet-Profit structure comes with disadvantages, exemplified by a partnership described in the Planet chapter rather than the Partnership chapter.	We reference the sections when this is the case.	-
Secondary effects such as consumption of electricity, water and heating at client sites are not dealt with.	The secondary effects at client sites are covered by the design of processes and equipment we use at our customer sites described in ISS and the Planet.	-
No third party assurance which would have increased credibility, particularly considering the size of the company.	We will consider third party assurance as we improve the quality and increase the quantity of data.	-

Changes and future outlook

In 2011, the Group HSE and CR Reporting Manual has been expanded to include more corporate responsibility data parameters with the overall objective of improving our data in both quality and quantity.

As such, in 2011 we added data on occupational illness cases, fuel costs, fuel usage, and total water withdrawal by source to our reporting.

In 2012, we will focus on improving our data quality through the implementation of a global HSE-IT system.

Overview of Global Reporting Initiatives (GRI) Guidelines and United Nations Global Compact (UNGC) compliance

The GRI serves as the foundation for compiling the ISS Corporate Responsibility Report 2011. In this section, we provide an overview of the GRI Standard Disclosures included in the Report and an overview of the progress on the ten principles in the UNGC.

GRI Standard Disclosures

1	STRATEGY AND ANALYSIS	SECTION IN REPORT
1.1	Foreword by CEO	Letter from the Executive Group Management
1.2	Description of key impacts, risks, and opportunities.	ISS and People, ISS and the Planet and ISS and Profit sections
2.	ORGANISATIONAL PROFILE	
2.1	Name of the organisation	ISS at a glance
2.2	Primary brands, products, and/or services	ISS at a glance
2.3	Operational structure of the organisation	ISS at a glance
2.4	Location of organisation's headquarter	ISS at a glance
2.5	Number of countries where the organisation operates	ISS at a glance
2.6	Nature of ownership and legal form.	ISS at a glance
2.7	Markets served	ISS at a glance
2.8	Scale of the reporting organisation	ISS at a glance
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Letter from the Executive Group Management ; Annual Report 2011
2.10	Awards received in the reporting period.	The ISS world of corporate responsibility
3	REPORT PARAMETERS	
3.1	Reporting period	Reporting principles and compliance
3.2	Date of most recent previous report (if any).	2010
3.3	Reporting cycle	Reporting principles and compliance
3.4	Contact point for questions regarding the report or its contents	Colophon
3.5	Process for defining report content	Reporting principles and compliance
3.6	Boundary of the report	Reporting principles and compliance
3.7	Specific limitations on the scope or boundary of the report	Reporting principles and compliance
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations etc.	Reporting principles and compliance
3.9	Data measurement techniques and the bases of calculations	Reporting principles and compliance
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Reporting principles and compliance
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Reporting principles and compliance
3.12	Table identifying Standard Disclosures in the report	Reporting principles and compliance
3.13	Policy and current practice with regard to seeking external assurance for the report.	n/a

4	GOVERNANCE, COMMITMENT AND ENGAGEMENT	SECTION IN REPORT
4.1	Governance structure of the organisation	Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Governance
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Annual Report 2011
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Governance; ISS and Profit
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	The ISS approach to corporate responsibility (not required)
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	CEO message (not required)
4.14	List of stakeholder groups engaged by the organisation.	The ISS approach to corporate responsibility
4.15	Basis for identification and selection of stakeholders with whom to engage.	The ISS approach to corporate responsibility
5	MANAGEMENT APPROACH AND PERFORMANCE INDICATORS	
EC1	Economic performance	Our Performance and Targets; Annual Report 2011
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	ISS and the Planet
EN16	Total direct and indirect greenhouse gas emissions by weight	Our Performance and Targets
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	ISS and the Planet
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	ISS and the Planet
LA1	Total workforce by employment type, employment contract, and region.	Our Performance and Targets; ISS and People
LA2	Total number and rate of employee turnover by age group, gender, and region.	Our Performance and Targets
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Our Performance and Targets; ISS and People
LA9	Health and safety topics covered in formal agreements with trade unions.	ISS and People
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	ISS and Partners
HR4	Total number of incidents of discrimination and actions taken.	Our Performance and Targets
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	The ISS approach to corporate responsibility; ISS and People
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	ISS and Profit
SO4	Actions taken in response to incidents of corruption.	ISS and Profit
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	The ISS approach to corporate responsibility

THE GLOBAL COMPACT PRINCIPLES

READ MORE ON PAGE

HUMAN RIGHTS

6, 8, 12 and 21

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 Make sure that they are not complicit in human rights abuses.

LABOUR STANDARDS

12,21 and 22

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 the elimination of all forms of forced and compulsory labour;

Principle 5 the effective abolition of child labour; and

Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

6 and 24

Principle 7 Businesses should support a precautionary approach to environmental challenges;

Principle 8 undertake initiatives to promote greater environmental responsibility; and

Principle 9 encourage the development and diffusion of environmentally-friendly technologies.

ANTI-CORRUPTION

6, 12, 21, 28 and 29

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Share your opinion

We welcome your feedback as it is an important part of our dialogue with our stakeholders.

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