



Corporate Responsibility Report 2012

The Power of the Human Touch





KINGSLEY CHIMA EJIMADU, SWITZERLAND

Letter from the Executive Group Management

In light of the current global macroeconomic climate, the progress we made in 2012 in our strategic transformation, including on Corporate Responsibility (CR), was satisfactory. We will continue to invest in our CR efforts as we strongly believe that CR is an important factor for our employees' purpose and pride and simply a prerequisite for customers in today's critical business environment.

Today, the demand from customers is a key force in helping us to improve CR. We must deliver our services excellently, consistently and flexibly around the world and, in the cases where we deliver a number of integrated services, our customers want a convenient solution with a single point of contact who manages everything efficiently. Furthermore, customers want ISS to manage their risks. We must protect our customers' brands by protecting their employees and their facilities.

CR is therefore at the very core of the value proposition that ISS delivers, among other things, to its customers. Three areas have particular significance for our customers when it comes to risk management: health and safety, reputation and consumption of natural resources.

Health and safety: Our customers are concerned about those working in and visiting their facilities; their health and safety is paramount. Procedures and processes must be documented and incorporated into the work environment. A focus on health and safety is not only the right thing to do from a CR perspective; it also helps the financial bottom line due to fewer industrial accidents and lower levels of absence due to illness.

Reputation: Our customers want to protect their reputation and brand. We have customers with brands that are worth billions of Danish kroner, and for them it is important that we deliver services in a way that contributes to protecting this value. Our employees work at the locations of our customers, in their offices and factories, every day. We fully understand the impact of our services on this value.

Natural resources: The consumption of natural resources is becoming an increasingly important measure to most of our customers. More and more customers are setting objectives for reducing carbon dioxide emissions, and water and energy usage. Here we must deliver improvements that can be seen on the bottom line and contribute positively to the customers' resource accounts.

In 2012, ISS secured several new global and regional contracts, including two of the largest global contracts in the history of ISS, and we welcomed two new long-term investors, resulting in a significant reduction in our debt. Despite challenging macroeconomic conditions, ISS delivered solid growth and financial results.

From a CR perspective, ISS sharpened its focus on ensuring strong corporate governance. We significantly increased the number of managers completing our e-learning modules in



anti-corruption and competition law, where more than 2,550 and 1,500 managers completed the two modules, respectively. The e-learning modules are available in five languages and are being used in all our countries.

We also launched our whistle blower system in June 2012 to make it possible for all employees of ISS, business partners and other stakeholders to report any serious and sensitive concerns. Going forward we will roll-out and create awareness of the system, including translations and adapting the system in accordance with local legislation.

Through our global presence in countries covering more than 90% of the world's GDP, we understand the CR issues at hand and are addressing them through structured efforts. Our systematic approach through our Group Health, Safety and Environment (HSE) management system supports our HSE risk management, consistent delivery and continual improvement. We respect, support and promote human rights and are aligned with the ambitions stated in the United Nations Universal Declaration of Human Rights and the Core Conventions of the International Labour Organisation. ISS has made a strong commitment as a signatory and supporter of the United Nations Global Compact since its inception in 1999. ISS is committed to aligning our strategy and operations with the ten Global Compact principles on human rights, labour rights, environmental protection and anti-corruption.

In most markets where ISS operates, our company plays an important role in promoting diversity and facilitating integration of immigrants. In several markets we have employees from more than 100 different countries. In this way, ISS is contributing to solving a very important societal task by ensuring better integration into the labour market.

While ISS is a strong supporter of both diversity and integration, we also have a clear stand on illegal immigration. ISS always operates fully in compliance with local law and we never support illegal immigration.

While we are pleased with the overall progress in 2012, we however recognise that we can make further progress in 2013 and the years to come. We are particularly focused on bringing down the number of fatalities. One fatality is one too many, and we are committed to our efforts to reach our goal of zero fatalities among our more than 530,000 employees.

In 2013 we will remain focused on integrating CR in everything we do, as we are confident that this will benefit our customers, our employees, the communities in which we operate and the bottom line.

Yours faithfully



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

Contents

Letter from the Executive Group Management	
Creating the world's greatest service organisation	2
The ISS Approach to Corporate Responsibility	4
Governance	6
Our Performance and Targets	12
ISS and People	14
ISS and the Planet	20
ISS and Profit	24
ISS and Partners	26
Independent assurance report	34
Reporting principles and compliance	36

Creating the world's greatest service organisation

The vision of ISS is to create the world's greatest service organisation. Every day, our more than 530,000 employees deliver services and add value to our wide range of private and public sector customers. ISS provides a wide range of single-service, multi-service and integrated facility service solutions, managing risks and protecting our customers' brands.

It all started in 1901 with a small group of employees in Copenhagen, Denmark. Today, ISS is a global company capable of self-delivering integrated facility service (IFS) solutions to our customers. At ISS, the value we bring to our customers is not only about efficient, reliable and flexible services, it is also about helping customers achieve their purpose and objectives and reduce their risks.

Our offering and value proposition

Focusing on our selected customer segments we offer leading value propositions based on our philosophy of self-delivery of excellence within each of our facility service offerings. We tailor our offering to individual customer needs, providing one or more services within cleaning services, support services, property services, catering services, security services and facility management. Our customers generally do not consider these services to be a core part of their business operations. At ISS however, providing these services is our core business.

Even a basic service, such as cleaning a floor, can be done in many ways. Because providing facility services is our core business, we have developed processes to secure the best outcome for our customers. Our value proposition is built on a strong foundation of service excellence suited to specific customer needs. In recent years, our customers have realised the benefit of having fewer providers take care of their facilities. In response, ISS has developed a full range of services, including our IFS concept. This allows the customer to have a single provider and only one company delivering all facility services instead of having employees from many different service providers on their premises. This is convenient for the customers and also offers them one point of contact. It is also more flexible and efficient and it provides our customers with a consistent delivery model across all their operations – locally or globally.

Self-delivery

At ISS we believe in self-delivery. By delivering our services through staff employed directly by ISS, we have much better control of delivery and quality and we help our customers manage potential risks.

The self-delivery model has made ISS one of the world's largest private-sector employers providing jobs, education, career opportunities and being a stable source of income for more than half a million employees. ISS aspires to become the world's greatest service organisation. To achieve this we strive to keep our employees highly engaged as this is the best way to keep our customers satisfied.

Organisation

From our head office in Copenhagen, Denmark we lead and inspire more than 50 local country organisations through 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 developments in our markets.

Ownership

ISS 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 as well as Ontario Teachers' Pension Plan (Teachers') and KIRKBI Invest A/S (KIRKBI).



ROLAND WOLF, GERMANY

The ISS Approach to Corporate Responsibility

This section describes how corporate responsibility at ISS is fundamental to business growth and we have a dedicated approach involving our business strategy.

ISS has more than 530,000 employees in over 50 countries across six continents. Through our people, we influence the world.

Employment with our group creates income and opportunity for access to education, health, consumption and more for an extended group of two million people. When our people do their job, as cleaners, caterers, maintenance staff, guards, gardeners etc., we touch the lives of our customers and of their clients and business partners as well. We create safe and secure work environments, guard property and sites to ensure business continuity.

Providing entry-level jobs, ISS is also an engine for diversity and global integration. Just consider our Danish operating company, where employees are from more than 130 countries.

In this way, solutions to major global issues are intertwined with ISS's daily operations. We contribute to creating a more sustainable world by running our business with concern for our employees and their safety, our customers and their business needs and respect for the environment.

Taking over customers' risks

One of the important value propositions that ISS offers our customers is credible and effective risk management including health, safety and environment and local labour law management. ISS's customer mix is changing and a main strategic growth driver is the increase in large contracts where companies sign over their corporate needs for facilities services to ISS, covering national, regional or even global operations. These customers have brands and reputations worth billions of Danish kroner, which they do not want to see harmed from operational breakdowns or facilities services which do not live up to international standards for health and safety, human rights, labour practices, environmental protection, etc.

The global distribution of growth potential is also changing. The European Union and the World Trade Organisation estimate that emerging markets are destined to hold up to 50% of global economic output by 2050. Already now, global companies are pursuing opportunities in these markets, and where our customers go it is strategic for ISS to follow. In this case that means increased activity in markets, which for a number of reasons carry higher corporate responsibility risks.

As a result of these changes, a primary element in ISS's value proposition is our ability to manage extensive risks on our customers' behalf. This moves corporate responsibility close to the heart of our operations. And puts extra demands on our ability to govern, lead and manage these areas.



"Corporate Responsibility used to be a luxury. Now it is fundamental to our business."

*Joseph Nazareth,
Head of HSE and
Corporate Responsibility*

ISS as a global citizen

Our 2011 scenario project¹ documented a clear conviction of both ISS managers and facilities management industry experts globally that issues related to sustainability will be critical factors in global development in the coming years. At the heart of this process lies the challenge of combining economic growth and opportunity with sustainable use of resources and distribution of opportunity.

Our company has a part to play in this development. We are the 4th largest private employer in the world² and our reach goes beyond our own activities and employees. The work we perform can help ISS, our customers and society:

- use resources more efficiently;
- provide employment and training which helps alleviate poverty;
- create healthy environments for work;
- improve labour standards in terms of fair and equal treatment, association, wages, etc.; and
- set an example for responsible business practices, including anti-corruption.

¹ ISS 2020 Vision: Scenarios for the future of the Global Facility Management Industry available at: <http://www.issworld.com>

² Based on FT Global 500, 2012

Our focus areas

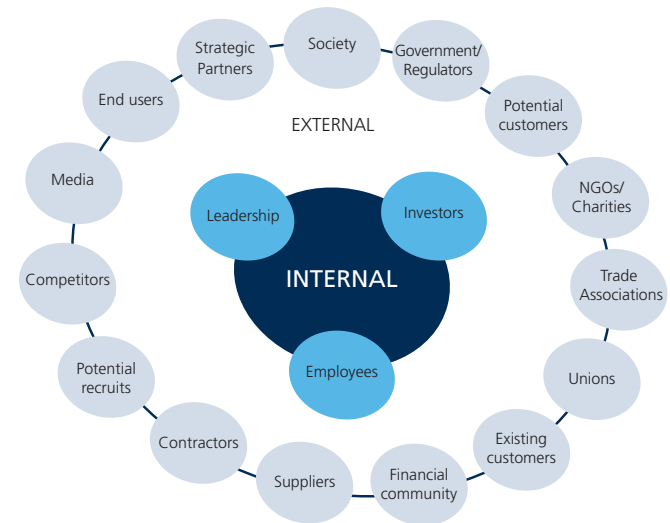
Under the umbrella of sustainability exists a myriad of issues and topics in which a company can involve itself, commit and engage in. However, the North Star of all corporate sustainability efforts is to take action where it matters to your business and to your stakeholders.

We conducted our first materiality assessment in 2009. Together with an external partner, ISS's seven regions were assessed based on the UN Global Compact, resulting in a consolidated and prioritised list of corporate responsibility issues and topics which still provides guidance for the prioritisation of our efforts. The 2009 materiality assessment 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.

In late 2012 and early 2013, we followed up on this analysis with an internal stakeholder and materiality assessment exercise. Participants in this process were representatives of the following Group functions: Legal, Human Resources, Risk Management, Internal Audit, Marketing, Communications, Strategy and HSE and CR.

We identified the following key stakeholders at the Group level:



The stakeholder analysis is presented on page 26.

To help us identify the material issues, we used as a reference the issues stated in both the ISO 26000 Standard Guidance on social responsibility and the Danish Standard Guidance 49004-2011 'Vejledning i samfundsmæssigt ansvar' (Guidelines for Corporate Responsibility). The subjects identified are shown in the table below:

Organisational governance	Human rights	Labour practices	Environment
1. Dialogue with stakeholders 2. Management composition and organisation 3. Risk management and due diligence 4. Decision processes and structure	1. Wages 2. Social and cultural rights 3. Discrimination 4. Handling of incidents 5. Risk areas around human rights 6. Core labour standards e.g. child labour	1. Employment conditions e.g. Work time/ overtime 2. Working conditions and social protection arrangements 3. Health and safety 4. Freedom of association (unions)	1. Prevention of pollution and promoting cleaner technology e.g. energy, water, chemicals, waste 2. Sustainable use of resources
Business ethics	Customer interests	Local community development	
1. Anti-corruption 2. Responsible sourcing 3. Fair competition 4. Promotion of social responsibility in the value chain	1. Responsible marketing, information and contractual relationship 2. Protection of the customer's health 3. Sustainable consumption 4. Customer support and complaint management	1. Local community involvement 2. Education and culture and safety 3. Job creation and development of competencies 4. Health	

In 2013 we will begin validating the results of this materiality analysis with representatives from our main markets such as employees during seminars.

Reporting for accountability

We published our first data based corporate responsibility report in 2010, to show that we have a strong framework in terms of responsibility and that we are accountable and transparent in our activities and performance to our stakeholders. The intended purpose and audiences remain the same for the 2012 report.

The report covers safety data for ISS employees and our contractors. The scope of electricity and water consumption covers ISS offices and own facilities such as central kitchens. The scope of safety data does not cover our customers. The scope of our environmental data does not cover electricity and water 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. For more details on our reporting principles and compliance, see page 36.



STÉPHANE BENOIT, FRANCE

CORPORATE RESPONSIBILITY EMBEDDED IN STRATEGY AND LEADERSHIP

ISS's strategy is based on four strategic cornerstones and a value chain perspective. Into each of these, corporate responsibility is ingrained.

We firmly believe that corporate responsibility will lead to a competitive advantage in the facilities services industry. It will aid us in becoming a preferred partner because of our performance records and proactive risk management, our ability to save on resources and costs. Furthermore, it will enhance our reputation and help us attract both new business and employees.

Embedded in our strategic cornerstones

- 1. Customer focus:** We build sustainable partnerships with our customers who value our approach to how we deliver our services in alignment with their corporate responsibility goals;
- 2. People management:** We excel in managing our people by managing our HSE risks in our operations and providing 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, for example in terms of the environment;
- 4. Multi-Local Approach:** Our global framework for managing health, safety, environment, labour practices, human rights and anti-corruption allows us to leverage a systematic approach to these areas regardless of location and with a very strong local ownership.

Embedded in our value chain

The implementation of the ISS Value Chain as a management tool is an integral part of the Group's strategic 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 each of these links.

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 UN Global Compact.

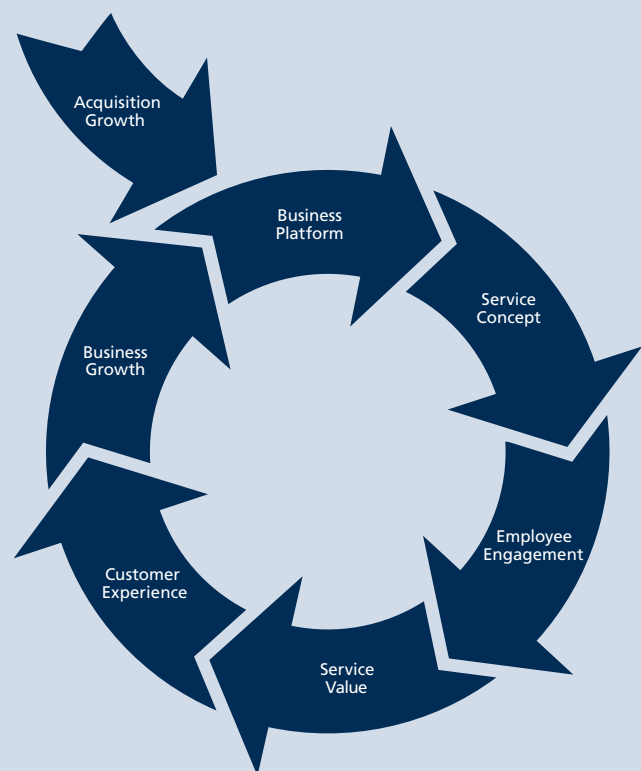
Service Concept: The purpose of the service concept process is to convert the needs of our customers into concrete and attractive service offerings. Global challenges deeply embedded in corporate responsibility can inspire business opportunities such as 'Green Cleaning'. Extended stakeholder engagement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

Employee Engagement: To have satisfied customers, you need capable and engaged employees motivated by being part of a strong team, led by very visible leaders and made capable through training. Research clearly shows that when companies focus on corporate responsibility, employees find that 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 is 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.



THE ISS VALUE CHAIN

Governance

In this section, we highlight key aspects of how our solid values, management structures, policies and processes help our business grow.

The management structure in ISS has two tiers 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.

The ISS Group corporate governance guidelines are implemented by all regional and local entities, and according to these, all operations in ISS must align with four fundamentals:

Compliance with law

– ISS companies always operate in accordance with local laws and regulations.

The ISS Corporate Values

– four words that must guide ISS business conduct, and each manager is expected to understand and live by.

The ISS Code of Conduct

– all managers are responsible for managing the ISS business in compliance with our Code of Conduct, and for ensuring that employees are aware of and adhere to its content. The Code of Conduct is distributed to all employees, and is part of the employment terms for all employees.

Compliance with ISS Group policies

– which is a ISS regional and country management responsibility. Management must document implementation of policies and guidelines designed by the ISS Group functions through self-assessment tools and audits.

Strengthening governance

The strategic focus on Corporate Clients requires alignment across ISS toward a certain representation of the company's expression of values and behaviour. For this reason the governance barometer points towards a continuing strengthening of the governance and control environment throughout the Group to ensure consistency in service delivery and a uniform approach in how we express and live the ISS values.

The Corporate Governance guidelines from 2009 that govern the organisation and control of each subsidiary in the Group are in the process of being updated and elevated to a Policy.

CORPORATE VALUES



"It is about making the values, procedures and systems more visible across the organisation. We have to make sure that all parts – including the 600 companies added in the first decade of this century – of the business are ISS to the core, and that ISS is protected and in control," says Bjørn Rasteen, Group General Counsel. "Governance and controls provide the ability to lead the business and always be able to look yourself in the mirror."



KATE BOLA ABU, UNITED KINGDOM

Risk management

The importance of risk management has increased in ISS in recent years, as we have pursued stronger governance mechanisms (read CR report 2011), and as corporate clients have gained strategic importance to our business. As risk transfer is a fundamental part of our value proposition, this trend has only been strengthened.

ISS has evolved the enterprise risk management framework to include both top down risk assessments as well as a bottom up process of regional and country risk reporting. In 2012 we rolled-out reporting tools to all business units for them to be ready to report during 2013.

The subject of all reports is the ten most significant risks, which are consolidated by the Group into an overview of the ten most significant corporate risks and related mitigating actions. One of the ten identified Group risks addresses HSE and CR issues. The fact that the end product relates to Group level risks means that mitigating actions come in the shape of both Group level initiatives and country level actions that may differ from each other. This reflects the multi-local approach, where each country operates in accordance with the composition of their business environment.

The ISS risk profile covers a number of arenas: risks associated with the macro-economy, our growth strategy, our customer contracts, employee capacity, competition and regulatory environments. A full overview of our risk profile can be seen in the ISS Annual Report for 2012.

Governance of corporate responsibility

Corporate responsibility is anchored in ISS's Executive Group Management (EGM) comprised of the CEO and CFO. Executive Group Management is ultimately responsible for ISS Corporate Responsibility activities, but the Group Health, Safety and Environment and Corporate Responsibility function (Group HSE and CR), is charged with the development of the ISS Group's Corporate Responsibility strategy, including Health, Safety and Environment.

Group HSE and CR reports to a member of the Group Management Board (GMB), and is mandated by the EGM and GMB to work with other Group functions, Regional CEOs and Country Managers to implement the Corporate Responsibility strategy in our operations and countries. As part of the reporting process, country managements report on corporate responsibility performance, based on a Group HSE and CR Reporting Manual specifying indicators and data parameters that all countries need to report on.

Self-assessments and internal audits

By the end of 2012, governance controls documents included all subjects uncovered by a risk identification exercise in 2010. The full library of control documents now covers finance, IT, corporate governance, HSE, and anti-corruption. Going forward, the control documents will also entail the areas of sales and human resources. In addition, more corporate responsibility and HSE-related subjects in the control self-assessment will be included.

The implementation of these key control activities is monitored in a control self-assessment tool, which by the end of 2012 was in place for countries representing more than 95% of Group turnover. Review and validation of information submitted in self-assessments is embedded in our internal audit activities.

Group Internal Audit's control self-assessment tool and subsequent guidelines for internal auditing also include oversight of the ISS International Human Resources Standards. Human Resources receive reports on all 15 areas in the standards, which provide us with a status of compliance.

In 18 of the 50 audits Group Internal Audit performed in 2012, corporate responsibility issues such as the Code of Conduct, the ISS Safety Rules, child labour and working hours were part of the audit scope. With this activity level we exceeded our target of carrying out audits of at least 20% of countries in which we operate regarding Corporate Responsibility issues.

While minor observations were identified locally, none posed a risk to the Group. Corrective actions were taken to ensure that these observations have been closed. This is in line with one of the ISS Values of taking responsibility in the CR area where actions are based on living our values.

Organising for corporate responsibility compliance

We have communicated our commitment to corporate responsibility to our stakeholders. We actively promote the ISS Code of Conduct when we enter new markets and joint venture opportunities, and have a zero tolerance approach to material breaches of the Code of Conduct. In the past, we have terminated contracts with managers and employees if they were found to behave in breach of the Code of Conduct.

ISS has a Group Business Integrity Committee. The members are the Group CFO, Head of Group Legal, Head of Group HR, and Head of Group Internal Audit. The Committee is authorised by the Executive Group Management to evaluate ISS's business integrity policies and recommend updates when appropriate; monitor ISS's compliance with its business integrity policies; and manage communication, staff awareness and implementation programmes. The Committee is further assigned to review reported concerns and incidents and evaluate channels for reporting of concerns; initiate investigations for significant suspected fraud incidents; and monitor remediation progress, including implementation of actions taken to identify and address material irregularities or weaknesses.



SUKARSI, INDONESIA

Our Performance and Targets

This section presents our Key Performance Indicators and results against objectives and targets for 2012. We have also established

objectives and targets for 2013. We report on our performance within three areas: **People, Planet, and Profit**

PEOPLE	2012	2011	2010
No. of employees	534,273	534,519	522,700
– Full time %	73%	73%	73%
– Part time % ^{a)}	27%	27%	27%
Total workforce			
– Front line	503,304	505,265	494,109
– % Male	51%	49%	48%
– % Female	49%	51%	52%
– White collar	30,969	29,254	28,591
– % Male	57%	54%	52%
– % Female	43%	46%	48%
Turnover			
– % All employees	50%	45%	49%
– % Front line	51%	46%	53%
– % White collar	23%	23%	16%
Hours of training			
– Front line	4,377,634	2,212,730	2,605,633
– White collar	442,082	396,402	382,255
Absentee rate	2.1%	2.3%	2.3%
Incidents of discrimination	10	29	48
Fatalities	7	7	5
Lost time Injury Frequency (LTIF) ^{b)}	8	10	11
Exposure hours (mill. hours) ^{c)}	970.2	930.7	908.4
Number of Vehicles ^{d)}	22,741	22,589	24,960
No. of Vehicle Accidents	5,685	6,453	5,574

^{a)} Defined as employees working an average of less than 30 hours per week for ISS.

^{b)} An LTI is defined as any work related injury 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. This includes contractors under ISS operational control.

^{c)} Exposure hours include contractors working under ISS operational control.

^{d)} Improvements in data quality has led to corrected data for 2011.

^{e)} We are now reporting using actual fuel consumption reported by countries for 2012 and 2011. In the two previous reports, we have based this on budgeted

PLANET	2012	2011	2010
Electricity consumption (MWh)	97,677	100,734	91,995
Electricity emissions (tonnes CO ₂ eq.)	30,507	39,341	30,710
Electricity costs (million DKK)	88.9	88.4	76.2
Fuel usage ^{e)} (million litres)	54.65	57.74	N/a
Vehicle emissions (tonnes CO ₂ eq.)	126,333	133,489	132,589
Business Travel emissions ^{f)} (tonnes CO ₂ eq.)	14,782	16,367	3,660
Water consumption (m ³)	586,849	702,690	-

PROFIT	2012	2011	2010
Revenue (million DKK)	79,454	77,644	74,074
EBITA ^{g)} (million DKK)	4,411	4,388	4,310
Net Finance costs (million DKK)	2,718	2,807	2,566
Taxes paid (million DKK)	885	749	697
Staff costs (million DKK)	52,071	50,089	47,990

consumption and the data covered less than 75% of the fleet. The 2010 figures shown are extrapolated numbers for 100% of the fleet based on budgeted consumption.

^{f)} Covers emissions from Business travel from Group and 32 countries; we have corrected the 2011 data from 16,510 tonnes to 16,367 tonnes where we reported emissions from Group and 29 countries. In 2010, we reported emissions from Group and 5 countries.

^{g)} EBITA reported is EBITA excluding other income and expenses; the numbers for 2011 and 2010 have been adjusted to reflect this.

PERFORMANCE AGAINST OBJECTIVES AND TARGETS FOR 2012

Targets 2012	Performance 2012	Trend
In accordance with the HSE Vision, our first priority is to prevent fatalities at our work places. Our Group target is 0.	We experienced seven fatalities. See page 15.	
In terms of Lost Time Injury Frequency (LTIF), the Group target for 2012 is to reduce LTIF by 40% to below 8.	LTIF decreased by 36% from the baseline value of 13, to 8.3 in 2012.	
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% per 1000 exposure hours from the baseline in 2010.	The number of Lost Work Days per 1000 exposure hours was 0.230, a reduction of 17%.	
In terms of Total Reportable Cases Frequency (TRCF), the Group target for 2012 is to reduce our TRCF by at least 30% from the baseline in 2010.	TRCF decreased by 43% from the baseline value of 23, to 13.2 in 2012.	
At least one yearly Management review by Country management of the suitability, adequacy and effectiveness of the Country's HSE Management system.	94% of countries have carried out at least one management review for 2012.	
Systematically measure the carbon emissions across the Group from electricity in 2012.	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 (g/km) from 2011 over the leasing period of 4 years by 15%.	In 2012, we have reduced emissions from our leased cars (g/km) by 6% compared to the baseline figure in 2010.	
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 250,000 employees, nearly half of our workforce from 46 countries, the opportunity to express their opinion of working for ISS through this mechanism. 47% chose to make use of this option.	
To roll-out e-learning module on Anti-Corruption in different languages.	The e-learning module on Anti-Corruption was developed and launched in German, French, Spanish and simple Chinese. In total 2,553 employees have completed the ISS Anti-Corruption e-learning module.	
To carry out audits on at least 20% of countries we operate in regarding to issues within Corporate Responsibilities.	In 2012, the scope of internal audits in 18 countries (greater than 30% of countries) included the Code of Conduct, the ISS Safety Rules, child labour and working hours.	

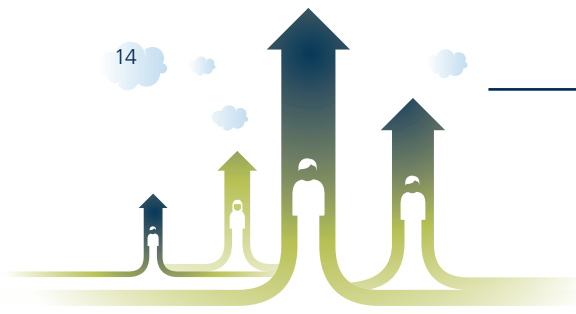
Objectives and targets for 2013

The focus of our objectives and targets is related to health and safety as our business is based on our employees. We have also included objectives and targets on environment as well as audits to ensure that we are being proactive in addressing identified material issues.

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 Injury Frequency (LTIF), the Group target for 2013 is to reduce LTIF by 45% 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 2013 is a reduction of 35% per 1000 exposure hours relative to the baseline figure in 2010.

4. At least one yearly Management review by Country management of the suitability, adequacy and effectiveness of the Country's HSE Management system.
5. Reduce the emissions from our leased cars (g/km) from 2011 over the leasing period of 4 years by 15%.
6. To carry out audits on at least 20% of countries we operate in regarding to issues within corporate responsibility.
7. To conduct an annual employee engagement survey with a target to have offered 400,000 of our employees in 50 countries to respond to the questionnaire by the end of 2013.



ISS and People

– a safe and respectful employer

This section describes how providing jobs, safety and training for more than half a million persons is a responsibility ISS takes seriously.

ISS is the fourth largest private employer in the world. We provide jobs for 534,273 people in over 50 markets. Only 30,969 hold white collar positions, which means more than 500,000 people work the front line of our business.

Safety is a basic human right, and we want our people to have the safest working conditions in the industry. This requires us to provide good work tools and procedures, but also train and campaign for knowledge of and adherence to our safety rules and procedures. When we deliver this, a strong health and safety performance will be the result, which is high on the list of priorities of our stakeholders such as our customers and investors.

The health, safety and environment framework

The health, safety and environment work carried out in ISS is guided by a number of principles:

- It is part of the ISS Way that we operate in a safe and environmentally conscious manner.
- The ISS Code of Conduct stipulates that we secure and protect the personal health and safety of our workforce. It also secures our employees' right to fair and equal treatment, freedom of association and collective bargaining, and states that we do not use forced labour or employ children, that we offer adequate wages and training opportunities as well as respect employee privacy and protection of personal data.
- One of our Leadership Principles states that we treat our employees with respect, which includes the protection of their health and safety
- We have an HSE vision and policy. These are reflected on this page.
- The ISS Group Health, Safety and Environment (HSE) Manual is based on four international standards (OHSAS 18001, ISO14001, ISO 22000 and ISO 9001).
- The ISS Safety Rules aiming to align behaviours in daily operations.

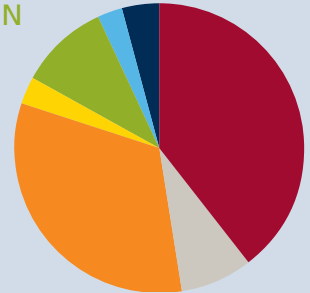
We also send out ad hoc alerts titled 'Safety Flashes' to safety responsible persons across ISS, when we trace a need for increased focus on a subject.

Driving HSE performance

Structures and processes have been put in place to drive improvements in HSE performance across the countries. Management systems in some countries are certified in accordance to ISO

EMPLOYEES PER REGION

- Western Europe 40%
- Nordic 8%
- Asia 33%
- Pacific 3%
- Latin America 10%
- North America 3%
- Eastern Europe 4%



FULL TIME VS. PART TIME BREAKDOWN PER REGION

Western Europe



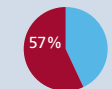
Nordic



Asia



Pacific



Latin America



North America



Eastern Europe



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.

9001, 18001 and 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.

Our 2012 actions in driving HSE performance included the following:

- All countries performed self-assessments, identified gaps and set up action plans in line with the HSE Manual's requirements.
- All seven ISS regions have now implemented the HSE-IT tool, concentrating on the incident, compliance and audit module. The tool increases awareness through reporting.
- Group HSE held 4 Regional HSE meetings where 21 countries participated to foster a shared language and understanding of the Group HSE strategy and the priorities going forward.
- All countries developed a "Drive to Zero" Action Plan 2012-14, in support of our commitment to an injury and incident free workplace.
- Implemented an action plan in each country to ensure embedding their country HSE Management system in operations.

For 2013 we have asked the countries to:

- Design a personal safety action plan with objectives and targets for each member of a country management team.
- Establish HSE leadership teams which will meet twice a year to review goals, performance and progress on the HSE Action Plan, among others.

In 2013, we will launch an animation of the ISS Safety Rules to extend the reach of the messages and overcome potential language barriers.

We believe these requirements will help us in maintaining the focus in our safety work because of the obvious demonstration of leadership commitment, and because of the increased management attention to HSE performance in the country.

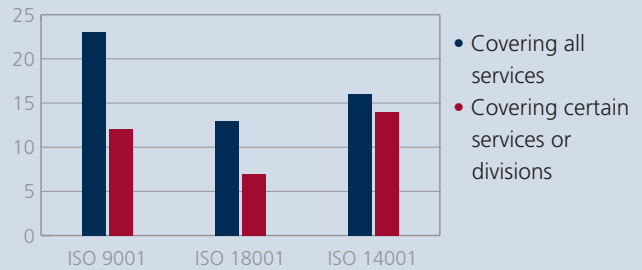
Campaigning to improve

As part of the Group HSE and CR Action Plan, we run annual 'Me and You' campaigns on HSE topics.

In 2012, the safety campaign focused on working alone, driving safely, slips, trips and falls and working at heights, all areas that still pose challenges and are represented in the overview of fatalities in 2012. The health campaign focused on manual lifting, using personal protective equipment and healthy lifestyles.

Group HSE produces posters which are translated into Danish, Chinese, Czech, Dutch, Estonian, Finnish, French, German, Greek, Hindi, Indonesian, Italian, Kannada, Malay, Marathi, Norwegian, Portuguese, Russian, Slovak, Spanish, Swedish, Tamil and Thai. In 2012, we saw a trend towards the campaigns being used to strengthen customer relationships. ISS employees take the campaigns to customer meetings and talk about the subjects, and at some customer premises the posters are put up, extending the message reach beyond ISS employees to our customers and their visitors as well.

COUNTRIES THAT HAVE CERTIFIED THEIR MANAGEMENT SYSTEM



Health and safety performance 2012

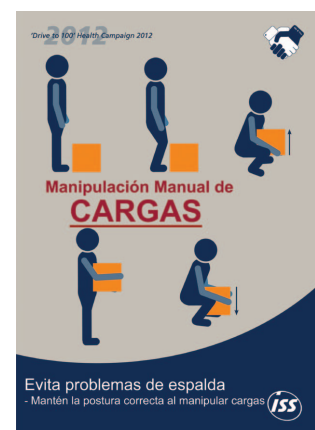
Seven incidents resulting in a fatality occurred at our workplaces in 2012, the same as in 2011. Even one fatal accident is one too many. We are by no means satisfied that we did not improve our performance on our number one corporate responsibility priority, our most material issue. We regret each and every one of the lives lost and have communicated this to the families of the employees we have lost.

Of the seven incidents, four occurred in India, two in Belgium and one in China. Three of the incidents were in Cleaning services and three were in Security and one incident was in the Property Management service.

Each fatality and serious injury is reported to Group HSE within 24 hours of occurrence and local management carries out an investigation determining the root cause of the incident and the corrective actions to be taken to prevent similar incidents in the future.

One action we took to address one of the fatalities that was fire related was to issue a Safety Flash regarding fire evacuation plans as this type of incident can occur at ISS offices and also at our customer sites.

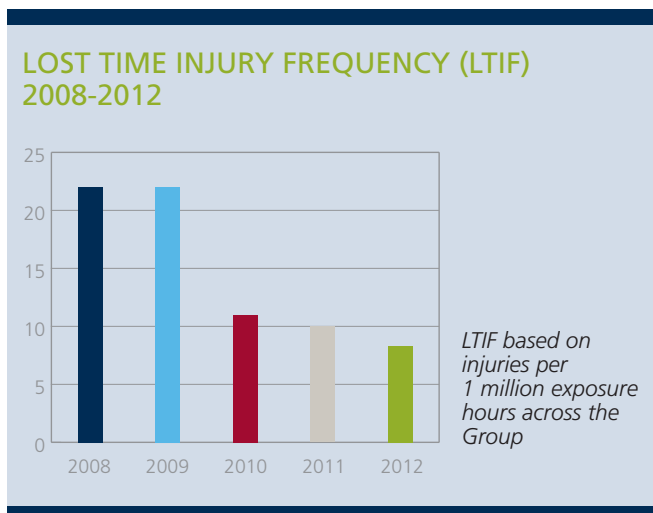
We believe that the only way to avoid fatal accidents is through the strongest possible safety culture independent of local customs.



Examples of two of the posters from the Global Health campaign translated into Greek and Spanish respectively.

We continue to build this culture through our campaigning, governance framework and leadership commitments. Specific actions are planned for 2013, as described in the following pages.

We have set ambitious reduction targets for incidents resulting in lost time. In 2012 the target was to reduce our Lost Time Injury Frequency based on incidents per 1 million exposure hours by 40% compared to the 2010 baseline of 13. We managed to improve performance by 36%, resulting in an LTIF rate of 8.3.



We also aimed for a reduction in the number of workdays lost due to lost time injuries. The target was a reduction of 25% relative to the baseline figure of 0.275 per 1000 exposure hours in 2010. In 2012, the LWD per 1000 exposure hours was 0.230, a reduction of 17%.

Capturing the full safety spectrum we also record Total Reportable Cases Frequency (TRCF). Our target for this parameter was a 30% reduction. Our 2012 performance resulted in a 43% reduction.

The reductions achieved are all attributable to higher awareness in our organisation especially at the operational levels, more focus at the strategy and business review processes and the development of a three-year strategy plan to drive our performance to meeting our HSE Vision.

We continue our driver safety programmes in many countries as part of an effort to reduce vehicle accidents. The training has led to a reduction in the number of accidents from 6,453 in 2011 to 5,791 in 2012. This has also led to lower insurance premiums.

The number of incidents of discrimination decreased from 29 in 2011 to 10 incidents in 2012. In line with the ISS Code of Conduct and the International HR Standards, ISS takes all claims of discrimination seriously. All incidents of discrimination that were filed were investigated and followed up with the appropriate local legal authorities in the country. Each time an employee filed a claim with the local legal authority, ISS responded with a position paper on ISS's understanding of the facts. Most of the incidents filed were dismissed by the country's legal authority as being without cause.

IN FOCUS: FACILITATING THE RIGHT TO WORK

Every time one person is employed by ISS it potentially affects the life of four other people, providing stable income and in some countries health and educational opportunities. In addition, ISS offers employment to people with few documented skills and qualifications, who may find it challenging to gain entry and a foothold in the labour market.

In this way, we facilitate the right to work in a way only few other global companies can. And around the world, our operating companies find different ways to enhance and formalise this opportunity.

- ISS Spain is very active in the provision of jobs to groups with challenges in accessing the labour market. In 2012, ISS Spain joined a forum for socially responsible recruitment along with other global companies who support and work to promote an equal access job market. To support this commitment, ISS Spain also signed an agreement with the Adecco foundation to enhance the focus on vulnerable groups in recruitment processes, including people with disabilities, female heads of one-income families, seniors and victims of violence. Under an agreement with regional government in Catalonia, groups of young people who have left school with no qualifications are offered a spot in a cooking and serving course organised by ISS, to help them gain entry to the labour market. Furthermore, a special foundation set up in 2007 supports job creation in developing countries – to date 1,200 direct and 25,000 indirect jobs and eleven microenterprises in Ecuador, Peru, Burkina Faso, Morocco and the Dominican Republic. The foundation is financed by ISS employees' voluntary donation from their salary and Christmas collections.
- ISS France has over the last 10 years set up a specialised team in charge of development and inclusion of disabled persons. The team's efforts include recruitment systems for disabled people, work station and vehicle adaptations, work schedule adaptation, development of external partnerships and a network of committees across the company's divisions. Over these 10 years, 1,600 people with disabilities have been employed by ISS France.
- ISS Singapore has been offering employment to young people with mild intellectual disability as housekeeping staff since 2009. Eight such dedicated workers are currently working at the National University Hospital site and nearly all have been with us since 2009. In 2012, three were nominated for an internal award for their good work.
- ISS Finland provides jobs for many hundreds of people with a partial capacity to work, with a normal employment contract and salary. The goal is to offer employees work that matches their working capacity by modifying work content and hours, and by relocating and re-training them.



MARCIÁN LUDĚK, CZECH REPUBLIC

Creating a stable workforce

A stable work force increases engagement and productivity and by extension the value proposition we can make to our customers. ISS operates in an industry with consistently high levels of employee turnover as well as high rates of absenteeism.

ISS accepts that jobs in our industry are often used for short-term or secondary employment, but we nevertheless want to make a long-term effort to reduce both turnover and absenteeism. Our numbers for 2012 show relative stability in both areas. In 2012, the share of full-time employees (working 30 hours or more a week) was 73%, same as in 2011. 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 66% in 2011 to 69% in 2012, with 29% of our employees with more than 5 years of service.

Some of the specific tools applied to reduce turnover among front line employees is more full-time and daytime work, jobs with greater variation in tasks, offering career development opportunities and programmes to promote teamwork and skills development.

Training

ISS needs to be able to train and develop employees of all kinds. Our services are never better than the people who perform them, the managers that ensure the daily operations and the leadership that sets direction. Each and every one must be equipped to make it possible for ISS to deliver on our promises to take over customers' operational risks by providing high quality, systematic and consistent facilities services.

Our employee engagement surveys consistently find that training is appreciated and necessary. To ensure that training is organised a part of our International Human Resources Standards obligates 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. It also stipulates that 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.

FACT: Nearly 2,000 employees of ISS Australia have over the last three years completed nationally accredited training programmes in asset maintenance, security, hospitality, customer service, risk management and business administration. In the same period there has been improved retention, productivity and employee engagement. In Austria, to improve the understanding of safety instructions for our front line employees, ISS Austria designed posters with the messages explained in photos showing the right and wrong methods of carrying out the tasks.

YEAR ENDED 31 DECEMBER

	2012	2011	2010	2009	2008
Employees length of service					
Share of employees with less than one year of service	31%	34%	39%	36%	35%
Share of employees with one to five years of service	40%	41%	38%	40%	38%
Share of employees with more than five years of service	29%	25%	23%	25%	26%

ISS UNIVERSITY CURRICULUM

Which programmes does ISS University offer?

- **Advantage programme**

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 focuses on giving an in-depth understanding of all of the steps in The ISS Way.

- **Strategy and the Value Chain programme**

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 for securing its success.

- **Value Proposition programme**

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.

Most of these training programmes were developed exclusively at ISS University, while others were designed in co-operation 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.



PHILIP DUNBURS, IRELAND

In 2012, front line employees participated in 4,377,634 hours of class room type training on a range of subjects including health and safety, technical training, management, language training, leadership and supervisory, IT, security and fire prevention.

First layer management, i.e. team leaders, supervisors and contract managers, who are responsible for the immediate staff and customer contacts, received 442,082 hours of training.

Finally, 162 senior managers and specialists attended workshops and programmes in 2012 at the ISS University, an in-house education centre in Copenhagen.

The benefits of strong leadership

Analysing the results of our employee engagement survey from 2012, we had one very important equation confirmed time and again.

GOOD LEADERSHIP

Engagement = Retention = Good Business

“Good leadership shows higher engagement scores. Employees with higher engagement have a longer employment history. The higher the engagement and retention, the better the business performs.”

During the years from 2000-2008, ISS acquired more than 600 companies. In the last few years the focus has been on creating one company, one brand, one culture. This makes leadership development a clear strategic priority for ISS.

Leadership is an essential part of any successful strategic transformation and leadership has always been a focus area for ISS. Detailed knowledge of The ISS Way, our business fundamentals and the spirit of what we are doing is therefore essential for country management. Given the critical nature of this role, additional resources have been put into securing existing and new country management the requisite knowledge and inspiration to drive the ISS Way implementation locally.

We already have a number of university programmes (see ISS University curriculum on page 18). These have been supplemented by a Leadership Mastery course. The focus of this programme

will be to provide country management with a form of ‘Country Management Driver’s license’ covering all the key elements of The ISS Way toolbox as well as elements of leadership. The programme will also include the network and coaching opportunity that characterises aspirational and leading companies globally. We have invested heavily in developing this into a high end programme to help us achieve our vision of being the world’s greatest service organisation.

Not only for leaders

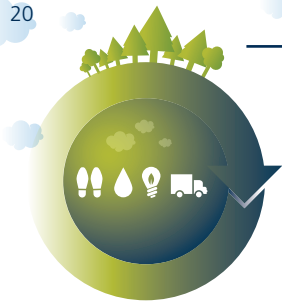
The ISS Leadership Principles describe the way leadership is performed at ISS. In combination, they serve as a guideline and a benchmark for leaders and help us bring out the full potential of our employees. They translate our Values into actions and describe behaviour that characterises a successful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

In 2012 we have worked to anchor the principles deeper into the organisation. We wanted to expand their application beyond the management layer and began a project called ‘performance training’, introducing it in the head office functions first. The objective is to integrate the principles to a much larger extent in the employee appraisal meetings held twice a year.

We train managers in aligning business targets with individual targets, to ensure that each employee has clarity over his or her role in the organisation and which purpose their daily work serves. The project is to be extended across the entire organisation in the next few years, through train-the-trainer activities.

The 9 ISS Leadership Principles

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.



ISS and the Planet

– influencing our impact globally

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

Our activities have environmental impacts. We emit CO₂ when we use cars and air transport to conduct our business. The largest impact on the environment, however, stems from our cleaning services. When we clean we use chemicals and consume water and energy.

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.

First and foremost we work to limit the impact from the activities which we can influence – our own sites and the process and equipment we apply at our customers' sites.

ISS is well positioned to deliver environmentally friendly facilities services. Over decades we have documented processes, supplier relationships and a structured management approach securing uniform services worldwide. In this section we describe a range of initiatives that are in line with recommendations for greener cleaning.

Same service, smaller footprint

Through our HSE Manual, which was introduced in 2011, we are able to systematically manage the impacts from our activities. This manual is integrated in other environmental management systems applied and certified by some of our countries.

We began collecting baseline data for electricity and water consumption at our own offices and sites in 2011. Our target for 2012 was to continue this journey to systematically measure carbon emission from electricity, in order to establish a baseline for our environmental reduction targets. While our reporting of this parameter has improved, we expect further improvements in the quality and quantity of the data in 2013 and 2014. We believe that the quality of data will then be at a level to establish reduction targets.

The consumption of electricity for 2012 was 97,677 MWh, a decrease from 2011 when we reported 100,734 MWh. This is combination of our efforts in reducing our consumption and also better reporting. We measured water consumption at our own sites for the first time in 2011 and we consumed 702,690 m³. In 2012, we consumed 586,849 m³. This decrease is due to better quality of the data being reported. Collection of this data is a challenge in some areas as we lease our offices and in some leasing agreements the water usage is included in the lease. As this is only the second year that we have measured this data parameter, we believe that the quality of this data will improve in the next two years.

We also set a target of reducing our emissions from leased cars by 15% in four years beginning in 2011 compared to the baseline figure of 172 g/km in 2010. By the end of 2012 we had reduced these emissions by 6%.

FACT: Through changing to LED bulbs, and adjustments to compressors, cooling towers and the electrical systems, combined with enhanced management of environmental impact, ISS Taiwan reduced energy consumption at the Taipei Metro headquarters by three per cent. This saving equals to 1 million kwh in consumption and USD120,000 in costs. ISS Taiwan received awards from both local and national governments for this project.

Our emissions from business travel decreased from 16,367 tonnes in 2011 to 14,782 tonnes in 2012. While the number of countries reporting this parameter increased in 2012, the emissions reported decreased as we have reduced our air travel by changing the way we work (holding more webinars and video conferences) and also as we have changed our travel policy in terms of class of travel that has an effect on the factor used to calculate emissions.

In 2012 we began work on a sustainability module for our HSE-IT tool, to cover environmental data and the plan is to begin implementing this module across the group during 2013.

Finally, we contributed to the Carbon Disclosure Project for the first time in 2012. The CDP is an annual survey of how well the world's largest companies manage and report on risks and opportunities related to climate change. Two key points of feedback we received from the survey were regarding external verification of our performance and stakeholder management. These are two areas we have addressed and are covering in this Report.



MARILOU LOPEZ, AUSTRALIA

IN FOCUS: THE GREEN OFFICES PROGRAMME

In September 2012, ISS launched a Green Offices Programme (GOP) – a voluntary programme designed to reduce the environmental impact of our own offices and daily work practices.

The core content of the programme focuses on behavioural change to use resources efficiently and dispose of waste responsibly.

The programme points to changing routines on the small things: turning off lights, switching off the computer when going home, segregating waste, etc. In each case, the individual effort and impact is small. But duplicated many times it can have a collective material impact on reducing our footprint.

FACT: In Australia, 27 out of our 27 offices have received certification: 24 bronze and 3 silver.

Certification on three levels

There are three progressive levels of the ISS Green Offices Programme: ISS Bronze, ISS Silver and ISS Gold. To receive certification for each level, the requirements in the level's checklist need to be complied with. At least 80% of employees must sign to attest that they are reducing their office's resource use by taking the steps required by that checklist.

Certification is administered by the country head of Health, Safety and Environment and Group HSE and CR. Participating ISS offices in countries receive a certificate and are acknowledged on the ISS website and in other publications for their positive contribution to sustainability at ISS.

Campaigning for the environment

For the second consecutive year, ISS ran 'Me & You' campaigns to increase awareness of HSE subjects. The 2012 campaign was aligned with the main areas covered by the Green Offices Programme: waste, energy and water.



Examples of two of the posters from the Global Environmental campaign translated into Finnish and Russian respectively.

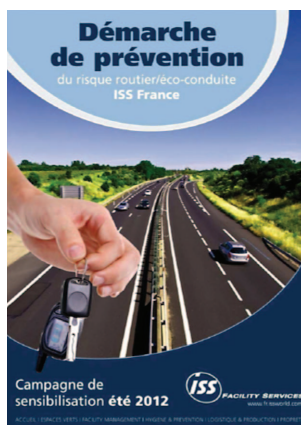
Once again, the actual steps may seem small, but at the end of the day environmental change starts with each of us individually.

Less impact from transport, tools and processes

When we conducted our materiality review in 2009, it was clear that transport and the chemicals we use for cleaning should be in focus when we seek to reduce our impact on the environment.

The driver safety programmes being run in many countries also include speed reduction, leading to lower fuel consumption and CO₂ emissions. The training is leading to the creation of a safe and economical driving culture.

FACT: ISS France launched a driving safety program in February 2012 with three main actions:



- training all ISS France drivers in the next two years in safe driving techniques;
- investigations after an accident involving root cause analysis; and
- awareness campaigns.

The results in 2012 showed a 10% decrease in road accidents, a 15% decrease in insurance premiums and a 4% decrease in fuel consumption and emissions.

We have in many ISS countries such as the UK, France, Belgium and Spain introduced electric and hybrid vehicles in our fleet.

FACT: ISS Spain introduced two electric cars to their vehicle fleet in 2012 and is expecting fuel savings of Euro 3,000 annually for each. More electric cars are planned for the future. ISS Switzerland is committed to a climate-friendly car fleet. As a partner of BMW, ISS participated in an exclusive field test, to prepare for mass production of the electric vehicles.

In terms of the chemicals we use, we can now document that nearly 10% of the products we use for our daily cleaning needs are eco label certified according to the European Union requirements. We continue to search for the best possible solutions in partnership with our strategic supply partner for cleaning chemicals, Diversey. Read more about this collaboration on page 31.

In 2012, ISS also conducted both machine and bench unit tests of the EC-H2O technology in 275 cleaning machines purchased in 2011, which use charged water for cleaning instead of cleaning chemicals. Tests were run at the FIGR cleaning institute in Germany, which specialises in cleaning technologies, methods, training, certification, and testing. While the full results of the test are yet to be published, preliminary results of the bench unit test illustrate that the technology in the EC-H2O machines does have a substantial effect on removing dirt when compared with that of regular water.

The principles of ISS' 'Cleaning Excellence' bring sizeable reductions in terms of water and cleaning substances consumption. The benefits from 'Cleaning Excellence' include cutting detergents use and water consumption by more than half.

FACT: The cleaning industry consists of more than 250,000 companies. In 2010 it was estimated that at least 2.7 million tonnes of cleaning chemicals were used annually by industry members³.

³ Global Green Cleaning, Sustainability "How-To Guide" Series. IFMA Foundation





ISS and Profit

– integrity and stronger controls

In this section, we present an overview of our financial performance, highlight our principles related to economic sustainability and report on related activities in 2012.

Running a sustainable and profitable business in a challenging macroeconomic environment is the first order for ISS. 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 to global and regional customers as well as cross-selling of facility service solutions to both new and existing customers. Our strategy is focused on aligning our value propositions within each of our defined services focused on the needs of our customers and how we meet them. We are aligned behind this value proposition through our self-delivery model and thereby giving our customers the benefits of one point of contact, efficiencies, consistent delivery and credible risk transfer. These services can either be delivered as a single service, multiservice or as an integrated solution.

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 1.7% in 2012 and has on average been 4.0% per year from 2007 to 2012. Another objective is to improve our Operating Margin, which has been on average 5.8% per year from 2007 to 2012. We will continue to invest in driving out efficiencies and implementing best practice.

Governance of contracts

The ISS business is made up of more than 200,000 separate customers. In each of these we take on a set of risks on behalf of the customer, and we establish that we are able to manage and mitigate the risks – thus creating value for our customers' business by securing continuity and brand protection.

PERFORMANCE HIGHLIGHTS

Organic growth	1.7%
Operating margin	5.6%
Cash conversion	103%

ISS is implementing best practices and tools to ensure that customer contracts are governed by written agreements that address the commercial and legal risk associated with the contracts including CR risks and that appropriate contract review and approval processes are applied. In 2012, ISS accelerated the deployment of CRAM@ISS (contract risk assessment model), a web-based contract risk assessment and approval tool to support the contract review and approval process. Seven countries commenced implementation of the tool in 2012 and more countries will deploy CRAM@ISS going forward. CRAM@ISS is also being used at ISS Group level on selected international and large customer contracts.

We have also established a system that determines the approval level needed for contracts based on their financial value. Depending on the contract value, the Board of Directors, the executive management or regional management is involved in the approval process.

In order for our business to respond quickly and adequately to the needs of our customers, we believe in the benefits of having deep local accountability and anchoring in line with our multi-local approach (see page 7). On the other hand, we need to ensure that we are able to deliver the standardised levels of service and quality which we agree to in our corporate contracts covering more than just one market. CRAM@ISS and the formalised approval levels add another element to the strengthening of our governance structures, supporting this model.

Business integrity is non-negotiable in ISS

The ways in which corruption and bribery are adverse to ISS business practices are many and are criminal offences in most

At ISS we fully realise that for ISS to continue to grow sustainably, the local communities wherever we operate need to grow and benefit as well. The most important way ISS contributes to local communities is by providing jobs, income, training, social benefits and career opportunities. But we are aware that also our payments of tax and duties are important contributions to many communities around the world. Paying our taxes timely and correctly is an integrated part of how we do business at ISS. Our Tax Policy is built on our values and leadership principles with focus on honesty and responsibility. The foundation of our Tax Policy is our commitment to comply with all local and international tax legislation.

ANTI-CORRUPTION IN THE ISS CODE OF CONDUCT

- ISS is against any form of corruption and bribery and is committed to combat such practices.
- ISS competes for business on fair terms and solely on the merits of its services.
- Regardless of local practice, any personal payments, kickbacks or bribes between ISS and customers, suppliers or public servants are strictly prohibited.
- 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.

countries. As signatories to the United Nations Global Compact we have committed to combat the use of corruption, extortion and bribery, wherever we do business, as stated in the 10th principle. It is against our values (see page 8), the ISS Code of Conduct and our Anti-Corruption Policy. It is simply not The ISS Way.

Business integrity is a central element of the terms on which we hire and potentially give members of our staff disciplinary sanction. We recognise that the challenge to avoid unethical business practices is greater in some areas of the world than others, but cultural factors or weak legal frameworks are not valid excuses: the ISS Code of Conduct and the Anti-Corruption Policy apply everywhere we do business. The Code of Conduct is available in languages understood by employees in all countries where ISS has operations.

E-learning in five languages

The ISS Anti-Corruption Policy from 2010 cements and elaborates our position against corruption and bribery as set out in the Code of Conduct. To ensure that all managers and key employees understand and recognise the position of ISS against corruption and bribery, we created e-learning based compliance training modules which were rolled out in 2011. In 2012, the target was for these to be rolled out in different languages. This was achieved as we translated and launched the training module on anti-corruption in German, French, Spanish and simple Chinese.

These new languages enable us to reach out further with the training across ISS. Prior to the launch in October 2012, we had trained 1,330 managers on anti-corruption and 1,155 managers in competition law. In the period from October to December 2012 another 1,223 and 346 persons completed the two modules respectively which means that in total 2,553 employees have completed the ISS Anti-Corruption e-learning module and 1,501 employees have completed the competition e-learning module. Compliance training is also an integrated part of the ISS Advantage Course as well as the Negotiation Process Framework training programmes in contract management.

Whistle blower system launched in 2012

As planned, our whistle blower system was launched in June 2012. The reporting channel and system is open to all our stakeholders and is available on our corporate website. Going forward we will roll-out and create awareness of the system, including translations and adapting the system in accordance with local legislation.

The system is intended as a channel for raising serious and sensitive concerns guaranteeing all persons making complaints in good faith protection from reprisals or retaliation. Complaints or concerns are 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 co-ordination with the Business Integrity Committee. All of these considerations are made in accordance with a dedicated protocol.

Some complaints or concerns may be resolved without investigation. Others are investigated by Group Internal Audit or external auditors, investigators and/or legal counsel. Conclusions of an investigation are submitted to the Audit Committee of the ISS Board of Directors. Depending on the gravity and magnitude of the violation, the report may be presented to the Board of Directors.

IN FOCUS: SLOVENIAN EMPLOYEES BLEW THE WHISTLE

In 2012, Slovenian employees confidentially contacted the regional management for Eastern Europe to anonymously report their observations of what they believed were irregularities in the Slovenian business. They stated that they were worried over a number of lost contracts where the reasons for the losses were unclear. They were also worried that the country's top management showed very little concern or surprise over the repeated loss of business.

Regional management involved Group Internal Audit, and after a meeting with the Slovenian employees and a number of other investigative measures, computers, mobile phones and files were seized and immediate management changes were implemented. An analysis of materials obtained showed that members of the former management team were channelling business into a competing company in which they had a financial interest.

Financially, this situation led to a significant loss for the Slovenian business but due to the timely action the predominant part of the business was retained. On a different scale, the result was a prime example of how ISS employees care about the company and how business integrity is not just talk in ISS.



ISS and Partners

– working together to find broad solutions

This section highlights some of the many relationships we have established in conducting our business as we pursue openness and collaboration with our many stakeholders.

Good stakeholder relationships allow ISS to secure brand value and business continuity for ourselves and our customers. Engagement and dialogue allow us adjust our business practices to help our business succeed, as well as building our brand as a trusted partner in risk management.

ISS has relationships with a multitude of stakeholders. With the right amount of shared interests and the 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 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.

In other cases, stakeholder engagement is based on dialogue and open communication over ISS actions and activities in which stakeholders have an interest. It is our philosophy to have an open line of communication when a stakeholder shows an interest in our actions or activity.

A key leadership principle for ISS is that we are one company with one brand. This is also reflected in our stakeholder communication in which we aim to speak with one voice and strategy in spite of differences in local customs. This voice is open and honest in good and bad times, and reflects fairness and respect toward our stakeholders.

Stakeholder mapping revisited

In 2012 we undertook an internal process of stakeholder mapping and evaluation. Participants in this process were representatives of the following Group functions: Legal, Human Resources, Risk Management, Internal Audit, Marketing, Communications, Strategy, and HSE & CR.

The first step was to determine the most important stakeholders in our organisation. The criteria used were:

- Who are we legally obliged to?
- Who can be positively or negatively affected by our decisions and activities?
- Who will likely express concerns about our decisions and activities?
- Who can help us handle specific issues?
- Who can affect our ability to meet our responsibilities?
- Who will be put off if they are not involved?
- Who in the value chain will be affected?

The second step was to consider how interested the stakeholders are in our company and how much power they wield over our business continuity and reputation. The result of this exercise confirms that our main focus should be on employees and customers as well as investors and the financial community, and we should be open and active towards a larger group of secondary stakeholders.

Main stakeholder engagements in 2012

ISS values opportunities for engagement and our main interactions in 2012 were with:

- **Employees** – we ran our third Corporate Employee Engagement Surveys (EES), through which 47% of our employees told us what they think about working for ISS. Read more on page 30. We have a global agreement with Union Network International which commits us to support the 12 fundamental principles based on the International Labour Organisation conventions.
- **Customers** – in 2012 customers had the 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 30.
- **Investors** – who at present consist of two private equity companies, a pension fund and a private holding investment company. We have a very close relationship with these investors through regular meetings and a professional Board which met 8 times in 2012.
- **Unions** – with whom we work to improve standards for employees. We engage in dialogue locally, regionally and globally to resolve possible issues. We have constructive interactions with Works Council, unions and employee representatives. Read more on page 31.
- **Suppliers** – where we began implementation of a self-assessment questionnaire in 2010, which have been repeated in 2012. We also carried out two internal audits in Bangladesh and Sharjah with suppliers of our work uniforms. These were chosen due to their presence in recognised high risk industries and regions. In 2012, we also established a Code of Conduct for Suppliers, which will be implemented in 2013 and serve as an audit framework going forward.
- **Media and NGOs** – with whom we have regular contact and open lines of communication, particularly in Denmark. We answered more than 1,200 media requests at head office in 2012. For the most prominent 2012 example of NGO dialogue, go to page 32.

Locally, our ISS countries engage with local stakeholders who they determine important in their community. For example, ISS Turkey ran a Sustainability workshop in November where

management and leaders of the organisation participated to identify their stakeholders and sustainability areas important to them and how they engage with their stakeholders in these areas.

FACT: ISS India provides work training for 8,000 young people. ISS India has partnered with the Ministry of Rural Development in India to provide work training for elementary and high school drop-outs and candidates from industrial training institutes. The co-operation between ISS India and the Ministry of Rural Development is part of a series of initiatives to create more jobs in the organised sector in India.

Guidelines for new media

Blogs, wikis, social networks, chats and other social media (e.g. Facebook, Twitter, etc.) are increasingly influencing the way we communicate and interact. In 2012, we established our first

Social Media Policy, addressing the use of social media by ISS employees and the creation of official ISS accounts, profiles, etc. on social media and acting on behalf of ISS. The main message is that ISS values, the ISS Code of Conduct and the ISS Social Media Policy apply when communication by ISS employees on social media relates to ISS or references are made to or have a potential impact on ISS.

FACT: ISS Brunei has donated free cleaning and pest control services to a centre for children with special needs. ISS Spain granted 13 scholarships worth Euro 1,500 each in support of employee family members' university education. ISS Finland made a Christmas donation to Icehearts, a non-profit organisation whose goal is improving child welfare with the help of team sports. ISS Thailand has made donations to individual schools, and joined a customer in donating to a foster home and an AIDS project.





บริษัท นอเทอร์เบล จำกัด
บริษัท ไอเอสเอส ฟาซิลิตี้ เซอร์วิส จำกัด
ร่วมกับ
บริษัท โตโยต้า มอเตอร์ ประเทศไทย จำกัด

**บริจาคสิ่งของ
และเงินทุนการศึกษา**
ณ สถานสงเคราะห์เด็กบ้านตะวันใหม่
จ.สมุทรปราการ



ร่วมกับ



ISS Thailand in cooperation with their customer Toyota Motor (Thailand) Co. Ltd. gives scholarships and donates to Baan Dek Tawan Mai foster home.

Desde hace 5 años...








La Fundación ISS Una Sonrisa Más cumple cinco años. En este tiempo y con vuestra colaboración, hemos creado más de 1.200 puestos de trabajo directos y 25.000 indirectos, y llevado a cabo proyectos solidarios en Ecuador, Perú, Burkina Faso, Marruecos y República Dominicana.

¡Sigue colaborando!  **Fundación ISS**
una sonrisa más

¡CON MUY POCO HACEMOS MUCHO! TELÉFONO DE INFORMACIÓN GRATUITO: 900 81 18 18

ISS Spain poster for their foundation set up in 2007 supporting job creation in developing countries.

Symbols of trust

Business awards for corporate responsibility are handed out across our markets and ISS operating companies win some of these every year. We are proud of each because they are a testament to the trust our stakeholders put in us. Some of the awards won in 2012 are:

- ISS Spain won a European Business Awards in the category 'The Award for Corporate Environment and Sustainability'. The award recognizes companies that develop activities in a social, cultural, economic and environmental context. The company also achieved a special mention in the José Luis Ruiz Pérez for Social Responsibility category at the Premios Capital Humano in recognition of its management of human capital, including the ability to integrate disabled and immigrant workers.
- Energy saving award from Taipei City and from Taiwan's Ministry of Economic Affairs was presented to ISS Taiwan for implementing technological solutions and achieving savings in energy consumptions at a customer site.
- For the 5th time, ISS Portugal was awarded by the Portuguese government for its activities in securing access to the workplace for underprivileged groups.
- The Finnish VATES Foundation awarded the Exemplary Employer of the Year Award to ISS Finland for its successful work in providing jobs for those partially capable of working. The jury especially emphasised the company's determined action to support those returning to work from sick leave.
- ISS Facility Service, Thailand received "Contractor Safety Performance Class" award from The 5th Contractor Excellence Safety Performance Campaign of BMCL.
- ISS Hong Kong (East Point Property Management Limited) received Merit Award of "Best Property Management Company in OSH" at the Construction Safety Forum and Award Presentation Ceremony which was organised by Occupational Safety & Health Council (OSHC).
- ISS Hong Kong (Pan Asia Security Service Limited) received the Bronze Award for "Contractors' Accident Free for 300 Days Award" at the Operations Division Safety Oscar Awards Presentation Ceremony 2012.
- ISS China received the certificate of contract credit rating of "AAA" in July, 2012 which certified that ISS China had developed an excellent system on risk control and credit management in the past 2 years.
- ISS UK won the World Medal at the 55th New York Festival's International Television and Film Awards and a gold statuette at the US Telly Awards for four behavioural safety films, called 'Stop and think'.
- ISS UK has been awarded the Carbon Trust Standard, valid until the end of 2013.
- ISS US has been awarded the Health & Safety Certificate of Accreditation for Contractors.



CHEUNG KA LAM, HONG KONG

IN FOCUS: ASKING EMPLOYEES AND CUSTOMERS WHAT THEY THINK

ISS constantly strives to improve the way we work. In order to gain insight into how employees perceive their daily work life, and how customers perceive our service delivery, we conducted an Employee Engagement Survey (EES) and a Customer Experience Survey in 2012.

Insights from these surveys provide us with a gauge of how we can improve our performance on drivers affecting employee engagement and customer experience.

The employee engagement survey

For the third consecutive year we developed and enlarged the scope of our employee engagement survey in 2012. Our target was to make the survey available to 250,000 employees. The engagement survey was sent out to 251,746 employees, which makes our survey one of the largest conducted by a private employer in the world. We had a response rate of 47% from 36 countries.

The survey consisted of two scores: one is a measure of employee engagement and the other asks whether our employees would recommend us as an employer (Net Promoter Score).

The survey measures four key drivers of employee engagement:

- Capability – do our employees feel that they are capable of fulfilling their roles?
- Motivation – are our employees motivated to deliver what is expected of them?
- Pride – do our employees feel proud about working for ISS?
- Retention – how likely are our employees to stay with ISS?

Based on the result of the survey, which showed an overall employee engagement of 4.4 out of a possible of 5, which we are pleased with, we know that we have a high degree

of engagement in the Group, but more importantly we now have a much better insight into what is important to our employees in their work environment.

Our average employee Net Promoter Score increased by 10% from 2011. The ambition is to improve even further and to eradicate the variation between regions.

While the real value of the responses to these survey are to be found at the country and team levels, the story told by the consolidated results is that ISS runs a steady ship with motivated and skilled employees. The survey also provides guidance on the areas we need to improve in. The honest feedback from our employees is highly appreciated by management as guidance for how we can engage our employees even more leading to ISS offering even better services.

The target for 2013 is to include 400,000 employees in 50 countries and conduct the survey in the third quarter of the year in all countries. The ultimate target is to include all employees that have been employed by ISS for more than 3 months.

The customer experience survey

In 2012, we conducted our second global customer experience survey for around 8,000 customers in 46 countries. We experienced an improvement in the response rate compared to 2011. We aimed to cover 80% of turnover in each of the participating countries, a target which we reached. The survey showed a 10 point improvement in the likelihood to Recommend ISS (NPS Score) from 2011 to 2012 at global level. A number of focus areas was identified on country level as well as regional level, improving the communication between Customer and account manager being the most important.

Results of the Employee Engagement Survey:



Working with unions

ISS is the fourth largest private employer in the world with our front line employees being a majority.

We strongly support unionisation of our employees as a way of promoting human rights and global labour principles. It is also a component in the risk mitigation ISS provides their customers. We collaborate with unions at the local level over core working conditions and regionally and globally on broader issues. When disputes do arise, we seek to resolve them within the structures and mechanisms we have established with the unions.

...in Europe

Our European operations model employee relations according to an established model of a European Works Council. This consists in quarterly meetings between management and union representatives, and an annual meeting for all union members and a number of management representatives.

In 2012, the annual meeting continued its discussion of ways to improve 'Social Dialogue', i.e. the communication between employer representatives and employees. The main topic was to secure the establishment of continuous forums in which the two sides can meet and management present their plans and actions and employees can express their opinions on same. This is particularly challenging for the Eastern European markets, where history and culture has provided no tradition or model for this type of dialogue.

...and globally

ISS has had a global agreement with Union Network International (UNI) since 2003, which commits the company 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 its 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 have prompted UNI to name ISS as 'an employer that treats its workers well and is setting a good example for other global employers'.

The Global UNI/ISS Foundation was created as part of the agreement in 2009 aiming to monitor and improve employment standards within the service industry globally. ISS provides an annual donation of EUR 100,000 which is invested in industry projects in countries where 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 services in terms of compliance with labour laws and improved bidding and contracting policies for cleaning contractors in public sector buildings. Current activities include a study into the practices of Mexican based companies in terms

of facilities services and labour standards. When publicised, this study will create awareness of industry issues which could be relevant for legislators and regulators to consider further. The activity was chosen jointly by UNI and ISS.

Knowing more about our supply chain

An industry leader such as ISS has to have a responsible supply chain, thereby guaranteeing our customers protection of their brand.

ISS is committed to ensure compliance to the ISS Group CR policy throughout the supply chain. A structured effort in this area has been initiated and 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, and was sent to Group strategic suppliers in 2012 as well.

The objectives are two fold: to raise awareness of the CR issues and our commitment in these areas and to also identify gaps if any, between the suppliers' current way of working and the CR requirements from ISS. The CR questionnaire is sent to strategic suppliers handled by Group Procurement in Copenhagen such as Diversey, SCA, Nilfisk, Renault and the PSA Group. Additionally the CR questionnaire is also sent to the 10 largest suppliers in 12 largest ISS countries. The questionnaires are analysed centrally and any critical items without a description of gap closing activities will be addressed. The key issue to be addressed is the lack of knowledge of the ISS requirements such as the ISS Code of Conduct, the ISS HSE Management system and the ISS Safety Rules. We plan to address this by implementing the ISS Supplier Code of Conduct in 2013.

Based on presence in a high risk industry and geographies, we decided to perform in-person audits of one of our suppliers of work clothes at two sites in Sharjah, an emirate of the United Arab Emirates (UAE) and Dhaka, Bangladesh.

During the audit, there were the following findings:

- three non-conformances in Dhaka and one non-conformance in Sharjah;
- eight observations in Dhaka and six in Sharjah;
- four opportunities for improvement for both Dhaka and Sharjah.

All the non-conformances have now been closed and the observations and the opportunities for improvement have been accepted by the supplier.

Supplier as partner

ISS has worked with cleaning materials supplier Diversey in developing an IT tool to provide a cleaning methodology using products and materials in alignment with our Green Cleaning practices. This simple and user friendly tool allows our operational employees to recommend alternate solutions to our customers that incorporate environmentally friendly products and materials

that are recyclable, ergonomic, reduce the usage of water and electricity, reduce emissions, waste and storage and can extend the life of the surfaces. The solutions also offer improved cost in use and productivity.

IN FOCUS: RESPONDING TO NGO CRITICISM

In recent years, ISS has been in dialogue with Danish NGO DanWatch over our activities in Israel and the Golan Heights and the West Bank in particular, that DanWatch believe to be problematic in terms of risk of human rights abuses. ISS disagrees with DanWatch's criticism, which we have stated publicly and during our dialogue with DanWatch.

In 2011, when ISS was first approached by Danwatch, ISS invited the organisation to a meeting and dialogue, which DanWatch declined, but in 2012 ISS met with DanWatch twice and was in contact with the organisation numerous times via phone and email. ISS is committed to continuing the dialogue with DanWatch and with other relevant organisations.

DanWatch has made public its criticism of ISS in collaboration with the Palestinian BDS (Boycott Divest and Sanctions) National Committee. Danish mainstream business media picked up the story in 2012 which led to a high profile interview with ISS's CEO on the subject.

Human rights risks assessed

As a part of our overall CR work and support for UN Global Compact, we have assessed the geographies where ISS does business and the possible problems each country might raise from a Corporate Responsibility perspective. ISS is fully aware of the special conditions which are connected with doing business on the West Bank. It is our opinion that we are doing everything possible to ensure that human rights are not negatively impacted. In addition, it is our opinion that ISS's activities on the West Bank are positively contributing to ensuring a number of human rights for the local Palestinian population like the right to work, the right to a healthy work environment, and acceptable minimum wages. In other words, it is our opinion that ISS contributes to ensuring human rights and the dignity of the local Palestinian population.

About ISS's business on the West Bank and in the Golan Heights

ISS does not have proactive sales efforts directed towards business opportunities on the West Bank, in Gaza or the Golan Heights. ISS is only accepting to deliver services to these areas if they are part of bigger national or international contracts. ISS has 13 employees working in the West Bank, five employees in the Golan Heights and no employees in Gaza.

Industry collaborations

An industry leaders, ISS must be present in the various organisations promoting and self-regulating the conditions of the facilities management industry. Below is a list of our industry commitments.



ISS is a sustaining partner and sponsor of IFMA and 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 projects and has among other initiatives been involved in a project covering the diffusion of more sustainable cleaning services.

See also www.ifma.org



ISS is a 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.

See www.ifmafoundation.org



ISS is a long term partner of GlobalFM, an organisation connecting regional and local facilities management organisations such as IFMA, EuroFM, AsiaFM etc. and providing guidance on education and input on industry standards.

See also www.globalfm.com



ISS is a sustaining partner of IAOP, 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.

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.



MARKUS BOCEK, AUSTRIA

Assurance Statement



Introduction

Det Norske Veritas Business Assurance A/S (DNV) has been asked by the management of ISS (the Company) to carry out an assurance engagement on its 2012 Corporate Responsibility Report (the Report) in its printed format.

ISS is responsible for the collection, analysis, aggregation and presentation of information in the Report. DNV's responsibility in performing this work is to the management of ISS only and in accordance with agreed terms of reference. This statement is intended for the management and broader stakeholders of ISS.

Scope of Assurance and Limitations

DNV agreed with ISS to provide a limited level of assurance on the Report which covers ISS's global activities from 1 January to 31 December 2012, based on the scope defined in the Report. We agreed to verify the text and performance data in the Report by evaluating the underlying processes for determining material Corporate Responsibility issues at Group level and for collecting, analysing and consolidating data at Group level. We agreed to evaluate the report against the requirements of the UN Global Compact Policy on Communicating Progress and the Danish Financial Statements Act (FSA) §99a. We agreed to confirm that the Company's stated Application Level meets the requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.0.

We also agreed to review the alignment of ISS's current Group-level management practices with the recommendations contained in the ISO 26000 Guidance Standard and the requirements in the Danish Standard DS 49001 (which is based on ISO 26000).

On-site verification activities took place between November 2012 and February 2013 at the ISS Head Office in Denmark. Our assurance holds the following limitations: We did not visit or interview any local sites nor interview any external stakeholders. Verification of financial/economic data (incl. GRI Indicator EC1), baseline data, and individual case stories was not included in the scope, nor have we provided any opinion on the feasibility of ISS's stated targets.

Verification Methodology

DNV planned and carried out the assurance engagement in accordance with DNV's Protocol for Verification of Sustainability Reporting. We reviewed processes and tools for implementing the Company's policies around Corporate Responsibility (including human resources, human rights, health & safety, environment, anti-corruption, and supply chain management) and challenged the related statements and data in the Report. We assessed the robustness of the underlying data management systems, information flows and internal control processes. We evaluated the Report's adherence to six principles: Materiality, Stakeholder Inclusiveness, Responsiveness, Completeness, Reliability and Neutrality. DNV's conclusions are based on interviews with staff in various Group functions and our review of relevant processes, documentation and tools.

Conclusions

In DNV's opinion, the 2012 Corporate Responsibility Report conveys a fair and credible presentation of ISS's Corporate Responsibility activities, except for aspects of the environmental data which after two years of collection are still at too early a stage to be considered reliable. However, within the scope of our work, we have not observed any significant deviation in reporting from the Company's accounting principles, nor any other significant errors or omissions in the Report. The Report addresses all three dimensions of the Danish FSA §99a in a consistent manner, by presenting ISS's policies, implementation and performance, as well as describing where and how the work is anchored throughout the organisation. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Materiality: Good

The Company has extended its materiality analysis to include all the subjects and issues in ISO 26000 and DS 49001. The output and our interviews confirmed that ISS management hold the competence required for conducting a robust analysis. The results have informed the focus and content of the 2012 Report as well as planned management activities for 2013. This includes undertaking a similar exercise at country level and validating the results with key stakeholders.

Completeness: Acceptable

DNV believes that within the reporting boundary and scope defined by ISS, the Report does not omit important information that would significantly influence stakeholder assessments of how the Company conducts its business and manages its

Corporate Responsibility impacts. The challenge for global service providers such as ISS remains how to account for the environmental impacts of services delivered on customer's sites where – depending upon the scope of service – may imply use of e.g. energy, water, cleaning detergents and other chemicals in a site infrastructure not controlled by ISS.

Stakeholder Inclusiveness: Acceptable

The ISS Group management team has undertaken a systematic stakeholder mapping exercise to identify interests, influence and information needs. The criteria and overall results are presented in the Report along-side a review of the main stakeholder engagement activities during 2012. The Company plans to extend its engagement with suppliers in 2013 through the implementation of a new Code of Conduct for Suppliers and a strengthened audit programme.

Responsiveness: Good

ISS has implemented clear policies, governance structures, management systems, action plans and monitoring procedures through which to manage material CR issues. The Report fairly reflects the Company's efforts in 2012, which include considerable work to implement its anti-corruption programme and to ensure a continued focus on improving the Company's health, safety and environmental performance at local level.

Reliability: Needs Improvement

In general, ISS demonstrates effective internal management and traceability of data, based on documented accounting principles and effective internal control procedures. During our review of data, data systems and reporting manuals, several inconsistencies and inaccuracies were identified; the affected data has been corrected by ISS and adjustments to reporting manuals and tools have been completed for 2013. A stronger focus over a long time has helped to ensure greater reliability of the human resources and safety data in the Report, while environmental data collection still requires time to improve the reliability of the reported data. The collection of electricity and water data is a challenge for ISS due to the number of offices across the world and difficulties sourcing data from leased facilities. Without verifying data input at local sites, we are unable to conclude on the extent of sources of error which may occur locally; however, ISS is committed to improving data quality in the future.

Neutrality: Good

The Report contains a balanced account of the Company's performance and highlights several negative incidents, breaches and dilemmas which the Company has faced during 2012. These are presented together with commitments to future improvements.

Based on the scope of our assessment of alignment, it is our opinion that the fundamental principles in ISO 26000 and DS 49001 are reflected in ISS's daily management and conduct at the Group level. Based on our review and assessment procedures, we have not found any significant non-alignments. We have identified some partial alignments e.g. on expectations around stakeholder engagement and supply chain management, which we have conveyed to ISS management.

We confirm that the Report meets the requirements of GRI's Application Level C+.

Opportunities for Improvement

The following is an excerpt from DNV's observations and suggestions for improvement in ISS's reporting, as reported to the management of ISS.

- Increased focus on environmental data collection will help ensure more accurate and reliable data for future reporting.
- A formalised process or framework for systematic stakeholder dialogue around corporate responsibility issues would help to strengthen pro-active engagement (and related competence) both at Group and Country levels.
- Using the results of the stakeholder validation of ISS's materiality mapping, a roadmap for reporting should be drawn up to clarify goals and audiences for future reporting and identify new metrics to be phased in over time, in order to anticipate and meet changing international expectations for reporting.
- ISS may consider ways in which to measure the efforts and results related to helping customers reduce environmental impacts on their sites.

DNV's Competence and Independence

DNV provides services in the area of Social Responsibility through qualified specialists worldwide. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality towards people interviewed during the assignment.

For Det Norske Veritas Business Assurance A/S



Dr Helena Barton
Lead Verifier



Jens Peter Høiseth
Key Customer Manager

Copenhagen, 4 March 2013

Reporting principles and compliance

This report, the third comprehensive corporate responsibility report prepared by ISS, covers activities in the calendar year 2012.

In 2012, we have not added new data parameters. We have focused on improving the quality of our data. To improve the quality of data, we are 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.

We have also used the ISO Standard ISO 26000 Guidance on Social Responsibility and the Danish Standard DS 49001 'Social responsibility management system – Requirements' as a basis of our analysis and 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. The Danish Standard DS 49001 is a management system standard based on the principles, subjects and issues, stakeholder engagement described in ISO 26000.

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 other entities 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 the report

We received valuable feedback from the Danish Accountants' Association to the 2010 report to which we responded in the 2011 report. There was one outstanding comment that we still needed to address: No third party assurance which would have increased credibility, particularly concerning the size of the company. As the 2012 Report has now been independently assured, we have now addressed all the comments from the feedback.

Changes and future outlook

We have corrected the number of vehicles and the emissions from vehicles reported in the 2011 Report. We report EBITA as EBITA excluding other income and expenses; the numbers for 2011 and 2010 have been adjusted to reflect this. We have added data on fuel usage to the data parameters reported compared to 2011. As we have done in 2012, in 2013, we will focus on improving the quality of our data.



RICHARD AKAZA, DENMARK

Overview of Global Reporting Initiatives (GRI) and Global Compact (GC) compliance

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.	The ISS Approach to Corporate Responsibility; ISS and People; ISS and the Planet; and ISS and Profit
2.	ORGANISATIONAL PROFILE	
2.1	Name of the organisation	Creating the world's greatest service organisation
2.2	Primary brands, products, and/or services	Creating the world's greatest service organisation
2.3	Operational structure of the organisation	Creating the world's greatest service organisation
2.4	Location of organisation's headquarter	Creating the world's greatest service organisation
2.5	Number of countries where the organisation operates	Creating the world's greatest service organisation
2.6	Nature of ownership and legal form.	Creating the world's greatest service organisation
2.7	Markets served	Creating the world's greatest service organisation
2.8	Scale of the reporting organisation	Creating the world's greatest service organisation
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Creating the world's greatest service organisation; Annual Report 2012
2.10	Awards received in the reporting period	ISS and Partners
3	REPORT PARAMETERS	
3.1	Reporting period	Reporting principles and compliance
3.2	Date of most recent previous report (if any)	2011
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	The ISS Approach to Corporate Responsibility
3.7	Specific limitations on the scope or boundary of the report	The ISS Approach to Corporate Responsibility
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations etc.	The ISS Approach to Corporate Responsibility
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	Independent Assurance Report

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 2012, page 70
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Governance; ISS and Profit
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Letter from the Executive Group Management
4.14	List of stakeholder groups engaged by the organisation	ISS and Partners
4.15	Basis for identification and selection of stakeholders with whom to engage	ISS and Partners
5	MANAGEMENT APPROACH AND PERFORMANCE INDICATORS	
EC1	Economic performance	Our Performance and Targets; Annual Report 2012
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; ISS and People
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; Governance
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	ISS and Partners

THE GLOBAL COMPACT PRINCIPLES

[READ MORE ON PAGE](#)**HUMAN RIGHTS**[4, 5, 10, 14 and 31](#)

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[4, 5, 10, 14, 19 and 31](#)

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[4, 5, 20, 21 and 22](#)

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[4, 5, 8, 10, 24 and 25](#)

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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