

## **Communication on Progress in implementing the UN Global Compact principles 2008**

### **Corporate Social Responsibility**

ISS will continue to conduct its business around the world in a sustainable manner. As a global company operating in over 50 countries with more than 472,000 employees, ISS influences the lives of many people and has a considerable interface with societies around the world.

The following section describes ISS's relationships with a group of stakeholders who influence ISS's way of conducting business and creating value.

### **Society**

For ISS, sustainability is part of day-to-day operations and daily interaction with society in general, locally and globally. Principles and policies form the framework of corporate sustainability. Conduct in day-to-day business is crucial for putting the principles into practice, and ensuring a high standard of sustainable behaviour.

This presents challenges to any company wanting to do business in a sustainable way, because economic, social and environmental issues are inevitably interconnected. ISS therefore builds and maintains relationships based on commitment and trust with key stakeholders in society. ISS believes that this benefits society as well as the company.

ISS continuously works to ensure that employees and business partners are treated fairly, that environmental impacts of ISS's operations are reduced, and that ISS acts as a good corporate citizen in the communities in which it operates.

### **United Nations Global Compact**

ISS has been a signatory and supporter of the United Nations Global Compact since its inception in 1999. In line with membership regulations, ISS endeavours to comply with the ten Global Compact principles, and participates in The Global Compact Nordic Network.

The core of the UN Global Compact comprises principles concerning human rights, labour rights, anti-corruption and environmental protection. The Global Compact calls for companies to:

- support and protect international human rights and to ensure they are not complicit in abuse
- uphold the freedom of association, recognition of collective bargaining, elimination of forced labour, child labour and discrimination at work
- implement a precautionary approach to environmental challenges, promote environmental responsibility and environmentally friendly technologies
- work against all forms of corruption, including extortion and bribery

ISS joined the Amnesty Business Forum in 2002 to discuss human rights protection with Amnesty International Denmark and a group of companies headquartered in Denmark. ISS maintains its dialogue with Amnesty International regarding human rights issues.

### **The ISS Code of Conduct**

In 2003, the Board of Directors adopted an “ISS Code of Conduct”.

The Code of Conduct constitutes the key operational framework for ISS’s proper conduct and corporate responsibility for the protection of human rights, employee conduct, anti-corruption and bribery, compliance with competition rules, business partner relations and workplace standards in accordance with the UN Global Compact Principles.

Since the adoption of the ISS Code of Conduct, ISS has communicated and enforced its standards across the Group. Our commitment to human rights protection has been communicated to suppliers, major customers and employees by means of leaflets, meetings, management training sessions, employee magazines etc. Local country managers are responsible for compliance. When acquiring new companies and entering new markets and joint venture opportunities, we promote business conducted in compliance with the ISS Code of Conduct.

### **Human and Labour Rights**

The UN Global Compact calls for companies to:

- support and protect international human rights and ensure they are not complicit in abuse
- uphold the freedom of association, recognition of collective bargaining, and elimination of forced labour, child labour and discrimination at work

ISS profoundly respects and aims to support and protect human rights. ISS recognises labour rights and maintains close ties and an open dialogue with unions. In 2003, ISS signed a letter with The Union Network International (UNI), a union representing 20 million workers globally, committing itself to 12 fundamental principles in the workplace. The principles are based on ILO conventions and cover the following areas: forced/bonded labour, discrimination, child labour, freedom of association, unions, legal minimum wages, working hours, health and safety, harassment, training, employers’ obligations and environmental protection. UNI has in turn pledged to address and disclose companies that undermine fundamental standards in the service industry.

In 2008, the letter of agreement with UNI was renewed. The new agreement is the most advanced to date between a global company and UNI Global Union, and takes the mutual commitment to a new and higher level. The agreement aims at enabling all ISS employees worldwide to be able to exercise rights to union membership and collective bargaining. ISS will work with and support unions to ensure that they have the best possible access to inform employees about union membership and to recruit employees wishing to join a union. As part of the agreement, ISS will donate EUR 100,000 annually to a jointly managed fund aimed at monitoring and raising standards in specific markets where current conditions are inadequate.

Subsequently, UNI named ISS as an employer that treats its workers well and is setting a good example for other global employers.

ISS uses no forced, compulsory or child labour and tolerates no form of discrimination.

ISS plays an active role in employing vulnerable groups. As a large employer, ISS has both the capability and motivation to conduct training and reintegration programmes for immigrants, long-term unemployed and other groups for whom it is difficult to gain access to the labour market. ISS often forms partnerships with local authorities in order to establish and run employment programmes with this aim.

ISS has taken initiatives in this field in more than two-thirds of the countries. Positions are found both in administrative and service-operative functions.

### **Environmental protection**

The UN Global Compact calls for companies to implement a precautionary approach to environmental challenges, and promote environmental responsibility and environmentally friendly technologies.

Environmental protection is a key component of ISS's overall approach to sustainable development. The corporate environmental policy provides a Group-wide framework for local environmental policies and initiatives and spells out ISS's key environmental objectives:

- to minimise emissions and effluents (primarily arising from transport and use of chemicals in cleaning)
- to minimise the use of energy and water
- to reduce, manage and recycle waste
- to use safe products and materials

ISS's country organisations implement local environmental policies and management systems based on corporate policies. In most countries, the environmental policies and systems are already in place and many of them are ISO 14001 certified. In addition, environmental responsibility is promoted through staff training and awareness programmes.

ISS aims at increasing fuel efficiency by raising the share of diesel-fuelled cars in its fleet management programme. Diesel-fuelled cars account for approximately 83% of the entire ISS fleet and the aim is to gradually increase this percentage.

As ISS has around 18,000 vehicles on the road, the high proportion that are fuelled by diesel has lowered fuel consumption per kilometre, offering a potential for considerable environmental benefits.

ISS continuously works to reduce the environmental impact from the use of cleaning products and has entered into a new global agreement on delivery of environmentally friendly cleaning products. The use of highly concentrated products, which requires less use of raw materials and packaging, as well as increased use of dosing systems is expected to reduce the carbon dioxide emissions considerably in the coming years.

Through Office Support services, ISS offers scanning of documents to electronic format and thereby reduces the amount of paper copies. ISS also offers paper destruction i.e. paper is first shredded and then sent for recycling.

### **Anti-corruption**

The UN Global Compact calls for companies to work against all forms of corruption, including extortion and bribery.

ISS welcomes the tenth Global Compact principle on anticorruption. The ISS Code of Conduct expresses a clear commitment to combating all forms of corruptive practice. Through the ISS Code of Conduct, the anti-corruption position is communicated to the entire Group.

During 2008, the ISS University hosted a range of training seminars covering sustainability and the Code of Conduct. More than 200 ISS managers from around the world attended the seminars. At these sessions, ISS's approach to sustainability, including anti-corruption, was presented and the participants were engaged in dilemma training on these issues.

The appointment of ombudsmen in the local organisations over the last few years has improved the procedure for raising concerns, for example about all types of breaches of the ISS Code of Conduct. Employees can confidentially report what they see as breaches of the Code or other wrongful behaviour to the local ISS ombudsman, if normal organisational reporting channels are unsuitable.

In 2009, ISS will revise and strengthen the corporate guidelines on anti-corruption.

### **Employees**

In 2008, the number of ISS employees rose by roughly 35,000, an increase of 8% compared with 2007. A large number of these additional employees joined as a result of ISS expanding in the US market as well as through other acquisitions. At the end of 2008, ISS had more than 472,000 employees in Europe, Asia, Pacific, Latin America and the USA.

### **Human Capital**

The ISS Human Capital Vision "to be the preferred employer in our industry" was made explicit in 2007. Aligned with the Group strategy, it focuses on: upgrading leadership and management capabilities, enhancing customers' service experience, integrating acquired businesses, and ensuring competitiveness through cost efficiency.

The Human Capital strategy is implemented through "ISS International HR Standards", which will be the future framework for local HR initiatives. To ensure relevance, human resource executives from across the Group collaborated on formulating these minimum standards during International HR Community meetings in 2007. Other main topics were employee appraisals and performance management, which were discussed by all country management teams in 2008.

Training remains the cornerstone of the Human Capital strategy. Resources are invested in staff and management development – ranging from basic skills training through middle management programmes to full corporate MBAs. The philosophy is to offer tailored training at all functional levels in order to enhance employee skills and upward staff mobility. Much attention is devoted to developing the first management layer e.g. team leaders, supervisors and contract managers, who are responsible for the immediate staff and customer interface. Most training is conducted at ISS academies and training facilities in national and local operations.

The first participants from the second intake of the ISS MBA programme graduated in 2008. In line with Group strategy, the MBA programme will continue in local settings.

The IFS Academy conducted centralised training in Calculation for Planners and the ISS Facility Management System introduction. As in previous years, the ISS University programme portfolio consisted of internal and external seminars designed in cooperation with suppliers such as IMD, Henley Management College and INSEAD.

The management induction programme, ISS Advantage, continues with executives from throughout the Group. During 2008, approximately 700 senior managers and specialists from the entire Group attended a total of 38 workshops and programmes at ISS University.

## **Health and Safety**

We operate on client premises in a number of challenging environments including in the transport sector, major hospitals, workplace restaurants and public parks and gardens. We promote the fact that all employees are responsible for their own safety and the safety of others who may be affected by their work activities. Our efforts are concentrated on ensuring the right working environment and giving our employees the training and equipment necessary to perform their work safely.

We aim for continuous improvement in our Health and Safety performance and plan to embrace it as part of overall business operations. For example, we provide regular Health and Safety training to our frontline managers in the United Kingdom and support them with a dedicated team of 51 Health and Safety professionals.

## **Employee loyalty**

The service industry in general has high levels of employee turnover, as part of the industry is often considered suitable for short-term or secondary employment. ISS pursues a range of strategies to retain its employees by offering more full-time and daytime work, multi-task jobs, teamwork, skills development, career opportunities, leisure activities, etc. In 2008, the share of full-time employees (working 25 hours or more a week) rose to 69%. 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 on employee loyalty within ISS. In 2008, approximately 65% of the Group's employees had been with ISS for more than one year.

## **Equal opportunities**

ISS rewards its people solely on the basis of merit. When recruiting, developing and promoting, ISS focuses on the individual capabilities and qualifications of a candidate and not on the person's gender, age, ethnic origin, religion, political views, etc.

Thanks to the corporate culture, and aided by language courses and adapted training materials, today ISS is an employer of choice for many immigrants and ethnic minorities. In countries such as Belgium, Denmark, France, Norway, Sweden and the United Kingdom, ISS is among the largest employers of ethnic minorities. In ISS Denmark, an initiative to develop management skills among employees with an immigrant background was established in 2007. The goal is to train 300 employees over a four-year period to fill management positions.

The Danish "Charter for Women in Management" was signed in 2008 by Group CEO Jørgen Lindegaard, on behalf of the Group head office, to ensure commitment to including women as candidates for executive positions.

## **European Works Council**

Employee and trade union relations are a natural part of a people-centred business such as ISS. The corporate policy of involvement and dialogue is applied locally in the country operations. Established in 1995, the European Works Council (EWC) is a forum for dialogue between ISS executives and employee representatives from across Europe.

A total of 13 countries as well as representatives from the Danish Union 3F and the Union Network International took part in the 2008 annual meeting. The participants discussed primarily a new agreement between ISS and EWC. Negotiations are still ongoing.