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GROUP ANNUAL REPORT



Selected key events 2014



ISS extended global IFS contract with HP until 2018

Page 16



ISS successfully listed its shares on Nasdaq Copenhagen

Page 78



ISS named the world's best outsourcing service provider

Page 53



ISS divested the landscaping activities in France

Page 46



ISS UK ranked three stars in Business in the Community Corporate Responsibility Index

Page 50



ISS named new integrated facility services provider for Swisscom

Page 33

3 February

28 February

13 March

29 April

3 June

16 June



BASF appointed ISS as strategic partner in five European countries
Page 41



ISS won nine awards at the 2014 Australian Service Excellence Awards
Page 57



ISS won IFS contract with Vattenfall in Germany
Page 18



ISS Czech Republic won IFS contract with Philip Morris
Page 56



New IFS partnership with Molson Coors
Page 72



ISS issued new EUR bonds for EUR 1.2 billion
Page 61

9 July

16 September

14 October

14 November

19 November

24 November

Performance highlights 2014

74,105 DKKm
Revenue

2.5%
Organic growth

4,150 DKKm
Operating profit before
other items

5.6%
Operating margin

1,816 DKKm
Profit before goodwill impairment
and amortisation/impairment of
brands and customer contracts

98%
Cash conversion

3,177 DKKm
Cash flow from operating activities

510,968
Number of employees

COMMENTS

- Resilient organic growth of 2.5% (2013: 4.3%)
- Strong operating margin of 5.6% (2013: 5.5%)
- Solid cash conversion of 98% (2013: 102%) as a result of continued focus on cash flows
- Profit before goodwill impairment and amortisation/impairment of brands and customer contracts increased to DKK 1,816 million (2013: DKK 1,026 million)
- Strategic initiatives including customer segmentation, organisational structure and excellence projects (referred to as our GREAT initiatives) are progressing according to plans and supporting margin improvement
- Revenue from IFS up 10% in local currency, and represents 31% of Group revenue (2013: 26%)
- Revenue from Global Corporate Clients, representing 9% of Group revenue, increased 5% in local currency
- Our global IFS contract with HP was extended for another three years – one of the largest global facility services contracts in the industry
- Significant IFS contract wins included Nestlé, Molton Coors in North America, BASF in five countries, Swisscom in Switzerland, Bankia in Spain and Vattenfall in Germany
- Successful divestment of the landscaping activities in France, the commercial security activities in Australia and New Zealand and the Nordic temporary labour and staffing activities
- The successful listing on Nasdaq Copenhagen on 13 March 2014 allowed us to refinance and repay an extensive part of our debt leading to a significantly improved capital structure
- In November, ISS successfully priced an issuance of EUR bonds for EUR 1.2 billion

“We generated resilient organic growth, while improving our operating margin and ensuring strong cash conversion, in spite of difficult macroeconomic conditions throughout the year.”

JEFF GRAVENHORST
Group Chief Executive Officer

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In ISS, our objective is to create value for our customers by allowing them to focus on what they do best – their core business. By taking over their non-core facility services we help customers improve efficiency, mitigate their risks and provide a better service experience for their stakeholders.

ISS's partnerships with customers are based on openness and transparency. In that respect our management information system Insight@ISS plays an important role in providing the customer and ISS with real time data on the performance of the customer's facility via a web-based interface. This allows ISS to offer customers completely new insight and opportunities to optimise and improve the efficiency of their facilities.

BARCLAYS, ONE CHURCHILL PLACE, LONDON
Daiva Revuckaite, Welcome team assistant, ISS United Kingdom



Overview

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ISS at a glance

WHAT WE DO ...

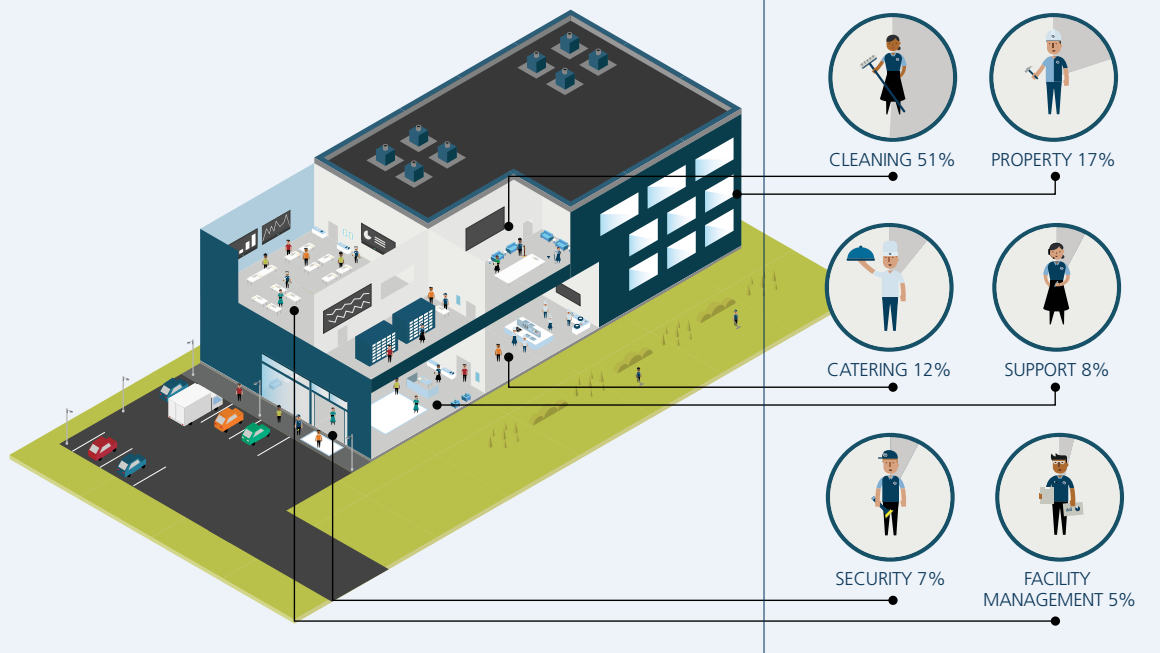
OUR BUSINESS MODEL

ISS's business model is based on creating value for our customers by allowing them to focus on what they do best – their core business. **We service and maintain their facilities**, ensuring that they are safe, efficient and pleasant places for our customers to pursue their own purpose. Focusing on our **selected customer segments**, we offer a leading value proposition based on our philosophy of **self-delivery** of our chosen services.

OUR VALUE PROPOSITION

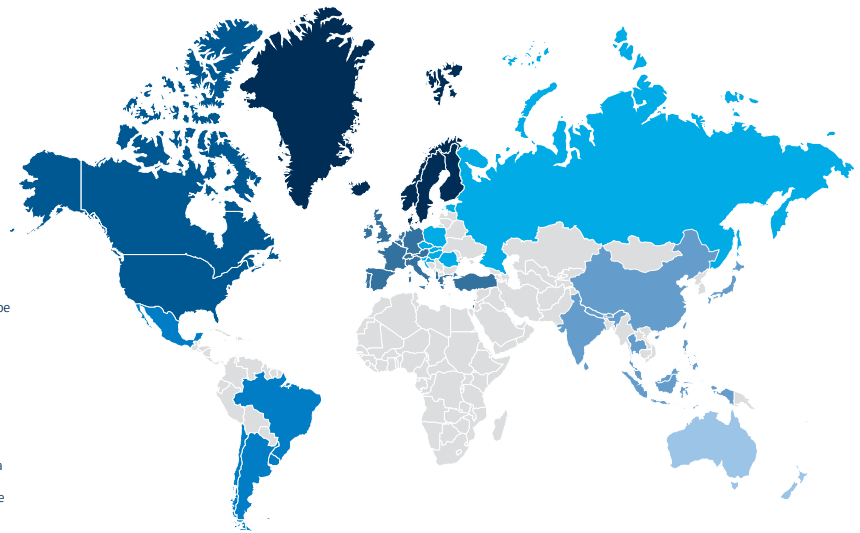
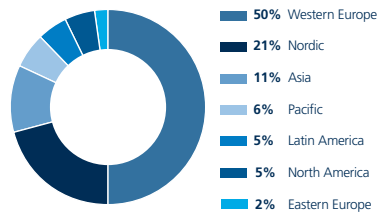
Service performance
facilitating our customers' **purpose**
through **people empowerment**

OUR SERVICE DELIVERY MODEL



... WHERE ...

GLOBAL PRESENCE



DKK 74 billion
Group revenue

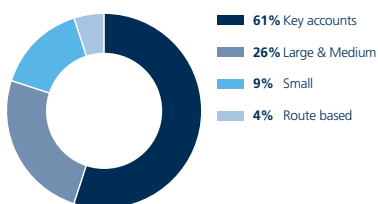
510,968
employees

77
countries¹⁾

¹⁾ Refer to page 162

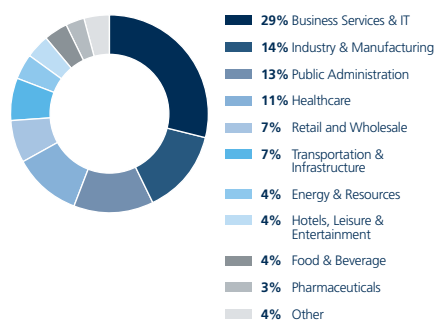
... FOR WHOM AND HOW ...

CUSTOMER TYPE



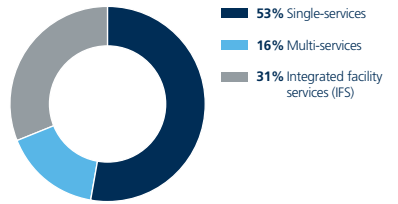
Focus on larger customers

CUSTOMER SEGMENTS



Diversified customer portfolio

DELIVERY TYPE



Increasing IFS share (31%)

Letter to our stakeholders

ISS made significant progress in 2014. We demonstrated the resilience of our business model through robust financial results. We accelerated the implementation of our strategy, added many new customers and, through the successful listing on Nasdaq Copenhagen in March, welcomed thousands of new shareholders. For the second straight year, ISS was named the world's best outsourcing provider by the International Association of Outsourcing Providers.

We generated resilient organic growth, while improving our operating margin and ensuring strong cash conversion, in spite of difficult macroeconomic conditions throughout the year. We strengthened the focus on our core service offerings, on improving the customer experience and employee engagement whilst also generating significant benefits through a number of strategic initiatives.

Going public

The successful IPO in March was an important step in our journey towards becoming the world's greatest service organisation as it created a strong foundation for our future growth. The resilience and attractiveness of our business model was a major factor in our successful return to Nasdaq Copenhagen, and we are determined to deliver on the trust that our investors have placed in us.

As planned, we used the proceeds from the IPO to significantly reduce our leverage. This, along with a successful refinancing, served to significantly strengthen our financial position. We are now classified as an investment grade company and, as a result, we were able to issue bonds of EUR 1.2 billion at very competitive pricing.

At the annual general meeting, we will propose a dividend for 2014 of DKK 4.90 per share of DKK 1, equivalent to a pay-out ratio of approximately 50% of Profit before goodwill impairment and amortisation/impairment of brands and customer contracts.

Engaged colleagues, valued customers

Our 510,968 colleagues and our thousands of valued customers around the world continue to be the most important factors behind the success that we enjoy in the enormous USD 1 trillion market in which we operate.

We express our gratitude to all our employees for their dedication and to our customers for the trust they have put in ISS.

Our global customer and employee surveys have shown further improvement over the year, and we recorded our best ever scores for employee engagement as well as customer experience. Around 207,000 (61%) of our surveyed employees and most of our major customers participated. Our employee engagement improved in all regions, on average from 4.3 to 4.4 (on a scale of 5). Employees' readiness to recommend ISS as an employer (known as the Net Promoter Score)

increased significantly to 46 (from 31). In an industry with inherently high employee turnover, the ability to attract the very best people is becoming increasingly important in order to win in the marketplace. We continue to carry out a range of initiatives to strengthen the relationship between employees and ISS even further.

Similarly, the satisfaction of our customers is crucial to our growth in all segments, from single services to multi-services and IFS. In 2014, we managed to further develop the IFS offering and grow the business through several contract extensions, expansions and wins with customers, including HP, Vattenfall, Molson Coors, Bankia and the Norwegian Defence Forces. IFS grew by 10% and now represents 31% of our total revenue.

Strategic initiatives

We also made notable progress on our customer segmentation and procurement savings initiative during the year. We carried out extensive analysis of our operations in countries represent-

ing 56% of our total revenue, which has resulted in a sharpened customer focus in our organisational structure, performance excellence and cost leadership. As already demonstrated by the positive effect on those countries furthest in this process, we expect this increased focus to improve customer experience, drive growth and internal efficiency gains in coming years.

Our procurement savings initiative has already identified cost savings of DKK 350-450 million in the first two phases. It is the intention to launch phase III in 2015 and we are targeting additional savings from this phase. While some of these cost savings will support increased margins, we will also reinvest part of the savings to maintain and strengthen competitiveness.

Looking ahead, we expect the challenging economic climate to continue in 2015, but with our engaged employees, loyal customers and proven strategy we have confidence in our ability to continue delivering strong, resilient results across our business.

Yours faithfully




Lord Allen
of Kensington Kt CBE
 Chairman




Jeff Gravenhorst
 Group Chief Executive Officer

Key figures and financial ratios

DKK million (unless otherwise stated)	2014	2013	2012	2011	2010
Income statement					
Revenue	74,105	78,459	79,454	77,644	74,073
Operating profit before other items ¹⁾	4,150	4,315	4,411	4,388	4,310
Operating margin ²⁾	5.6%	5.5%	5.6%	5.7%	5.8%
EBITDA	4,722	5,002	4,956	5,020	5,042
Adjusted EBITDA ²⁾	4,882	5,102	5,264	5,243	5,160
Operating profit ³⁾	3,990	4,215	4,103	4,165	4,192
Financial income	303	176	222	198	208
Financial expenses	(1,599)	(2,446)	(2,943)	(2,999)	(2,609)
Profit before goodwill impairment and amortisation/ impairment of brands and customer contracts	1,816	1,026	421	475	1,031
Net profit for the year	1,014	(397)	(450)	(503)	(532)
Cash flow					
Cash flow from operating activities	3,177	3,715	3,855	3,676	4,036
Acquisition of intangible assets and property, plant and equipment, net	(783)	(803)	(762)	(1,010)	(886)
Cash conversion ²⁾	98%	102%	103%	93%	98%
Financial position					
Total assets	46,734	48,566	53,888	54,980	55,455
Goodwill	22,796	23,155	25,841	27,170	27,747
Additions to property, plant and equipment	692	772	789	938	861
Total equity (attributable to owners of ISS A/S)	12,910	4,213	5,097	2,127	2,626
Equity ratio	27.6%	8.7%	9.5%	3.9%	4.7%
Employees					
Number of employees at 31 December	510,968	533,544	534,273	534,519	522,677
Full-time employees	73%	74%	73%	73%	73%
Growth					
Organic growth	2.5 %	4.3 %	1.7 %	6.3 %	3.5 %
Divestments	(6)%	(2)%	(2)%	(2)%	(1)%
Currency adjustments ⁴⁾	(2)%	(3)%	2 %	1 %	4 %
Total revenue growth	(6)%	(1)%	2 %	5 %	7 %
Financial leverage					
Pro forma adjusted EBITDA	4,792	4,979	5,253	5,146	5,111
Net debt	12,647	22,651	25,955	29,905	30,623
Net debt / Pro forma adjusted EBITDA	2.6x	4.5x	4.9x	5.8x	6.0x
Stock market ratios					
Basic earnings per share (EPS), DKK	5.8	(2.9)	(4.0)	(5.1)	(5.5)
Diluted earnings per share, DKK	5.8	(2.9)	(4.0)	(5.1)	(5.5)
Adjusted earnings per share, DKK	10.3	7.6	3.8	4.7	10.3
Proposed dividend per share, DKK	4.90	-	-	-	-
Number of shares issued (in thousands)	185,668	135,443	135,443	100,000	100,000
Number of treasury shares (in thousands)	1,000	-	-	-	-
Average number of shares (basic) (in thousands)	175,049	135,443	112,008	100,000	100,000
Average number of shares (diluted) (in thousands)	175,847	135,443	112,008	100,000	100,000

See page 153 for definitions.

¹⁾ Excluding Other income and expenses, net, Goodwill impairment and Amortisation/impairment of brands and customer contracts.

²⁾ The Group uses Operating profit before other items for the calculations instead of Operating profit. Consequently, the Group excludes from the calculations those items recorded under Other income and expenses, net, in which the Group includes income and expenses that do not form part of the Group's normal ordinary operations, such as gains and losses arising from divestments, the winding up of operations, disposals of property and restructurings. Some of these items are recurring and some are non-recurring in nature.

³⁾ Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.

⁴⁾ Calculated as total revenue growth less organic growth and less net acquisition/divestment growth. Currency adjustments thereby includes the effect stemming from exclusion of currency effects from the calculation of organic growth and net acquisition/divestment growth.

Outlook

Outlook 2015

In 2015, we will continue to focus on the implementation of the ISS Way strategy, including the roll out of specific strategic initiatives focusing on leadership, IFS, excellence (including procurement), customer segmentation and organisational structure (our GREAT initiatives). Through these efforts we expect to realise tangible operational and financial improvements, in both the short and medium term. We remain focused on delivering:

1. resilient organic growth;
2. improving operating margin; and
3. strong cash conversion.

For 2015 specifically:

Organic growth is expected to be 2%-4%. This reflects our expectation of continued growth in the existing portfolio, combined with the launch of new contracts won in recent months, especially within IFS. We anticipate only a very modest pick-up in economic growth across our markets and believe that conditions in Europe will remain challenging. As such, we remain cautious on the likelihood of a pick-up in non-portfolio services. Our emerging markets activities should continue to be a source of healthy growth.

Operating margin is expected to be above the 5.6% realised in 2014, thereby maintaining our focus on sustainable margin improvement. This development will be supported by ongoing strategic initiatives around procurement, customer segmentation, organisational structure and Business Process Outsourcing (BPO).

OUTLOOK 2015

Organic growth	2%-4%
Operating margin	> 5.6%
Cash conversion	> 90%

OUTLOOK 2014

	Annual report 2013	August 2014	Realised 2014
Organic growth	3%-4%	Around 2.4%	2.5%
Operating margin	> 5.5%	> 5.5%	5.6%
Cash conversion	> 90%	> 90%	98%

Cash conversion will continue to be a priority in 2015, as it has been historically, and we expect cash conversion to remain above 90%.

The outlook should be read in conjunction with "Forward-looking statements" (see page 153) and our exposure to risk (see Risk management on pages 66-69).

Impact from divestments, acquisition and foreign exchange rates in 2015

We expect the divestments and acquisition completed by 28 February 2015 (including in 2014) to negatively impact the revenue growth in 2015 by approximately 1 percentage point. We expect a positive impact on revenue growth in 2015 from the development in foreign exchange rates of approximately 4 percentage points based on the forecasted average exchange rates for the year 2015¹⁾. Consequently, we expect total revenue growth in 2015 to be positive by 5-7 percentage points.

Follow up on outlook for 2014

For our three key financial objectives, organic growth, operating margin and cash conversion, ISS ended 2014 in line with the outlook published in August 2014.

¹⁾ The forecasted average exchange rates for the financial year 2015 are calculated using the realised average exchange rates for the first two months of 2015 and the forecasted average exchange rates for the last ten months of 2015.

In response to international market demands for large and highly complex facility service contracts, ISS established a Global Corporate Clients function in 2007. This provides overall governance, contract management and business transformation for regional, cross-regional and global customers. The establishment of Global Corporate Clients has helped ISS to be recognised as a true global outsourcing provider.

The business has grown exponentially to cover the full range of facility services from soft through to hard services and facility management, which also includes energy management and workplace solutions.



HP, PALO ALTO
Elijio Arechiga, Landscaper, ISS USA



Our performance

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Q4 2014	32

“ Good nutrition
helps patients to a
faster recovery ”

EMMA DAVIES
Hostess, ISS United Kingdom

At the **ROYAL LIVERPOOL HOSPITAL**, Emma Davies does her part in making sure patients get on their feet again. Helping patients with their nutritional needs on their way to recovery is an important part of Emma's workday. She loves interacting with the patients and helping them recover.



Highlights of the year

We delivered resilient organic growth and an improved operating margin in 2014. We made notable progress in our customer segmentation, organisational structure and procurement savings initiatives which supported increased margins. The successful listing of our shares allowed us to reduce our leverage leading to significantly lower financing costs.

Operating results and performance

Group revenue decreased DKK 4 billion to DKK 74.1 billion in 2014. Organic growth was 2.5% which was more than offset by the impact from the successful divestment of non-core activities of 6% and the negative currency effect of 2%.

Organic growth was driven by a continued strong performance in emerging markets and the Pacific region as well as in the integrated facility services (IFS) business in general. All regions, apart from Eastern Europe, delivered positive organic growth rates with Latin America and Pacific reporting double-digit growth performances. On the other hand, the persistently challenging macroeconomic environment in Europe and difficult market conditions in certain European countries reduced organic growth. Furthermore, the timing and scope of new Global Corporate Clients contracts adversely impacted organic growth relative to original expectations.

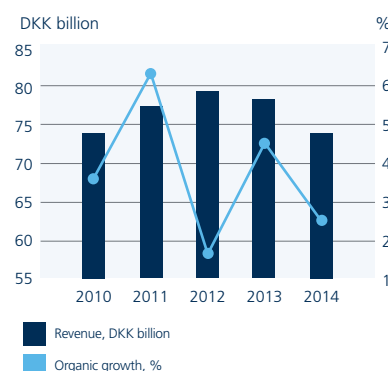
Operating profit before other items amounted to DKK 4,150 million in 2014 for an operating margin of 5.6% (2013: 5.5%). The higher operating margin was driven by a strong performance overall. Several regions delivered improved margins, especially the Western Europe and the Nordic regions, driven mainly by the implementation of our strategic initiatives. However, this was partly offset by the impact of operational challenges in certain European countries and the divestment of the margin-accretive pest control activities in 2013. Corporate costs amounted to 0.7% of revenue, the same level as in 2013.

We define emerging markets as comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey. These markets delivered organic growth of 9% and represented 24% of Group revenue. In addition to significantly contributing to the Group's organic growth, emerging markets delivered an operating margin of 6.3% in 2014 (2013: 6.3%). We aim to capitalise on the attractive market characteristics in emerging markets and continue to grow our footprint in these countries in a balanced and controlled manner.

Profit before goodwill impairment and amortisation/impairment of brands and customer contracts was DKK 1,816 million (2013: DKK 1,026 million), supported by significantly lower financial expenses following the Initial Public Offering (IPO) and the subsequent refinancing of our pre-IPO debt.

Net profit for the year was up by DKK 1,411 million to DKK 1,014 million from a loss of DKK 397 million in 2013. The significant improvement was caused by

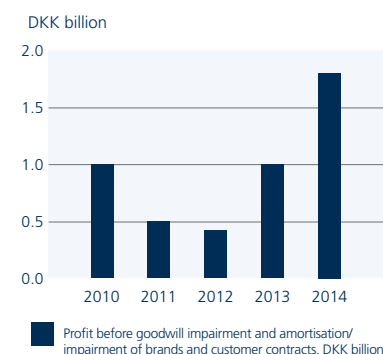
REVENUE AND ORGANIC GROWTH



OPERATING PROFIT AND MARGIN



PROFIT BEFORE GOODWILL IMPAIRMENT



CASH CONVERSION

lower financial expenses as described above and lower impairment losses as described in the Financial review on page 18.

Cash conversion for 2014 was 98%, driven by a general strong cash performance across the Group. Ensuring a strong cash performance continues to be a key priority, and the result reflects our consistent efforts to ensure timely payment for work performed.

Cash flow from operating activities was an inflow of DKK 3,177 million (2013: DKK 3,715 million). The reduction was primarily due to a lower operating profit before other items resulting from divestments, an increase in cash outflow from working capital as well as an increase in tax paid.

Strategy update

In 2014, we made substantial progress in our strategic initiatives (referred to as GREAT) which include customer segmentation, organisational structure and excellence projects such as our procurement programme and Business Process Outsourcing (BPO).

We have implemented a process of customer segmentation by size to establish a more detailed understanding of our customer base as well as additional profitability transparency. By the end of 2014, we had mapped our customer segments in countries representing 56% of Group revenue, which has resulted in a sharpened focus on

the organisational setup for our key accounts. The implementation phase has been initiated in several countries and is progressing as planned.

The initiatives implemented have resulted in a more efficient structure as well as a lower cost base.

We expect to achieve savings from the procurement excellence programme in phases and the programme continues to progress according to plan. We have now completed phase I and II of the programme and the total identified savings amount to DKK 350-450 million to be achieved during 2014-2018. It is the intention to launch phase III in 2015 and we are targeting additional savings from this phase.

While some of these cost savings will increase margins, other savings will be re-invested in the business in order to maintain and strengthen competitiveness.

We successfully launched a BPO project covering certain Finance & Accounting processes and targeting improved financial processes and cost savings in the Nordic region. Plans are to launch the project in additional European countries in 2015.

Historically, the portfolio business has accounted for 75%-80% of Group revenue. As a result of the divestment of certain non-portfolio based businesses such as pest control, damage control and landscaping our portfolio business' share of Group revenue is currently in the range of 80%-85%. Due to a challenging macroeconomic environment in Europe, among other things, we continue to see relatively weak demand for non-portfolio services.

IFS and Global Corporate Clients

Revenue generated from IFS was up 10% in 2014, adjusted for currency effects, to DKK 22.7 billion, which corresponds to 31% (2013: 26%) of Group revenue. Growth was mainly

driven by IFS contract launches as well as the successful conversion of traditional single service contracts to IFS contracts.

Significant IFS contracts won by ISS in 2014 included a contract within the remote site resource segment in Australia, BASF in five European countries, Swisscom in Switzerland, Bankia in Spain, Aller in the Nordic region, Vattenfall in Germany and a contract within the Business Services & IT segment in the Netherlands. In 2014, ISS UK lost a large local IFS contract within the healthcare sector which expired on 1 November 2014. Furthermore, ISS Norway lost a large local contract with Statoil which expired 1 June 2014.

Revenue generated from Global Corporate Clients amounted to DKK 6.8 billion in 2014, representing approximately 9% of Group revenue (2013: 8%). In local currencies, this was a 5% increase over 2013.

In 2014, Global Corporate Clients extended the contract with HP, which is one of the largest global facility services contracts in the industry. The three-year extension means that ISS will continue to deliver integrated facility services to more than 500 HP sites in 58 countries across five continents until the end of 2018. Global Corporate Clients also won an IFS framework contract with Nestlé that could potentially cover several countries in Europe and Asia, with delivery of services in Switzerland which commenced on 1 August. In addition, Global Corporate Clients won a contract with the brewing company Molson Coors in North America and the Czech Republic.

Divestments and acquisitions

In 2014, we divested 14 businesses, the most significant of which were the landscaping activities in France, the commercial security activities in Australia and New Zealand and the Nordic temporary labour and staffing activities in Norway, Sweden and Finland. The divestments were a result of

our continuous review of the strategic rationale and fit of business activities and they support a better strategic alignment in the affected countries.

With the divestments completed in 2014, we have completed most of the targeted significant divestments. Nonetheless, we will continue to review our existing business for potential divestments of non-core activities and likewise will consider making acquisitions which enhance our core competencies subject to tight strategic and financial filters.

ISS did not acquire any businesses in 2014, but announced in January 2015 the acquisition of GS Hall plc, a leading technical services company focused on mechanical and electrical engineering, energy management and compliance. The company has activities in the United Kingdom, Ireland and continental Europe. The estimated annual revenue is DKK 698 million and a total of 780 employees, primarily engineers and technicians, will transfer to ISS. The acquisition supports ISS's strategy by expanding our technical services self-delivery capabilities and in particular it supports the IFS offering in the United Kingdom.

Capital structure and financing

The equity ratio at the end of 2014 was 27.6% (2013: 8.7%). The improvement was mainly the result of the successful listing of ISS A/S on Nasdaq Copenhagen.

At the annual general meeting to be held on 15 April 2015, the Board of Directors will propose a dividend for 2014 of DKK 4.90 per share of DKK 1, equivalent to a pay-out ratio of approximately 50% of Profit before goodwill impairment and amortisation/impairment of brands and customer contracts.

In March 2014, we entered into a new unsecured senior facility agreement in connection with the listing of ISS A/S. Proceeds from the IPO and the new senior facilities were used to repay ISS's

REVENUE AND GROWTH

DKK million	Revenue		Growth components			
	2014	2013	Growth	Organic	Div.	Currency
Western Europe	37,318	39,704	(6)%	0 %	(7)%	1 %
Nordic	15,449	16,853	(8)%	2 %	(7)%	(3)%
Asia	8,221	8,019	3 %	8 %	(1)%	(4)%
Pacific	4,444	5,105	(13)%	10 %	(15)%	(8)%
Latin America	3,597	3,708	(3)%	10 %	-	(13)%
North America	3,477	3,459	1 %	1 %	(1)%	1 %
Eastern Europe	1,597	1,657	(4)%	(0)%	(0)%	(4)%
Other countries	87	38	129 %	146 %	-	(17)%
Corporate / eliminations	(85)	(84)	1 %	-	-	-
Group	74,105	78,459	(6)%	2.5%	(6)%	(2)%
Emerging markets	17,779	17,732	0 %	9%	(2)%	(7)%

OPERATING RESULTS

DKK million	Operating profit before other items			Operating margin	
	2014	2013	Change	2014	2013
Western Europe	2,310	2,388	(3)%	6.2 %	6.0 %
Nordic	1,153	1,246	(7)%	7.5 %	7.4 %
Asia	603	608	(1)%	7.3 %	7.6 %
Pacific	220	253	(13)%	5.0 %	5.0 %
Latin America	173	145	19 %	4.8 %	3.9 %
North America	125	101	24 %	3.6 %	2.9 %
Eastern Europe	109	109	-	6.8 %	6.6 %
Other countries	(1)	(1)	-	(1.4)%	(3.2)%
Corporate / eliminations	(542)	(534)	1 %	(0.7)%	(0.7)%
Group	4,150	4,315	(4)%	5.6%	5.5%
Emerging markets	1,123	1,115	1 %	6.3%	6.3%

entire pre-IPO financing eliminating approximately DKK 1.1 billion in interest expenses on an annualised basis compared with 2013. Hence, the IPO together with the significantly lower interest expenses as well as underlying operational performance made it possible to deleverage the company significantly during 2014.

In November 2014, a new EMTN programme was established to ensure

increased flexibility to pursue refinancings in the bond market when considered relevant. The EUR 2 billion EMTN programme was listed on the Luxembourg Stock Exchange with ISS Global A/S as the issuing entity. Under the programme, ISS issued two EUR bonds for a principal amount of EUR 1.2 billion to address the shortest part of the maturity profile of the new senior facilities (Term Loan A maturing in February 2017).

KEY EVENTS 2014



3 February

ISS extended global IFS contract with HP until 2018

ISS announced a three-year extension of its global IFS contract with HP to the end of 2018. As part of the agreement, ISS continues to deliver IFS services to more than 500 HP sites in 58 countries across five continents. The new contract is one of the largest global facility services contracts in the industry.

Jeff Gravenhorst, Group CEO, said: "We are proud and honoured about our extended agreement with HP, which is a very special customer to ISS. In 2010, HP became our first major global IFS customer. We have worked hard to build and extend the relationship to deliver world-class services and to add value to HP's core business activities."

The refinancings leave ISS with a diversified funding through the combination of bank and bond debt, and rates on a significant proportion of our debt have been locked at attractive levels. Furthermore, we have no short-term maturities.

Following the IPO, ISS was upgraded to investment grade by both Standard and Poor's and Moody's, which assigned corporate ratings of BBB-/Stable (S&P) and Baa3/Stable (Moody's). These ratings also apply to ISS Global A/S and the newly issued EMTNs. In line with our Financial Policy, our objective is to maintain an investment grade financial profile, and the target is to reduce our financial leverage to below 2.5x pro forma adjusted EBITDA. At 31 December 2014 the financial leverage was 2.6x.

The refinancings are described in detail in the Financial review under Capital structure and in section 5 of the consolidated financial statements.

ISS ranked number one outsourcing provider

In June 2014, ISS was for the second year in a row ranked the global number one outsourcing services provider by an independent jury for The International Association of Outsourcing Professionals (IAOP) in competition with other global outsourcing companies such as Accenture, Johnson Controls, CBRE and Aramark. ISS received highest possible scores from all jury members on the following parameters: size and growth; customer references; organisational competencies; and management capabilities.

During 2014, ISS received numerous industry awards. ISS was named the Best Facility Management Company of The Year in Asia Pacific, for the second consecutive year, and also received this year's Growth Excellence Leadership Award by Frost & Sullivan. ISS Australia won a record-breaking nine awards at the Customer Service Institute of Australia's (CSIA) 2014 Service Excel-

lence Awards, and was named the 2014 Integrated Facilities Management Company of the Year. ISS in the United Kingdom was presented with several awards including Foodservice Cateys, Educatering and BIFM Awards, the latter including the prestigious Profound Impact Award. ISS United Kingdom also won the respected Corporate Social Responsibility (CSR) Team award at the Business Charity Awards.

ISS received the Global Outsourcing Social Responsibility Impact Award, and ISS Estonia won the Corporate Social Responsibility Initiative of the Year Award at the Swedish Business Awards 2014. ISS Greece took home six awards at the Greek Facilities Management Awards 2014.

A full list of the awards received in 2014 is available on our corporate website.

Subsequent events

On 20 January 2015, ISS announced the acquisition of GS Hall plc, a leading technical services company with activities in the United Kingdom Ireland and continental Europe.

Other than as set out above or elsewhere in this Group Annual Report, we are not aware of events subsequent to 31 December 2014, which are expected to have a material impact on the Group's financial position.

Financial review

We delivered profitable organic growth, solid cash conversion and strong net profit in 2014. Following the IPO, we also significantly reduced our net debt.

Operating profit

The Group's revenue and operating profit before other items is reviewed in Highlights of the year on page 13 and in Regional performance on page 23.

Net profit was up by DKK 1,411 million to DKK 1,014 million from a loss of DKK 397 million in 2013. The significant improvement was mainly due to financial expenses, net decreasing DKK 974 million and non-cash expenses related to goodwill impairment being DKK 537 million lower than in 2013. The decrease in financial expenses was a result of the refinancing of the pre-IPO debt and a lower average net debt during the year.

Working capital and cash flows

Ensuring a strong cash performance through efforts to ensure timely payments for work performed continued to be a key priority in 2014. These efforts were once again reflected in our cash flows for the year.

Trade receivables amounted to DKK 10,446 million (2013: DKK 10,299 million). The slight increase compared to 2013 was mainly the result of contracts won in 2014 and quarterly timing differences, partly offset by the impact from divestments.

STRUCTURE OF THE FINANCIAL REVIEW

The commentary in the Financial review is structured according to themes to provide commentary to the sections in the consolidated financial statements. No comments are made to section 6, Governance, as this is covered by the Remuneration report on pages 75-79. Furthermore, no comments are made to section 1, Basis of preparation, and section 8, Other required disclosures, as this is deemed immaterial.

Changes in working capital was an outflow of DKK 71 million, which resulted in a cash conversion of 98% in 2014 compared with 102% in 2013.

Cash flow from operating activities

In 2014, cash inflow from operating activities was DKK 3,177 million (2013: DKK 3,715 million). The decrease was due to operating profit before other items being DKK 165 million lower than in 2013 mainly due to divestments, changes in working capital of DKK 151 million and a DKK 149 million increase in cash outflows from income taxes paid. The increase in tax paid was mainly related to tax payable on the sale of the pest control activities in the Pacific region in 2013.

Other expenses paid of DKK 402 million mainly involved costs relating to the IPO and restructuring projects initiated and expensed in 2013 and 2014.

Cash flow from investing activities

Cash flow from investing activities was a net cash inflow of DKK 552 million (2013: DKK 1,331 million). The cash inflow relating to acquisitions and divestments, net, was DKK 1,316 million and related mainly to the divestment of the landscaping activities in France, the Nordic temporary labour and staffing activities and the pest control activities in India.

This was partly offset by investments in intangible assets and property, plant and equipment, net, of DKK 783 million (2013: DKK 803 million), which represented 1.1% of revenue (2013: 1.0%).

Cash flow from financing activities

Cash flow from financing activities was a net cash outflow of DKK 3,535 million (2013: cash outflow of DKK 5,159 million) reflecting transactions relating to the completed IPO and the subsequent refinancings carried out during the year, see Capital structure on page 18. Repayment of borrowings of DKK 33,862 million mainly related to the repayment of the pre-IPO senior secured facilities, the redemption of the remaining outstanding Senior Subordinated Notes due 2016, the repayment of the Securitisation programme, as well as the 4.5% EMTNs. Finally, the part of the new unsecured senior facilities with the shortest maturity (Term Loan A expiring in February 2017) was repaid end 2014.

Proceeds from borrowings of DKK 23,483 million mainly related to the new unsecured senior facilities and the two bonds (EUR 1.2 billion in total) issued under the new EMTN programme. Proceeds from issuance of share capital of DKK 7,788 million reflected the net proceeds from the completed IPO.

KEY EVENTS 2014



19 November

ISS won IFS contract with Vattenfall in Germany

ISS agreed to a new major IFS strategic partnership with Vattenfall in Germany. The new contract is the largest win ever for ISS in Germany. It covers a wide range of services, including facility services, work space management, cleaning, security, support services, catering, fleet management and maintenance. As part of the contract, ISS will deliver services to approximately 500 Vattenfall sites across Germany and more than 500 Vattenfall employees will transfer to ISS.

The strategic partnership will commence on 1 January 2015 and run for five years with an option for a two-year extension. The strategic partnership between ISS and Vattenfall in Germany builds on shared values of continuously developing services and respect for employees and local communities.

Jacob Götzsche, Regional CEO Central Europe, said: "This is a very important new contract to ISS within IFS and especially to our German business".

Strategic divestments and investments**Divestments and assets held for sale**

In 2014, we divested 14 non-core businesses (2013: 14 divestments). The most significant of these were the landscaping activities in France, the commercial security activities in Australia and New Zealand and the Nordic temporary labour and staffing activities in Norway, Sweden and Finland.

Cash consideration received, net of costs, amounted to DKK 1.3 billion. The proceeds from the divestments were used to repay part of our pre-IPO debt.

Our continued strategic focus led to three businesses being classified as held for sale at 31 December 2014, including businesses in the Western Europe and Nordic regions. At 31 December 2014, assets and liabilities held for sale amounted to DKK 472 million (2013: DKK 1,950 million) and DKK 176 million (2013: DKK 1,016 million), respectively.

Divestments completed in 2014 and revaluation of net assets of businesses classified as held for sale resulted in a net gain of DKK 70 million (2013: DKK 216 million), which comprised a net gain of DKK 100 million recognised in Other income and expenses, net and impairment losses on goodwill and customer contracts of DKK 28 million and DKK 2 million, respectively.

Intangible assets, goodwill and goodwill impairment

Intangible assets at 31 December 2014 amounted to DKK 27,465 million and comprised mainly goodwill, customer contracts and brands. A significant part of these intangible assets relates to the acquisition of ISS World Services A/S in May 2005, when a carrying amount of DKK 31,844 million of intangible assets, of which DKK

22,035 million related to goodwill, was recognised in ISS's statement of financial position. Furthermore, a significant number of acquisitions made in subsequent years have added intangible assets.

At 31 December 2014, goodwill was DKK 22,796 million, DKK 359 million less than at 31 December 2013, the difference mainly being due to impairment losses of DKK 448 million and transfer of assets classified as held for sale of DKK 198 million, which amounts were partly offset by foreign exchange adjustments of DKK 298 million. Of the total impairment losses, DKK 420 million derived from impairment tests in the Netherlands due to an update of business plan assumptions and DKK 28 million derived from completed divestments, mainly in Western and Eastern Europe.

Of the total goodwill impairment and amortisation and impairment of brands and customer contracts, DKK 172 million (2013: DKK 517 million) resulted from fair value adjustments from the acquisition of ISS World Services A/S in May 2005. See Acquisition of ISS World Services A/S on page 20.

Capital structure

Following the completion of the IPO in March 2014, ISS entered into a new unsecured senior facility agreement. The new senior facilities consisted of a term facility of EUR 1.2 billion with a three-year maturity (Term Loan A), a term facility of EUR 800 million with a five-year maturity (Term Loan B) and a Revolving Credit Facility of EUR 850 million with a five-year maturity.

Proceeds from the IPO and the new unsecured senior facilities were used to repay the senior secured facilities, redeem the remaining outstanding Senior Subordinated Notes due 2016 and repay the securitisation programme. Furthermore, the 4.5% EMTNs due December 2014 were repaid at maturity.

In November 2014, a new EMTN programme of EUR 2 billion was established and proceeds of EUR 1.2 billion from the two bonds issued was used to repay the part of the new unsecured senior facilities with the shortest maturity (Term Loan A maturing in 2017).

As a result, the new financing consists of the unsecured senior facilities and the two bonds issued under the new EMTN programme. The IPO and subsequent refinancings leave ISS with a net debt of DKK 12,647 million and no short-term maturities.

Equity

Total equity was DKK 12,920 million at the end of 2014 equivalent to an equity ratio of 27.6% (2013: 8.7%). The DKK 8,698 million increase was mainly the result of the share issue in connection with the IPO of DKK 7,788 million net of costs of DKK 248 million. In addition, net profit of DKK 1,014 million and currency adjustments relating to investments in foreign subsidiaries of DKK 472 million increased equity. This was partly offset by actuarial losses of DKK 469 million, net of tax and the purchase of treasury shares of DKK 160 million. The positive currency adjustments were mainly due to appreciation of USD, GBP and HKD against DKK.

Net debt

Net debt was DKK 12,647 million, a decrease of DKK 10,004 million compared with 2013. The significant drop was a result of the IPO, which allowed us to reduce our debt, and to a lesser degree divestment of businesses. The refinancing is described above and in note 5.2, Loans and borrowings, to the consolidated financial statements. At 31 December the Net debt / Pro forma adjusted EBITDA was 2.6x (2013: 4.5x).

Financial income and expenses,

net Financial income and expenses, net decreased by DKK 974 million or 43% to a net expense of DKK 1,296

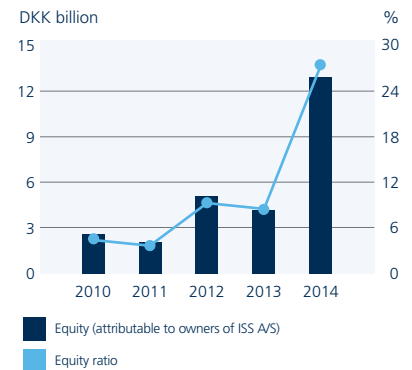
million. The significant decrease was the result of a DKK 826 million reduction in interest expenses, net mainly due to the refinancing of the pre-IPO debt combined with the lower average net debt in 2014. In 2014, financial income and expenses, net, included a non-cash expense of unamortised financing fees of DKK 242 million caused by the repayment of the pre-IPO senior secured facilities, the securitisation programme, the redemption of the outstanding Senior Subordinated Notes as well as the repayment of the part of the new unsecured senior facilities with the shortest maturity (Term Loan A). Furthermore, financial income and expenses, net included a DKK 79 million net loss on foreign exchange.

Tax

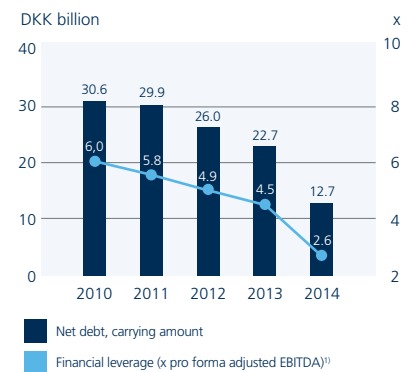
Effective tax rate

The effective tax rate for 2014 was 32.6% (2013: 47.3%) calculated as Income taxes of DKK 878 million divided by Profit before tax and goodwill impairment and amortisation/impairment of brands and customer contracts of DKK 2,694 million. Adjusted for the impact of non-deductible IPO costs of DKK 48 million and the impact of rules on limitation on the deductibility of financial expenses in Denmark, the effective tax rate amounted to approximately 30%.

EQUITY AND EQUITY RATIO



FINANCIAL LEVERAGE



¹⁾ Pro forma adjusted EBITDA is calculated as Adjusted EBITDA adjusted as if all acquisitions and divestments had occurred on 1 January of the respective year. At 31 December 2014, the Pro forma adjusted EBITDA was estimated at approximately DKK 4,792 million (2013: DKK 4,979 million)

ACQUISITION OF ISS WORLD SERVICES A/S IN MAY 2005

In May 2005, ISS World Services A/S was acquired for a purchase price of approximately DKK 22 billion. The acquisition resulted in a significant step-up of carrying amounts and thus a significant impact on the Group's consolidated financial statements in the subsequent years. Compared to companies in our industry, this is a significant difference.

In accordance with IFRS the purchase price was allocated to identifiable assets, liabilities and contingent liabilities (net assets) with the residual being recognised as goodwill. As the carrying amount of the net assets was approximately DKK 9 billion at the acquisition date, the purchase price allocation (PPA) resulted in significantly higher carrying amounts of goodwill, brands and customer contracts and as a result deferred tax liabilities also increased. On the other hand, the fair value of non-current loans and borrowings was lower than the carrying amount due to a decrease in the market value of the Medium Term Notes expiring in 2014 following the announcement of the intended acquisition of ISS World Services A/S.

The aggregate fair value adjustments following the acquisition and such fair value adjustments remaining at 31 December 2014, are shown in the table to the right.

DKK million	Fair value adjustments following acquisition in May 2005	Fair value adjustment remaining at 31 December 2014
Goodwill	6,443	4,504
Brands	1,657	1,589
Customer contracts	6,665	1,501
Other non-current and current assets	(156)	-
Pensions	(30)	-
Deferred tax liabilities	(2,960)	(694)
Non-current loans and borrowings	1,811	-
Non-controlling interests and other non-current and current liabilities	(299)	-
Total identifiable net assets including goodwill	13,131	6,900

The PPA was performed at country level (ISS's relevant CGU level) resulting in the net assets of each country being adjusted to fair value based on our best estimate at the acquisition date of each country's future performance (estimated NPV). Impairment tests are performed based on these higher values. As a result, impairment tests have led to recognition of impairment losses in certain countries despite the fact that a test of the aggregate values at Group level would not have led to impairment. This illustrates that

negative developments in certain countries have been more than offset by positive developments in other countries. However, according to IFRS, these can not be offset in the impairment test.

The impact on the Group's results of the fair value adjustments made in May 2005 are presented below.

DKK million	2014			2013		
	Actual	Fair value adj.	Actual excl. adj.	Actual	Fair value adj.	Actual excl. adj.
Operating profit before other items	4,150	-	4,150	4,315	-	4,315
Other income and expenses, net	(160)	12	(172)	(100)	97	(197)
Operating profit	3,990	12	3,978	4,215	97	4,118
Financial income and financial expenses, net	(1,296)	(20)	(1,276)	(2,270)	(22)	(2,248)
Profit before tax, goodwill impairment and amortisation/ impairment of brands and customer contracts	2,694	(8)	2,702	1,945	75	1,870
Income taxes	(878)	5	(883)	(919)	5	(924)
Profit before goodwill impairment and amortisation/ impairment of brands and customer contracts	1,816	(3)	1,819	1,026	80	946
Goodwill impairment	(448)	160	(608)	(985)	(119)	(866)
Amortisation/impairment of brands and customer contracts	(588)	(332)	(256)	(667)	(398)	(269)
Income tax effect	234	167	67	229	153	76
Net profit for the year	1,014	(8)	1,022	(397)	(284)	(113)



“Peacekeeping begins
with treating people
with respect”

MICHAEL ANDERSEN
Handyman, ISS Denmark

THE DANISH ARMED FORCES have a key role to play in promoting peace and security. Michael Andersen is well aware of this task and he does what he can to make sure the premises are well-functioning and up to the task. His workday consists of various different projects and he enjoys this diversity.

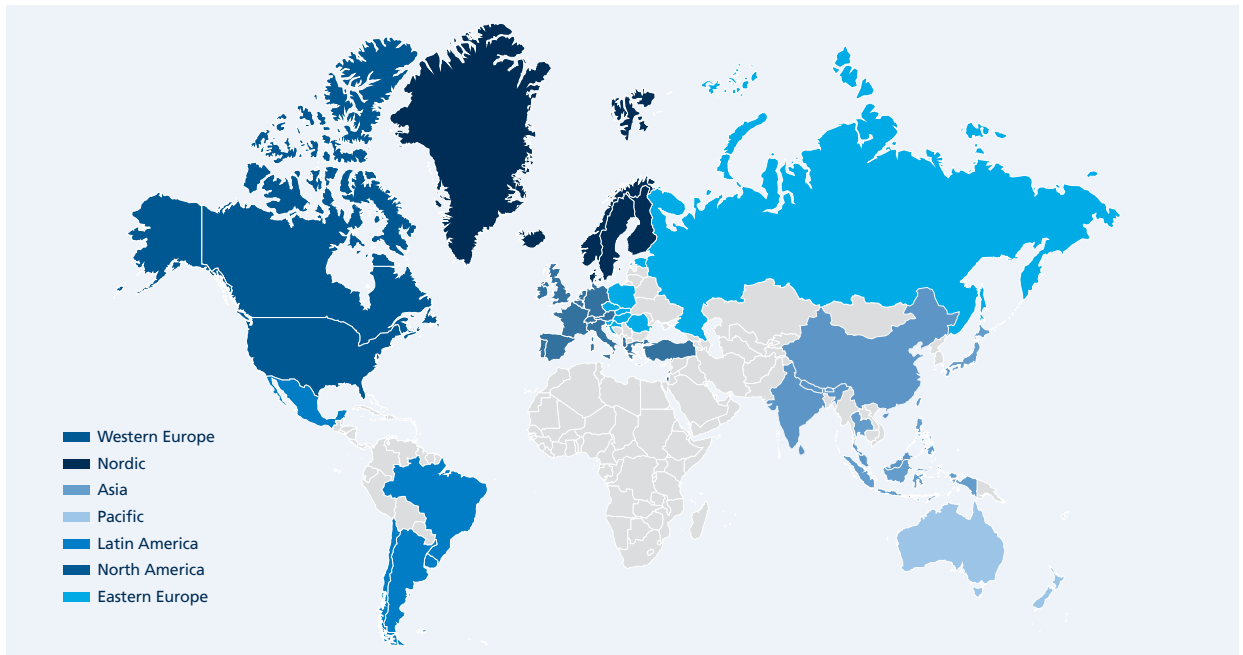
“ My calling is to make people feel safe and sound ”

OLGA SEVEREVA
Security guard, ISS Finland

At the **MICROSOFT MOBILE** headquarters in Espoo, Finland, Olga Severeva is in place to make the offices safe and secure. It takes the skills of a dedicated employee like Olga to keep up with the pace around the busy headquarters. She's always ready to help people and believes that treating people with respect is one of the most important aspects of her job.



Regional performance



ISS is all about creating value for our customers through consistent service delivery and by assisting them in living up to their specific purpose. We have a unique and leading market position, which supports local, regional and global customers across the ISS world map.

Our business characteristics and regional presence have changed considerably over the past decade. We have transformed ISS from primarily being a European-based company to becoming a true global player with a leading market position. We are leveraging our global presence in order to meet the

ever growing demand from multinational corporations for the delivery of IFS across borders. Our IFS revenue share has grown significantly and our ability to deliver IFS is key to serving global customers and grasping new local market opportunities.

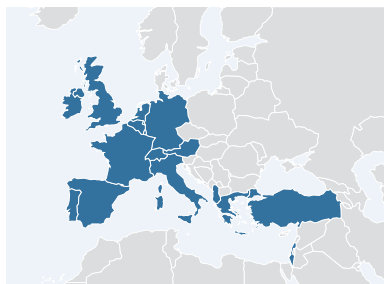
In 2014, we delivered a robust performance as we continued to grow profitably on the attractive global facility services market. Against a softer global macroeconomic backdrop, we delivered resilient organic growth supported by strong performance in emerging markets and the Pacific and Nordic regions as well as an increasing share of IFS revenue, which now accounts for 31% of Group revenue (2013: 26%).

Our focus on profitable growth, along with the progress made in our strategic initiatives, such as customer

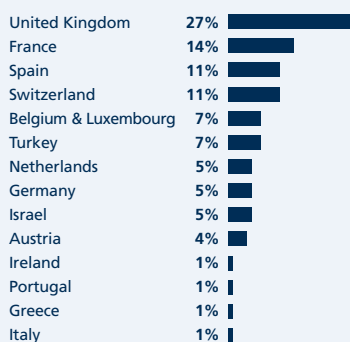
segmentation, organisational structure and excellence projects including our procurement programme and Business Process Outsourcing, supported a strong operating margin performance, especially in the Western Europe and Nordic regions.

We are well-positioned in emerging markets, where we generate 24% of our total revenue (2013: 23%). Emerging markets represent a large growth potential and an opportunity to serve our many regional and global customers operating there. Our emerging markets generated solid operating margin of 6.3% in 2014 (2013: 6.3%). Going forward, emerging markets will continue to support our top-line growth and will make up an ever-bigger part of our global footprint.

Western Europe



Revenue by country



% of total Western Europe revenue

195,139 **38%**
Employees of Group employees

37,318 DKKm
Revenue

50%
of Group revenue

6.2%
Operating margin

0%
Organic growth

Integrated facility services



The market and our focus

The markets of the Western Europe region are generally characterised as developed markets but with significant differences from country to country in terms of IFS market maturity and macroeconomic environment. In addition, our market positions vary considerably, as we hold leading market positions in the United Kingdom, Spain, Switzerland and Turkey. Key segments for the region are Business Services & IT, Public Administration, Industry & Manufacturing, Healthcare as well as the Hotels, Leisure & Entertainment segment.

2014 was an important year for the region. We continued to make significant wins of complex IFS contracts such as Bankia and Nestlé, which enabled several countries within the region to deliver positive organic growth rates on top of the strong organic growth in 2013, a year impacted by large contract wins with Barclays and Novartis. On the other hand, we also lost a large local IFS contract in the United Kingdom within the healthcare sector.

2014 was also the year when the procurement programme initiatives, based on leveraging the significant procure-

ment spend within Western Europe, caught real momentum. Our margins were supported by significant realised cost savings. Further cost savings are expected in 2015 and subsequent years as customer demand for contract cost savings continues.

Safeguarding future growth and profitability requires an increased focus on IFS customers and hence a strong focus on the strategic initiative – IFS strategy as part of GREAT. Across the Group, and not least in Western Europe, Global Corporate Clients will act as the incubator for future growth supporting large IFS contracts. We enter 2015 with a strong sales pipeline across most countries, and coupled with new contract wins (notably in the United Kingdom, Spain, Switzerland and Germany) already secured for start-up early in the year, we remain positive about the future organic growth rates and sound profitability of the region.

Financials

Revenue was DKK 37,318 million in 2014 (2013: DKK 39,704 million). Organic growth was 0% while the successful divestment of non-core activities in 2013 and 2014 reduced revenue by

7% and currency effects lifted revenue by 1%. Operating profit before other items decreased by 3% to DKK 2,310 million (2013: DKK 2,388 million) equal to an operating margin of 6.2%, which was 0.2 percentage point higher than last year.

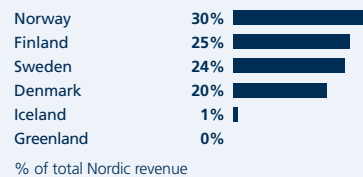
Several countries delivered positive organic growth rates, with Turkey, Israel, the United Kingdom and Austria as the most significant. The challenging macroeconomic conditions in certain European countries had a negative impact on the overall organic growth rate.

The operating margin for the region was driven by a strong performance in the United Kingdom, Switzerland, and Turkey as well as by our strategic initiatives. However, the operating margin was negatively impacted by operational challenges in the Netherlands and Israel as well as by the divestments of the margin-accretive pest control activities in 2013, which had an adverse impact on the margin compared with 2013.

Nordic



Revenue by country



35,329
Employees

7%
of Group employees

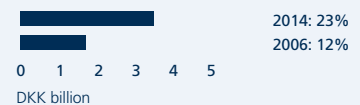
15,449 DKKm
Revenue

21%
of Group revenue

7.5%
Operating margin

2%
Organic growth

Integrated facility services



The market and our focus

The markets of the Nordic region are mature, developed and with a high outsourcing level, and ISS holds a relatively large market share in all countries of the region. The strategic focus remains to leverage the strong market position mainly through our strategy implementation, cost leadership, sharing best practices and utilising our footprint to develop solutions and concepts tailored to specific customer segments. The Nordic key customer segments are Business Services & IT and Industry & Manufacturing as well as country-specific segments such as Transportation & Infrastructure, Healthcare and Public Administration.

The Nordic region is a front-runner in the development and deployment of GREAT – our primary vehicle for accelerating our strategy implementation. Equipped with the knowledge gained from the process of detailed customer segmentation carried out in all Nordic countries in 2013, we aligned our organisational structures in each country at the beginning of 2014. The aligned business platforms are tailored to strengthen our focus on key accounts and large customers as well as establishing separate operating structures

for small customers with separate value propositions. This will lead to improved service performance, better customer experience and higher employee engagement with a competitive cost base.

Another element of implementing GREAT is the Business Process Outsourcing (BPO) project whereby certain Finance & Accounting processes in all Nordic countries were outsourced during 2014 as part of a strategic partnership with an international BPO provider. Furthermore, in 2014 we completed the divestment of two significant non-core activities comprising the Nordic temporary labour and staffing activities in Norway, Sweden and Finland as well as certain service activities related to asylum centres in Norway. The implementation of GREAT in the Nordic region resulted in improvements in 2014 across several KPIs as well as in the cost structures. The implementation efforts will continue in 2015 across the region with the focus on empowering people through leadership, delivering IFS, service excellence and nurturing a commercial focus.

Financials

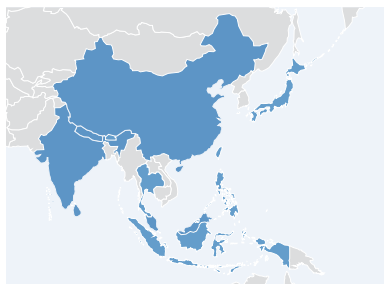
Revenue in 2014 was DKK 15,449 million (2013: DKK 16,853 million) and or-

ganic growth was 2%. The divestment of non-core activities reduced revenue by 7% while currency adjustments reduced revenue by 3%. Operating profit before other items amounted to DKK 1,153 million (2013: DKK 1,246 million), reflecting an improved operating margin of 7.5% compared with 7.4% in 2013.

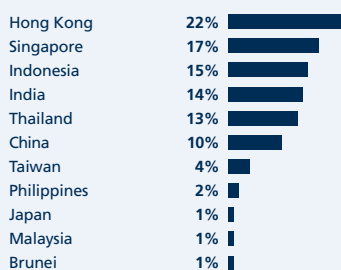
The organic growth of 2% reflected a strong performance in Denmark and Norway driven by contract start-ups and higher demand for non-portfolio services. This was partly offset by negative organic growth in Finland due to the impact from exiting contracts in 2013 and 2014 as well as a weakened demand for non-portfolio services across the region. Furthermore, ISS Norway lost a large local contract with Statoil which expired 1 June 2014.

The increase in the operating margin to 7.5% was primarily the result of a margin increase in Norway and Denmark due to the effect from the strategic initiatives implemented in 2014 regarding customer segmentation and the organisational structure as well as a generally strong operational performance across the region.

Asia



Revenue by country



% of total Asia revenue

186,009 **36%**
Employees of Group employees

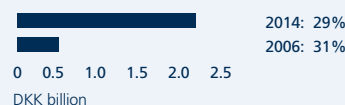
8,221 DKKm
Revenue

11%
of Group revenue

7.3%
Operating margin

8%
Organic growth

Integrated facility services



The market and our focus

The Asia region consists of large and more established markets, such as Hong Kong and Singapore, as well as developing markets, such as China, India, Indonesia, Thailand and the Philippines. The key customer segments for the region are Business Services & IT, Industry & Manufacturing, Transportation and Retail & Wholesale.

While in 2014 we felt the impact of certain Asian economies softening, the ambition for the region is to remain one of the Group's growth engines. In addition, focus is to maintain a high level of profitability, expand our self-delivery capabilities, further sharpen the business platform as well as to continue improving the commercial focus and strategy towards our selected key customer segments.

In 2014, ISS was named the Best Facility Management Company of The Year in Asia Pacific, for the second straight year, and also received the Growth Excellence Leadership Award at the annual Frost & Sullivan Best Practices Awards in Singapore. In its motivation for the awards, Frost & Sullivan highlighted ISS's ability to be a leader in the industry and grow

in a highly fragmented market with strong competition, largely due to our self-delivery model.

Going forward, focus will be on service excellence and on the transition from input-based contracts to true output-based contracts. In line with GREAT, further efforts will be on the continuous development of our IFS readiness and developing skills to improve our delivery capabilities to local and global IFS customers. Investing in people and leadership development to further strengthen the local organisations is an important factor in managing current and future growth in a controlled manner. The focus on investing in people and leadership development is essential especially as Asia is the region with the highest number of ISS employees relative to revenue.

Financials

In 2014, revenue was DKK 8,221 million (2013: DKK 8,019 million) driven by strong organic growth of 8% while the adverse impact from currency and divestments reduced revenue by 4% and 1%, respectively. Operating profit before other items was down 1%

to DKK 603 million for an operating margin of 7.3% (2013: 7.6%).

Double-digit organic growth rates were seen in certain countries with Indonesia as the largest nominal contributor in the region partly due to a successful sales effort directed at public institutions. India, Singapore, China and Thailand also continued the positive trends driven by multinational and national contract wins, price increases as well as strong retention of existing customers.

The operating margin decreased from 7.6% in 2013 to 7.3% in 2014. Several countries continued to deliver high operating margins including Indonesia, which was more than offset by margin reductions in India, mainly a result of the divestment of the margin-accretive pest control activities in 2014 and investments in operational improvements as well as in Thailand mainly within the office support division.

Pacific



Revenue by country



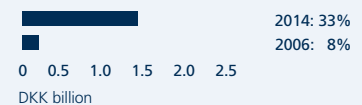
4,444 DKKm
Revenue

6%
of Group revenue

5.0%
Operating margin

10%
Organic growth

Integrated facility services



13,937 Employees
3% of Group employees

The market and our focus

ISS Australia generates more than 90% of this region's revenue. The main strategic focus in Australia has been to further develop and refine the IFS value proposition to selected customer segments, including Energy & Resources (mainly the remote site resource segment), Healthcare, Transportation & Infrastructure (mainly airports) and Public Administration. Furthermore, ISS Australia has focused on implementing tools for improved control and increased operational efficiency in resource planning and supply chain as well as sales efficiency. This focus led to strong organic growth for the year.

We continue the work on creating a stronger and more aligned business platform, as this will allow us to focus on our core activities. These efforts were supported by the divestment of the pest control activities in Australia and New Zealand in 2013 as well as the divestment of the commercial security activities in the region in early 2014. Furthermore, ISS Australia has successfully established themselves as a market leader in the delivery of support services to the remote site

resource segment through several contract wins and retenders in 2014. This was reflected in the strong organic growth and operating margin in 2014.

Going forward, we remain focused on further developing the value proposition to the selected customer segments and the overall efficiency of the business in the region.

Financials

Revenue for 2014 was DKK 4,444 million (2013: DKK 5,105 million). Organic growth was 10%, which was more than offset by divestments (15%) and negative currency effects (8%). Operating profit before other items was DKK 220 million (2013: DKK 253 million) equal to an operating margin of 5.0% (2013: 5.0%).

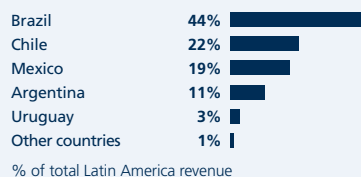
An organic growth rate of 10% is one of the highest to be reported in the Pacific region in recent years. The organic growth was driven by contract wins and expansions within the remote site resource segment in Australia as a direct result of our strategic focus on this customer segment as well as an overall strong customer retention rate.

The operating margin remained unchanged compared with last year supported by the strong performance in the IFS business in Australia and the divestment of the margin-dilutive commercial security activities in Australia and New Zealand. These positive effects were offset by the divestment of the margin-accretive pest control activities in 2013.

Latin America



Revenue by country



48,160

Employees

9%

of Group employees

3,597 DKKm

Revenue

5%

of Group revenue

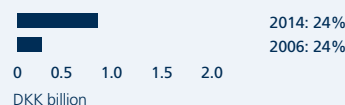
4.8%

Operating margin

10%

Organic growth

Integrated facility services



The market and our focus

We have built a unique position in Latin America with a strong geographical presence and a developed service offering highly focused on IFS. ISS is one of the leading facility service providers in the region with the ability to self-deliver services all key countries where we offer IFS solutions. Focus continues to be on selectively expanding the geographical platform as markets mature. Key segments within Latin America are Industry & Manufacturing and Business Services & IT. The region supports a number of our multinational IFS contracts and maintaining a presence in the region is an important means of targeting these customers.

The main focus in 2014 for the region has been to return to strong profitable growth rates and improve the operational efficiencies, especially in Brazil. Furthermore, we continued to increase the predictability and transparency of the region by strengthening systems, processes and organisations. These efforts have assisted in improving the financial results for the region.

Going forward, we remain focused on delivering profitable organic growth

and for Latin America to remain one of the growth drivers of the Group. This will be done through a segmented approach to the market with a thorough assessment of the potential customer base. In addition, we will remain strongly focused on having the right organisational structures and management teams in place to support our goals. The focus on improving the operational efficiencies, especially in Brazil, will continue in 2015.

Financials

Revenue was DKK 3,597 million (2013: DKK 3,708 million), down 3% compared with 2013. Organic growth was 10%, which was more than offset by negative currency effects of 13%. Operating profit before other items was up 19% to DKK 173 million, reflecting an operating margin of 4.8%, which was 0.9 percentage point higher than last year.

Latin America delivered double-digit organic growth with the majority of the countries in the region reporting strong organic growth rates. The organic growth was driven by a sustained high level of new sales and increases from existing contracts,

especially in Chile, Argentina and Mexico. This is a direct impact of a more customer-segmented approach in these countries.

The increase in operating margin was the result of improved margins in the majority of the countries in the region with Chile, Mexico and Argentina as the main contributors. The improved margins were mainly driven by wins of margin-accretive contracts, a customer-segmented approach as well as the efforts initiated in 2013 to improve operational efficiencies, including amending or exiting certain customer contracts.

North America



Revenue by country



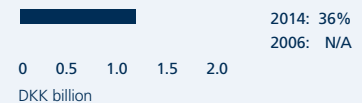
3,477 DKKm
Revenue

5%
of Group revenue

3.6%
Operating margin

1%
Organic growth

Integrated facility services



14,426 Employees
3% of Group employees

The market and our focus

ISS has strong geographical coverage in several parts of the USA experiencing economic growth, and we continue to focus on enhancing our geographical footprint in specific metropolitan areas. Key segments are Business Services & IT, Industry & Manufacturing and Transportation & Infrastructure. The continued focus on developing segments such as Aviation produced significant contract wins that contributed positively to the growth performance. We continue to develop our focus on customer segmentation across the business and our self-delivery capabilities within IFS solutions.

Following the investments made in previous years, we are now seeing growth within IFS, as illustrated by contract wins with CPS Energy, Molson Coors and Avago. The extension of the Global Corporate Clients contract with HP has allowed the region to strengthen the self-delivery capabilities within technical services and thereby deliver increased value to HP and other customers. During the year, we further strengthened the management team in North America with the appointment of a new country manager and we

continue the transformation of the North America region, which includes building capabilities to deliver larger IFS solutions across the region.

Our focus going forward is to further develop our IFS capabilities whilst maintaining single service excellence in cleaning and technical services. The region will in 2015 continue the implementation of GREAT, focusing on the customer segmentation and organisational structure, which is expected to accelerate the transformation of the region towards more focus on IFS and targeting large customers.

Financials

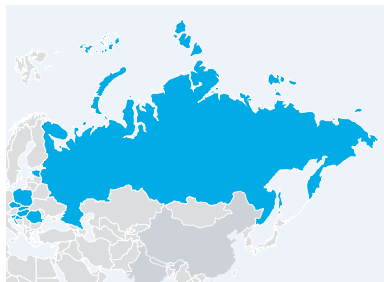
Revenue in the region was DKK 3,477 million (2013: DKK 3,459 million). Organic growth was 1%, while the adverse impact from divestments reduced revenue by 1% and currency effects lifted revenue by 1%. Operating profit before other items was DKK 125 million (2013: DKK 101 million) for an operating margin of 3.6% (2013: 2.9%).

The organic growth of 1% was primarily driven by the start-up of airport contract wins from Q4 2013, contract

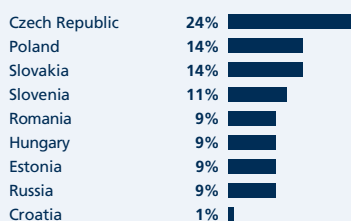
wins in 2014 as well as a greater demand for non-portfolio services, especially in the IFS division.

The increase in operating margin of 0.7 percentage point was mainly due to the impact of stronger operational management controls, a higher demand for non-portfolio services, wins of margin-accretive contracts as well as local procurement savings.

Eastern Europe



Revenue by country



% of total Eastern Europe revenue

17,808
Employees

3%
of Group employees

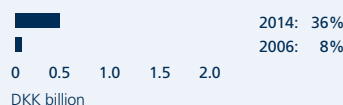
1,597 DKKm
Revenue

2%
of Group revenue

6.8%
Operating margin

(0)%
Organic growth

Integrated facility services



The market and our focus

ISS has a wide geographical reach and a unique service platform in Eastern Europe with the capability to self-deliver a full range of facility services. The strategic goal is to provide services to multinational blue chip companies. Key segments for the region are Business Services & IT, Healthcare and Industry & Manufacturing. In recent years, we have deliberately reduced the proportion of customers in the public sector while at the same time increasing business relations with multinational companies.

In 2014, we added several contracts with multinational companies, including Mondelez, Philip Morris International, Sokolow - Danish Crown and Molson Coors. Complex skills and competencies are required to manage these contracts and through our continued focus on IFS capabilities and by sharing knowledge and best practice across the region, we successfully started up these contracts in 2014 and they are currently in operation. We have thereby turned our local service offering into a full IFS offering in several countries, hence both strengthening our regional capabilities

and meeting our customers' requirements. Through these international contracts the countries in the region gain knowledge and experience, which can be applied when targeting new customers as well as benefit existing customers. Furthermore, in 2014 we completed the divestments of the activities in Croatia, Bosnia and Herzegovina (country exits).

The efforts to strengthen the management teams and leadership capabilities throughout the region as well as developing the sales organisations remained a priority in 2014. This included establishing joint country management teams in the region and sharing resources on HR, Procurement, Finance, Sales and Key Account Management across the region. In addition, we initiated a shared business development function across the region in order to service customers with a regional set-up.

Financials

Revenue was DKK 1,597 million (2013: DKK 1,657 million). Organic growth was flat, while currency adjustments reduced revenue by 4%. Operating profit before other items was DKK 109 million (2013: DKK 109 million)

equal to an operating margin of 6.8% compared with 6.6% last year.

Organic growth was supported by strong double-digit organic growth in Russia from Global Corporate Clients contracts as well as contract wins with other multinational companies, which was offset by our termination of less profitable contracts, as well as contract losses in Slovenia.

The increase in operating margin was a result of improved margins in the Czech Republic, Slovakia, Poland and Romania, which were mainly due to the termination of less profitable contracts and a continued focus on operational efficiencies and cost savings.

“I offer every visitor
guidance and a smile”

AHSINATUL KHILDA
Receptionist, ISS Indonesia

At the large **PONDOK INDAH MALL** in South Jakarta, Indonesia, Ahsinatul Khilda welcomes the many visitors with a smile. She enjoys the many different experiences each day in this mall brings. Providing visitors with helpful information and guidance is what Ahsinatul finds the most rewarding.

Q4 2014

Our focus on profitable contracts and the progress we achieved in our strategic initiatives produced a quarter of strong operating margins.

Group revenue in Q4 was DKK 19.0 billion (Q4 2013: DKK 19.7 billion).

Organic growth in Q4 was 2.7% (Q4 2013: 5.0%), the divestment of non-core activities reduced the total revenue growth by 6 percentage points.

Organic growth was driven by continued growth in IFS and emerging markets, with strong performances in Turkey, India, Singapore, Chile and Argentina. In the Pacific region, double-digit growth was mainly driven by contract wins within the remote site resource segment in Australia. Partly offsetting these developments was the persistently challenging macroeconomic environment in Europe and difficult market conditions in certain European countries.

Operating profit before other items was up 1% to DKK 1,230 million (Q4 2013: DKK 1,218 million) for an **operating margin** of 6.5% in Q4 (Q4 2013: 6.2%). In line with previous years, operating profit before other items is influenced by seasonality and is typically higher in the third and fourth quarters than in the first and second quarters.

The Q4 operating margin was the highest since Q3 2010, supported by the continued roll-out of strategic initiatives as well as a robust performance in Western Europe and margin increases in Latin America,

Q4 2014						
DKK million	Revenue			Growth components		
	Q4 2014	Q4 2013	Growth	Organic	Div.	Currency
Western Europe	9,511	10,148	(6)%	0%	(8)%	2 %
Nordic	3,868	4,118	(6)%	3%	(6)%	(3)%
Asia	2,237	2,027	10 %	7%	(1)%	4 %
Pacific	1,139	1,202	(5)%	13%	(16)%	(2)%
Latin America	918	916	0 %	6%	-	(6)%
North America	938	847	11 %	2%	-	9 %
Eastern Europe	416	422	(1)%	3%	(0)%	(4)%
Other countries	28	13	115 %	122%	-	(7)%
Corporate / eliminations	(8)	(19)	(58)%	-	-	-
Group	19,047	19,674	(3)%	2.7%	(6)%	0%
Emerging markets	4,691	4,484	5%	7%	(2)%	0%

Q4 2014					
DKK million	Operating profit before other items			Operating margin	
	Q4 2014	Q4 2013	Growth	Q4 2014	Q4 2013
Western Europe	736	796	(8)%	7.7 %	7.8 %
Nordic	311	342	(9)%	8.0 %	8.3 %
Asia	172	156	10 %	7.7 %	7.7 %
Pacific	65	75	(13)%	5.7 %	6.3 %
Latin America	46	34	35 %	5.0 %	3.7 %
North America	49	28	75 %	5.2 %	3.3 %
Eastern Europe	34	34	-	8.2 %	8.0 %
Other countries	0	0	-	(0.7)%	(2.7)%
Corporate / eliminations	(183)	(247)	(26)%	(1.0)%	(1.3)%
Group	1,230	1,218	1%	6.5%	6.2%
Emerging markets	329	304	8%	7.0%	6.8%

North America and Eastern Europe. Furthermore, corporate costs were lower in Q4 2014 compared with Q4 2013, primarily as a result of quarterly timing differences in 2014. Corporate costs for 2014 ended on level with

2013 as a percentage of revenue at 0.7%-point. In Western Europe, the margin was supported by operational efficiencies including cost savings and procurement initiatives, including the United Kingdom and Switzerland.

ORGANIC GROWTH

	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Western Europe	0%	1 %	(1)%	1 %	5 %	6%	5 %	3 %
Nordic	3%	1 %	3 %	1 %	2 %	1%	0 %	(1)%
Asia	7%	5 %	8 %	13 %	15 %	16%	15 %	13 %
Pacific	13%	11 %	9 %	6 %	3 %	0%	(3)%	(2)%
Latin America	6%	11 %	12 %	10 %	9 %	5%	5 %	7 %
North America	2%	0 %	2 %	1 %	(3)%	2%	1 %	7 %
Eastern Europe	3%	(1)%	(1)%	(3)%	6 %	7%	5 %	(0)%
Group	2.7%	2.4%	2.0%	2.8%	5.0%	5.2%	4.4%	2.8%
Emerging markets	7%	9%	9%	12%	13%	12%	11%	9%

OPERATING MARGIN

	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Western Europe	7.7%	6.7%	5.7%	4.6%	7.8%	6.1%	5.5%	4.6%
Nordic	8.0%	10.3%	6.6%	5.0%	8.3%	10.1%	6.5%	4.9%
Asia	7.7%	7.5%	7.0%	7.1%	7.7%	7.9%	7.4%	7.3%
Pacific	5.7%	5.6%	4.1%	4.4%	6.3%	4.5%	4.4%	4.7%
Latin America	5.0%	4.5%	4.7%	5.0%	3.7%	4.1%	4.1%	3.7%
North America	5.2%	3.4%	3.2%	2.3%	3.3%	4.1%	1.4%	2.9%
Eastern Europe	8.2%	7.5%	7.3%	4.0%	8.0%	7.5%	6.9%	3.8%
Group	6.5%	6.4%	5.2%	4.3%	6.2%	6.3%	5.1%	4.4%
Emerging markets	7.0%	6.1%	6.1%	6.0%	6.8%	6.3%	6.1%	6.0%

KEY EVENTS 2014



16 June

ISS named new integrated facility services provider for Swisscom

ISS won a tender issued by Switzerland's leading telecom provider, Swisscom, resulting in a new IFS contract. As part of the agreement, ISS will take over infrastructure and technical facility management for Swisscom. The contract comprises approximately 90 office buildings and 1,000 operational buildings covering a total of 1.2 million square meters. With a view to strengthening our expertise in the information and communications technology (ICT) industry segment, ISS Switzerland has taken over the 220 operational employees from this area, who worked for Swisscom or its previous service provider.

By selecting ISS, which is well-established in Switzerland, Swisscom is aiming to increase its flexibility and freedom of choice, guarantee consistent quality for all the properties spread throughout Switzerland and improve economic efficiency.

The positive performance in North America was mainly a result of contract wins in the beginning of 2014 and higher demand for non-portfolio services, especially from IFS contracts.

In Q4, **profit before goodwill impairment and amortisation/impairment of brands and customer contracts** increased to DKK 606 million from DKK 300 million in Q4 2013, driven by significantly lower financial expenses following the IPO and subsequent refinancings.

In Q4, financial income and expenses, net, included a non-cash expense of unamortised financing fees of DKK 69 million caused by the refinancing of the EUR 1.2 billion Term Loan A with the two bonds issued under the new EMTN programme.

Goodwill impairment in Q4 was DKK 448 million, a decrease of DKK 102 million compared to Q4 2013. Of the total impairment losses, DKK 420 million derived from impairment tests in the Netherlands due to an update of business plan assumptions and DKK 28 million derived from completed Divestments, mainly in Western and Eastern Europe.

Cash conversion (LTM) in Q4 2014 was 98% due to the strong cash flow performance across the Group. Ensuring a strong cash performance continues to be a key priority, and the result reflects our efforts to ensure timely payment for work performed.

Cash flow from operating activities in Q4 represented an inflow of DKK 2,458 million (2013: inflow of DKK 2,466 million). The significant cash inflow in Q4 follows the usual pattern as cash flow from operating activities tends to become increasingly positive as the year progresses and usually peaks in the fourth quarter when revenue recognised in the third quarter of the year is collected.

Revenue generated from **integrated facility services (IFS)** was up 16% in Q4 when adjusted for currency developments to DKK 6.1 billion, which corresponds to approximately 32% of Group revenue (2013: 27%). Growth was mainly driven by IFS contract launches as well as the successful conversion of traditional single service contracts into IFS contracts.

In Q4, ISS won significant IFS contracts, including with Vattenfall in Germa-

ny, within the Business Services & IT segment in the Netherlands, within the remote site resource segment in Australia and with the brewing company Molson Coors in North America. Furthermore, ISS Singapore won a significant contract within the healthcare sector to provide Cleaning and Support services and ISS Australia extended its relationship with its largest aviation customer, Melbourne Airport.

Revenue generated from **Global Corporate Clients** in Q4 amounted to DKK 1.9 billion representing approximately 10% of Group revenue (Q4 2013: 9%). In local currencies, this was a 9% increase over 2013.

SELECTED QUARTERLY KEY FIGURES AND FINANCIAL RATIOS

DKK million (unless otherwise stated)	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	19,047	18,410	18,397	18,251	19,674	19,143	20,097	19,545
Operating profit before other items ¹⁾	1,230	1,178	956	785	1,218	1,214	1,028	855
Operating margin ²⁾	6.5 %	6.4 %	5.2 %	4.3 %	6.2 %	6.3 %	5.1 %	4.4 %
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts	606	651	486	73	300	326	166	234
Net profit/(loss)	124	545	378	(33)	(409)	(119)	60	71
Cash flow from operating activities	2,458	857	606	(744)	2,466	932	780	(463)
Cash conversion (LTM)	98 %	97 %	98 %	98 %	102 %	109 %	98 %	99 %
Organic growth	2.7 %	2.4 %	2.0 %	2.8 %	5.0 %	5.2 %	4.4 %	2.8 %
Divestments	(6)%	(6)%	(7)%	(5)%	(4)%	(3)%	(1)%	(1)%
Currency adjustments	(0)%	(0)%	(3)%	(5)%	(5)%	(6)%	(1)%	(1)%
Total revenue growth	(3)%	(4)%	(8)%	(7)%	(4)%	(4)%	2 %	1 %

See page 153 for definitions and page 8 for note 1) and 2).

A man with short brown hair, wearing a dark brown blazer over a dark blue shirt, is standing on a modern staircase with a glass railing. He is smiling and holding a black tablet computer. The background shows a large glass-walled building with multiple floors.

“ My experience and knowledge keep my customer’s business healthy ”

MOHAMED TEMSAMANI
Contract manager, ISS Belgium

Mohamed Tamsamani is responsible for coordinating all the integrated facility services ISS delivers as a facility partner at **UCB**, a global biopharma company. He does this to benefit the ultimate end users - the patients using UCB products. Mohamed believes that knowing how facilities work is an essential cog in the wheel, and he is proud to be part of the professional ISS team at UCB.

ISS has built a global platform from which we integrate and self-deliver a complete set of facility services like catering, property, cleaning, support and security services. This offering is particularly relevant for truly global customers, ensuring a consistent and transparent service delivery across many countries.

An increasing demand among customers is risk management. In almost all larger relationships today, ISS is managing risk on behalf of the customer. Having developed solutions for risk mitigation for many years, ISS has the solutions to make customers less exposed in this area.



BARCLAYS, ONE CHURCHILL PLACE, LONDON
Andrea Brotonova, General catering assistant, ISS United Kingdom



Our business

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Corporate responsibility	49
Our employees	53

Strategy – The ISS Way

In 2014, we made substantial progress in our five key value-driving initiatives, which capture the essence of The ISS Way. They are all about directing our efforts towards what will have greatest positive impact on the delivery of our value proposition and thereby our value creation.

Our vision

“We are going to be the world’s greatest service organisation”

This is an ambitious goal, not least considering that we are a team of 510,968 individuals, with millions of customer interactions every day. To get there we will self-deliver a consistent and excellent service performance, as defined in our value proposition, enabling our customers to focus 100% on their core business.

Our vision gives us a clear sense of purpose and promotes pride in the role we play, individually and as an organisation, and inspires us to drive the accelerated implementation of our five strategic initiatives. It is the responsibility of our leaders to transfer the vision into a shared ambition among all our employees in order to make the difference between good and great every day at every site.

How will we know when we have reached our vision? When all our customers as well as our employees have become loyal ambassadors and active promoters of the ISS brand and the services we deliver. We measure this through our globally deployed employee and customer net promoter score methodology.

Our marketplace

The market for facility services has an estimated value of ~USD 1 trillion (outsourced market).

The market includes services such as cleaning, catering, property maintenance and security. Services are delivered on a recurring basis such as daily cleaning of facilities or the running of an in-house canteen. Services can be delivered as single services, multi-services and/or integrated facility services (IFS). Furthermore, the services can be offered to customers as a self-delivered service or as a managed service, which means that the service is managed by one party (the facilities management firm) on behalf of the customer and delivered by other parties (subcontractors). Other services, such as hospitality events, can also be delivered on an ad-hoc basis. These so-called once-only jobs are typically delivered as single-services directly by order of the end-user.

The contractual relationship with the customer is either “input-based” or “output-based”. Generally speaking, the former involves committing an agreed number of full-time employees to the delivery of the given service at a set cost plus a margin to the provider while the latter (also known as a “performance-based contract”) involves establishing, together with

ACCELERATING THE ISS WAY – GREAT

Our strategy, The ISS Way, is all about focusing our organisation on the most significant levers ensuring that we can deliver successfully on our value proposition.

GREAT is our primary vehicle for accelerating our strategy implementation, hence constitute a principal driver moving us towards realising our vision of becoming the world’s greatest service organisation. Within GREAT there are five overall themes, and each entail critical strategy implementation initiatives.

The five themes are:

- 1) Empowering people through leadership
- 2) Optimising our customer base
- 3) Fit for purpose organisation
- 4) IFS strategy; and
- 5) Striving for excellence

Further elaboration on the five themes can be found on the following pages.

the customer, specifications for the result of our service delivery (the “output”), e.g. a certain measurable level of cleanliness. Traditionally, the market has been dominated by input-based contracts, but output-based contracts are gaining ground.

There is also a geographical aspect to the market. Some markets are mature and have shown themselves to be receptive to new developments, e.g. output-based contracts and IFS, not least the markets in Europe, while emerging markets are growing quickly from a base dominated by the more traditional input-based contract structure. There are also differences within the overall market types (mature and emerging). In the markets of northern Europe, IFS is a known quantity where

a material part of the market is already receptive to service bundling and integration while in the southern European markets service integration is at a more nascent stage.

In other words, there are many different ways to address this market and it has many different aspects to consider. We therefore see it as paramount that our strategy clearly defines which part of the market we are targeting.

Our market focus

Our market choices have naturally focused on identifying the market segments where our value proposition resonates and that have the greatest potential to contribute to the value we want to generate for our stakeholders. In this vast and diverse market, ISS has chosen to focus on large and medium-sized Business-to-Business customers such as banks, hospitals, the food manufacturing industry or remote sites where the need for our services makes a difference to their business and makes us a strategic partner helping to fulfil their objectives. We provide these customers with a value added offering which, in addition to a cost-efficient solution, delivers among other things risk management and a sustainable and transparent solution.

Our focus is on the self-delivery of on-site facility services within cleaning, property services and catering, globally and locally. We deliver these offerings as single services, multi-services or IFS. We further provide other support services, security and facilities management principally as part of IFS contracts. Our core services share a number of traits. They are site-based, asset-light, personnel-intensive, and suitable for self-delivery and integration with the other services we provide. We also provide mainly services, which are delivered on a recurring basis and thus give us greater top-line transparency. Our intention is principally to provide non-portfolio services to our existing customers as an integral part of our overall offering.

Competition

In general, our main competitors in each market are national or regional service providers, as well as large international service companies. For large international facility services contracts based on a provider's self-delivery of services, competition is limited to a few players, all of which provide a more limited service offering compared to ISS. There are also a limited number of facility management companies which mainly rely on subcontractors to deliver

their services. We also face competition from in-house providers of facility services and regional and local facility service providers. However, competitors differ from market to market depending on the particular service.

Certain facility services providers are strengthening their IFS capabilities, which is especially important when servicing large customers, as these show a higher propensity to request IFS and centralised procurement. Still, only a few competitors have the scale to deliver IFS on a multinational and global basis providing ISS with a clear competitive advantage. We have positioned ourselves with strong capabilities to address the growing demand for bundled services and centralised procurement.

How do we meet the customer's needs?

Basically, our job is to take over on-site facility services that are non-core for our customers. Hence, we ensure that facilities are clean, that users are courteously greeted and guided, that facilities have a consistently comfortable temperature and are properly maintained, that users can get coffee or a meal, that access is monitored and controlled and that the delivery of all this is orchestrated in an efficient manner. In some cases, we provide only one service, and in some cases many. In this way, we meet the basic needs of the customer by providing a service vital to ensure the proper and orderly operation of their facility.

However, the actual delivery of the service only makes up part of the value we contribute. The elements of our value proposition actually assist customers in living up to their specific purposes and priorities, e.g. when:

- a customer in the **natural resources sector** requires us to deliver reliable and consistent health and safety compliance given the hazardous environments in which they work;

THE ISS VALUE PROPOSITION IN A NUTSHELL



- a **hospital** demands our reliable delivery of specific and measured levels of hygiene to minimise the risk of cross-infection and with the overall purpose of healing patients; or
- a **slaughterhouse** needs us to help them meet certain regulatory requirements for cleanliness levels and to minimise the risk of infections or food poisoning and for the overall purpose of ensuring quality and avoid product recalls.

Our self-delivery model is a fundamental component for successfully delivering our value proposition to the customer. Without our own frontline employees where we can establish a common corporate culture, brand, values, processes and procedures, we would not be able to lead the way in service performance that facilitates our customers' purposes. Our self-delivery model allows us to address core customer needs such as risk transfer, brand protection, flexible delivery and integration of services.

Self-delivery also allows us to provide the customer with a transparent and sustainable solution as we can impact the cost of delivery through the implementation of our best practices, processes and service integration. With our own frontline employees, we are also able to share site-level information with customers to facilitate strategic and operational decision-making by the customer with respect to the optimisation of their facility portfolio.

What does this imply for our strategic direction?

In order for us to continue to deliver – and refine – this value proposition, we must continue to implement our strategy. We are aligning the organisation behind our value proposition by investing in leadership and supplementing service and segment capabilities (excellence) where necessary. We are divesting businesses that are not core

to the delivery of our promise. We are transitioning our commercial focus towards a more specific approach to customer segments where our value proposition clearly resonates. We are also looking to align our business behind optimising delivery to our chosen customers. We are working to ensure that the organisation is IFS ready, as this delivery type continues to grow apace as customer demand continues to evolve. We furthermore seek to extract synergies such as through implementing standard procurement processes.

As a consequence of our strategy implementation our customer segment mix will evolve and our IFS activities will grow as a percentage of Group revenue. Emerging markets will also be accretive to our top-line growth and become an ever-bigger part of our global footprint.

Accelerating The ISS Way – GREAT

In 2014, we continued to focus upon our five strategic initiatives which are the principal drivers moving us towards realising our vision.



Empowering people through leadership

Given our self-delivery model, our employees are our core asset and we dedicate significant resources to developing and managing them. We believe that strong leadership drives employee engagement which in turn drives customer satisfaction and as a result improves our financial results. Where we have higher employee net promoter scores (whether employees would recommend ISS to others as a good place to work) and customer net promoter scores (whether customers would recommend ISS to others as a good partner to work with), we generally also have higher operating margins. Therefore, we focus on measuring leadership performance through regular surveys and assessments as well as implementation of develop-

ment programs at all levels of the organisation. Furthermore, we actively monitor leadership metrics such as staff turnover, sickness absence rates, employee net promoter scores and customer net promoter scores. The leadership focus is also being applied to health and safety, a core part of our value proposition, where we have increasingly focused on establishing safer working environments that limit work related injuries, manage lost time in our operations and mitigate risk for our customers. We also encourage our employees to take part in our multiple talent management programmes. Finally, we have developed a strong corporate culture within the organisation supported by our global values – Honesty, Entrepreneurship, Responsibility and Quality.



Optimising our customer base

The ISS Way strategy has customer segmentation as a key priority. Building on our existing extensive knowledge of the varying needs of customers, whether by industry or size, is a central strategic theme. Our goal is to establish the optimal match between the value proposition we provide and customer needs.

We have implemented a process of customer segmentation by size to establish a more detailed understanding of our customer base. By the end of 2014 we had mapped our customer segments in countries representing 56% of the Group's revenue. The purpose of the mapping exercise is to establish how customers of various sizes are serviced by business units as well as undertaking a detailed activitybased costing methodology which provides additional transparency on the profitability of the various customer segments. Evidence from selected countries indicates that in some instances large and small customers are serviced by the same business unit and that this may have an adverse impact on customer expe-

rience, overhead cost efficiency and transparency.



Fit for purpose organisation

Equipped with the knowledge provided by the process of detailed customer segmentation, we are better able to choose our target customers and align our organisational structure accordingly. Generally, we expect this to result in organisational structures which are more customer-oriented, efficient and focused on managing and growing profitable relationships with our target customer segments. This entails, for example, establishing business units focused on key accounts and large customers, providing higher levels of support, service excellence and innovation and establishing separate operating structures for small customers which are tailored to meet their needs. We may also divest certain customer segments in order to focus on others.

Where we have completed this initiative and established an optimised organisational structure, which may differ from country to country, we see the benefits of this strategy. We have a more efficient set-up with fewer layers between the country top management and the contract and hence a lower cost base.



IFS strategy

IFS is a key part of our unique value proposition as well as being a higher growth and margin accretive activity. We aim to ensure that we can deliver IFS across our entire business, not least given the increased level of activity we see in our international contracts. By outsourcing two or more service areas to ISS with a single point of contact, our customers increase focus on their core business areas and in turn we can realise operational synergies through work sharing and on-site supervision. We are also able to generate synergies between customers by leveraging our scale and global presence by bring-

ing know-how and best practices to each specific contract. As we provide the customers with one single point of contact, we are also able to drive synergies at the back office level with increased efficiency and simplicity of contract administration.



Striving for excellence

In order to enhance our value proposition and to improve our profitability, we focus on innovations related to customer segments, services, business systems and processes. These excellence initiatives allow an enhanced customer experience, greater control of our costs and the optimisation of our resources and underpin steady margin levels.

Excellence is also reflected in our procurement programme. In early 2013, we initiated an assessment of the potential associated with coordinating procurement across countries, starting with our Western Europe and Nordic operating countries. From this assessment, we concluded that while there are significant differences across countries, coordination potential exists in several categories within our significant external procurement expenses, the majority of which are in Western Europe and the Nordic countries. We plan to expand the cost savings plan to other purchasing categories to generate additional costs savings. We also expect the cost savings plan to result in increased transparency and improved compliance monitoring in local country operations.

We are also working diligently with other excellence and efficiency related initiatives, such as focus on our above unit costs and opportunities for Business Process Outsourcing within finance and accounting.

KEY EVENTS 2014



9 July

BASF appointed ISS as strategic partner in five European countries

BASF, the world's leading chemicals company, chose ISS to provide IFS in five European countries effective from July 2014: Spain, France, Portugal, Belgium and the Netherlands. The successful bid, headed by ISS Belgium, was based on a strong partnership with BASF at its major Antwerp production site that has evolved over many years.

As part of the agreement, ISS took over the responsibility for onsite facility management, building maintenance, mailroom, cleaning, landscaping and related services. The overall portfolio consists of 56 sites across the five countries.

Henrik Andersen, Group COO EMEA, said: "BASF is one of the world's largest and most sophisticated operations. This partnership shows the strengths of our value proposition and of our focus on supporting our customers' purpose through scalable IFS solutions."

KPIs – Measuring our performance

Achieving our vision of becoming the world's greatest service organisation is an ambitious goal. To ensure that we are moving in the right direction and progressing in terms of our five strategic initiatives, we measure our performance using a wide range of financial and non-financial KPIs.

At ISS, we have a long history of measuring our financial performance at all levels of the organisation – from Group level and all the way down to the individual contracts. We measure our financial performance through-

out the Group mainly in terms of our three primary financial KPIs: 1) organic growth; 2) operating margin; and 3) cash conversion. These KPIs are well-established and integrated in bonus plans throughout the organisation to ensure that objectives are aligned at all levels of the organisation.

In addition to our three primary financial KPIs, we measure a number of non-financial KPIs at various levels of the organisation. In 2014, we defined the KPIs, financial and non-financial, most suitable for measuring and reporting on a regular basis. These KPIs are the key metrics we use to drive our business forward. Consequently, bonus plans for the Group Management Board were adjusted in 2014 to also include certain of these non-financial KPIs as also described in the Remuneration

report on page 75. Furthermore, we are currently working on a GREAT KPI dashboard as well as a detailed value tracking model of GREAT that will enable us to benchmark performance across the Group.

The following are examples of the most significant financial and non-financial KPIs at Group level that we measure and report on a regular basis. The list is not exhaustive, as we measure a number of other KPIs at Group level as well as at other levels of the organisation.

Most of the KPIs are relevant for all five strategic initiatives. The descriptions set out below refer only to the initiative(s) that are the most relevant for each KPI.

PRIMARY FINANCIAL KPIs	DESCRIPTION OF MEASURE	STRATEGIC INITIATIVE
Organic growth	Measures our ability to grow our business organically by increasing sales to existing and new customers.	<ul style="list-style-type: none"> Optimising our customer base IFS strategy
Operating margin	Measures our ability to improve operational performance by managing costs and working more efficiently.	<ul style="list-style-type: none"> Optimising our customer base Fit for purpose organisation IFS strategy Striving for excellence
Cash conversion	Measures our ability to convert operating profit into cash. A strong cash conversion allows us to deleverage by repaying loans and borrowings.	<ul style="list-style-type: none"> Optimising our customer base Fit for purpose organisation Striving for excellence

NON-FINANCIAL KPIs	DESCRIPTION OF MEASURE	STRATEGIC INITIATIVE
Employee engagement	Measures the engagement of our employees on a scale from 1 to 5. The measure and the results of the survey for 2014 are reviewed in "Our employees".	 Empowering people through leadership
Employee Net Promoter Score (e-NPS)	Measures the loyalty of our employees through a direct question of how likely the employee is to recommend ISS to others as a place to work.	 Empowering people through leadership
Employee turnover	Measures the level of employees leaving the company versus the total number of employees.	 Empowering people through leadership
Sickness rate	Ratio of total absence in hours due to sickness relative to total hours paid.	 Empowering people through leadership
Lost Time Injury Frequency (LTIF)	Measures the number of incidents classified as lost time injuries per millions of hours worked.	 Empowering people through leadership
Customer Net Promoter Score (c-NPS)	Measures the loyalty of our customers through a direct question of how likely the customer is to recommend ISS to others as a business partner.	 Optimising our customer base  Striving for excellence
Revenue by segment	Measures the revenue split between our identified customer segments.	 Optimising our customer base
Revenue by service	Measures the revenue split between our services.	 Optimising our customer base
Revenue by delivery	Measures the revenue split between our delivery types.	 Optimising our customer base
Share of revenue self-delivered	Measures proportion of self-delivered revenue to total revenue.	 IFS strategy  Striving for excellence
Portfolio value including growth and loss rate	Measures the revenue value of our recurring business (i.e. non-portfolio services are not included) based on current base of customer contracts as well as the portfolio growth and loss rate.	 Optimising our customer base
Non-portfolio value	Measures the revenue value of once only jobs (i.e. revenue that is non-portfolio).	 Optimising our customer base
Cost percentage benchmark	Measures the level of variable and fixed costs per country for benchmarking purposes.	 Optimising our customer base  Fit for purpose organisation
IFS share of revenue	Measures the relative share of IFS revenue to total revenue.	 IFS strategy  Striving for excellence

UNIVERSITY

BOND UNIVERSITY is one of the leading universities in Australia and Rebecca Ormsby and the rest of the ISS team make sure that the students can acquire new knowledge in a clean and safe environment. Rebecca likes to help out wherever she can and always with a big smile.

“ Being clever about
my job makes me a
success ”

REBECCA ORMSBY
Cleaning professional, ISS Australia



Business development

We have developed our business substantially over the past decade from being primarily a European cleaning service provider to becoming a global facility services provider.

This has significantly increased our revenue from integrated facility services (IFS) contracts and international contracts through our Global Corporate Clients organisation.

At the same time, our business model has transformed from a product-oriented to a customer-oriented approach focused on developing leading value propositions to our chosen customers founded on our philosophy of self-delivery of excellence within each of our service offerings.

The development continued in 2014, with particular focus on a review of our customer segmentation and organisational structure as part of GREAT. We have implemented a process of customer segmentation by size to establish a more detailed understanding of our customer base. By the end of 2014 we had mapped our customer segments in countries representing 56% of Group revenue in ten countries across the Nordic, Western Europe, Latin America and Pacific regions.

Having this knowledge enables us to align our organisational structure with our target customer segments and establish separate structures for key accounts/large customers and for medium- and small-sized customers.

We focus in particular on key accounts, large and medium-sized customers, for whom we become a strategic partner, because our services make a difference to their business by helping them fulfil their objectives. These segments already represent most of our revenue and we plan to continue building strategic relationships with our largest customers.

The progress we have made and how the characteristics of our business have changed since 2006 is demonstrated by the following three measures:

- Revenue by customer segment
- Revenue by delivery type
- Revenue by service type

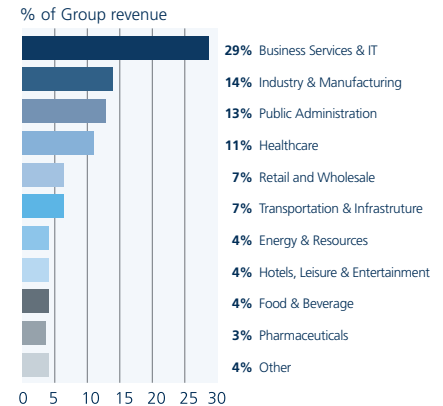
Revenue by customer segment

Revenue is classified into ten customer segments identified by ISS, based on the section classification level of the International Standard Industrial Classification.

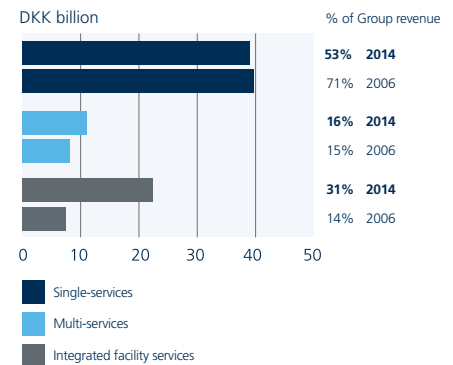
Our service concepts are tailored to address specific customer needs in order to provide added value offerings to our chosen customers. This entails defining variations of our service offerings built on our core service skills and presenting an integrated solution of services customised for a given segment.

From an industry segment perspective, Business Services & IT, Industry & Manufacturing, Public Administration and Healthcare are our largest and most important customer segments, and our focus remains to develop service solutions for these segments. Not least Business Services & IT has

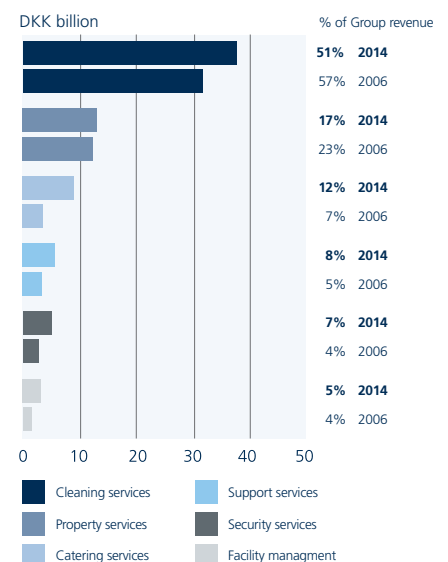
REVENUE BY CUSTOMER SEGMENT



REVENUE BY DELIVERY



REVENUE BY SERVICE



KEY EVENTS 2014



28 February

ISS divested the landscaping activities in France

ISS successfully divested its landscaping activities in France. The activities were acquired in 2001 and over the last decade ISS developed ISS Espaces Verts into France's leading landscaping provider with nearly 2,500 employees and annual revenue of DKK 2.1 billion in 2013. The divestment was part of ISS's strategy of focusing on its core activities and creating a more aligned business platform. The proceeds from the divestment were used to support the continued deleveraging of ISS.

Henrik Andersen, Group COO EMEA, said: "We carefully considered our ownership of the landscaping activities in France and decided that these activities were not key to the execution of our strategy."

After completion of the transaction, ISS remained the largest foreign employer in France with more than 27,000 employees delivering cleaning, property, support and facility management services.

grown as a result of our focus on this segment through our Global Corporate Clients organisation as well as regional and national sales force efforts. This focus produced several major contract wins, such as the multinational IFS contracts with Barclays in 2012 and Nordea in 2013, increasing Business Services & IT revenue. The segment thus remained the largest customer segment in 2014, accounting for 29% of our revenue.

The share of revenue from Industry & Manufacturing remained on a level with 2013 at 14% in 2014. Similarly the share of revenue from Public Administration and Healthcare remained level with 2013 at 13% and 11%, respectively, in 2014.

Despite the significant size of certain segments, including Business Services & IT, ISS is not depending on any individual customers. Our ten largest customers account for approximately 10% of Group revenue.

Revenue by service delivery type

Our service offering to customers consists of single services, multi-services or IFS.

Our strategy is clearly focused on delivering IFS solutions to our selected customers, primarily to key accounts as well as large and medium-sized customers. Over the past decade, this has produced significant growth in our IFS revenue, from approximately DKK 8 billion in 2006 to approximately DKK 23 billion in 2014. Our IFS solution revenue base is built on organic growth through our Global Corporate Clients organisation as well as at country and regional level.

Our aim is to deliver IFS across our entire business, as this is a key part of our unique value proposition and also a higher growth and margin accretive activity. We expect to grow our IFS revenue further as we continue to implement our strategy.

In 2014, IFS accounted for 31% of our revenue compared with 14% in 2006. Multi-services and single services generated 16% and 53%, respectively, compared with 15% and 71% in 2006. The increase in the share of revenue origin from delivering IFS or multi-services increased by 18 percentage points from 2006 to 2014. This illustrates that we have continued to attract customers who see the benefits of our IFS offering, and have thus accelerated our strategy implementation.

The relative share of revenue origin from delivering multi-services or IFS solutions is increasing in all regions, with the largest increases seen in Western Europe (primarily in Germany, France, Spain and the Netherlands), Nordics (primarily in Denmark and Norway) driven by large local multi-service and IFS contracts wins as well as divestments of non-core single service activities. Multi-service and IFS contracts allow ISS to exploit synergies in the provision of services and create stronger customer relationships.

Revenue by service type

ISS offers a range of facility services in cleaning services, property services, catering services, support services, security services and facility management. Our focus is to understand customer needs and provide the services required to meet them.

The transformation from primarily being a cleaning service provider to becoming a full facility service provider is illustrated by the growing volume of our non-cleaning services and the fact that non-cleaning services now make up 49% of our business compared with 43% in 2006. Individually, all service types have grown in absolute terms.

Cleaning services In 2014, cleaning services remained our largest business area with revenue of DKK 37.8 billion, representing 51% of Group revenue down from 57% (DKK 32.1 billion) in 2006. In line with our strategy to broaden the service platform, cleaning

services' relative share of Group revenue has declined in the period, while the revenue share from support services and catering services in particular has steadily increased.

Cleaning services continues to be very important to us. In the short term, we may experience a slight increase in the cleaning services share of revenue as we continue to divest businesses that are non-core to our strategy. This was the case in 2014 when revenue as a percentage of Group revenue increased to 51% from 49% in 2013.

Property services In 2014, revenue from property services was DKK 12.9 billion, representing 17% of Group revenue, down from 23% (DKK 12.6 billion) in 2006. Property services revenue was adversely affected by a number of strategic divestments completed from 2011 to 2014, including the landscaping activities in France in 2014. These divestments included non-portfolio-based services and thereby underline the strategic focus on portfolio-based on-site services.

Catering services In 2014, revenue from catering services amounted to

DKK 8.8 billion (2006: DKK 3.6 billion) equal to 12% of Group revenue, which is an increase of 5 percentage points from 2006. Catering services continued to be positively impacted by cross-selling to existing customers combined with an increase in catering services delivered under some of the large IFS contracts.

Support services In 2014, support services accounted for approximately 8% of Group revenue, up from 5% in 2006. In absolute figures, revenue increased from DKK 2.9 billion in 2006 to DKK 6.0 billion in 2014. Support services have been favourably impacted by an increase in services provided to Global Corporate Clients customers and in cross-selling services mainly to cleaning customers. Support services revenue was adversely impacted by a number of divestments including the Nordic temporary labour and staffing activities in 2014.

Security services Revenue was DKK 5.3 billion, equivalent to 7% of Group revenue in 2014, an increase of 3 percentage points from 2006 (DKK 2.4 billion). The increase was mainly due to strategic acquisitions during the pe-

riod up to 2010. Our security services are mainly growing in emerging markets while in certain mature markets we see greater benefits in establishing strategic partnerships with large security service providers. This led to the divestment of security activities in Norway, Australia and New Zealand, the Netherlands, Denmark, Germany, Israel and Greece in 2012-2014. As a consequence of divestments revenue declined DKK 1.0 billion in 2014 or from 8% of Group revenue in 2013 to 7% of Group revenue in 2014.

Facility management Revenue increased to DKK 3.4 billion in 2014 (2006: DKK 2.1 billion), equivalent to 5% of Group revenue, which is an increase of 1 percentage point from 2006.

SERVICES PROVIDED



CLEANING 51%

- Daily office cleaning
- Industrial cleaning
- Washroom and dust control
- Specialised cleaning for nuclear plants, hospitals and food production facilities
- Periodical cleaning



PROPERTY 17%

- Building and technical maintenance
- Technical services
- Energy management
- Grounds maintenance
- Heating, ventilation and air condition (HVAC)



CATERING 12%

- In-house restaurants and cafés
- Hospital canteens
- Conference room and meeting room services
- Vending services
- Event catering



SUPPORT 8%

- Reception services
- Hostess services
- Internal mail handling, scanning and other office logistics
- Call centre services
- Welfare facilities
- Labour supply




SECURITY 7%

- Manned guarding
- Access control
- Patrolling of customer facilities
- Installation of alarm and access systems
- Consulting services



FACILITY MANAGEMENT 5%

- On-site management of facility services
- Change management
- Space management
- Risk management



"I help patients on
the way to recovery
with a clean sheet"

EDITH LIU
General worker, ISS Taiwan

Edith Liu works at the well-renowned **TZU CHI HOSPITAL** in Taiwan. Here, she and her team are in charge of cleaning and changing the bed linen. Edith makes a virtue of remembering each patient's name so she can help relatives and visitors find the patients they have come to see. She finds it rewarding to see recovered patients leave the hospital with a 'thank you'.

Corporate responsibility

We believe that long-term sustainable business success relies on a high level of CR, as economic, social and environmental issues are inevitably interconnected. Due to our long-held corporate values for quality, honesty and responsibility, our commitment to CR has evolved organically, and today it is an integral part of our corporate values and strategy.

As a global company with more than 510,000 employees serving both private and public sector customers we influence the lives of many people every day through providing employment and training as well as safe and healthy work environments for millions of employees and customers in the facilities we service.

To ensure a positive customer experience, we need capable and engaged employees who are motivated and take pride in working at ISS. To achieve this, we believe that having sound CR policies embedded in the way we conduct our business is a necessary prerequisite.

CR is becoming increasingly important for our customers as they strive to improve their own business performance and make a positive impact on society. Leading global companies require a consistent CR performance from their partners, and this is increasingly becoming a key factor in winning and retaining contracts with most customers. It is therefore important

for us to be able to demonstrate that we understand their CR goals and are capable of addressing them. Our systematic approach to CR, such as our Group Health, Safety and Environment (HSE) management system, supports this ability and helps us in our efforts to become a preferred partner to our customers and the employer of choice in our industry.

Our approach to CR

We have adopted a principles-based approach to CR that contributes to sustainable development as defined by the international community. This approach effectively integrates universally accepted principles into the way we conduct our business, forming a foundation that is embedded in our corporate values, our Code of Conduct and our strategy. In other words, CR plays an important role in each of the five strategic initiatives of our strategy implementation initiative GREAT, most significantly in relation to IFS strategy and Striving for excellence. Due to our group-wide systematic approach to HSE, we promote consistency across services and locations, contributing to our customers' performance on health, safety and environment targets. In terms of excellence, we self-deliver services through our own employees who apply our contract lifecycle processes that incorporate HSE and people management.

We have developed and rolled out across the Group a strategy for HSE and CR. This strategy supports the overall Group strategy and the HSE vision "100".

Our initiatives and actions

For the past five years we have built and implemented an operational

STRONG COMMITMENT TO UN GLOBAL COMPACT

On human rights, labour rights, environmental protection and anti-corruption, we have made a strong commitment as a signatory and supporter of the United Nations Global Compact since its inception in 1999. We remain committed to aligning our strategy and operations with the ten Global Compact principles. Furthermore, we respect, support and promote human rights and support the ambitions stated in the United Nations Universal Declaration of Human Rights and the Core Conventions of the International Labour Organisation.

VISION AND POLICY

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 at 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 action; require our suppliers to manage their HSE in line with this policy; and
- include HSE performance in the appraisal of staff and reward accordingly.

KEY EVENTS 2014



29 April

ISS UK ranked three stars in Business in the Community Corporate Responsibility Index

ISS UK was recognised in Business in the Community's (BITC's) annual benchmark of responsible business – BITC's Corporate Responsibility Index (CR Index). ISS was ranked as a three-star company and recognised as the best performing facility services provider of the companies that completed the updated and more challenging CR Index this year.

Richard Sykes, Country Manager UK, said: "Being a responsible and sustainable business is embedded in our corporate values. This year's CR Index result is recognition of the strong progress we have made in recent years. Our vision is to be 'the world's greatest service organisation' and to achieve this we need to be recognised as a responsible and sustainable company. BITC's CR Index provides a robust roadmap to continue that journey."

framework to create a consistent approach to HSE across the Group. This is documented in our Group HSE manual, which is based on four international standards (OHSAS 18001, ISO 14001, ISO 22000 and ISO 9001). As part of this approach, we have made a global agreement with a certification body, Det Norske Veritas, to implement and maintain ISO certification across the ISS Group. Our objective is to achieve continuous improvements in quality and performance.

To support our objective of continuous progress and improvement, we have implemented an HSE performance

management system, which enables us to measure, monitor and document our performance. It plays an important role in raising the awareness for employees and stakeholders to ensure that CR and HSE is prioritised, that risks are managed appropriately and that corrective action is taken. Furthermore, it ensures that responsibility and ownership of HSE is transferred to our operations, i.e. ISS regions, countries and business units.

To continuously improve our overall HSE and CR performance, a Group HSE and CR action plan is issued each year. The plan is based on our current HSE and CR performance, and the stated targets and actions are reviewed and amended annually as deemed appropriate for meeting our HSE vision. Actions that countries were required to incorporate in their country action plans in 2014 were for instance:

- Individual Personal Safety Action Plan for management including KPIs; and
- Carry out audits at our operational sites to ensure implementation of the country HSE management system in operations.

In order to stay on course and keep HSE in constant focus, we run an annual global campaign 'Me and You'. The campaign covers safety, health and the environment and emphasises that HSE is a common responsibility and that we all have important roles to play in HSE. Since the launch in 2010, the campaign has been repeated each year but with changing focus points reflecting the challenges currently faced within the three areas.

In 2014, the safety campaign focused on working at heights, slips, trips and falls, driving safely and working alone. The health campaign focused on a healthy back, chemicals and personal protection equipment, while the environmental campaign focused on reducing energy, reducing waste and conserv-

ing water. As in 2013, the majority of the work-related fatalities that occurred in 2014, i.e. six out of seven, were traffic-related. Thus, we concentrated our safety efforts on a 'Driving Safely' campaign that included the launch of the 'Driver Safety Handbook'.

Environment is one area we plan to focus on even more in the coming years. The main environmental impact from ISS's operations derives from our cleaning services and consists of the use of chemicals as well as water and energy consumption. We also emit CO₂ through the use of cars in our operations and travel activities.

There are three ways we can influence the extent of our impacts:

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

We have developed the Green Cleaning Tool, a simple computer-based programme to help our operations develop and offer our customers cleaning solutions that use less chemicals, less energy and less water. We are now able to govern our own impact on the environment in a more structured and systematic way with the implementation of the HSE manual, including the management and reporting system. In addition, many ISS operations are already certified to environmental standards such as ISO 14001.

In 2014, we continued to roll out the ISS Green Offices Programme (GOP). The programme has now become mandatory in all countries. The GOP is an office-based programme designed to reduce the environmental impact of our own ISS offices and daily work practices. By changing our behaviour, we can

reduce our environmental footprint, use resources efficiently and dispose of our waste responsibly.

Other CR initiatives

Our supply chain is part of our value proposition and to ensure that our suppliers, subcontractors and other providers are aligned with our commitment, we have developed and implemented the ISS Supplier Code of Conduct. It contains ISS's key principles and requirements to our suppliers, subcontractors and other providers with respect to responsible social, environmental and ethical practices.

Our suppliers must comply with this code and ISS expects all suppliers to communicate the obligations set out in the code and ensure compliance with the code throughout their organisations and supply chains.

We have also developed a supplier self-assessment questionnaire for our major suppliers dealing with issues such as our Code of Conduct, forced labour, non-discrimination, human rights and child labour. This is to ensure that we also include the supply chain in our CR scope.

Our performance and targets

Consistent with the ISS values, our highest priority is to protect our employees from injury. We will be steadfast in our commitment to make our workplaces free from hazards, and we will operate under the assumption that all injuries can be prevented and that injuries are unacceptable. Our goal will

always be zero injuries and zero environmental incidents, and this must be clear to everyone in the organisation.

Group performance for 2014 and targets for 2015 for selected CR KPIs are shown below:

Fatalities In accordance with the HSE vision, our first priority is to prevent fatalities at our work places. Sadly, in 2014 we experienced seven work-related fatalities associated with our operations. As our HSE vision is zero fatalities at our workplaces, the number of fatalities is not acceptable. To achieve our HSE vision of zero fatalities, we are focusing our efforts on embedding HSE culture in our operations. As six of the fatalities were traffic-related, our focus for the global safety campaign in 2015 will again be driving safely. We are also working on making safety a common responsibility. We will focus our efforts going forward on getting management at all levels to understand their roles and responsibilities in terms of safety. Our success depends on the full commitment of all levels of management starting at country management level and this is a vital requirement of our Group HSE manual.

Lost Time Injury Frequency (LTIF)

We have improved our performance by 54% from the baseline figure at 13 in 2010 to an LTIF of 6 in 2014, the fourth straight year of improvement. This shows that the strategy we developed and implemented five years ago is producing results.

Audits We are firmly embedding CR in our operations by carrying out audits in our countries. This year, we again exceeded the target of 20% of the countries by carrying out CR audits in more than 20 countries.

Employee engagement survey Our target in 2014 was to give 400,000 of our employees in 48 countries an opportunity to respond to the questionnaire by the end of 2014. We covered 339,659 employees, yet another increase on 2013. The response rate increased to 61% in 2014 from 59% in 2013.

Going forward

We believe that we have a solid foundation for both systematic risk management and reporting supported by management systems and IT tools. Going forward, our focus is on further embedding hazard identification and risk management in our operations and continuing to improve our incident investigation performance. We will also further develop the value propositions for our customers by identifying the needs, providing solutions and outcomes based on our skills and experience in these areas.

Our full CR report as per section 99a of the Danish Financial Statements Act is available at www.responsibility.issworld.com/report2014. The CR Report also serves as ISS's communication on progress in implementing the ten principles of the Global Compact.

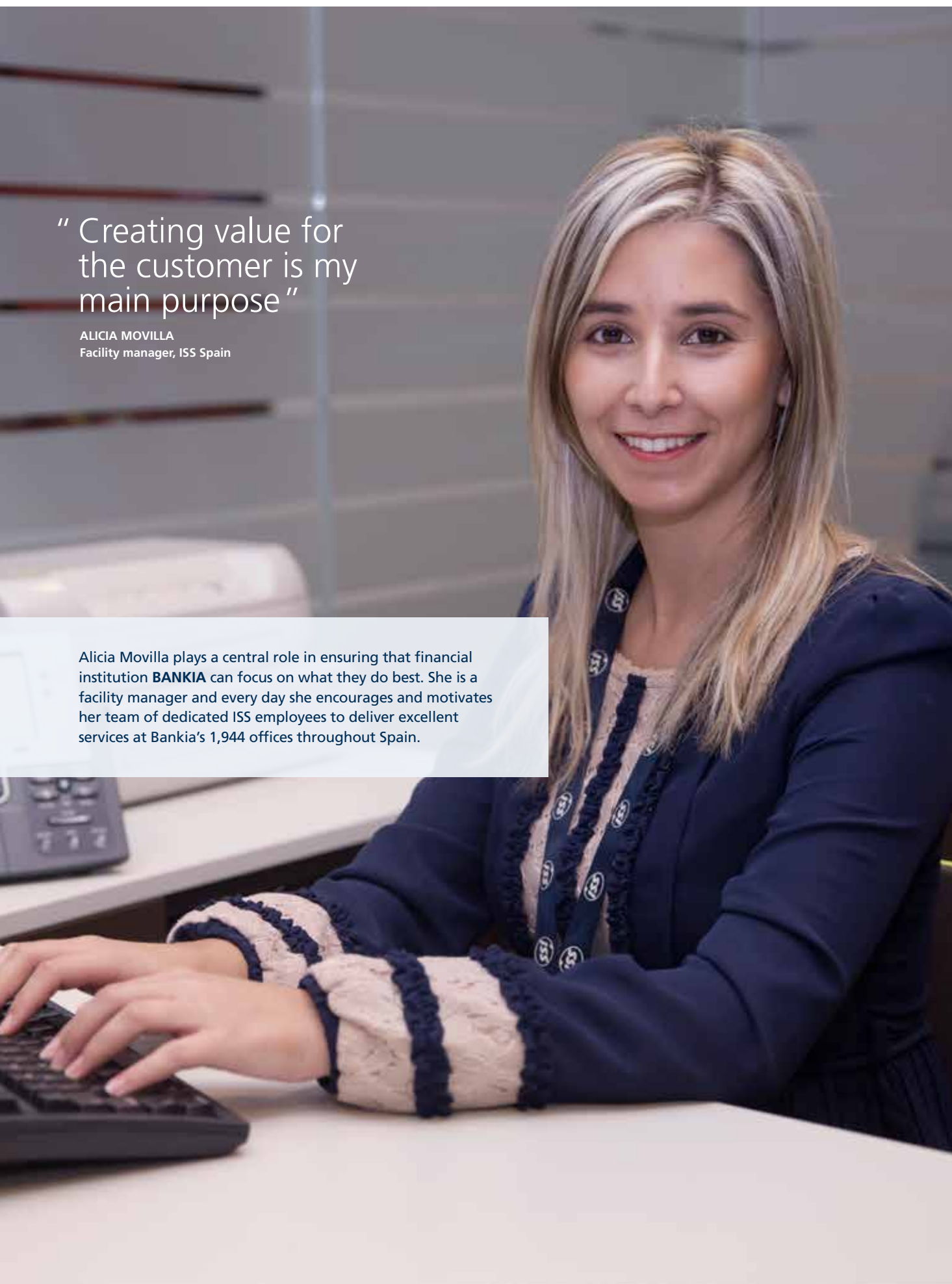
GROUP PERFORMANCE ON SELECTED CR KPIs

	Target		Performance			
	2014	2014	2013	2012	2011	2010
Fatalities	Zero	7	6	6	7	5
Lost Time Injury Frequency (LTIF)	Less than 7	6	7	8	10	11
Audits on CR (% of countries)	More than 20	30	28	30	25	–
Employee engagement survey	400,000	339,659	337,154	235,548	150,000	–

“ Creating value for
the customer is my
main purpose ”

ALICIA MOVILLA
Facility manager, ISS Spain

Alicia Movilla plays a central role in ensuring that financial institution **BANKIA** can focus on what they do best. She is a facility manager and every day she encourages and motivates her team of dedicated ISS employees to deliver excellent services at Bankia's 1,944 offices throughout Spain.



Our employees

Our 510,968 employees represent ISS on a daily basis. When we are recognised as a great company it is because our employees are delivering a great service day in and day out. This reinforces our firm belief that by engaging and empowering our employees they become great ambassadors of ISS.

Great leadership and empowering people

We place strong emphasis on leadership and the quality of the people we appoint to leadership positions because that is the root of our people's engagement and what gives ISS the strength that differentiates us from the competition.

Ensuring the right leadership behaviour is a high priority for us as it enables us to continually improve our services and to do so in a value-based way. Our approach to leadership is expressed in our Leadership Principles and in the way we have integrated them into how we select and develop our leaders. From the recruitment process to the annual appraisal our Leadership Principles are part of living the ISS culture.

An organisation where all employees push towards the same objective and understand the role they play is a powerful organisation. This is one of the strengths we rely upon to be able to move quickly and respond to our customers' needs while operating in a consistent manner across the globe.

Empowering our people and enabling them to take responsibility for their roles and how they interact with our customers also drives a feeling of cohesion with the company. Having the feeling of being part of the company also makes it easier to engage in what we do and take pride in the difference we make to our customers.

Creating a sense of purpose is extremely important in this respect. To facilitate the process of employees defining and living their own purpose, we introduced The Apple Award programme. The idea is for each employee to find their own Apple, i.e. their contribution (and the contribution of their colleagues on site as a team) to the realisation of our customers' value propositions and the job satisfaction this provides. The Apple Award programme has gained considerable momentum, and it is expected to continue to contribute to creating a greater sense of purpose and thereby engagement at ISS – employee-by-employee and site-by-site.

As our greatest strategy enablers, leadership and empowerment are key focus areas of our Human Resources strategy around the world. We make this happen by focusing on five key initiatives:

1. Leadership development

Continue to develop programmes for key leaders and act as role models for leadership development initiatives.

2. Leadership assessment and culture

Continually assess whether we have the right people to make the journey to becoming the world's greatest service organisation and assess how to bridge gaps.

KEY EVENTS 2014



3 June

ISS named the world's best outsourcing service provider

For the second straight year, ISS was ranked the global #1 outsourcing service provider by an independent industry jury for The International Association of Outsourcing Professionals (IAOP) ahead of companies such as Accenture, Johnson Controls, CBRE and Aramark. ISS received the highest possible scores from all jury members on the parameters: size and growth; customer references; organisational competencies; and management capabilities.

Jeff Gravenhorst, Group CEO, said about his more than 510,000 colleagues as ISS's key factor for success:

"I am so proud of my colleagues throughout the world. It is their appreciation and understanding of how our services help our customers' businesses, coupled with their strong engagement in delivering those quality services day after day that make our customers happy and satisfied."

3. Succession planning Ensure business continuity and mitigate risk through systematic succession planning and secure long-term development of individuals to replace key positions as the need arises.

4. Employee engagement Understand the underlying factors behind ISS employee engagement and prioritise follow-up actions.

5. Performance and rewards Align our performance with strong compensation programmes, keep leaders focused on supporting our strategy through aligned objective setting, review key positions and focus on continued development of key talent.

Our Human Resource vision guides the HR agenda of ISS:

“We are going to be the world’s greatest service organisation by being the enabler of best practices in HR globally – making sure we have the right people in the right place at the right time creating superior results”.

Great leaders are able to connect the frontline employees to the senior executives,

ensuring that the organisation as a whole understands its purpose and how it creates value to our customers. It is this alignment of purpose, which drives the empowerment of our front-line employees.

Leadership development and training

Communication and training are two key elements of developing leadership at ISS. To this end, we have invested heavily in leadership programmes since the launch of The ISS Way in 2008. We continue to run the ISS Advantage senior manager induction programme, which is also focused on our strategy and the ISS value chain management tool.

In 2013, we launched the Leadership Mastery programme for top management, the Acorn programme for key account managers and the Service with a Human Touch (SWAHT) programme for supervisors – programmes which provide our employees with an essential understanding of the key elements of our strategy and give them tools relevant for their daily work. Ensuring that our leaders are equipped to communicate the strategy and engage the organisation is a key focus area for

leadership development; and equally that they have the tools and skills necessary for financial and operational follow-up.

In 2014, we had 35 graduates from the Leadership Mastery programme and 25 from the Acorn programme and we aim to have similar or slightly higher attendance for 2015. The SWAHT programme was rolled out to approximately 250 supervisors in 2014 but will be upscaled for 2015 with an expected attendance of approximately 1,000 supervisors.

Fundamentally, all the programmes revolve around the same themes, although individually adjusted to match the target group in question. In Leadership Mastery, a comprehensive five-module programme for selected top leaders, the focus is on personal leadership development and behaviour, developing a team as well as securing a deep understanding of our strategy and facilitating a greater understanding of customers and employees.

The Acorn programme targets talented managers with the aim of developing them into top-notch IFS Key Account Managers. The programme is based

SERVICE WITH A HUMAN TOUCH



on three modules focused on understanding and working with complex commercial models and operational excellence in a global environment including focus on intercultural aspects and communication.

For supervisors, the key messages and tools revolve around the overall strategic direction of the Group, our leadership fundamentals and the SWAHT programme, the purpose and application of the ISS value chain, key principles for designing a value proposition for the customer as well as financial management. Our supervisors are specifically in focus here. After all, they have the daily delivery responsibility to, and interaction with, our customers and frontline employees. It is essential that their conduct is consistent with the business fundamentals of The ISS Way and that they are able to instil these fundamentals in their teams. Furthermore, relatively high frontline employee turnover is a natural part of our business and therefore it is essential that we have continuity at supervisor level by investing in them and providing a clear career progression path.

We have introduced SWAHT training, which is a suite of training work-

shops and activities that have been specifically designed by ISS for ISS, to engage and motivate employees and managers, and spur them on to provide exceptional service both to our customers and to each other. The programme creates awareness of the importance of meeting and exceeding customer expectations, enables our people to clearly understand their purpose in helping to build the world's greatest service organisation, and it empowers our people to use their initiative and to make a difference by creating those winning moments for our customers.

Employee engagement

Employee engagement is a key driver of the customer experience. Measuring and improving employee engagement is therefore a key focus area at ISS. Since the service industry generally has a high degree of employee turnover, as part of the industry is often considered suitable for short-term or secondary employment, our efforts in terms of engagement and retention are even more important.

In 2011, we piloted a global Employee Engagement Survey (EES) and the scope of the survey has since been

expanded year by year. In 2014, we invited 339,659 employees across all continents to participate in the engagement survey with 207,545 responding. Intentionally, we use the same questions globally to compare the results around the world. Based on the results of the survey, which showed an overall employee engagement of 4.4 (2013: 4.3) out of a possible 5, we know we have a high degree of engagement in the company, and we know what is important to our people in their work environment.

Engagement builds upon a sense of purpose and pride in our people and:

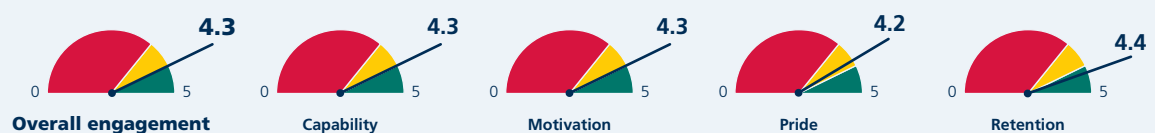
- a strong belief in ISS goals and values;
- a willingness to "go the extra mile" for our customers;
- a strong desire to stay with ISS;
- employees who believe in ISS and in what they do; and
- managers who understand and lead our people as individuals.

GLOBAL EMPLOYEE ENGAGEMENT SURVEY RESULTS

2014



2013



KEY EVENTS 2014



16 September

ISS Czech Republic won IFS contract with Philip Morris

ISS Czech Republic won a contract to provide a wide range of services for Philip Morris in the central part of the Czech Republic.

Philip Morris is the leading producer and marketer of tobacco products in the Czech Republic, and is also present in 55 other markets globally.

Jan Boháček, Country Manager Czech Republic & Slovakia, said: "The Industry & Manufacturing sector is one of our three top-priority customer segments. We provide services to other customers within this sector and we are very proud to have won the Philip Morris contract, as this is an extremely important customer and a great opportunity for us."

Besides measuring employee engagement in itself, we also measure four key drivers of employee engagement:

- **Capability:** "I feel able to do my job well"
- **Motivation:** "I am motivated to do my job well"
- **Pride:** "I feel proud to work for ISS"
- **Retention:** "I would like to continue working for ISS"

Knowing what lies behind the employee's engagement is critical in driving employee engagement. Through our survey, we are able to provide managers at all levels with specific information about their teams and their employees, allowing them to address the causes of low engagement and help make individual employees feel a greater sense of engagement. The five key priorities in our Human Resource strategy also provide support and focus for our managers and leaders.

We continuously work to improve our insights into what drives engagement in our employees and how we can become better at creating a sense of purpose in the services each of us deliver, as well as the difference we make to our colleagues, to our customers, and to the society we are part of. We will also work further on connecting employee engagement scores to our customer satisfaction scores as we have seen a correlation and believe that the two are connected and that they are key drivers of financial and operational performance.

The service industry generally has a high degree of employee turnover, as part of the industry is often considered suitable for short-term or secondary employment. To counter that we put a lot of effort into retaining our employees, e.g. our five key initiatives explained above all support our retention efforts, which are key to our strategy.

Diversity

As one of the world's largest private employers and with operations in our 48 countries, we are committed to fostering, cultivating and preserving a culture of diversity and inclusion. With more than 510,000 employees, ISS embraces and encourages diversity in its broadest sense, including age, gender, ethnicity, nationality, culture, language, religion, physical ability, education and skills.

With operations in 48 countries and more than 510,000 employees, ISS employs a wealth of nationalities. In ISS Denmark alone, we have more than 130 nationalities. This also means that our Employee Engagement Survey globally can be answered in 52 languages, and as an example in ISS Sweden 17 different languages are offered for the survey.

At ISS, we recognise that our diverse workforce gives us a key competitive advantage and we consider our employees to be our most valuable asset. Diversity makes ISS creative, productive and an attractive place to work.

We recognise the importance of promoting gender diversity at management levels. When making appointments to management level positions at ISS, we are committed to selecting the best person for the job based on qualifications, experience and competencies, while also considering other factors, such as diversity.

In order to promote, facilitate and increase the number of women in management level positions at ISS global head office, we continue leveraging our diversity policy which defines a number of objectives. Our initiatives include ensuring that female candidates are identified for vacant positions, developing succession plans aiming at identifying female successors as well as tabling the matter of women in leadership at ISS for discussion at least once a year at the Executive Group Management Board

PEOPLE INDICATORS

	2014	2013	2012
Total employees	510,968	533,544	534,273
Full time employees	73%	74%	73%
Total employees > 1 year	69%	68%	69%

and Group Management Board levels. Furthermore, we ensure that women are adequately represented in various leadership development programmes as well as in graduate programmes across EMEA and at the ISS global head office.

In 2014, the amount of women at management level at ISS global head office increased slightly compared to last year and diversity focus will continue in 2015.

Employee and trade union relations

We want to ensure that our people take pride in what they do, the role they fulfil and the difference they make every day at our customer sites around the world.

Being among the first signatories to the UN Global Compact, we are fully committed to observing the basic human rights of all of our employees and to contribute to the improvement of employment conditions within the service industry. In line with this commitment, we have a global agreement with Union Network International (UNI), and we support the social dialogue between management and employees through workers councils and employee representatives. In 2014, we sponsored a UNI project in Mexico, where we worked with local government to ensure a minimum wage for people working in the service industry.

We also continue to stay committed to working closely with the European Workers Council (EWC) and hold quarterly meetings with the steering

committee and annual meetings with the entire EWC. We gather the EWC for 3 days at our head office and spend considerable executive management time with them to ensure alignment of our priorities and common understanding of our strategy and the Group's direction.

We see these agreements as a basis for how we cooperate and as an opportunity to explore what we can accomplish together.

KEY EVENTS 2014



14 October

ISS won nine awards at the 2014 Australian Service Excellence Awards

ISS Australia won nine awards at the Customer Service Institute of Australia's (CSIA) 2014 Service Excellence Awards – the result was even better than last year when ISS received eight awards. These awards recognise the highest achievement in customer service for individuals and organisations. ISS was proud to take home for the second year in a row the coveted 'National Training Excellence' award, acknowledging leadership in training and development.

At the event, Group CEO Jeff Gravenhorst spoke of ISS's drive to deliver the ultimate in customer service: "Across the ISS Group we are working on common themes – our value proposition is to facilitate our customers' purpose through people empowerment. This is about putting the customers' vision and purpose into focus and figuring out how we can support them to become even better at their jobs. That type of customer service is what we aspire to achieve at ISS."

Welcoming and well-maintained buildings and surroundings are important elements in a property's value. Owning a building is a question of deciding a time horizon for the investment to prevent deterioration, breakdowns or damage. Partnering with ISS supports an increase in our customers' property value whatever the investment horizon.

Our services can be combined in numerous ways either as selected services or as a complete solution focused on resource optimisation, efficiency and systematic planning.



HP, PALO ALTO
Francisco Martinez, O&M technician, ISS USA



Governance

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“ My business is
to make the
customer shine ”

RIDHA OUNI
Cleaning professional, ISS Norway

NORDEA is the largest financial services group in Northern Europe, and Ridha Ouni is proud to be part of keeping the offices in Oslo, Norway clean and inviting for the many customers and employees. He enjoys the numerous interactions he has with people during his workday and always greets everyone with a smile.

Corporate governance

It is important to us that we exercise sound corporate governance practices and comply with statutory requirements and the Danish Corporate Governance Recommendations.

The Board of Directors (the Board) regularly reviews the Group's corporate governance framework and policies in relation to the Group's activities, business environment, corporate governance recommendations and statutory requirements; and continuously assesses the need for adjustments that will benefit the Group and our stakeholders.

Corporate governance policies and procedures at ISS are based on openness, transparency, constructive dialogue with our stakeholders, sound processes and controls and take into account the Danish Companies Act, the Danish Financial Statements Act, IFRS, Nasdaq Copenhagen's Rules for Issuers of Shares, our Articles of Association as well as applicable law.

Corporate Governance Recommendations

Nasdaq Copenhagen has incorporated the Danish Corporate Governance Recommendations in its Rules for Issuers of Shares. These were last updated in November 2014 and are available at www.corporategovernance.dk. In respect of the recommendations, companies shall either comply or explain any deviation. Our statutory report on corporate governance provides an overview of ISS's position on each of the recommendations and

is available at <http://inv.issworld.com/governancereport.cfm>. At the end of 2014, we complied with all but one recommendation: no. 4.1.4 regarding share-based remuneration as certain share units vest earlier than three years from the date of grant. This is explained in more detail in the report referred to above.

Shareholders and general meetings

ISS A/S is a limited liability company incorporated and operating under Danish law. The company's shares are admitted to trading and official listing on Nasdaq Copenhagen.

The shareholders of ISS A/S exercise their rights at the general meeting which is the supreme governing body of ISS. Resolutions are generally passed by simple majority, unless they involve amendments to the Articles of Association, dissolution, merger or demerger. Such resolutions must be adopted by at least 2/3 of the votes cast as well as of the share capital represented at a general meeting. Shareholders are entitled to have specific business considered at our general meetings provided that a written request to that effect is submitted to our Board not later than six weeks prior to the general meeting. At general meetings, the attending shareholders are able to ask questions to our Board and our Executive Group Management Board (the EGM) concerning the items on the agenda. Further information regarding the governance of general meetings can be found in our Articles of Association, which are available on our website. The Board strives to plan the general meetings in a manner that encourages active ownership by shareholders.

KEY EVENTS 2014



24 November

ISS issued new EUR bonds for EUR 1.2 billion

ISS successfully priced an issuance of EUR bonds for a principal amount of EUR 1.2 billion under the EUR 2.0 billion EMTN programme.

The notes were issued in two tranches of EUR 700 million maturing in 5 years with a coupon of 1.125% and EUR 500 million maturing in 10 years with a coupon of 2.125%. These rates are the lowest interest rates ever for a Danish company and the lowest ever internationally for a company with ISS's financial rating.

Group CFO, Heine Dalsgaard, said: "We are very pleased with the strong support from investors regarding the issue of EUR notes. By issuing EMTN bonds we have optimised our debt structure through a more diversified split between bank and bond debt and at the same time increased tenors at slightly reduced interest costs."

Management

As is current practice in Denmark, management powers are distributed between our Board and our Executive Group Management Board (the EGM). No person serves as a member of both of these corporate bodies. Our EGM carries out the day-to-day management, while our Board supervises the work of our EGM and is responsible for the overall management and strategic direction.

Board of Directors

The primary responsibilities of the Board are to approve the strategy plan, the annual budget and, based on recommendations from the Transaction Committee (see Board Committees), certain large acquisitions, divestments and customer contracts. The Board annually performs an evaluation of the performance of the Board, and of its individual members and its collaboration with the EGM.

The Board is responsible for determining annually the appropriate qualifications, experience and competencies required of the members of the Board as well as the EGM in order for these boards to best perform their tasks, taking into account ISS's needs and the existing composition of these boards. Nomination of Board candidates to be submitted to the general meeting are prepared on this basis.

The Board considers that the present capital and share structure serves the best interests of both the shareholders and ISS as it gives ISS the flexibility to pursue strategic goals thus providing long-term shareholder value, combined with short-term shareholder value by way of ISS's dividend policy.

The Board convenes at least six times a year, including for one strategy meeting each year. Extraordinary meetings are convened by the Chairman when deemed necessary or when requested by a board member, a member of the EGM or by the independent auditors. A total of 13 board meetings were held

in 2014. The EGM provides the Board with a monthly financial reporting package and the Board is briefed about important matters occurring between board meetings.

All Board members elected by the general meeting stand for election each year at our annual general meeting. Board members are eligible for re-election. According to our Articles of Association, only persons younger than 70 at the time of election may be elected to our Board of Directors. All board members elected by the shareholders at the general meeting are considered to be independent as defined in the Corporate Governance Recommendations.

In addition to the board members elected by the general meeting, three employee representatives also serve on the Board. They are elected on the basis of a voluntary arrangement regarding Group representation for employees of ISS World Services A/S as further described in the Articles of Association. Employee representatives serve for terms of four years. The current employee representatives joined the Board following the annual general meeting in March 2011. A new election will be held in March 2015, and the elected candidates will join our Board after the annual general meeting in April 2015. The employee representatives have the same rights and obligations as other members of the Board.

The Board functions in accordance with applicable statutory rules, the Articles of Association and its rules of procedure, which provide guidelines for the Board's work in general. Board resolutions are passed by simple majority, and in the event of equal votes, the Chairman, or in his absence the Deputy Chairman, has the casting vote.

The principles of remuneration of the Board are described in the Remuneration report on page 75 and remuneration for the year is disclosed in note 6.1 to the consolidated financial statements.

More details on the individual board members are available on pages 84-85.

Board Committees

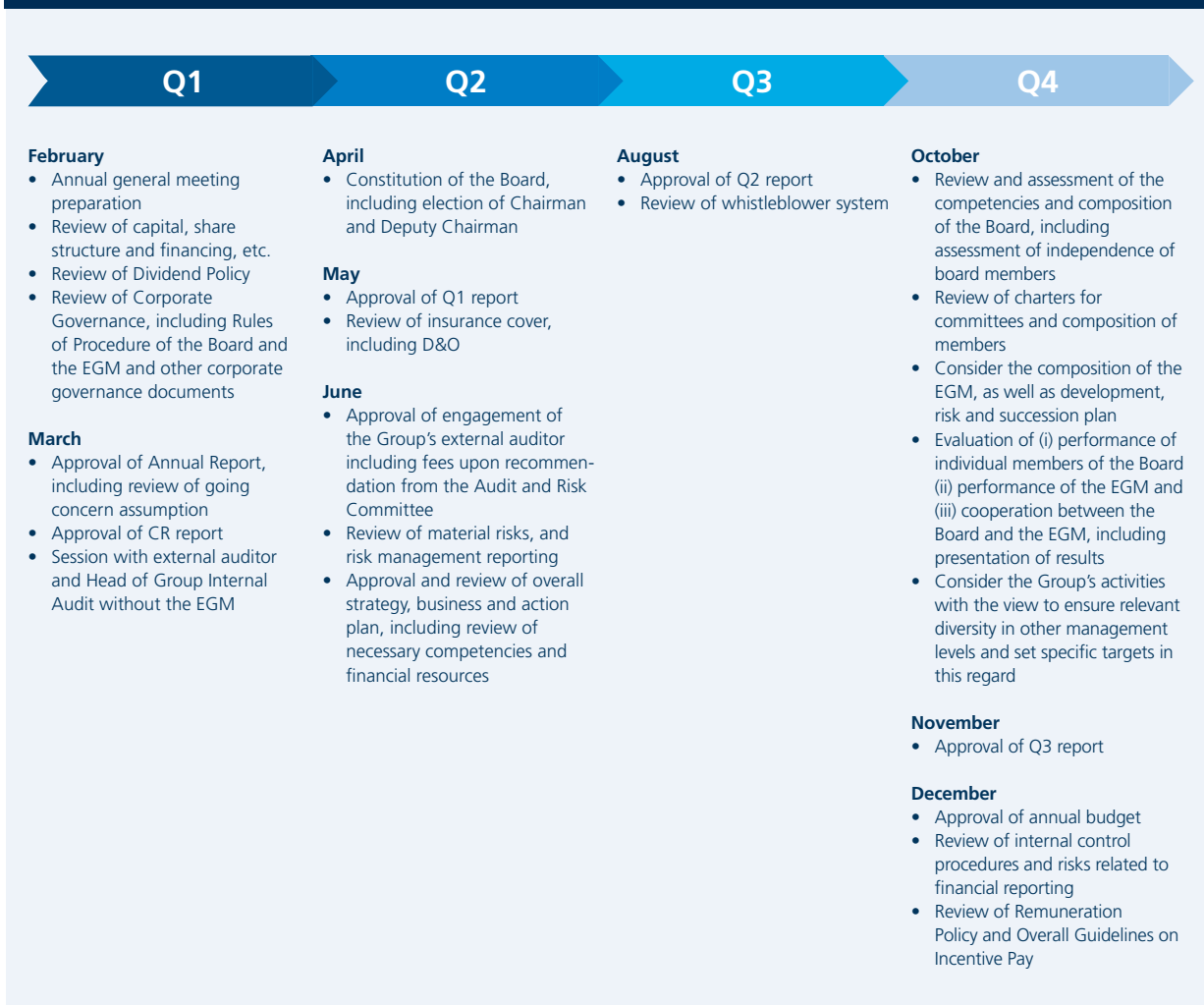
The Board has established four committees. Each committee has a charter which sets out its purpose, responsibility and procedural matters. The committees report to the Board.

The Audit and Risk Committee is responsible for the review and monitoring of the Group's risk management and internal controls related to financial reporting which are described on page 66 and 70, respectively. Furthermore, the committee evaluates the external financial reporting as well as the main accounting policies and estimates. Its duties also include the supervision of the independent auditor and the internal audit function. In addition, the committee considers the relationship with the independent auditors and reviews the audit process. The committee consists of three members (currently Henrik Poulsen (chairman), Morten Hummelose and Jo Taylor). The independent auditors attend the meetings if requested and must attend at least one meeting per year at which the EGM is not present. The Head of Group Internal Audit shall also attend at least one meeting per year at which the EGM is not present. The committee held nine meetings in 2014.

The Remuneration Committee is described as part of the Remuneration report on page 75.

The Nomination Committee assists the Board in ensuring that appropriate plans and processes are in place for the nomination of candidates for the Board and the EGM and in evaluating the composition of the Board and the EGM. The committee consists of three members (currently Lord Allen of Kensington Kt CBE (chairman), Jennie Chua and Morten Hummelose). The committee held one meeting in 2014. In addition, the committee members have had several update calls during

AGENDA ITEMS TO BE TRANSACTED BY THE BOARD OF DIRECTORS EACH YEAR



2014 to discuss the search for new non-executive directors including desired competencies and profiles of potential candidates.

The Transaction Committee makes recommendations to the Board in respect of certain large acquisitions, divestments and customer contracts, reviews the transaction pipeline, considers ISS's procedures for large transactions and evaluates selected effected transactions. The committee consists of four members (currently Lord Allen of Kensington Kt CBE (chairman), Morten Hummelmoose, Andrew Wolff and Jo Taylor). The committee held eight meetings in 2014.

Executive Group Management Board

The primary responsibilities of the EGM are to carry out the day-to-day management of the Group, develop and implement strategic initiatives, develop Group policies, monitor Group performance and evaluate investments as well as acquisitions, divestments and large customer contracts.

An overview of the EGM is available on page 82.

Competencies and diversity

ISS recognises the importance of promoting diversity at management levels. When considering nominations to the

Board or the EGM, we are committed to selecting the best person for the position, but aspire to have diversity in gender as well as in broader terms such as international experience.

The assessment of candidates is based on an evaluation of qualifications, experience and competencies as well as other relevant factors. Emphasis is placed on:

1. experience and expertise (such as industry, risk management, finance, financing, strategy, international business, labour force management and HR, management and leadership);

2. diversity (including in respect of age, gender, new talent and international experience) as well as diversity of perspectives brought to the Board or the EGM; and
3. personal characteristics matching ISS's values and leadership principles.

To support our commitment to gender diversity the Board has adopted a target of increasing the number of women on our Board elected by the general meeting from one to at least two members at the annual general meeting at the latest in 2017. The Board seeks to identify female candidates when nominating new board members, but remains committed to always selecting the best candidate for the position. Presently, the Board has one female board member elected by the general meeting who is not standing for re-election due to the age limitation of 70 years in our Articles of Association.

In terms of international experience, the Board aims at all times to have sufficient international experience at all management levels taking into account the size and activities of ISS. The Board considers that it has adequate and broad international experience. The EGM is considered to have the necessary international experience if half of its members have international experience from large international companies. Presently, all four members of the EGM have international experience.

Group Management Board

The primary tasks of the Group Management Board (the GMB) are to develop and execute new strategic initiatives, develop and implement Group policies, monitor Group performance, review financial matters, coordinate and evaluate acquisitions, divestments and large customer contracts and to provide the EGM with input for decision-making purposes. A member of the GMB is not permitted to hold directorships in companies outside the Group unless specific consent is granted.

An overview of the GMB is available on pages 82-83.

Country management

In each of the countries in which ISS operates, country management teams have been appointed to manage the business in accordance with Group policies and procedures as well as local legislation and practice. Substantial autonomy and considerable power resides with the country management teams including management of operations in their relevant markets, financial reporting, local tax and compliance with local legislation and practices.

An overview of the country managers of the Group is available on pages 160-163. The country management teams are set out under each relevant country on the ISS website at www.issworld.com.

Assurance

External audit The Board nominates the independent auditors for election at the annual general meeting. The nomination follows an assessment of the competencies, objectivity and independence of the independent auditor and the effectiveness of the audit process.

An independent business relationship with the Group's independent auditors is essential for the control environment. As part of the safeguards to ensure independence, the independent auditors cannot perform certain non-audit services for ISS including, but not limited to, the preparation of accounting records and financial statements or participate in recruitment for senior management positions.

ISS collaborates with the independent auditors at country and Group level in relation to procedures and internal controls by exchanging internal audit reports and by generally sharing relevant knowledge.

All Board members receive the independent auditors' long-form audit


reports in connection with the audit of the annual consolidated financial statements and any other long-form audit reports. Auditor reports are discussed in detail by the Audit and Risk Committee.

The Board reviews the Annual Report at a Board meeting attended by the independent auditors. The findings of the independent auditors and any major issues arising during the course of the audit are discussed, and significant accounting policies and critical accounting estimates and judgements are reviewed.

In 2014, the statutory Group auditors (formerly KPMG) joined the EY network. KPMG remained statutory auditors of foreign subsidiaries.

Internal audit Group Internal Audit reports to the Audit and Risk Committee and the Group CFO and its activities are governed by a charter approved by the Board. Group Internal Audit is responsible for providing the EGM and the Audit and Risk Committee with independent and objective assurance on the design and operation of the system of internal controls. Annual audit plans are agreed with the Audit and Risk Committee.

Whistleblower policy The Group has adopted a whistleblower policy to enable employees, business partners and other stakeholders to report any serious and sensitive concerns. Such concerns may be reported to the Head of Group Internal Audit via a secure and externally hosted reporting site which is accessible via the ISS website.



"Helping power a city of over 1 million people fills me with energy"

TIMOTHY O'BANON
Facility engineer, ISS USA

Timothy O'Banon provides facility management services and maintenance at **CPS ENERGY**, San Antonio, Texas. His approach to doing a great job is talking with the customer to get their viewpoint. It helps him to understand what is most important to them, and how to assure them that their issues will be solved before he leaves the job.

Risk management

We consider risk an integral part of doing business. Risk-taking provides opportunities, but it might also prevent us from achieving our strategy. Effective risk management ensures that the risks we take on in respect of our customers and ourselves are calculated and well-managed and is therefore an important tool in helping us reduce uncertainty and ultimately achieving our strategy.

Risk governance

The Board of Directors (the Board) and the Audit and Risk Committee review and monitor key risks and related risk management and approve Group risk policies. It is the responsibility of management at all levels to ensure that the assessment of risk is formalised and that risks are understood, appropriately managed and reported in accordance with the Group Risk Policy. Our risk governance structure is illustrated below. The Group Risk Policy and other Group policies set out the requirements and minimum levels of achievement necessary to implement the risk management requirements of our Corporate Governance Guidelines.

Operational risks are insured through global or local insurance programmes when considered appropriate. This is managed centrally by Group Risk Management.

Status on 2014 and focus areas for 2015

In 2014, we focused on embedding risk processes and controls throughout the organisation to raise awareness of risk responsibilities and ensure that risk management is embedded in relevant business processes. For this purpose, selected stakeholders have been trained in risk management and related tools. Examples of training activities are internal training seminars for local risk managers, local legal professionals

RISK GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

- Reviews and monitors key risks and related risk management, action plans and controls

AUDIT AND RISK COMMITTEE

- Approves Group Risk Policy

EXECUTIVE GROUP MANAGEMENT BOARD

- Monitors performance of risk management and key risks
- Decides Group Risk Policy and key risk strategies
- Ensures alignment of risk management activities and business strategy and policies

GROUP MANAGEMENT BOARD

- Monitors risk and evaluates risk management
- Implements the Group Risk Policy and other related risk policies
- Ensures sufficient resources to support major risk management projects
- Ensures appropriate parties are aware of their risk responsibilities

COUNTRY MANAGEMENT

- Develops risk recommendations
- Ensures that risks are adequately identified and managed
- Monitors risk activities and initiatives

GROUP FUNCTIONS

- Supervise compliance with internal risk standards

and local internal auditors. In 2015, our focus remains on improving our risk management through incorporation in existing activities and processes and by monitoring relevant risk-related indicators.

Group key risks

We are exposed to various risks through our actions and activities at our own premises as well as at customer premises. Operational risks are assessed based on the activities of each operating company, historic and current claims events, and the markets in which the companies operate as well as on an individual site-by-site basis at customer premises where we provide our services.

We use a risk mapping approach to identify and assess the key risks the Group faces, their potential economic impact and the likelihood of their occurrence. In addition hereto risk aspects such as the reputational impact is considered when assessing

each risk. The framework deployed for risk reporting and risk assessment is consistent with acknowledged risk and control frameworks. The Board reviews material risks and risk management reporting yearly; the Audit and Risk Committee reviews twice a year.

The risks listed below are those that the Board and the Executive Group Management Board currently view as being the most critical to our business.

Additionally, we are exposed to financial risks, including currency risk, interest rate risk, credit and liquidity risk, as a result of our operating, investing and financing activities. The Group's financial risks are managed centrally by Group Treasury based on policies approved by the Board. The Group's financial risk management is described in note 5.3, to the consolidated financial statements.



GROUP KEY RISKS	MITIGATING MEASURES
<p>1. Contract governance</p> <p>The profitability of our contracts depends upon our ability to successfully calculate prices by taking all economic factors, legal and other risk elements into consideration, and to manage our day-to-day operations under these contracts. With the increased complexity of our integrated facility services (IFS) contracts this is increasingly important.</p>	<ul style="list-style-type: none"> • Formal framework and IT tool for contract risk management. • Formal procedure for approval of large contracts. • Contract risk reviews performed by Group Risk Management for specific customer industries. • Contract governance forming part of Group Internal Audit's scope.
<p>2. Operational risks and contract execution</p> <p>As our services are increasingly becoming an integral part of our customers' value streams, there is a risk of causing a disruption of our customers' operations and/or brand damage, if operational procedures or contract requirements are not complied with.</p>	<ul style="list-style-type: none"> • ISS Transition and Operational Process Frameworks. • ISS facility management IT system (FMS@ISS) supports automation of the operating processes, which ensures that services are delivered and managed according to the process frameworks. • Operational risk reviews performed on selected contracts as part of the global risk management framework. • Group HSE policies implemented. • Escalation policy.
<p>3. Financial reporting fraud, fraud and corruption</p> <p>Our decentralised structure of financial IT systems and operational control structures increases the risk of fraud and corruption. Our growing emerging market presence increases our exposure to compliance risks in countries where improper practises may be common. This may result in overstatement of revenue, misstatement of expenses, misappropriation of assets, kick-backs, bribery and theft.</p>	<ul style="list-style-type: none"> • Documented financial controlling processes. See "Internal controls related to financial reporting" on page 70. • Review of the integrity and robustness of interfaces is an integral part of internal audit assignments. • Implementation of key controls is monitored through the system of Control Self-Assessments. • Mandatory e-learning modules on anti-corruption and anti-bribery & competition law for selected managers. • Whistleblower system. • Roll-out of automated interfaces between local ERP platforms and the Group's standardised financial reporting tool for all countries.
<p>4. Customer retention and competition</p> <p>Our ability to target selected customer segments with attractive and competitive value propositions is key to attracting and retaining IFS, multi-service and single-service customers. Failure to develop and execute on value propositions may lead to increased price competition and contract portfolio losses as the facility services market is fragmented with relatively low barriers to entry and significant competition from local and regional companies.</p>	<ul style="list-style-type: none"> • Sales and Operational Process Frameworks established and continuously embedded into the business. • Central Customer Relationship Management system (CRM@ISS) being rolled out. • Annual measurement of customer satisfaction (Net Promoter Score) through a survey covering most of the Group's revenue.
<p>5. Macroeconomy</p> <p>The facility services industry is less sensitive to macroeconomic cycles than a number of other industries. However, economic downturns or uncertainties in the financial markets could adversely impact prices, payment terms and demand for services, particularly if customers downsize their businesses or reduce their demand for services. During the recent economic downturn, in certain regions and customer segments, we experienced reduced activity levels that adversely impacted our revenue and depressed our operating margins.</p>	<ul style="list-style-type: none"> • Ongoing formal monitoring of market developments, including continuous credit risk assessment of our customers. • We strive to predict market dynamics and trends that could affect our business in the long term, e.g. in cooperation with the Copenhagen Institute for Futures Studies, we have carried out a study on the future of Facility Management seen in a global perspective (available at www.issworld.com).

GROUP KEY RISKS	MITIGATING MEASURES
<p>6. Employee risks</p> <p>Employee qualifications</p> <p>Our organisational structure is decentralised and country and regional managers have substantial autonomy regarding the management of operations in their local markets. Our success strongly relies on qualified local and regional managers in order to ensure best practices being shared across the Group, effective implementation and management of our growth strategy as well as Group policies and operational processes.</p> <p>Employee retention and attraction</p> <p>Our competitive strength is highly dependent upon our ability to attract, train and retain employees at all levels of the organisation.</p>	<ul style="list-style-type: none"> • Global HR standards. • The five HR-priorities (see Our employees on page 53) towards attracting, engaging and retaining our employees, i.e. <ol style="list-style-type: none"> 1) Leadership development 2) Leadership assessment and culture 3) Succession planning 4) Employee engagement; and 5) Performance and rewards. • Global employee engagement surveys to gain insights into where and how we can improve employee engagement.
<p>7. Regulatory environment</p> <p>We are subject to a variety of laws and regulations such as labour, employment, immigration, health and safety, tax (including social security, salary taxes and transfer pricing), corporate governance, customer protection, business practices, competition and the environment. We incur substantial costs and commit a significant amount of our management's time and resources to complying with increasingly complex and restrictive laws and regulations.</p>	<ul style="list-style-type: none"> • We strive to monitor and foresee changes in legislation, which could have a negative impact on our financial performance. • Group Corporate Governance Guidelines. • Group Contract framework. • Operational Process Framework. • Mandatory e-learning modules in anti-corruption and anti-bribery & competition law for selected managers.
<p>8. Subcontractors</p> <p>We use subcontractors where we do not have self-delivery capabilities. This represents a risk primarily in respect to:</p> <ul style="list-style-type: none"> • Performance: If subcontractors do not perform in accordance with the customer contract ISS has entered into. • Compliance: The use of subcontractors might increase the risk of non-compliance with labour laws or other regulatory requirements. See risk no. 7. 	<ul style="list-style-type: none"> • Negotiation Process Framework. • Separate framework when using subcontractors in countries with no ISS presence. • Supplier Code of Conduct.

Internal controls relating to financial reporting

Our internal control procedures are an essential management tool. Care is taken to ensure that a sound framework of controls is in place to support the quality and efficiency of our financial reporting.

The Group's internal control system is an integral part of its risk management systems developed to mitigate rather than eliminate significant risks identified in the financial reporting process and to ensure a true and fair view of the Group's financial reporting without material errors.

The governance structure applied for internal controls related to financial reporting follows our risk governance structure illustrated on page 66.

The Board of Directors (the Board) has the overall responsibility for the Group's internal control environment and has approved policies, standards and procedures in key areas related to financial reporting, including the Code of Conduct, the Accounting Manual, the Reporting Manual, Treasury Policy, the Financial Policy and Control Procedures.

The Audit and Risk Committee is responsible for monitoring the internal controls and risk management systems as well as challenging the Executive Group Management Board (the EGM) in its assessment of material financial reporting risks, i.e. any risk that may cause a material error in the Group's financial reporting.

Group Internal Audit is responsible for providing assurance concerning the internal control environment in accordance with the internal audit plan approved by the Audit and Risk Committee. Group Internal Audit operates under a charter approved by the Board and reports – in addition to the Group CFO – directly to the Audit and Risk Committee.

The EGM has established a Group Controlling department responsible for controlling the financial reporting from subsidiaries and preparing the consolidated financial reporting.

Internal control procedures related to the financial reporting process at Group level have been established to assess on an ongoing basis the Group's internal control environment and to manage significant identified risks. However, as a risk of misuse of assets, unexpected losses, etc., will always exist, such controls can provide reasonable, but not absolute assurance against material misstatements, omissions or losses. The aim of the control environment is therefore to provide the Board and the EGM with reasonable assurance that:

- internal controls are in place to support the quality and efficiency of the financial reporting processes;
- significant risks are identified and material misstatements are detected and corrected;
- the financial reporting is in compliance with ISS policies and procedures and gives a true and fair view of the Group's financial position and results; and

- our business is conducted in compliance with applicable legislation, standards and other regulations.

Risk assessment

Risks related to the financial reporting process and consolidated accounts are identified and assessed annually based on a materiality test including an assessment of the impact of quantitative and qualitative factors as well as an assessment of the likelihood of any material error occurring. The risk of errors is higher for accounting areas that require management judgement and for transactions generated through complex accounting processes, e.g. impairment and divestments. Accounting areas that require management to make estimates and judgements are described in the relevant notes to the consolidated financial statements, under Critical accounting estimates and judgements.

On an ongoing basis the Audit and Risk Committee discusses:

- material and relevant new accounting pronouncements and implementation of such;
- evaluation of the overall effectiveness of the internal controls for financial reporting; and
- accounting for material legal and tax issues and significant accounting estimates.

Control activities

In order to sustain a sound control environment, control activities are designed to obtain the desired assurance. These control measures must ensure that all relevant aspects of a specific area are covered and that the combi-

nation of control activities monitors all relevant aspects of the business. The control activities are based on the risk assessment made by the EGM and the purpose is to prevent, detect and correct any material misstatements in the financial reporting.

In 2014, Group Internal Audit sustained and strengthened its focus on key process audits and a new comprehensive audit programme was developed and piloted. The new programme provides broader and more consistent assurance on the effectiveness of the system of internal control activities. The scope includes approximately 70 key control activities designed to mitigate risks of significant errors relating to financial reporting, governance and compliance, and operational processes. The implementation of the programme, which will extend to all ISS country organisations, commenced in the second half of 2014 and is the primary focus area for Group Internal Audit in 2015.

The Group has implemented a formalised financial reporting process that includes the reporting requirements and related control activities for key areas illustrated in the table to the right.

Information and reporting systems

All countries use a standardised financial reporting tool. Due to the decentralised structure, various ERP platforms exist within the Group, but the number of different ERP platforms is being reduced on an ongoing basis.

Furthermore, the roll-out of automated interfaces between local ERP platforms and the Group's standardised financial reporting tool for all countries is in progress.

Information and communication systems to ensure accounting and internal control compliance have been established, including an Accounting Manual, Reporting Instructions, a Budgeting Manual and other relevant

ITEM	REPORTING	CONTROL ACTIVITIES
Financial position and results	All countries must report a full income statement, statement of financial position, statement of cash flows, portfolio analysis and three-month forecasts etc. on a monthly basis.	Group controlling monitors and controls the reporting for significant deviations compared to budget.
Cash flow forecasts	All countries must bi-weekly report their daily cash flow forecasts for a rolling three-month period.	Actual figures are continuously monitored and validated by Group Treasury for deviations compared to forecasted figures, incl. e.g. daily follow-up on local material cash balances.
Business reviews	All countries must report a full income statement, statement of financial position, statement of cash flows, portfolio analysis, three-month forecasts and contract performance etc. on a monthly basis.	Monthly meetings between regional management and country management with a focus on the current performance and the state of the business.
Budgets and financial plans	All countries must prepare budgets and plans for the following financial year in a pre-defined format.	Regional management reviews the proposed budgets and plans with the countries.
Full-year forecasts	All countries must update and report their full-year estimates twice a year.	Monthly meetings between regional management and country management with focus on the current performance and the state of the business. Regional management reviews the proposed full-year estimates with the countries.
Strategy reviews	Country management must provide annual updates of a predefined strategy template, including progress on key strategic priorities.	Annual meetings held with country managers at which the strategy is discussed and priorities and plans for the coming year are agreed.
Acquisitions and divestments	Acquisition and divestment proposals must be presented for approval in a predefined report format and valuation model.	Transaction Committee/Board approval is required for large or strategic acquisitions and divestments.
Large contracts	Certain large contracts must be presented for approval in a predefined format focusing on risk evaluation.	Depending on size, approval is required by regional management, EGM or Transaction Committee/Board.
Control self-assessments	Twice a year, country management must self-assess the implementation of certain key internal control activities and develop plans to close any implementation gaps.	Group Internal Audit performs ongoing audits based on the countries' control self-assessment.

KEY EVENTS 2014



14 November

New IFS partnership with Molson Coors

ISS North America won a new IFS contract with the globally leading brewing company Molson Coors. ISS oversee and delivers integrated facility services to major Molson Coors sites throughout Canada including breweries in Toronto, Montreal, Vancouver, St. John's and Moncton as well as to corporate buildings in Toronto and Montreal. The contract commenced November 2014 and will run for five years. In December, services expanded into Distribution Centres located throughout the Province of Quebec.

Jennifer Bonilla, CEO of ISS North America, said: "We are extremely proud and excited that Molson Coors has chosen to partner with ISS in Canada. This is a very important win for ISS in North America, as our expansion continues in the market, and we are fully committed to making this partnership a success."

guidelines. The aim is to ensure that employees receive relevant information on a timely basis to ensure efficient and reliable execution of tasks including for carrying out the established control activities.

Monitoring


Each month the Group's subsidiaries report financial position and results to Group Controlling, see Control activities. This information is used to prepare consolidated financial statements and reports submitted to the Board and the EGM.

Local country management is responsible for ensuring that the control environment in each operating country is sufficient to prevent material errors in the country's financial reporting. Regional management provides governance of the country operations.

In order to ensure that adequate internal control procedures are maintained locally, Group Internal Audit visits the country organisations on a regular basis. These visits take place according to a plan for the year approved by the Audit and Risk Committee with a primary focus on providing assurance on a consistent set of key control activities across the Group. The findings and conclusions of internal audits, including recommendations on how to improve the control environment, are reported to country and regional management, representatives of the EGM and the independent auditor. Group Internal Audit performs follow-up audits to ensure that the recommendations are implemented. The key findings from internal audits are presented to the Audit and Risk Committee, which evaluates the results and uses the conclusions when reviewing the internal audit plan for the coming year.

“I’m always ready to go the extra mile for the customer”

MICHA ROHRHUBER
Cleaning professional, ISS Germany

A photograph of Micha Rohrhuber, a cleaning professional at Audi AG, sitting in a street cleaning machine. He is smiling and looking towards the camera. The machine is a dark-colored vehicle with large rotating brushes at the front. In the background, the Audi logo (four interlocking rings) is mounted on a building facade. The license plate of the machine reads "D-1S 1011".

Working at world-famous car manufacturer, **AUDI AG**, fills Micha Rohrhuber with pride and purpose. He goes the extra mile to keep the premises neat so that Audi can focus on developing innovative solutions, revolutionary engineering and progressive design. Micha finds the cooperation with people from different cultures the most rewarding part of his workday.

At the luxury **HOTEL MARMARA** in Istanbul, Turkey, Oğuz Kalaycı takes pride in ensuring the safety of all guests and visitors. After a day of exploring the city or business meetings, guests are welcomed by Oğuz and he does what he can to make them all feel at home at the hotel.

“ I welcome people
at the door with a
smile on my face ”

OĞUZ KALAYCI
Security guard, ISS Turkey



Remuneration report

Remuneration at ISS is designed to support our strategic goals and to promote value creation for the benefit of our shareholders.

Remuneration Policy

The overall objectives of the Remuneration Policy are:

- to attract, motivate and retain qualified members of the Executive Group Management Board (the EGM) and top talent for key positions, by providing competitive remuneration recognising high performance and supporting our Leadership Principles;
- to create a strong link between the financial performance, achievement of our strategic goals and remuneration – both short-term and long-term – for the EGM and other employees in key positions by providing a significant proportion of their total remuneration as performance-based incentives; and
- to align the interests of the EGM and other employees in key positions with the interests of the shareholders by providing a significant proportion of their total remuneration as shares and/or as share-related instruments and to require or recommend a certain amount of shares and/or share-related instruments to be held by members of the EGM and other employees in key positions.

Remuneration is based on responsibilities, competencies and performance

and is designed to be competitive and in line with market practice in comparable listed companies.

The principles outlined in the Remuneration Policy also apply to members of the Group Management Board (the GMB) in addition to the EGM.

Activities in 2014 and objectives for 2015

In 2014, the Remuneration Committee continued to focus on aligning ISS's remuneration programmes with our strategic goals.

In connection with the IPO in March 2014, we redesigned our incentive plans for the EGM, the GMB and certain other senior officers. The incentive plans were designed to create alignment and to strike a balance between the short-term and long-term focus of the incentive plans. Two long-term share-based incentive programmes were implemented; a Long-Term Incentive Programme (LTIP) and a Transition Share Programme (TSP) (the latter being a one-time grant). To cover the obligation under the incentive plans ISS A/S purchased treasury shares during 2014.

Furthermore, adjustments were made to the short-term incentive plan (the annual bonus) so as to include targets for non-financial KPIs (i.e. employee engagement, customer experience and health and safety) in addition to targets for the Group's key financial KPIs (i.e. organic growth, operating margin and cash conversion), which were already taken into account. The non-financial KPIs focus on how we conduct our business. Setting targets for these together with our financial KPIs ensure that high financial performance is

THE REMUNERATION COMMITTEE

The Remuneration Committee was established in 2010. The committee assists the Board in preparing the remuneration policy and the overall guidelines on incentive pay and recommends to the Board the remuneration of the members of the Board and the EGM as well as the remuneration policy applicable to ISS in general.

The Remuneration Committee has engaged Kepler Associates to advise the committee as external and independent advisors on remuneration matters. Kepler Associates do not provide any other services to ISS.

The applicable remuneration policy was approved by the shareholders at the Annual General Meeting held on 3 March 2014. The remuneration policy is reviewed at least annually by the Remuneration Committee.

The Remuneration Policy and the Overall Guidelines on Incentive Pay are available at <http://inv.issworld.com/policies.cfm>.

The committee consists of three members (currently Lord Allen of Kensington Kt CBE (Chairman), Thomas Berglund and Andrew Wolff).

The committee held six meetings in 2014.

recognised and that our Leadership Principles are supported.

The short-term incentive plan also includes an element of deferral to create a balance between the short-term and the long-term objectives of the incentive programmes. This balance is furthermore supported by the introduction of share ownership guidelines, which also aligns the interests of the shareholders with the EGM and other employees in key positions. These initiatives are described in more detail on the next pages.

Our objective for 2015 is the further alignment of remuneration programmes, particularly incentive programmes at country level. We do not expect to launch any major new programmes.

Remuneration of the members of the EGM and the GMB

The main remuneration elements are summarised in the table below and applies to the members of the EGM and the GMB unless otherwise stated.

All members receive an **annual base salary** based on experience, qualifications, responsibilities and performance and customary non-monetary benefits such as a company car, insurance, communication and IT equipment.

In addition, an **annual bonus** of up to 60% of the annual base salary is targeted, which in the event of over-achievement can reach 90%. The bonus is subject to achieving performance targets for the Group's key financial KPIs; organic growth, operating margin and cash conversion; and to non-financial

KPIs; employee engagement, customer experience and health and safety. Two-thirds of the bonus is paid out in cash the following year, while one-third is deferred and settled in restricted share units, of which 50% are converted into shares after one year and 50% are converted into shares after two years.

The **Long-Term Incentive Programme (LTIP)** is granted as Performance Share Units (PSUs) and the annual grant has a value of 100% of the annual base salary for the Group CEO, 70% for other members of the EGM and 70% for members of the GMB. The performance targets for vesting of the PSUs are total shareholder return (TSR) and earnings per share (EPS). The vesting criteria are illustrated in the table on the next page. TSR is compared to a peer group of listed Danish companies (Nasdaq Co-

ELEMENT	OBJECTIVE	AWARD LEVEL	PERFORMANCE MEASURES
Annual base salary	Attract and retain high-performing leaders reflecting their position, skills, competencies and experience.	Take into account competitive market rate of industry peers as well as competencies and experience.	Reviewed annually based on individual responsibilities, qualifications and performance.
Non-monetary benefits	Customary benefits in accordance with market standards to support recruitment and retention.	Benefits corresponding to market standards.	N/A.
Annual bonus	Drive delivery of short-term financial results, implementation of The ISS Way and behaviour consistent with the ISS Leadership Principles.	Target bonus is up to 60% of annual base salary. Maximum bonus opportunity is up to 90% and is awarded for performance significantly above budget. Objectives are set for periods of one year. One-third of the bonus is deferred for up to two years and settled in restricted share units.	Measures and weighting: organic growth (25%), EBITA margin (25%), cash conversion (25%), employee engagement, customer experience and health and safety (15%) and individual objectives (10%). Performance is measured for each financial year.
Long-Term Incentive Programme (LTIP)	Drive delivery of long-term financial results, retention of leaders and alignment to shareholder value creation.	Face value of grant of PSUs is 100% of annual base salary for the Group CEO, and 70% for other members of the EGM and the GMB.	The vesting criteria of the LTIP are TSR measured against peers and growth in EPS. Performance conditions are measured over three years from the date of grant.
Pension	The members of the EGM and the GMB are not - apart from one member of the GMB - covered by a pension plan of the Group but shall arrange for their own pension planning.	N/A.	N/A.

penhagen OMX C20) and a peer group of comparable international service companies. The EPS-target weighs 50% and each of the two TSR-targets weigh 25%. The peer groups are illustrated in the table below.

The PSUs vest three years after grant, provided the performance targets are met, i.e. the 2014 grant vests in 2017. Prior to vesting, holders of PSUs do not have any of the rights that holders of shares would otherwise be entitled to, such as voting and dividend rights, and all unvested PSUs will lapse in the event that employees terminate their employment without cause or if ISS terminates their employment with cause.

Under the **Transition Share Programme (TSP)**, members of the EGM and the GMB received a number of PSUs at no cost (one time grant). The TSP was granted as PSUs at the time of the IPO and the grant had a value of 100% of the annual base salary for the Group CEO; 75% for other members of the EGM and 70% for members of the GMB. The PSUs vest with 50% in 2015 and 50% in 2016. The performance criteria are the non-individual criteria of the annual bonus plans for 2014, and 2015, respectively.

Remuneration to each member of the EGM and an overview of granted PSUs are disclosed in the tables on this page. Total remuneration to the GMB is disclosed in note 6.1 to the consolidated financial statements.

VESTING	CRITERIA FOR EPS	CRITERIA FOR TSR
No vesting	EPS grows below 12% annually	ISS performs below median of peer group
25% vesting	EPS grows 12% annually	ISS performs at median of peer group
100% vesting	EPS grows 18% annually or more	ISS performs at upper quartile of peer group or better
Linear vesting between 25% and 100% vesting		
Peer groups International service companies: ABM Industries, Adecco, Aramark, Bunz, Berendsen, Compass Group, Capita, G4S, Interserve, Mitie Group, Randstad, Rentokil Initial, Securitas, Serco, Sodexo. OMX C20 companies: AP Møller – Maersk A, AP Møller – Maersk B, Carlsberg, Chr Hansen Holding, Coloplast, Danske Bank, DSV, FLSmidth & Co, Genmab, GN Store Nord, Jyske Bank, Nordea Bank, Novo Nordisk, Novozymes, Pandora, TDC, Topdanmark, Tryg, Vestas Wind Systems, William Demant Holding.		

PERFORMANCE SHARE UNITS GRANTED TO THE EGM				
TSP (number of PSUs)	Jeff Gravenhorst	Heine Dalsgaard	Henrik Andersen	John Peri
Granted during the year	49,725	29,063	29,935	29,063
Total	49,725	29,063	29,935	29,063
LTIP (number of PSUs)	Jeff Gravenhorst	Heine Dalsgaard	Henrik Andersen	John Peri
Granted during the year	49,725	27,125	27,939	27,125
Total	49,725	27,125	27,939	27,125

REMUNERATION TO THE EGM								
DKK thousand	2014				2013			
	Jeff Gravenhorst	Heine Dalsgaard	Henrik Andersen	John Peri	Jeff Gravenhorst	Heine Dalsgaard	Henrik Andersen	John Peri
Base salary and non-monetary benefits	8,215	6,499	6,619	6,429	7,901	2,839	6,431	2,507
Annual bonus	4,314	3,388	3,470	3,389	5,044	1,550	4,046	1,451
Bonus related to the IPO	8,798	2,325	5,031	1,705	–	–	–	–
Share-based payments	3,977	2,274	2,343	2,274	–	–	–	–
Total remuneration	25,304	14,486	17,463	13,797	12,945	4,389	10,477	3,958

KEY EVENTS 2014



13 March

ISS successfully listed its shares on Nasdaq Copenhagen

ISS was successfully listed on Nasdaq Copenhagen and was the largest IPO in Denmark in two decades. The offer price was set at DKK 160 per share equivalent to a market capitalisation of DKK 29.6 billion. The proceeds from the IPO were used to deleverage ISS, and were together with the senior facilities used to completely take out the pre-IPO financings, thereby strengthening the financial profile of the company.

Lord Allen of Kensington Kt CBE, Chairman of the Board of Directors, said: "ISS has grown into a global facility services leader and we are pleased that private and institutional investors have appreciated the qualities of our business. I am also delighted for our team, which is led with such drive, focus and enthusiasm by Jeff Gravenhorst. Becoming a listed company is just the beginning not the end and the management team is focused on delivering for all shareholders, employees and, importantly, our customers."

Termination and severance payment

Employment contracts of the EGM may be terminated at 18-24 months' notice. Employment contracts of the GMB may be terminated at 12 months' notice, with the exception of one contract. Members of the EGM and the GMB may terminate their positions at six months' notice. Apart from one employment contract with a member of the GMB that includes severance payment of approximately two years' salary in the event of termination by ISS, no members of the EGM or the GMB are entitled to severance payments. The employment contracts contain no special termination rights and no change of control clauses.

Reclaiming variable pay

Bonuses and any other variable components of remuneration are subject to claw-back if in exceptional cases it is subsequently determined that payment was based on information that was manifestly misstated. Reclaim in full or in part of the variable component of remuneration is determined at the discretion of the Board.

Share ownership guidelines

In order to strengthen the alignment of interests between the EGM, the GMB

and the shareholders, the Remuneration Committee has introduced share ownership requirements for the members of the EGM and the GMB. The Group CEO is expected to build up a holding of shares equivalent to 100% of the annual base salary, while other members of the EGM are expected to build up a holding of shares equivalent to 70% of their annual base salary, and finally each member of the GMB is expected to build up a holding of shares equivalent to 35% of their annual base salary. To build up the required holding of shares over time, the members of the EGM and the GMB will be required to retain a minimum of 50% of the shares received from the LTIP, the TSP or deferred bonus shares (subject to disposals required to meet any tax and other associated obligations) until the required share ownership is met. The actual holdings for the members of the EGM as per 31 December 2014 is shown below.

Investment and incentive programmes settled following the IPO

In 2006, EQT Partners (EQT) and The Goldman Sachs Group, Inc. (GSCP the owners of ISS at the time) established a Management Participation Programme

SHARE OWNERSHIP GUIDELINES FOR THE EGM

	Jeff Gravenhorst	Heine Dalsgaard	Henrik Andersen	John Peri
Share ownership requirement of annual base salary (over time)	100%	70%	70%	70%
Required shares to be retained from vested incentive programmes at 31 December 2014	0%	0%	0%	0%
Actual holding at 31 December 2014	127%	142%	101%	142%
Unvested PSUs at 31 December 2014	99,450	56,188	57,874	56,188

EGM HOLDINGS OF ISS A/S SHARES

	Jeff Gravenhorst	Heine Dalsgaard	Henrik Andersen	John Peri
Shares received in settlement of the MPP investment	56,621	49,569	36,211	49,569
Number of shares at 31 December 2014	56,621	49,569	36,211	49,569

(MPP) through which the members of the EGM and a number of senior officers of the Group invested. Following the IPO in March 2014, the MPP investment was settled in ISS shares. The ISS shares received by members of the EGM and the GMB are subject to lock up for a period of 360 days ending on 9 March 2015. After this date the shares may be sold independently of the share ownership guidelines.

Certain members of the Board of Directors participated in a Directors' Participation Programme (DPP) established by EQT and GSCP, under which they invested indirectly in shares in FS Invest S.à r.l. Following the IPO in March 2014, the DPP investment was settled in ISS shares. The ISS shares received are subject to lock up for a period of 360 days ending on 9 March 2015. At 31 December 2014, the members of the Board held a total of 133,372 shares in ISS A/S.

In January 2014, a cash-based bonus scheme was established for the EGM, the GMB and certain other employees subject to the completion of an IPO. The scheme paid out DKK 14 million to the EGM.

The EGM, the GMB and certain other employees participated in our pre-IPO long-term incentive plan. This plan was cash-based and was subject to an IPO or a sale of the majority of shares in ISS to a third party. The pre-IPO long-term incentive plan paid out DKK 3 million to the EGM.

One member of the EGM, three members of the GMB and certain other employees participated in an MPP 2012 Transaction Bonus Scheme. The MPP 2012 Transaction Bonus Scheme was designed for a limited number of employees in connection with the unwinding of the MPP. The MPP 2012 Transaction Bonus Scheme paid out DKK 1 million to one member of the EGM.

Remuneration of the Board of Directors

Members of the Board (except represen-

tatives of EQT, GSCP and Ontario Teachers' Pension Plan Board (OTPP)) received remuneration for duties performed in ISS A/S and other companies of the ISS Group based on a fixed fee approved by the general meeting for the current year. Remuneration guidelines are illustrated in the table below.

Members of the Board (employee representatives excepted) did not participate in any incentive programmes in 2014.

Expenses, such as travel and accommodation in relation to board meetings, relevant training as well as reasonable office expenses for the Chairman, are reimbursed by ISS. If members of the Board are required to travel overseas to attend board meetings, a fixed travel allowance per day of travelling and physical meeting attendance is paid to such Board members.

BOARD HOLDINGS OF ISS A/S SHARES

Name	Number
Lord Allen of Kensington Kt CBE	86,843
Thomas Berglund	8,676
Jennie Chua	8,676
Morten Hummelose	None
Henrik Poulsen	26,052
Jo Taylor	None
Andrew Evan Wolff	None
Pernille Benborg	None
Joseph Nazareth	3,125
Palle Fransen Queck	None

BOARD FEE STRUCTURE

	Base fee	Additional fee, % of base fee
Board members	DKK 400,000	
Chairman of the Board		200%
Deputy chairman of the Board		50%
Chairman of the Audit and Risk Committee		100%
Chairman of other committees		75%
Members of committees		38%

REMUNERATION TO THE BOARD

DKK thousand	Base fee	Additional fee	Travel allowance	Total
Lord Allen of Kensington Kt CBE	1,200	900	74	2,174
Thomas Berglund	600	150	60	810
Jennie Chua	400	150	179	729
Morten Hummelose	-	-	-	-
Henrik Poulsen	400	400	-	800
Jo Taylor	-	-	-	-
Andrew Evan Wolff	-	-	-	-
Pernille Benborg	400	-	-	400
Joseph Nazareth	400	-	-	400
Palle Fransen Queck	400	-	-	400
Total	3,800	1,600	313	5,713

Shareholder information

Our shareholders are important to us. We are committed to maintaining a constructive dialogue and a high level of transparency in our communication with the market, aiming to ensure fair and efficient pricing of our shares.

ISS A/S's shares were listed on Nasdaq Copenhagen on 13 March 2014 and became part of the Nasdaq Copenhagen OMX C20 index in June 2014. In addition, ISS Global A/S, an indirect subsidiary of ISS A/S, has issued bonds under an EMTN programme which are listed on the Luxembourg Stock Exchange's regulated market. For more information regarding the Group's financing see page 15 and section 5 to the consolidated financial statements.

Share price performance

The share price ended the year at DKK 178.1, an increase of 11.3% from the initial listing price of DKK 160 per share. During the same period, the Nasdaq Copenhagen OMX C20 index increased 5.5%.

The average daily trading volume of ISS shares on Nasdaq Copenhagen was 484,000 shares in 2014, with volume picking up during the year.

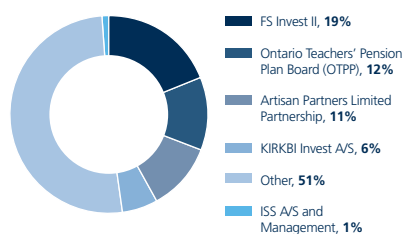
At year end 2014, ISS had a market capitalisation of DKK 33.1 billion, compared with DKK 29.7 billion at the time of the IPO in March 2014.

Shareholders

At 31 December 2014, our largest single shareholder was FS Invest II S.à r.l, holding 19.3% of our shares.

As of 31 December 2014, the free float, i.e. excluding shares held by FS Invest II S.à r.l and ISS A/S's holding of treasury shares, was 80%.

MAJOR SHAREHOLDERS

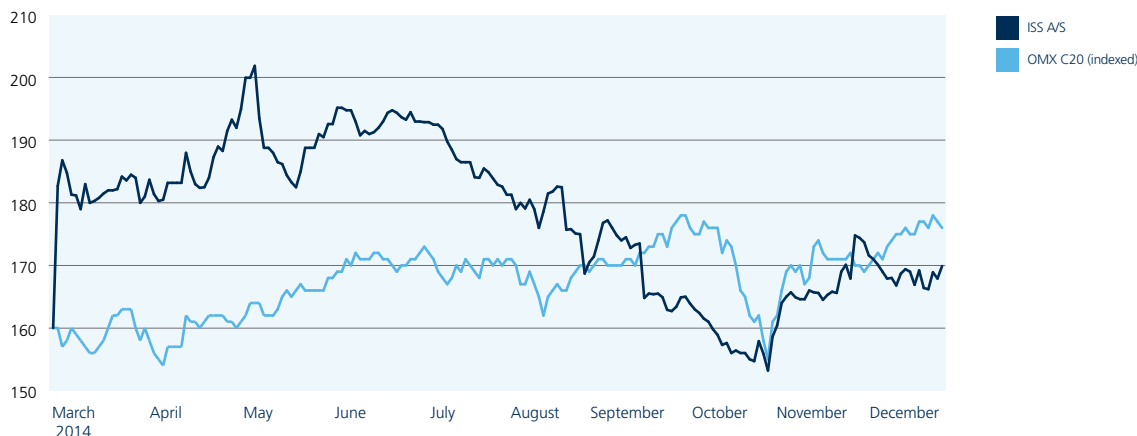


Major shareholders at 31 December 2014 based on direct and indirect holdings reported to ISS by investors are illustrated above.

Dividend

The Board of Directors has adopted a dividend policy with a target initial pay-out ratio of approximately 50% of Profit before goodwill impairment and amortisation/impairment of brands and customer contracts. At the annual general meeting to be held on 15 April 2015, the Board of Directors will propose a dividend for 2014 of DKK

SHARE PRICE



4.90 per share of DKK 1, equivalent to a pay-out ratio of approximately 50%.

Capital structure

ISS A/S's total share capital of nominally DKK 185,668,226 is divided into 185,668,226 shares of DKK 1 each. All shares are fully paid up. As of 31 December 2014, ISS held a total of 1,000,000 shares in treasury for the purpose of covering obligations under existing share-based incentive programmes.

ISS has one class of shares and no shares carry special rights. Each share gives the holder the right to one vote at our general meetings.

Shares shall be issued in the name of the holder and shall be recorded in the holder's name in the register of shareholders. Reference is made to ISS's shareholder portal on the ISS website.

In line with our Financial Policy, our objective is to maintain an investment grade financial profile, and the target is to reduce our financial leverage to below 2.5x pro forma adjusted EBITDA.

Investor relations

We aim to ensure that investors have adequate and equal access to relevant information by providing quality communications to the financial markets in an accurate and timely manner in order to support normal trading and a fair pricing of ISS's shares and other listed ISS securities.

We comply with the statutory requirements concerning the publication of material information relevant to investors and the financial markets' evaluation of our activities, business objectives, strategies and results.

We strive to be recognised by the investor community as an honest, open and reliable company and to be well-known among institutional investors as well as among private investors. We seek to achieve this by communicating with investors, analysts and other stakehold-

ers through company announcements, press releases, conference calls, investor presentations, meetings, capital market days, our website and direct communication with key stakeholders. We have an investor section on our corporate website, where investors can subscribe to company announcements, ISS news etc.

As part of our investor relations efforts, ISS maintains an active dialogue with current as well as potential new investors and analysts through road shows and conferences in Europe and North America.

We aim to maintain broad coverage by analysts. Year-end 2014, we were covered by 13 Danish and international sell-side analysts who regularly publish their recommendations. For a full list of analysts, please visit <http://inv.issworld.com/analysts.cfm>

We observe a four-week silent period prior to the release of annual and interim financial reports, during which we do not comment on any matters related to our financial results or expectations or take part in meetings or presentations with analysts or investors.

Investor relations contacts

Nicholas Ward
Head of Group Investor Relations
Tel. +45 38 17 00
nrw@iss.biz

COMPANY ANNOUNCEMENTS

ISS published 40 company announcements in 2014, of which a selection are listed below:

Sale of 25,000,000 existing shares in ISS A/S by FS Invest II S.à r.l
3 December

ISS issues EUR 1.2 billion notes in 5 and 10 years
24 November

ISS completes divestment of Nordic staffing activities
3 October

Sale of 31,000,000 existing shares in ISS A/S by FS Invest II S.à r.l and Ontario Teachers' Pension Plan Board
9 September

ISS to fully redeem EUR 256.3 million Senior Subordinated Notes Due 2016
3 April

ISS completes divestment of commercial security activities in Pacific Region
31 March

Completion of the offering, registration of share capital increase and repayment of senior secured facilities
18 March

ISS completes divestment of landscaping activities in France
28 February

ISS extends global facility services agreement with HP until 2018
3 February

A complete overview of published company announcements are available at <http://inv.issworld.com/announcements.cfm>

FINANCIAL CALENDAR 2015

Annual General Meeting
15 April

Q1 2015 report
21 May

Q2 2015 report
27 August

Q3 2015 report
18 November

Group Management Board

EXECUTIVE GROUP MANAGEMENT BOARD



Jeff Gravenhorst

Group CEO since April 2010. Joined ISS in 2002. Born 1962.

Member of the board of directors and management of certain ISS Group companies.

Deputy chairman of the board of directors of Rambøll Gruppen A/S, member of the board of directors of Danish Crown A/S and member of the Confederation of Danish Industry's (DI) Permanent Committee on Business Policies.

Previously held management positions within ISS as Group COO, Group CFO and CFO of ISS UK.

Prior to joining ISS, held management positions in Europe and US.



Henrik Andersen

Group COO EMEA since March 2013. Joined ISS in 2000. Born 1967.

Member of the board of directors and management of certain ISS Group companies.

Member of the board of directors of Vestas Wind System A/S and a member of the Investment Committee of Maj Invest Equity 4 K/S.

Previously held several management positions within ISS among others as Group CFO, Country Manager and CFO of ISS UK Ltd, International Business Director Northern Europe and Head of Group Treasury.



Heine Dalsgaard

Group CFO since August 2013. Joined ISS in 2013. Born 1971.

Member of the board of directors and management of certain ISS Group companies.

Prior to joining ISS, held senior management positions latest as Group CFO of Grundfos Group.



John Peri

Group COO Americas & APAC since August 2013. Joined ISS in 2013. Born 1961.

Member of the board of directors and management of certain ISS Group companies.

Prior to joining ISS, COO and Executive Vice President of Global Operations of Celestica Inc.



Luis Andrade

Regional CEO Latin America since August 2009. Joined ISS in 1992. Born 1960.

Previously held positions within ISS as Regional Director of Iberia & Latin America as well as Country Manager of ISS Portugal.



Flemming Bendt

Regional CEO Eastern Europe since February 2013. Joined ISS in 1998. Born 1971.

Previously held positions within ISS as interim Country Manager and CFO of ISS Denmark, Executive General Manager and Country Manager of ISS Australia, CFO of ISS Belgium, Head of Controlling in the ISS Group and various positions at ISS Netherlands.



Troels Bjerg

Regional CEO Northern Europe since January 2015. Joined ISS in 2009. Born 1963.

Member of the board of directors of Ejner Hessel Holding A/S (and three of its subsidiaries) and member of the central board of the Confederation of Danish Industry (DI).

Previously held positions within ISS as Regional CEO Nordic and regional CEO Eastern Europe.



Jacob Götzsche

Regional CEO Central Europe since July 2008. Joined ISS in 1999. Born 1967.

Previously held positions within ISS as COO Central Europe and Regional Director Central Europe, International Business Director Central Europe and various other positions within M&A, Corporate Finance and Controlling.



Todd O'Neill

Head of Group Strategy & Corporate Development since September 2008. Joined ISS in 2008. Born 1966.

Prior to joining ISS, was a Director of SEB Enskilda.



Bjørn Raasteen

Group General Counsel since January 2005. Joined ISS in 1999. Born 1964.

Prior to joining ISS, attorney-at-law with Danish law firm Bruun & Hjejle. Has right of audience before the Danish Supreme Court.



Thomas Hinnerskov

Regional CEO APAC since February 2012. Joined ISS in 2003. Born 1971.

Previously Thomas held positions within ISS as Country Manager of ISS Austria and ISS Ireland, respectively, and COO Key Accounts of ISS Sweden as well as responsible for Task Force as Vice President at the ISS Group.



Andrew Price

Head of Global Corporate Clients since 2011. Joined ISS in 1995. Born 1964.

Previously held positions within ISS as COO Facility Services as well as Managing Director of Integrated Solutions and Commercial Director, Healthcare of ISS UK.



Jørn Vestergaard

CFO Americas & APAC since October 2013. Joined ISS in 2002. Born 1968.

Previously held positions within ISS as CFO of ISS Norway, Regional CFO Nordic, International Business Director, Head of Group Controlling and Group Controller.



Henrik Langebæk

CFO EMEA & Group Procurement since February 2013. Joined ISS in 2004. Born 1966.

Previously held positions within ISS as COO Projects & Group Procurement, interim Regional CEO APAC, COO Business Carve-Out & Group Procurement, Regional CFO APAC and Regional Director (India, Thailand, Malaysia, Singapore & the Philippines).

Board of Directors



Lord Allen of Kensington Kt CBE
(Chairman)

Born: 1957
Nationality: British
First elected: March 2013
Independence: Independent

Chairman of the Remuneration Committee, Chairman of the the Nomination Committee and Chairman of the Transaction Committee.

Chairman of Global Radio Group (and a member of the board of directors of seven of its subsidiaries), Boparan Holdings Ltd and 2 Sisters Food Group Ltd and a member of the board of directors of Grandmet Management Ltd and Grandmet Development Ltd as well as a partner of Xseqour Partners. In addition, chairman of the management board of the British Labour Party and Join In Trust Ltd and senior advisor to Goldman Sachs Capital Partners and advisor to Boparan Holdings Ltd and Powerscourt.

Previously CEO of Compass as well as chief executive of Granada Group Plc. and ITV plc and executive chairman of Granada Media Plc. He has also been chairman of EMI Music, a member of the board of directors of Virgin Media Ltd and Tesco Plc. In addition, previously chairman of the British Red Cross and a member of the London Organising Committee of Olympic and Paralympic Games as well as vice chairman of the London 2012 Bid Committee for the Olympic and Paralympic Games.

Education: FCMA from Institute of Management Accountants and Honorary Doctorate Degrees from the University of Salford, the Manchester Metropolitan University and the Southampton Solent University.

Competencies: Professional experience in managing multi industry companies, significant financial and commercial skills and extensive board experience.



Thomas Berglund
(Deputy Chairman)

Born: 1952
Nationality: Swedish
First elected: March 2013
Independence: Independent

Member of the Remuneration Committee.

President and CEO of Capio Holding AB (including management positions on the board of directors and/or executive management of 12 of its subsidiaries). In addition, a member of the executive management of TA Consulting GmbH.

Previously president and CEO of Securitas and CEO of Eltel.

Education: Bachelor of Science in Business administration and Economics from Stockholm School of Economics.

Competencies: Extensive experience in leading and growing international service companies.



Jennie Chua

Born: 1944
Nationality: Singaporean
First elected: December 2011
Independence: Independent

Member of the Nomination Committee.

Chairman of Alexandra Health System Pte Ltd (and three of its subsidiaries), GLH Management Group Pte Ltd and Geriatric Education and Research Institute Limited and deputy chairman of Temasek Foundation CLG Ltd as well as a member of the board of directors of Far East Orchard Ltd, GuocoLand Ltd, GuocoLeisure Ltd, MOH Holdings Pte Ltd (and committee member of MOH Holdings Healthcare Infrastructure and Planning Committee), Pas De Deux Holdings Pte Ltd, The Singapore Chinese Girls' School, Beeworks Inc, The RICE Company Ltd and CapitaLand Hope Foundation. In addition, a member of the Singapore Pro-Enterprise Panel, Justice of the Peace of the Prime Minister's Office (Singapore) and Singapore's Non-Resident Ambassador to the United Mexican States.

Previously held a number of management positions in the hotel and tourism industry, including

as chief corporate officer of CapitaLand Ltd and president and CEO of the Ascott Group Ltd as well as CEO and chairman of Raffles Holdings Ltd and Raffles International Ltd, respectively.

Education: Bachelor of Science from the School of Hotel Administration, Cornell University.

Competencies: Executive management experience from international companies, strategic planning, extensive board experience, property and facility management, management expertise from the service and hotel industries.



Morten Hummelose

Born: 1971
Nationality: Danish
First elected: June 2013
Independence: Independent

Member of the Audit and Risk Committee, member of the Nomination Committee and member of the Transaction Committee.

Partner at EQT Partners and head of its Copenhagen office as managing director of EQT Partners A/S and a member of the board of directors of EQT Partners A/S, R. Færch Plast A/S, Færch Plast Group A/S and Zebra A/S.

Previously worked at Enskilda Securities in Copenhagen, Goldman Sachs International in London and Nordea in Copenhagen.

Education: Master of Science in Economics from the University of Copenhagen and a Master of Science in Finance from the University of London.

Competencies: Professional experience in investing in large international companies, broad experience within banking and private equity, expertise in complex financing structures and M&A.



Henrik Poulsen

Born: 1967
Nationality: Danish
First elected: August 2013
Independence: Independent

Chairman of the Audit and Risk Committee.

CEO of DONG Energy A/S and deputy chairman of Danfoss A/S. In addition, independent industrial advisor to EQT and a member of the board of the Denmark-America Foundation as well as a member of the Advisory Board of Danske Bank A/S.

Previously CEO and president of TDC A/S, operating executive at Capstone/KKR in London and held various positions with Lego including executive vice president of Markets and Products.

Education: Bachelor of Science in International Business and a Master in Finance and Accounting, both from Aarhus School of Business.

Competencies: International as well as executive management experience from large international companies.



Jo Taylor

Born: 1961
Nationality: British
First elected: August 2012
Independence: Independent

Member of the Audit and Risk Committee and member of the Transaction Committee.

Managing director, EMEA of Ontario Teachers' Pension Plan Board and head of its London office and holds various positions as director and president in its subsidiaries. In addition, chairman of the board of directors of Teodin Holdco AS (and one of its subsidiaries) as well as a member of the board of directors of Helly Hansen Group AS, Frontier Holdco Ltd (and three of its subsidiaries), Premier Lotteries UK Ltd (and two of its subsidiaries), Camelot Business Solutions Ltd (and two of its subsidiaries), Busy Bees Benefits Holdings Ltd (and five of its subsidiaries) and Jaeger Eins Holdings Ltd.

Previously held a number of non-executive positions with both public and private companies following a 20-year career at 3i Group Plc, where he was head of venture, member of the Group Management and Investment Committees and CEO of a US investment subsidiary.

Education: Bachelor of Arts in History from the University of London and a Master of Science in Business Administration from Manchester Business School.

Competencies: Professional experience in investing in international companies, broad experience within private equity and wide ranging non-executive roles working with growing companies.



Andrew Evan Wolff

Born: 1969
Nationality: U.S.A.
First elected: June 2013
Independence: Independent

Member of the Remuneration Committee and member of the Transaction Committee.

Head of the Goldman Sachs Merchant Banking Division in Europe, the Middle East and Africa and co-head of Merchant Banking Division in APAC. In addition, a member of the board of directors of Hastings Insurance Group (Investment) Plc and Taikang Life Insurance Co. Ltd.

Previously a member of the board of directors of several companies in a number of countries.

Education: Bachelor in Philosophy from Yale University and a JD degree in law and a Master of Science in Business Administration, both from Harvard University.

Competencies: Experience investing across global markets and extensive global experience from serving on the boards of companies in the United Kingdom, the United States, Canada, Argentina, Brazil, Japan, China, Korea, France, Norway and Denmark.



Pernille Benborg (E)

Born: 1970
Nationality: Danish
First elected: March 2011
Independence: Not independent

Group Vice President and Head of Group Compliance since 2007.

Previously she held various positions with the ISS Group including as Vice President of Compliance and Group Financial Controller of Group Finance. Joined the ISS Group in 2000.

Education: Master of Science in Business Administration and Auditing from Copenhagen Business School.



Joseph Nazareth (E)

Born: 1960
Nationality: Canadian
First elected: March 2011
Independence: Not independent

Group Vice President and Head of Group Health, Safety and Environment and Corporate Responsibility since 2010. Joined the ISS Group in 2010 from A.P. Møller-Mærsk, where he was Head of Group HSSE.

Education: Civil Engineering degree from McGill University and Master of Science in Business Administration from the University of Ottawa.

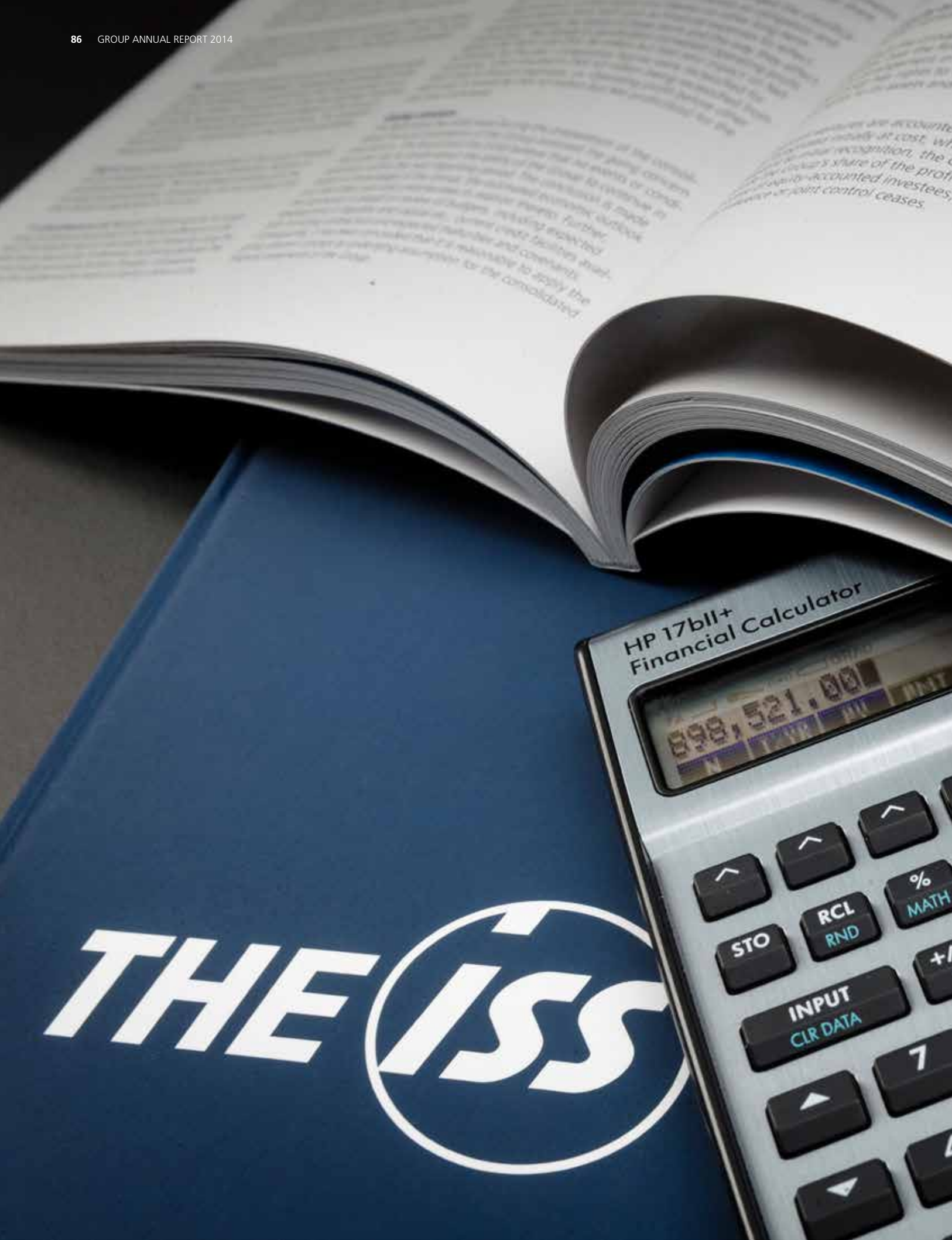


Palle Fransen Queck (E)

Born: 1975
Nationality: Danish
First elected: March 2011
Independence: Not independent

Group Vice President and Business Development Director, Central Europe since 2012. Previously he held various positions with the ISS Group including as Vice President of Process Improvement and Business Solutions. Joined the ISS Group in 2000.

Education: Bachelor of Science (Hons) in Engineering from Copenhagen University College of Engineering and a Master of Science in Business Administration (MBA) from Henley Business School.



THE ISS

HP 17bII+
Financial Calculator

898,521.00

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INPUT CLR DATA
7

Accounting policies

The Group's significant accounting policies and related to IAS 1 minimum presentation items are relevant individual notes to the consolidated financial statements are presented in the notes to the consolidated financial statements on page 89.

Presentation of income statement The consolidated income statement is presented in accordance with the "nature of method. Goodwill impairment and Amortisation and impairment of brands and customer contract as well as the income tax hereof are presented in separate line items after Operating income statement presentation is considered most appropriate reflect the Group's profitability.

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“ Supporting the
customer’s primary
goals is my calling ”

SONIA BROCARD
Receptionist, ISS Switzerland

As a receptionist at **NESTLÉ**’s offices in Orbe, Switzerland, Sonia Brocard is in contact with people from all over the world every day. Sonia finds that the contact with all the visitors and the numerous colleagues in a multicultural environment gives her a very diverse approach to life.

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Consolidated income statement

1 January – 31 December

DKK million	Note	2014	2013
Revenue	2.1, 8.7	74,105	78,459
Staff costs	2.3	(48,849)	(51,234)
Consumables		(6,413)	(6,949)
Other operating expenses	6.4	(13,961)	(15,174)
Depreciation and amortisation ¹⁾	4.3, 8.2	(732)	(787)
Operating profit before other items ²⁾		4,150	4,315
Other income and expenses, net	2.4	(160)	(100)
Operating profit ¹⁾	2.1, 8.7	3,990	4,215
Financial income	5.8	303	176
Financial expenses	5.8	(1,599)	(2,446)
Profit before tax, goodwill impairment and amortisation/impairment of brands and customer contracts		2,694	1,945
Income taxes ³⁾	7.1	(878)	(919)
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts		1,816	1,026
Goodwill impairment	4.5	(448)	(985)
Amortisation/impairment of brands and customer contracts	4.3	(588)	(667)
Income tax effect ⁴⁾	7.1, 7.2	234	229
Net profit for the year		1,014	(397)
Attributable to:			
Owners of ISS A/S		1,011	(399)
Non-controlling interests		3	2
Net profit for the year		1,014	(397)
Earnings per share:			
Basic earnings per share (EPS), DKK	8.1	5.8	(2.9)
Diluted earnings per share, DKK	8.1	5.8	(2.9)
Adjusted earnings per share, DKK ⁵⁾	8.1	10.3	7.6

¹⁾ Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.

²⁾ Excluding Other income and expenses, net, Goodwill impairment and Amortisation/impairment of brands and customer contracts.

³⁾ Excluding tax effect of Goodwill impairment and Amortisation/impairment of brands and customer contracts.

⁴⁾ Income tax effect of Goodwill impairment and Amortisation/impairment of brands and customer contracts.

⁵⁾ Calculated as Profit before goodwill impairment and amortisation/impairment of brands and customer contracts divided by the average number of shares (diluted).

Consolidated statement of comprehensive income

1 January – 31 December

DKK million	Note	2014	2013
Net profit for the year		1,014	(397)
Other comprehensive income			
Items not to be reclassified to the income statement in subsequent periods:			
Actuarial gains/(losses)	8.4	(621)	446
Impact from asset ceiling regarding pensions	8.4	14	(27)
Tax	7.1	138	(92)
Items to be reclassified to the income statement in subsequent periods:			
Foreign exchange adjustments of subsidiaries and non-controlling interests		472	(796)
Fair value adjustment of hedges, net	5.7	(20)	4
Fair value adjustment of hedges, net, transferred to Financial expenses	5.7	23	80
Tax	7.1	(1)	(21)
Total other comprehensive income		5	(406)
Total comprehensive income for the year		1,019	(803)
Attributable to:			
Owners of ISS A/S		1,016	(804)
Non-controlling interests		3	1
Total comprehensive income for the year		1,019	(803)

Consolidated statement of cash flows

1 January – 31 December

DKK million	Note	2014	2013
Operating profit before other items		4,150	4,315
Depreciation and amortisation	4.3, 8.2	732	787
Share-based payments (non-cash)		53	-
Changes in working capital	3.1	(71)	80
Changes in provisions, pensions and similar obligations		(203)	(146)
Other expenses paid		(402)	(388)
Income taxes paid		(1,082)	(933)
Cash flow from operating activities		3,177	3,715
Acquisition of businesses		(19)	(14)
Divestment of businesses	4.1	1,335	2,183
Acquisition of intangible assets and property, plant and equipment		(848)	(902)
Disposal of intangible assets and property, plant and equipment		65	99
(Acquisition)/disposal of financial assets		19	(35)
Cash flow from investing activities		552	1,331
Proceeds from borrowings		23,483	4,425
Repayment of borrowings		(33,862)	(7,983)
Interest received		130	135
Interest paid		(912)	(1,734)
Proceeds from issuance of share capital		7,788	-
Purchase of treasury shares		(160)	-
Non-controlling interests		(2)	(2)
Cash flow from financing activities		(3,535)	(5,159)
Total cash flow		194	(113)
Cash and cash equivalents at 1 January		3,277	3,528
Total cash flow		194	(113)
Foreign exchange adjustments		86	(138)
Cash and cash equivalents at 31 December		3,557	3,277

Consolidated statement of financial position

At 31 December

DKK million	Note	2014	2013
Assets			
Intangible assets	4.3, 4.4	27,465	28,346
Property, plant and equipment	8.2	1,638	1,715
Deferred tax assets	7.2	755	634
Other financial assets	8.3	431	307
Non-current assets		30,289	31,002
Inventories		309	309
Trade receivables	3.2	10,446	10,299
Tax receivables		212	209
Other receivables	3.3	1,449	1,520
Cash and cash equivalents		3,557	3,277
Assets classified as held for sale	4.2	472	1,950
Current assets		16,445	17,564
Total assets		46,734	48,566
Equity and liabilities			
Total equity attributable to owners of ISS A/S		12,910	4,213
Non-controlling interests		10	9
Total equity	5.1	12,920	4,222
Loans and borrowings	5.2	14,887	20,416
Pensions and similar obligations	8.4	1,415	869
Deferred tax liabilities	7.2	1,415	1,590
Provisions	8.5	348	470
Non-current liabilities		18,065	23,345
Loans and borrowings	5.2	1,338	5,648
Trade payables		3,562	3,436
Tax payables		170	448
Other liabilities	3.4	10,254	10,134
Provisions	8.5	249	317
Liabilities classified as held for sale	4.2	176	1,016
Current liabilities		15,749	20,999
Total liabilities		33,814	44,344
Total equity and liabilities		46,734	48,566

Consolidated statement of changes in equity

1 January – 31 December

2014 DKK million	Attributable to owners of ISS A/S						Non-controlling interests	Total equity	
	Share capital	Retained earnings	Translation reserve	Hedging reserve	Treasury shares	Proposed dividends			Total
Equity at 1 January	135	4,536	(427)	(31)	-	-	4,213	9	4,222
Comprehensive income for the year									
Net profit for the year	-	101	-	-	-	910	1,011	3	1,014
Other comprehensive income									
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	472	-	-	-	472	(0)	472
Fair value adjustment of hedges, net	-	-	-	(20)	-	-	(20)	-	(20)
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	23	-	-	23	-	23
Actuarial gains/(losses)	-	(621)	-	-	-	-	(621)	-	(621)
Impact from asset ceiling regarding pensions	-	14	-	-	-	-	14	-	14
Tax	-	138	-	(1)	-	-	137	-	137
Total other comprehensive income	-	(469)	472	2	-	-	5	(0)	5
Total comprehensive income for the year	-	(368)	472	2	-	910	1,016	3	1,019
Transactions with owners									
Share issue	50	7,986	-	-	-	-	8,036	-	8,036
Costs related to the share issue	-	(248)	-	-	-	-	(248)	-	(248)
Purchase of treasury shares	-	-	-	-	(160)	-	(160)	-	(160)
Share-based payments	-	53	-	-	-	-	53	-	53
Dividends paid	-	-	-	-	-	-	-	(2)	(2)
Total transactions with owners	50	7,791	-	-	(160)	-	7,681	(2)	7,679
Total changes in equity	50	7,423	472	2	(160)	910	8,697	1	8,698
Equity at 31 December	185	11,959	45	(29)	(160)	910	12,910	10	12,920

Consolidated statement of changes in equity

1 January – 31 December

2013 DKK million	Attributable to owners of ISS A/S					Non-controlling interests	Total equity
	Share capital	Retained earnings	Translation reserve	Hedging reserve	Total		
Equity at 1 January	135	4,689	367	(94)	5,097	10	5,107
Change in accounting policy due to implementation of amendments to IAS 19 (2011)	-	(81)	1	-	(80)	-	(80)
Adjusted equity at 1 January	135	4,608	368	(94)	5,017	10	5,027
Comprehensive income for the year							
Net profit for the year	-	(399)	-	-	(399)	2	(397)
Other comprehensive income							
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	(795)	-	(795)	(1)	(796)
Fair value adjustment of hedges, net	-	-	-	4	4	-	4
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	80	80	-	80
Actuarial gains/(losses)	-	446	-	-	446	-	446
Impact from asset ceiling regarding pensions	-	(27)	-	-	(27)	-	(27)
Tax	-	(92)	-	(21)	(113)	-	(113)
Total other comprehensive income/(loss)	-	327	(795)	63	(405)	(1)	(406)
Total comprehensive income/(loss) for the year	-	(72)	(795)	63	(804)	1	(803)
Transactions with owners							
Dividends paid	-	-	-	-	-	(2)	(2)
Total transactions with owners	-	-	-	-	-	(2)	(2)
Total changes in equity	-	(72)	(795)	63	(804)	(1)	(805)
Equity at 31 December	135	4,536	(427)	(31)	4,213	9	4,222

Section 1

Basis of preparation

In 2014, we continued our focus to ensure a more readable report with a logical structure taking the characteristics of ISS's business into account. The notes continue to be grouped into the following eight sections based on theme:

- Section 1** Basis of preparation
- Section 2** Operating profit
- Section 3** Working capital
- Section 4** Strategic investments and divestments
- Section 5** Capital structure
- Section 6** Governance
- Section 7** Tax
- Section 8** Other required disclosures

Due to the IPO, the consolidated financial statements for 2013 included two years of comparative figures. This is changed in 2014 to one year of comparison.

Included in this section are required disclosures and general accounting policies relevant for the understanding of the basis of preparation of the consolidated financial statements of ISS A/S.

NOTE 1.1 BASIS OF PREPARATION

The consolidated financial statements of ISS A/S as of and for the year ended 31 December 2014 comprise ISS A/S and its subsidiaries (together referred to as "the Group") and the Group's interests in equity-accounted investees. A group chart is included in note 8.10, Subsidiaries, associates and joint ventures.

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for listed companies. In addition, the consolidated financial statements have been prepared in compliance with the IFRSs issued by the IASB.

The Annual Report for ISS A/S for 2014 was discussed and approved by the Executive Group Management Board (the EGM) and the Board of Directors (the Board) on 12 March 2015 and issued for approval at the subsequent Annual General Meeting on 15 April 2015.

Basis of measurement

The consolidated financial statements are presented in Danish kroner (DKK), which is ISS A/S's functional currency. All amounts have been rounded to nearest DKK million, unless otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities, which are measured at fair value; interest rate swaps, currency swaps and financial assets classified as available for sale.

Defining materiality

The income statement and the statement of financial position separately present items that are considered individually significant, or are required under the minimum presentation requirements of IAS 1.

In determining whether an item is individually significant ISS considers both quantitative and qualitative factors. If the presentation or disclosure of an item does not increase the value of information to users, the information is considered insignificant.

Explanatory disclosure notes related to the consolidated financial statements are presented for individually significant items. Where separate presentation of a line item is made solely due to the minimum presentation requirements in IAS 1, no further disclosures are provided in respect of that line item.

Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out below to all periods presented in these consolidated financial statements. However, based on new information minor adjustments to comparative figures in primary statements and notes have been implemented.

Furthermore, in 2014 the presentation of the consolidated statement of changes in equity was changed to include share premium in retained earnings, as share premium is part of the Group's free reserves. The comparative presentation was restated accordingly. The changed presentation did not affect recognition and measurement for 2014 and 2013. At 1 January 2014, share premium amounted to DKK 11,430 million (at 1 January 2013: DKK 11,430 million).

NOTE 1.1 BASIS OF PREPARATION (CONTINUED)

With effect from 1 January 2014, the Group has implemented:

- Amendments to IAS 19 (2011) "Employee benefits";
- Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities";
- Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"; and
- IFRIC 21 "Leases".

Except for IAS 19, the adoption of these standards and interpretations did not affect recognition and measurement for 2014.

With the implementation of the amendments to IAS 19 the exemption from risk sharing between the Group and the plan participants is adopted. Comparative figures have been restated and the impact on Equity is shown in the statement of changes in equity. The impact on the income statement is immaterial.

Going concern

The Board and the EGM have during the preparation of the consolidated financial statements of the Group assessed the going concern assumption. The Board and the EGM believe that no events or conditions give rise to doubt about the ability of the Group to continue in operation within the next reporting period. The conclusion is made based on knowledge of the Group, the estimated economic outlook and identified risks and uncertainties in relation thereto. Further, the conclusion is based on review of budgets, including expected development in liquidity and capital etc., current credit facilities available including contractual and expected maturities and covenants. Consequently, it has been concluded that it is reasonable to apply the going concern concept as underlying assumption for the consolidated financial statements of the Group.

Basis of consolidation

The consolidated financial statements comprise ISS A/S and entities controlled by ISS A/S. ISS A/S controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

On consolidation all intra group transactions, balances, income and expenses are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The non-controlling interest's share of net profit for the year and of the equity of subsidiaries, which are not wholly owned, are included in the Group's net profit and equity, respectively, but is disclosed separately. By virtue of agreement certain non-controlling shareholders are only eligible of receiving benefits from their non-controlling interest when ISS as controlling shareholder has received their initial investment and compound interest on such. In such instances the subsidiaries' result and equity are fully allocated to ISS until the point in time where ISS has recognised amounts exceeding their investment including compound interest on such.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

Upon loss of control the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Non-controlling interests

At initial recognition a non-controlling interest is measured at fair value or at its proportionate interest in the fair value of the net assets acquired. The measurement principle is elected on a transaction-by-transaction basis and is disclosed in the notes together with the description of the acquired businesses.

Written put options held by non-controlling shareholders are accounted for in accordance with the anticipated acquisition method, i.e. as if the put option has been exercised already. Such options are recognised as Other liabilities initially at fair value. Fair value is measured at the present value of the exercise price of the option.

Subsequent fair value adjustments of put options held by non-controlling interests relating to business combinations effected on or after 1 January 2010 are recognised directly in equity. Subsequent fair value adjustments of put options held by non-controlling interests related to business combinations effected prior to 1 January 2010 are recognised in goodwill. The effect of unwind of discount is recognised under Financial expenses.

Foreign currency

Transactions denominated in currencies other than the functional currency of the respective Group companies are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the respective functional currencies of the Group companies at the exchange rates at the transaction date. Foreign exchange adjustments arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under Financial income or Financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in the income statement under Financial income or Financial expenses.

On recognition in the consolidated financial statements of Group companies with a functional currency other than DKK, the income statements and statements of cash flows are translated at the exchange rates at the transaction date and the statements of financial position are translated at the exchange rates at the reporting date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange adjustments arising on transla-

NOTE 1.1 BASIS OF PREPARATION (CONTINUED)

tion of the opening balance of equity of foreign entities at the exchange rates at the reporting date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the reporting date are recognised in other comprehensive income and presented in equity under a separate translation reserve. However, if the foreign entity is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to the non-controlling interest.

Accounting policies

The Group's significant accounting policies and accounting policies related to IAS 1 minimum presentation items are described in the relevant individual notes to the consolidated financial statements or otherwise stated below. A list of the notes is shown on page 89.

Presentation of income statement The consolidated income statement is presented in accordance with the "nature of expense" method. Goodwill impairment and Amortisation/impairment of brands and customer contracts as well as the Income tax effect hereof are presented in separate line items after Operating profit¹⁾. This income statement presentation is considered most appropriately to reflect the Group's profitability.

Presentation of cash flow statement The consolidated statement of cash flows shows the Group's cash flows from operating, investing and financing activities for the year. Interest paid and received is included in cash flows from financing activities as this most appropriately reflects the distinction between operating and financing activities following the acquisition of ISS World Services A/S by ISS A/S.

Use of critical accounting estimates and judgements

In preparing these consolidated financial statements, management has made various judgements, estimates and assumptions concerning future events that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and have been prepared taking the financial market situation into consideration, but still ensuring that one-off effects which are not expected to exist in the long term do not affect estimation and determination of these key factors, including discount rates and expectations of the future.

Information about judgement, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Other income and expenses, net (note 2.4)
- Trade receivables and related credit risk (note 3.2)
- Divestment (note 4.1)
- Disposal groups (note 4.2)
- Impairment tests (note 4.4)
- Deferred tax (note 7.2)
- Pensions and similar obligations (note 8.4)
- Provisions (note 8.5)

¹⁾ Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.

Section 2

Operating profit

This section comprise notes which provide information supplementing the Management review related to the composition of the Group's operating profit, including disclosures on operating segments, revenue and currency risk. Segment information is presented in three ways: reportable segments, geographical information and revenue by service type.

In 2014, we delivered a strong operating margin of 5.6% (2013: 5.5%) driven by strong performance overall. The implementation of our strategic initiatives improved margins, especially in the Western Europe and the Nordic regions. However, this was offset by the impact of operational challenges in certain European countries and the divestment of the margin-accretive pest control activities in 2013.

In this section, the following notes are presented:

- 2.1 Segment and revenue information**
- 2.2 Translation and operational currency risk**
- 2.3 Staff costs**
- 2.4 Other income and expenses, net**

NOTE 2.1 SEGMENT AND REVENUE INFORMATION

ISS is a global facility services company, that operates in 77 countries and delivers a wide range of services within the areas cleaning services, support services, property services, catering services, security services and facility management.

Operations are generally managed based on a geographical structure in which countries are grouped into seven regions. The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. However, countries with activities managed directly by the Global Corporate Clients organisation are excluded from the geographical segments and combined in a separate segment called "Other countries". An overview of the grouping of countries into regions is presented in note 8.10, Subsidiaries, associates and joint ventures.

Reportable segments

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure. A reconciliation of total reportable segments to the income statement and statement of financial position is provided in note 8.7, Reconciliation of segment information.

Transactions between reportable segments are made on market terms.

Accounting policy

The accounting policies of the reportable segments are the same as the Group's accounting policies described throughout the notes. Segment revenue, costs, assets and liabilities comprise items that can be directly referred to the individual segments. Unallocated items mainly consists of revenue, costs, assets and liabilities relating to the Group's Corporate functions as well as Financial income, Financial expenses and Income taxes.

For the purpose of segment reporting, segment profit has been identified as Operating profit (before Goodwill impairment and Amortisation/impairment of brands and customer contracts). Segment assets and segment liabilities have been identified as Total assets and Total liabilities, respectively.

When presenting geographical information segment revenue and non-current assets are based on the geographical location of the individual subsidiary from which the sales transaction originates.

NOTE 2.1 SEGMENT AND REVENUE INFORMATION (CONTINUED)

2014									
DKK million	Western Europe	Nordic	Asia	Pacific	Latin America	North America	Eastern Europe	Other countries	Total reportable segments
Revenue ¹⁾	37,318	15,449	8,221	4,444	3,597	3,477	1,597	87	74,190
Depreciation and amortisation ²⁾	(354)	(148)	(70)	(60)	(41)	(14)	(16)	-	(703)
Operating profit before other items ³⁾	2,310	1,153	603	220	173	125	109	(1)	4,692
Operating margin ³⁾	6.2%	7.5%	7.3%	5.0%	4.8%	3.6%	6.8%	(1.4)%	6.3%
Other income and expenses, net	(111)	51	9	(2)	(8)	24	(5)	-	(42)
Operating profit ²⁾	2,199	1,204	612	218	165	149	104	(1)	4,650
Goodwill impairment	(434)	-	-	-	(5)	-	(9)	-	(448)
Amortisation/impairment of brands and customer contracts	(374)	(108)	(38)	(21)	(8)	(23)	(16)	-	(588)
Total assets	24,555	12,862	4,832	2,560	1,547	2,130	1,281	14	49,781
Hereof assets classified as held for sale	364	108	-	-	-	-	-	-	472
Additions to non-current assets ⁴⁾	470	200	87	62	37	23	19	-	898
Total liabilities	14,357	6,948	1,895	1,501	1,577	1,269	516	11	28,074
Hereof liabilities classified as held for sale	129	47	-	-	-	-	-	-	176
2013									
Revenue ¹⁾	39,704	16,853	8,019	5,105	3,708	3,459	1,657	38	78,543
Depreciation and amortisation ²⁾	(381)	(170)	(67)	(64)	(45)	(17)	(17)	-	(761)
Operating profit before other items ³⁾	2,388	1,246	608	253	145	101	109	(1)	4,849
Operating margin ³⁾	6.0%	7.4%	7.6%	5.0%	3.9%	2.9%	6.6%	(3.2)%	6.2%
Other income and expenses, net	(148)	11	(45)	499	(175)	(173)	(5)	-	(36)
Operating profit ²⁾	2,240	1,257	563	752	(30)	(72)	104	(1)	4,813
Goodwill impairment	(822)	-	-	(133)	-	(30)	-	-	(985)
Amortisation/impairment of brands and customer contracts	(401)	(124)	(44)	(40)	(10)	(32)	(16)	-	(667)
Total assets	28,353	14,829	4,207	2,640	1,484	1,792	1,297	17	54,619
Hereof assets classified as held for sale	1,373	303	122	152	-	-	-	-	1,950
Additions to non-current assets ⁴⁾	485	180	87	91	30	13	11	-	897
Total liabilities	19,008	8,766	1,780	1,637	1,796	1,085	527	12	34,611
Hereof liabilities classified as held for sale	800	131	16	69	-	-	-	-	1,016

¹⁾ Including internal revenue which due to the nature of the business is insignificant and is therefore not disclosed.

²⁾ Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.

³⁾ Excluding Other income and expenses, net, Goodwill impairment and Amortisation/impairment of brands and customer contracts.

⁴⁾ Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment.

NOTE 2.1 SEGMENT AND REVENUE INFORMATION (CONTINUED)**Geographical information**

Revenue and non-current assets (excluding deferred tax assets) for countries representing more than 5% of Group revenue:

DKK million	2014		2013	
	Revenue	Non-current assets	Revenue	Non-current assets
United Kingdom	9,896	3,080	9,322	3,184
France	5,101	2,782	7,122	3,304
Norway	4,561	1,800	5,762	2,165
Australia	4,113	1,629	4,572	1,606
Spain	4,099	1,231	4,173	1,445
Switzerland	4,079	1,569	4,005	1,618
Finland	3,853	2,618	3,986	2,892
Sweden	3,737	1,804	3,948	2,031
Denmark (country of domicile)	3,086	1,971	2,965	2,118
Other countries (including unallocated items and eliminations)	31,580	11,050	32,604	10,005
Total	74,105	29,534	78,459	30,368

Revenue by service type

DKK million	2014		2013	
Cleaning services	37,754	51%	38,494	49%
Property services	12,908	17%	15,307	20%
Catering services	8,760	12%	8,535	11%
Support services	5,984	8%	6,514	8%
Security services	5,316	7%	6,316	8%
Facility management	3,383	5%	3,293	4%
Revenue	74,105	100%	78,459	100%

Critical accounting estimates and judgements

Management makes estimates and judgements in relation to presentation of revenue as gross or net as well as in relation to treatment of significant contracts.

In some instances ISS will serve as reseller of goods such as cleaning materials, cleaning equipment etc. or provide staff for canteens selling food etc. In other instances services on an ISS contract will be delivered to the customer through a subcontractor of ISS. The issue is whether revenue should be presented gross or net, i.e. based on the gross amount billed to the customer, or based on the net amount retained (the amount billed to the customer less the amount paid to the supplier). To determine whether revenue should be presented gross or net of costs incurred management considers whether ISS is acting in the capacity of an agent or a principal, which requires judgement in the evaluation of relevant facts and circumstances.

The Group has entered into certain significant contracts with complex revenue and cost structures. Accounting for these contracts requires management's judgement in terms of recognition of the individual items of revenue and costs, including recognition in the correct periods over the term of the contract.

Accounting policy

Revenue is measured at fair value of the consideration received less VAT and duties as well as price and quantity discounts.

Revenue from rendering services is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. Revenue is recognised when the recovery of the consideration is probable and when the amount of revenue, the stage of completion, the costs incurred for the transaction, and the costs to complete the transaction can be measured reliably.

The stage of completion of a contract is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

NOTE 2.2 TRANSLATION AND OPERATIONAL CURRENCY RISK

The Group is exposed to a low level of currency risk on transaction level, since the services are produced, delivered and invoiced in the same local currency with minimal exposure from imported components. The Group is, however, exposed to risk in relation to translation into DKK of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, management fees and interest payments between entities with different functional currencies, since a significant portion of the Group's revenue and operating profit is generated in foreign entities.

Sensitivity analysis

It is estimated that a change in foreign exchange rates of the Group's main currencies would have impacted revenue, operating profit before other items and other comprehensive income by the amounts shown below. The analysis is based on foreign exchange rate variances that

In 2014, the currencies in which the Group's revenue was denominated decreased with an average of 1.9% (2013: decreased with 3.3%) relative to DKK, decreasing the Group's revenue by DKK 1,318 million (2013: a decrease of DKK 2,094 million). Currency movements decreased the Group's operating profit before other items by DKK 81 million (2013: a decrease of DKK 126 million). The effect of the translation of net assets in foreign subsidiaries increased other comprehensive income by DKK 472 million (2013: a decrease of DKK 796 million).

the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is prepared on the same basis for 2013.

2014					2013			
DKK million	Change in foreign exchange rates	Revenue	Operating profit before other items	Net assets in foreign subsidiaries	Change in foreign exchange rates	Revenue	Operating profit before other items	Net assets in foreign subsidiaries
GBP	10%	990	71	346	10%	932	66	308
AUD	10%	411	21	99	10%	457	23	94
CHF	10%	408	34	112	5%	200	17	74
USD	10%	339	12	85	10%	337	10	78
NOK	10%	456	36	133	5%	288	21	65
EUR	1%	234	13	66	1%	266	14	59
TRY	10%	253	20	36	10%	241	18	28
SEK	10%	374	30	104	5%	197	15	56
Other	10%	1,527	92	407	10%	1,548	94	332
Total	-	4,992	329	1,388	-	4,466	278	1,094

NOTE 2.3 STAFF COSTS

DKK million	2014	2013
Wages and salaries	38,928	40,687
Defined benefit plans	155	139
Defined contribution plans	1,684	1,830
Social security costs	5,800	6,272
Other employee benefits	2,282	2,306
Staff costs	48,849	51,234
Average number of employees	522,258	533,792

The Group received government grants in the form of wage subventions, which have been recognised in the income statement as a reduction of staff costs. The grants compensate the Group for staff costs primarily

related to social security as well as hiring certain categories of employees such as trainees, disabled persons, long-term unemployed and employees in certain age groups.

NOTE 2.4 OTHER INCOME AND EXPENSES, NET

DKK million	2014	2013
Gain on divestments	179	806
Other	6	5
Other income	185	811
Restructuring projects	(166)	(379)
Costs related to the IPO	(100)	(15)
Loss on divestments	(79)	(72)
Onerous contracts	37	(228)
Labour-related claims	-	(100)
Build-up of IFS capabilities in North America	-	(50)
Other	(37)	(67)
Other expenses	(345)	(911)
Other income and expenses, net	(160)	(100)

Gain on divestments mainly related to the sale of the Nordic temporary labour and staffing activities in Norway, Sweden and Finland, certain service activities related to asylum centres in Norway and the cash management activities in India. In 2013, the gain related to a number of divestments, most significantly the pest control activities in 12 countries and the Nordic damage control activities.

Restructuring projects related to structural adjustments in a number of countries following the implementation of GREAT, mainly in Norway, Denmark and the United Kingdom as well as on Group level following the review of the customer segmentation and organisational structure. The restructuring projects include cost reductions to make ISS more efficient going forward and primarily comprise redundancy payments, termination of leaseholds, relocation costs and consultancy fees. In 2013, costs related to structural adjustments in a number of countries, mainly the United Kingdom, Greece, France, Brazil, Denmark and the USA as well as severance payments relating to senior management changes.

Costs related to the IPO comprised costs for external advisors mainly fees to lawyers, auditors and other advisors, as well as certain transaction bonuses.

Loss on divestments mainly related to the remeasurement of net assets of the security activities in Greece, which was classified as held for sale in Q3 and subsequently sold, as well as the commercial security activities in Australia and the property service activities in Belgium. In 2013, the loss related to a number of divestments, mainly the occupational health and safety (Arbo) activities in the Netherlands and the building services and hardware services in Belgium as well as the remeasurement of net assets of the security activities in Israel in connection with the classification as held for sale as per 31 December 2013.

Onerous contracts in 2014 comprised revised estimate for the expected loss on a specific large contract following a renegotiation of the contract in 2014. In 2013, the amount related to expected losses on a few large specific contracts which were entered into in previous years.

Labour-related claims in 2013 consisted of claims related to previous years on certain specific contracts.

Build-up of IFS capabilities in North America comprised costs incurred in relation to the strategic build-up of the IFS platform to support and deliver on major contracts in the USA. The build-up of the IFS platform was completed in 2013.

Critical accounting estimates and judgements

The use of Other income and expenses, net entails management judgement in the separation from the normal ordinary operations of the Group. When using Other income and expenses, net it is essential that these constitute items that can not be attributed directly to the Group's ordinary operating activities.

Accounting policy

Other income and expenses, net consists of both recurring and non-recurring income and expenses, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property and restructurings.

Section 3

Working capital

Ensuring a strong cash flow performance, and in particular managing working capital, is a key priority at ISS. Our approach to managing working capital is structured and well proven through continued delivery of steady cash flows reflected in a cash conversion in the range of 93% to 103% in the period from 2010 to 2014.

As a result of the continued working capital focus across the Group the cash conversion for 2014 was 98%. The strong cash flow performance reflects our efforts to ensure payments for work performed.

The approach to improving capital efficiency consists primarily of the following tools:

- working capital projects which focus on the order-to-cash process and in particular sharing of best practices within the Group;
- particular focus on trade receivables, especially overdue receivables and unbilled receivables;
- standardised reporting of cash flow forecasts and ongoing follow-up in order to monitor the cash performance on a regular basis; and
- inclusion of cash conversion in the Group's incentive structure.

This section comprises notes to understand the development in working capital:

3.1 Changes in working capital

3.2 Trade receivables and related credit risk

3.3 Other receivables

3.4 Other liabilities

NOTE 3.1 CHANGES IN WORKING CAPITAL

DKK million	2014	2013
Changes in inventories	(5)	(39)
Changes in receivables	(92)	(571)
Changes in payables	26	690
Changes in working capital	(71)	80

NOTE 3.2 TRADE RECEIVABLES AND RELATED CREDIT RISK**Exposure to credit risk**

The carrying amount of trade receivables of DKK 10,446 million (2013: DKK 10,299 million) represents the Group's maximum credit exposure. At 31 December 2014, impairment losses recognised on trade receivables was DKK 244 million corresponding to 0.3% of revenue (2013: DKK 310 million or 0.4%).

The Group's customer portfolio is diversified in terms of geography, industry sector and customer size. The Group is not exposed to credit risk related to significant individual customers. In some geographies, mainly the Mediterranean countries and Latin America, in recent years the general credit risk has increased for certain specific groups of customers, which led to an increase in the level of impairment losses recognised in

2013. However, historically amounts written off as uncollectible have been relatively low, which has also been the case in 2014.

Exposure to credit risk on trade receivables is managed locally in the operating entities and credit limits are set as deemed appropriate for the customer taking into account the customer's financial position and the current market conditions. Generally, the Group does not hold collateral as security for trade receivables.

The maximum credit risk exposure at the reporting date by reportable segments was:

DKK million	2014			2013		
	Gross	Impairment	Carrying amount	Gross	Impairment	Carrying amount
Western Europe	5,978	(135)	5,843	6,117	(195)	5,922
Nordic	1,560	(19)	1,541	1,511	(24)	1,487
Asia	1,322	(32)	1,290	1,108	(20)	1,088
Pacific	509	(9)	500	575	(7)	568
Latin America	608	(36)	572	583	(48)	535
North America	390	(6)	384	390	(7)	383
Eastern Europe	318	(6)	312	318	(8)	310
Other countries	5	(1)	4	7	(1)	6
Total	10,690	(244)	10,446	10,609	(310)	10,299

Impairment losses

The ageing of trade receivables at the reporting date was:

DKK million	2014			2013		
	Gross	Impairment	Carrying amount	Gross	Impairment	Carrying amount
Not past due	8,393	-	8,393	8,204	-	8,204
Past due 1 to 60 days	1,576	(3)	1,573	1,594	(0)	1,594
Past due 61 to 180 days	379	(8)	371	322	(19)	303
Past due 181 to 360 days	118	(24)	94	199	(33)	166
More than 360 days	224	(209)	15	290	(258)	32
Total	10,690	(244)	10,446	10,609	(310)	10,299

The movement in impairment losses during the year was:

DKK million	2014	2013
Impairment losses at 1 January	(310)	(208)
Impairment losses recognised	(45)	(162)
Impairment losses reversed	19	8
Amounts written off	55	38
Reclassification to Other receivables	37	-
Reclassification to Assets classified as held for sale	0	14
Impairment losses at 31 December	(244)	(310)

NOTE 3.2 TRADE RECEIVABLES AND RELATED CREDIT RISK (CONTINUED)**Critical accounting estimates and judgements**

Impairment losses are based on management's assessment of the customer's ability to make the required payments. Following the global economic downturn in recent years, particularly in Western Europe the general credit risk has increased for certain specific groups of customers in certain countries in this region. Furthermore, in recent years a slight increase in the ageing of trade receivables and debtor days was seen most significantly in some Mediterranean countries and Latin America. Such developments and the economic downturn may have an adverse effect on the earnings in the industry in general and are taken into consideration in the assessment of impairment losses.

Accounting policy

Trade receivables are recognised initially at fair value. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment losses are recognised when objective evidence indicates that an individual receivable or a portfolio of receivables with similar risk characteristics is impaired. This is based on an individual review for impairment due to customer insolvency, past due amounts and mathematically computed impairment losses based on classification of debtors, maturity and historical information.

Impairment losses, both individual and collective, are recognised in a separate account unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the receivable directly.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

NOTE 3.3 OTHER RECEIVABLES

DKK million	2014	2013
Prepayments	750	631
Loan to FS Invest S.à r.l	-	98
Currency swaps	-	21
Other	699	770
Other receivables	1,449	1,520

Prepayments comprise mainly prepayments to suppliers and sign-on fees related to customer contracts.

Other comprise various receivables such as supplier rebates and bonuses, refunds from customers and other recoverable amounts, receivable sales price from divestments, contract work in progress, outlay for customers, loans to customers, VAT, etc.

Accounting policy

Other receivables are recognised initially at cost and subsequently at amortised cost. Prepayments are measured at cost. Costs relating to sales work and securing contracts are recognised in the income statement as incurred.

NOTE 3.4 OTHER LIABILITIES

DKK million	2014	2013
Accrued wages, pensions and holiday allowances	4,540	4,675
Tax withholdings, VAT etc.	2,781	2,849
Prepayments from customers	334	407
Other	2,599	2,203
Other liabilities	10,254	10,134

Other comprise accrued supplier expenses, utilities such as rent, telephone, electricity etc., contingent consideration and deferred payments, accrued interests, fees to advisors and auditors, customer discounts and insurance, etc.

Accounting policy

Other liabilities are recognised at cost.

Section 4

Strategic investments and divestments

Our acquisition strategy in previous years added more than 600 businesses to the Group in the period 2000 to 2010, which resulted in a significant amount of acquisition-related intangibles in addition to the significant amount of intangibles being recognised in May 2005 when ISS World Services A/S was acquired. This continues to make the Group exposed to possible impairment losses, both following annual impairment tests and divestments. In 2014, intangibles have been reduced by both categories of impairment losses.

ISS has not made any significant acquisitions since 2010, thus in 2014 the note disclosures regarding acquisitions have been excluded due to immateriality. However, 20 January 2015 we announced that we have acquired the UK based GS Hall Plc, a technical services company. The acquisition is further described in note 8.8, Subsequent events.

In 2014, the Group continued to review the strategic rationale and fit of business units, which led to identification of activities that were non-core to the strategy. As a result we divested 14 businesses in 2014 including the landscaping activities in France, the commercial security activities in Australia and New Zealand as well as the Nordic temporary labour and staffing activities as the most significant. The divestments support a strategic alignment in the affected countries. Further, as a result of this continuous review of our business platform, sales processes have been initiated for three businesses, and these have been classified as held for sale as per 31 December 2014.

In this section, the following notes are presented:

- 4.1 Divestments**
- 4.2 Disposal groups**
- 4.3 Intangible assets**
- 4.4 Impairment tests**
- 4.5 Goodwill impairment**

NOTE 4.1 DIVESTMENTS

Accounting policy

Businesses which are divested or wound up are recognised in the consolidated financial statements until the date of divestment or winding-up. Comparative figures are not restated. Assets classified as held for sale are presented separately, refer to note 4.2, Disposal groups.

Gains or losses on the divestment or winding-up of subsidiaries, associates or joint ventures are measured as the difference between the consideration received adjusted for related divestment or winding-up costs and the carrying amount of the net assets at the time of disposal or winding-up including any carrying amount of allocated goodwill.

Divestment impact in 2014

The Group made 14 divestments during 2014 (2013: 14 divestments). The total sales price amounted to DKK 1,688 million (2013: DKK 2,459 million). The total annual revenue of the divested businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 4,620 million (2013: DKK 2,934 million) based on expectations at the time of divestment.

NOTE 4.1 DIVESTMENTS (CONTINUED)

DKK million	2014	2013
Goodwill	864	1,021
Customer contracts	70	210
Other non-current assets	266	193
Trade receivables	754	395
Other current assets	156	48
Provisions	(17)	(57)
Pensions, deferred tax liabilities and non-controlling interests	(80)	(79)
Loans and borrowings	(8)	(21)
Other current liabilities	(741)	(325)
Total identifiable net assets	1,264	1,385
Gain/(loss) on divestment of businesses, net ¹⁾	163	758
Divestment costs, net of tax	261	316
Consideration received	1,688	2,459
Cash and cash equivalents in divested businesses	(75)	3
Cash consideration received	1,613	2,462
Contingent and deferred consideration	(45)	(33)
Divestment costs paid, net of tax	(233)	(246)
Net proceeds regarding divestment of businesses	1,335	2,183

¹⁾ In 2014, the gain excluded the loss of DKK 63 million recognised in Other income and expenses, net, on initial classification of the security business in Greece as held for sale. In 2013, the gain excluded the loss of DKK 24 million recognised in Other income and expenses, net, on initial classification of the security business in Israel as held for sale.

The 14 divestments completed by the Group before or at 31 December 2014 are listed below:

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue ¹⁾ (DKK million)	Number of employees ¹⁾
HiCare	India	Property	January	100%	60	1,337
HVAC	Belgium	Property	January	Activities	29	18
Security	Israel	Security	February	100%	232	1,800
Landscaping	France	Property	March	100%	2,071	2,372
Security	Pacific ²⁾	Security	April	100%/Activities	796	1,791
Personnel and Hardware services	Germany	Support	May	100%	79	411
Hero	Norway	Support	May	50% ³⁾	-	653
Security	Germany	Security	July	Activities	96	160
Aviation	Finland	Support	July	Activities	56	61
Personnel services	Nordic ⁴⁾	Support	September	100%	792	3,052
Security	Greece	Security	October	100%	180	1,361
Croatia, Bosnia and Herzegovina	Croatia and Bosnia	Country exits	December	100%	20	304
CVS Security	India	Security	December	Activities	167	5,991
Pest Control	Israel	Property	January 2015	Activities	42	67
Total					4,620	19,378

¹⁾ Approximate figures based on information available at the time of divestment extracted from unaudited financial information.

²⁾ Commercial security activities in Australia and New Zealand.

³⁾ Equity-accounted investee with an estimated annual revenue (ISS's share) of DKK 206 million.

⁴⁾ Temporary labour and staffing activities in Norway, Sweden and Finland.

NOTE 4.1 DIVESTMENTS (CONTINUED)**Divestments subsequent to 31 December 2014**

The Group made no divestments in the period from 1 January to 28 February 2015.

Pro forma revenue and operating profit before other items

Assuming all divestments in the year were excluded as of 1 January the effect on revenue and operating profit before other items is estimated as follows:

DKK million	2014	2013
Pro forma revenue		
Revenue recognised in the income statement	74,105	78,459
Divestments	(1,315)	(1,515)
Pro forma revenue	72,790	76,944
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	4,150	4,315
Divestments	(43)	(102)
Pro forma operating profit before other items	4,107	4,213

For the purpose of estimating pro forma revenue and operating profit before other items, adjustments relating to divestments are based on estimates made by local ISS management in the respective jurisdictions in which the divestments occurred at the time of divestment or actual results where available. The estimates are based on unaudited financial information.

These adjustments and the computation of total revenue and operating profit before other items on a pro forma basis are presented for informational purposes only. This information does not represent the results the Group would have achieved had the divestments during the year occurred on 1 January. In addition, the information should not be used as the basis for or prediction of any annualised calculation.

NOTE 4.2 DISPOSAL GROUPS

At 31 December 2014, assets classified as held for sale comprised three businesses in Western Europe and Nordic for which sales processes have been initiated during 2014. The reclassification did not result in recognition of any losses.

At 31 December 2013, assets classified as held for sale comprised six businesses in Western Europe, Nordic, Asia and Pacific. During 2014, all six businesses have been divested. The divestments comprised the landscaping activities in France, the commercial security activities in Australia and New Zealand, the security activities in Israel, the Pest Control activities in India, certain service activities related to asylum centres

in Norway and the temporary labour and staffing activities in Norway. The divestment of the entities classified as held for sale resulted in the recognition of a net gain of DKK 116 million in the income statement of which DKK 130 million was recognised in Other income and expenses, net and DKK 14 million recognised in Goodwill impairment.

Cumulative income or expense recognised in other comprehensive income

In 2014 and 2013, no cumulative income or expenses were recognised in other comprehensive income related to assets classified as held for sale.

NOTE 4.2 DISPOSAL GROUPS (CONTINUED)

DKK million	2014	2013
Goodwill	198	845
Other intangibles	67	65
Property, plant and equipment	119	134
Other financial assets	-	61
Deferred tax assets	0	42
Inventories	0	15
Trade and other receivables	88	788
Assets classified as held for sale	472	1,950
Loans and borrowings	15	2
Pensions and similar obligations	6	54
Deferred tax liabilities	8	15
Provisions	1	17
Tax payables	1	15
Trade payables and other liabilities	145	913
Liabilities classified as held for sale	176	1,016

Critical accounting estimates and judgements

When classifying non-current assets and disposal groups as held for sale management makes estimates of their fair value (the final sales price and expected costs to sell). Depending on the nature of the non-current assets and disposal group's activity, assets and liabilities, the estimated fair value may be associated with uncertainty and possibly adjusted subsequently. Measurement of the fair value of disposal groups is categorised as Level 3 in the fair value hierarchy as measurement is not based on observable market data.

Management considers intangible assets relating to the disposal groups, taking into consideration how to separate the net assets (including intangible assets) relating to the disposal group from the Group's assets in the continuing business. Impairment of these intangibles both on initial classification as held for sale and subsequently is considered. The estimation uncertainty relating to impairment of intangibles in general is described in note 4.4, Impairment tests.

Accounting policy

Assets classified as held for sale comprise non-current assets and disposal groups held for sale. Liabilities classified as held for sale are those directly associated with the assets that will be transferred in the transaction. Assets are classified as held for sale when the carrying amount of the assets is expected to primarily be recovered through a sale within 12 months of the reporting date in accordance with a formal plan rather than through continuing use.

Immediately before classification as held for sale, the assets or disposal groups are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

Impairment losses on initial classification as held for sale, and subsequent gains and losses on remeasurement are recognised in the income statement. Gains and losses are disclosed in the notes to the consolidated financial statements.

Non-current assets and disposal groups held for sale are presented in separate lines in the statement of financial position and the main elements are specified in the notes to the consolidated financial statements. Comparative figures are not adjusted.

NOTE 4.3 INTANGIBLE ASSETS

DKK million	Goodwill	Brands	Customer contracts	Software and other intangible assets	Total
2014					
Cost at 1 January	26,074	1,616	9,906	1,218	38,814
Foreign exchange adjustments	289	(1)	135	5	428
Additions	1	-	-	238	239
Disposals through divestment of businesses	(153)	-	(99)	(4)	(256)
Disposals	-	-	-	(22)	(22)
Reclassification to Assets classified as held for sale	(249)	-	(113)	(48)	(410)
Cost at 31 December	25,962	1,615	9,829	1,387	38,793
Amortisation and impairment losses at 1 January	(2,919)	(26)	(6,745)	(778)	(10,468)
Foreign exchange adjustments	9	(0)	(88)	5	(74)
Amortisation	-	-	(586)	(147)	(733)
Impairment losses ¹⁾	(448)	-	(2)	-	(450)
Disposals through divestment of businesses	141	-	92	2	235
Disposals	-	-	-	17	17
Reclassification to Assets classified as held for sale	51	-	74	20	145
Amortisation and impairment losses at 31 December	(3,166)	(26)	(7,255)	(881)	(11,328)
Carrying amount at 31 December	22,796	1,589	2,574	506	27,465
2013					
Cost at 1 January	28,225	1,657	10,608	1,238	41,728
Foreign exchange adjustments	(992)	(41)	(403)	(57)	(1,493)
Additions	(2)	-	2	175	175
Disposals through divestment of businesses	(324)	-	(146)	(46)	(516)
Disposals	-	-	-	(53)	(53)
Reclassification to Assets classified as held for sale	(833)	-	(155)	(39)	(1,027)
Cost at 31 December	26,074	1,616	9,906	1,218	38,814
Amortisation and impairment losses at 1 January	(2,384)	(26)	(6,579)	(770)	(9,759)
Foreign exchange adjustments	(8)	(0)	239	35	266
Amortisation	-	-	(492)	(151)	(643)
Impairment losses ¹⁾	(985)	-	(175)	-	(1,160)
Disposals through divestment of businesses	186	-	116	31	333
Disposals	-	-	-	42	42
Reclassification to Assets classified as held for sale	272	-	146	35	453
Amortisation and impairment losses at 31 December	(2,919)	(26)	(6,745)	(778)	(10,468)
Carrying amount at 31 December	23,155	1,590	3,161	440	28,346

¹⁾ For a breakdown of impairment losses on goodwill, see note 4.5, Goodwill impairment. Impairment losses on customer contracts in 2014 related to divestment of Croatia, Bosnia and Herzegovina. In 2013, impairment losses on customer contracts identified in impairment tests in France and the Netherlands led to losses of DKK 118 million and DKK 24 million, respectively. Furthermore in 2013, divestments and reclassification as held for sale of non-core activities in certain countries resulted in additional losses of DKK 33 million.

NOTE 4.3 INTANGIBLE ASSETS (CONTINUED)**Critical accounting estimates and judgements**

The carrying amount of brands is related to the ISS brand, which is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows. Factors that played a significant role in determining that the ISS brand has an indefinite useful life are: i) the ISS brand has existed for decades, ii) the Group's strategy is based on the ISS brand, iii) all acquired brands are converted to or co-branded with the ISS brand and iv) the ISS brand is used in the business-to-business and public segments with low maintenance costs attached.

Accounting policy

Goodwill is initially recognised at cost and subsequently at cost less accumulated impairment losses. Goodwill is not amortised.

Acquisition-related **brands** are recognised at fair value at the acquisition date. Subsequently, acquired brands with indefinite useful lives are measured at historical cost less any accumulated impairment losses. Brands are not amortised.

Acquisition-related **customer contracts** are recognised at fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. The value is amortised based on the churn rate of the acquired portfolio using the declining balance method. The churn rate is calculated on a contract by contract basis and has historically averaged approximately 13% to 14% annually. In exceptional cases the value of customer contracts is amortised on a straight line basis, e.g. based on the legal duration of the acquired contract or other relevant period, if deemed more appropriate.

Software and other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The cost of software developed for internal use includes external costs to consultants and software as well as internal direct and indirect costs related to the development. Other development costs for which it cannot be rendered probable that future economic benefits will flow to the Group are recognised in the income statement as and when incurred.

Amortisation is based on the cost of the asset and recognised in the income statement on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives for the current and comparative years are as follows:

Estimated useful life

Software	5-10 years
Other intangible assets	5-10 years

Amortisation methods and useful lives are reassessed at each reporting date and adjusted if appropriate. When changing the amortisation period due to a change in the useful life, the effect on the amortisation is recognised prospectively as a change in accounting estimates.

Please refer to note 4.4, Impairment tests, for a description of impairment testing of intangible assets.

NOTE 4.4 IMPAIRMENT TESTS

Determination of cash-generating units (CGUs)

Impairment tests are carried out per country as this represents the lowest level of cash-generating units (CGUs) to which the carrying amount of intangibles, i.e. goodwill and customer contracts, can be allocated and monitored with any reasonable certainty. This level of allocation and monitoring of intangibles should be seen in the light of the Group's strategy to integrate acquired companies as quickly as possible in order to benefit from synergies.

Estimates used to measure recoverable amount

The recoverable amount of each CGU is determined on the basis of its value-in-use. The value-in-use is established using certain key assumptions as described below. The key assumptions are revenue growth, operating margin and discount rates.

Value-in-use cash flow projections are based on financial budgets approved by management covering the following financial year. The revenue growth and operating margin assumptions applied in the short to medium term are based on management's expectations regarding the growth and operational development considering all relevant factors including past experience and external sources of information where possible and relevant.

When estimating the CGUs' margin development in the short to medium term, past experience as well as the impact from expected efficiency improvements are taken into consideration. Since 2013, we have accelerated our strategy implementation through GREAT, which among other things include customer segmentation, organisational structure, IFS readiness and excellence projects, e.g. our procurement programme and business process outsourcing (BPO). The expected impact of these initiatives are taken into consideration for the relevant CGUs.

Revenue growth projections in the short to medium term for the individual CGUs' are estimated on the basis of expected market development including IFS readiness, impact from Global Corporate Clients' contracts and the macroeconomic environment in general. Past experience is taken into consideration as well as the expected impact from local and Group initiatives, such as GREAT, where especially initiatives on customer segmentation, organisational structure and IFS readiness are assumed to affect growth opportunities.

Terminal growth rates do not exceed the expected long-term average growth rate including inflation for the country in which the CGU operates.

The country specific discount rates, which are calculated net of tax, are generally based on 10-year government bonds of the individual countries. An interest premium is added to adjust for the inconsistency of applying government bonds with a short-term maturity when discounting the estimated future cash flows with infinite maturity.

In previous years, the government bond rates in PIIGS countries contained a material component of credit risk, and thus the country specific interest rates were estimated on the basis of a 20-year German government bond and a 10-year credit default swap. In 2014, the government bond rates seem to have adjusted to a more normalised level. Consequently, the estimation method for discount rates in PIIGS countries is no longer applied.

A target ratio of 30/70 (2013: 30/70) between the market value of debt and equity value has been applied in the calculation. As a compa-

ny based in Europe, the Group assumes the long-term market equity risk premium to be 6.5% (2013: 5.5%).

Uncertainties reflecting past performance and possible variations in the amount or timing of the projected cash flows are generally reflected in the discount rates. Consequently, a country specific risk premium is added to the discount rates to reflect the specific risk associated with each CGU.

Impairment test results

The impairment test as per 31 December 2014 resulted in the recognition of an impairment loss on goodwill in the Netherlands of DKK 420 million due to an update of business plan assumptions.

Accounting policy

Intangible assets with an indefinite useful life, i.e. goodwill and the ISS brand, are subject to impairment testing at least annually or when circumstances indicate that the carrying amount may be impaired. The carrying amount of other non-current assets is tested annually for indications of impairment.

If an indication of impairment exists, the recoverable amount of the asset is determined. The recoverable amount is the higher of the fair value of the asset less anticipated costs of disposal and its value-in-use. The value-in-use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit to which the asset belongs.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the CGU to which goodwill is allocated. Management believes that the value of the ISS brand supports the ISS Group in its entirety rather than any individual CGU. Accordingly, in 2014 the ISS brand was tested for impairment at Group level instead of at CGU level as in prior years. The impairment test is based on group-wide cash flows adjusted for the Group's total goodwill and other non-current assets.

An impairment loss is recognised in the income statement in a separate line if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses are only reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

NOTE 4.4 IMPAIRMENT TESTS (CONTINUED)**Carrying amounts and key assumptions**

The carrying amount of intangibles, i.e. goodwill and customer contracts, and the key assumptions¹⁾ used in the impairment testing as per 31 December are presented below for each CGU representing more than 5%

of the carrying amount of the Group's intangibles or where impairment losses have been incurred during the year.

DKK million	Carrying amount			Applied expected long-term rate		Applied discount rate	
	Goodwill	Customer contracts	Total intangibles	Growth	Margin ²⁾	Net of tax	Pre-tax
2014							
United Kingdom	2,426	382	2,808	2.5%	7.2%	8.3%	9.9%
Finland	2,197	338	2,535	2.0%	7.2%	7.8%	9.4%
France	2,486	-	2,486	2.5%	7.0%	7.9%	12.9%
Denmark	1,648	128	1,776	2.0%	7.6%	8.5%	10.5%
Norway	1,429	285	1,714	2.0%	8.1%	8.6%	11.3%
Australia	1,347	133	1,480	3.0%	6.0%	9.7%	12.8%
Belgium	1,309	116	1,425	2.5%	6.5%	8.4%	11.7%
Switzerland	1,258	158	1,416	2.0%	7.2%	6.7%	8.1%
Netherlands ³⁾	995	-	995	2.0%	5.0%	8.3%	10.4%
Other countries	7,701	1,034	8,735	-	-	-	-
Total carrying amount	22,796	2,574	25,370				
2013							
France	2,491	179	2,670	2.5%	7.0%	8.7%	14.3%
United Kingdom	2,343	411	2,754	2.5%	7.0%	9.5%	11.4%
Finland	2,268	401	2,669	2.0%	7.5%	8.4%	10.1%
Norway	1,537	337	1,874	2.0%	7.1%	9.7%	12.8%
Denmark	1,648	149	1,797	2.0%	7.4%	8.8%	10.9%
Netherlands ³⁾	1,418	58	1,476	2.0%	7.0%	9.2%	11.6%
Belgium	1,312	133	1,445	2.5%	6.5%	9.2%	13.0%
Switzerland	1,237	168	1,405	2.0%	7.0%	6.8%	8.2%
Australia	1,294	147	1,441	3.0%	6.0%	10.8%	14.2%
Sweden	1,175	120	1,295	2.0%	7.4%	9.3%	11.6%
Other countries	6,432	1,058	7,490	-	-	-	-
Total carrying amount	23,155	3,161	26,316				

¹⁾ The key assumptions applied in the impairment tests are used for accounting purposes and should not be considered a forward-looking statement within the meaning of the US Private Securities Litigation Act of 1995 and similar laws in other countries regarding expectations to the future development.

²⁾ Excluding corporate costs.

³⁾ The recoverable amount of the CGU is estimated at DKK 0.8 billion at 31 December 2014 (2013: DKK 1.3 billion), which equals the carrying amount of the CGU's net assets. Net assets comprise total intangible assets reduced by other net assets, which are negative at 31 December 2014.

Critical accounting estimates and judgements

In performing the impairment test management makes an assessment of whether the CGU to which the intangibles relate will be able to generate positive net cash flows sufficient to support the value of intangibles and other net assets of the entity.

This assessment is based on estimates of expected future cash flows (value-in-use) made on the basis of financial budgets for the following financial year and estimated discount rates, growth and margin development. The procedure is described in detail in "Estimates used to measure recoverable amount" above. During recent years volatility in risk free interest rates has increased which generally has increased the estimation uncertainty.

NOTE 4.4 IMPAIRMENT TESTS (CONTINUED)**Sensitivity analysis**

A sensitivity analysis on the key assumptions in the impairment testing is presented below. The allowed change represents the percentage points by which the value assigned to the key assumption as applied in

the expected long-term rate can change, all other things being equal, before the CGU's recoverable amount equals its carrying amount.

	Growth		Margin		Discount rate, net of tax	
	Applied expected long-term rate	Allowed decrease	Applied expected long-term rate	Allowed decrease	Applied expected long-term rate	Allowed increase
2014						
United Kingdom	2.5%	>2.5%	7.2%	>3.0%	8.3%	>3.0%
Finland	2.0%	>2.0%	7.2%	2.1%	7.8%	2.3%
France ¹⁾	2.5%	1.2%	7.0%	1.4%	7.9%	1.0%
Denmark	2.0%	>2.0%	7.6%	2.2%	8.5%	2.6%
Norway	2.0%	>2.0%	8.1%	>3.0%	8.6%	>3.0%
Australia	3.0%	2.5%	6.0%	1.7%	9.7%	2.2%
Belgium	2.5%	0.9%	6.5%	0.9%	8.4%	0.9%
Switzerland	2.0%	>2.0%	7.2%	>3.0%	6.7%	>3.0%
Netherlands	2.0%	0.0%	5.0%	0.0%	8.3%	0.0%
2013						
France	2.5%	0.0%	7.0%	0.0%	8.7%	0.0%
United Kingdom	2.5%	>2.5%	7.0%	>3.0%	9.5%	>3.0%
Finland	2.0%	>2.0%	7.5%	2.3%	8.4%	2.8%
Norway	2.0%	>2.0%	7.1%	>3.0%	9.7%	>3.0%
Denmark	2.0%	1.6%	7.4%	1.5%	8.8%	1.7%
Netherlands	2.0%	0.0%	7.0%	0.0%	9.2%	0.0%
Belgium	2.5%	0.5%	6.5%	0.6%	9.2%	0.4%
Switzerland	2.0%	>2.0%	7.0%	>3.0%	6.8%	>3.0%
Australia	3.0%	0.7%	6.0%	1.4%	10.8%	0.5%
Sweden	2.0%	>2.0%	7.4%	>3.0%	9.3%	>3.0%

¹⁾ The French tax credit CICE is currently enacted until 31 December 2016. The estimated recoverable amount for France assumes prolongation of the CICE or replacement by a new arrangement with a similar financial impact. CICE has a significant positive impact on the forecasted operating margins. Consequently, if the CICE is not replaced or prolonged, it would result in a change in the estimated recoverable amount, all other things being equal.

NOTE 4.5 GOODWILL IMPAIRMENT

DKK million	2014	2013
Impairment losses identified in impairment tests	420	500
Impairment losses derived from divestment of businesses	28	485
Goodwill impairment	448	985

Impairment losses identified in impairment tests related to the Netherlands, as described in note 4.4, Impairment tests. In 2013, impairment losses of DKK 400 million related to France due to an update of business plan assumptions and DKK 100 million related to the Netherlands due to an update of business plan assumptions as well as an increase in the discount rate.

Impairment losses derived from divestment of businesses mainly related to the divestment of the landscaping activities in France of DKK 14 million and the combined businesses in Croatia and Bosnia of DKK 9 million. In 2013, impairment losses mainly related to the divestment of the security activities in the Netherlands of DKK 81 million, the industrial cleaning services in Italy of DKK 41 million and certain landscaping activities in the USA of DKK 30 million. Furthermore, remeasurement of businesses classified as held for sale resulted in impairment losses amounting to DKK 283 million stemming from the security activities in Australia and New Zealand, DKK 133 million, the landscaping activities in France, DKK 92 million, and the security activities in Israel, DKK 58 million. These have subsequently been sold in 2014.

Section 5

Capital structure

The listing of the ISS shares in March 2014 allowed us to refinance and repay our pre-IPO debt leading to a significantly improved financial leverage and capital structure for the Group. At 31 December 2014, the net debt was reduced to DKK 12,647 million (2013: DKK 22,651 million) and the equity ratio was 27.6% compared to 8.7% in 2013, which also led to a reduction of the liquidity and interest rate risk of the Group.

The deleveraging resulted in ISS being upgraded to investment grade by both Standard and Poor's and Moody's. Our objective is to maintain an investment grade financial profile, and the target is to reduce our financial leverage from currently 2.6x to below 2.5x pro forma adjusted EBITDA.

In this section, the following notes are presented:

- 5.1 Equity
- 5.2 Loans and borrowings
- 5.3 Financial risk management
- 5.4 Liquidity risk
- 5.5 Currency risk
- 5.6 Interest rate risk
- 5.7 Derivatives
- 5.8 Financial income and financial expenses

CORPORATE CREDIT RATINGS

Standard & Poor's	BBB- Stable Outlook
Moody's	Baa3 Stable Outlook

Senior Facilities Agreement

Borrower	ISS Global A/S
Standard & Poor's	BBB- Stable Outlook
Moody's	Baa3 Stable Outlook

ISS Global A/S 1.125% Medium Term Notes 2020

Issuer	ISS Global A/S
Standard & Poor's	BBB- Stable Outlook
Moody's	Baa3 Stable Outlook

ISS Global A/S 2.125% Medium Term Notes 2024

Issuer	ISS Global A/S
Standard & Poor's	BBB- Stable Outlook
Moody's	Baa3 Stable Outlook

NOTE 5.1 EQUITY

Share capital

Following the IPO, the full exercise of the overallotment option and subsequent sell-down of shares, FS Invest II S.à r.l owns 19% of ISS's share capital while ISS A/S and Management hold 1%.

	2014		2013	
	Nominal value (DKK million)	Number of shares (in thousands)	Nominal value (DKK million)	Number of shares (in thousands)
Share capital at 1 January	135	135,443	135	135,443
Issued for cash	50	50,225	-	-
Share capital at 31 December – fully paid	185	185,668	135	135,443

Issue of shares The completion of the IPO in March 2014 resulted in 50,224,907 ordinary shares being issued by ISS A/S raising gross proceeds of DKK 8,036 million.

At 31 December 2014, a total of 185,668,226 shares with a nominal value of DKK 1 per share were issued and fully paid (2013: 135,443,319 shares). No shares carry special rights. At 31 December 2014, all shares were freely transferable.

NOTE 5.1 EQUITY (CONTINUED)

Treasury shares	Nominal value (DKK million)	Number of shares (in thousands)	Purchase price (DKK million)	% of share capital
Acquisition of treasury shares	1,000	1,000	160	0.5
Treasury shares at 31 December 2014	1,000	1,000	160	0.5

The fair value of treasury shares was 178 million at 31 December 2014.

Dividends

At the annual general meeting to be held on 15 April 2015, the Board of Directors will propose dividends for 2014 of DKK 4.90 per share of DKK 1, equivalent to DKK 910 million (2013: DKK 0 million) and a pay-out ratio of approximately 50% of Profit before goodwill impairment and amortisation/impairment of brands and customer contracts.

Capital management

The Group monitors the capital structure and evaluates the need for adjustments on an ongoing basis. The Group's objectives for managing capital and what is managed as capital are described in note 5.4, Liquidity risk. The dividend policy and payment of dividends is made subject to the necessary consolidation of equity and the Group's continuing expansion and profitability.

The Group seeks to reduce the financial leverage on a multiple basis in terms of net debt to pro forma adjusted EBITDA. ISS is targeting a leverage below 2.5x. In 2014, we entered into a new senior facility agreement and thereby improved the capital structure significantly. As a result net debt was reduced to DKK 12,647 million (2013: DKK 22,651 million), see note 5.2, Loans and borrowings. Furthermore, financial leverage measured as net debt to pro forma adjusted EBITDA was reduced to 2.6x (2013: 4.5x). The development in financial leverage is illustrated in Financial review on page 17.

ISS A/S (the Group's parent) is a holding company, and its primary assets are shares in ISS World Services A/S. ISS A/S has no revenue generating operations of its own, and therefore ISS A/S's cash flow will primarily depend on the operating performance and financial condition of ISS World Services A/S and its operating subsidiaries, and the receipt by ISS A/S of funds from ISS World Services A/S and its subsidiaries.

Accounting policies

Retained earnings is the Group's free reserves, which includes share premium. Share premium comprises amounts above the nominal share capital paid by shareholders when shares are issued by ISS A/S.

Translation reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign entities with a functional currency other than DKK as well as from the translation of non-current balances which are considered part of the investment in foreign entities.

On full or partial realisation of a foreign entity where control is lost the foreign exchange adjustments are transferred to the income statement under the same line item as the gain or loss.

Hedging reserve comprises the effective portion of the cumulative net change after tax in the fair value of cash flow hedging instruments which fulfil the criteria for hedging of future cash flows, when the hedged transactions have not yet occurred.

Dividends are recognised as a liability at the date when they are adopted at the Annual General Meeting (declaration date). Dividends proposed for the year are shown in a separate reserve under Equity.

Treasury shares Proceeds from purchase and sale of treasury shares are recognised in equity. Reserve for treasury shares therefore includes the cost of ISS A/S's stock of treasury shares reduced by received dividends, if any.

NOTE 5.2 LOANS AND BORROWINGS

DKK million	2014	2013
Issued bonds	8,870	2,703
Bank loans	7,143	20,386
Finance lease liabilities	151	150
Securitisation	-	2,760
Derivatives	61	65
Total	16,225	26,064
Non-current liabilities	14,887	20,416
Current liabilities	1,338	5,648
Loans and borrowings	16,225	26,064
Cash and cash equivalents and other financial items ¹⁾	(3,578)	(3,413)
Net debt	12,647	22,651

¹⁾ Includes securities of DKK 21 million (2013: DKK 17 million). In 2013, the positive fair value of currency swaps of DKK 21 million and the loan to FS Invest S.à r.l of DKK 98 million was also included.

Refinancing

Following the completion of the IPO in March 2014, ISS refinanced its pre-IPO debt. Proceeds from the IPO and a new unsecured senior facility agreement were used to repay the senior secured facilities, redeem the remaining outstanding Senior Subordinated Notes due 2016 and repay the securitisation programme. Finally, the 4.5% EMTNs due December 2014 were repaid at maturity.

In November 2014, a new EMTN programme of EUR 2 billion was established and proceeds of EUR 1.2 billion from the two bonds issued were used to repay the part of the new unsecured senior facilities with the shortest maturity (Term Loan A).

As a result, the new financing consists of the unsecured senior facilities and the two bonds issued under the new EMTN programme. The IPO and refinancings leave ISS with a net debt of DKK 12,647 million and no short-term maturities. The terms and maturities of the 2014 facilities and comparative figures are illustrated in note 5.6, Interest rate risk.

The impact on the income statement of the refinancings is shown in note 5.8, Financial income and financial expenses.

Issued bonds

EMTNs ISS Global A/S has issued EUR 700 million of 1.125% senior unsecured Medium Term Notes maturing 2020 and EUR 500 million of 2.125% senior unsecured Medium Term Notes maturing 2024.

Bank loans

Senior facilities ISS A/S and its subsidiaries are borrowers under the senior unsecured facilities consisting of a term facility of EUR 800 million (Term Loan B) and a revolving credit facility of EUR 850 million. Term Loan B and the revolving credit facility were priced at a margin grid that reflects the Group's leverage. The initial margin on Term Loan B and the revolving credit facility was 150 basis points. The margin will decrease to 1.25% if leverage is below 3.0x and to 1.00% if leverage is below 2.5x. The facilities mature in 2019 and include customary loan covenant clauses. The senior lenders comprise ten relationship banks and KIRKBI. At 31 December 2014, ISS had Senior Facilities of DKK 12.3 billion under which DKK 7.1 billion was drawn and DKK 0.2 billion was allocated to support performance bonds issued by operating subsidiaries.

Other credit facilities ISS had DKK 0.7 billion of other credit facilities as of 31 December 2014. Such facilities comprise mainly other local credit facilities and finance leases, which are not part of the Senior Facilities.

NOTE 5.2 LOANS AND BORROWINGS (CONTINUED)**Fair value**

The fair value of loans and borrowings amounted to DKK 16,463 million (2013: DKK 26,333 million). For issued bonds the fair value is based on the quoted market price on the Luxembourg Stock Exchange. Measurement of the fair value is categorised as Level 1 in the fair value hierarchy.

The fair value of derivatives is determined based on observable market data using generally accepted methods taking into account both ISS's and the counterparties' credit risk. The fair value of interest rate swaps is based on market rates for yield curves and categorised as Level 2 in the fair value hierarchy. The method is unchanged compared with 2013. For the remaining part of loans and borrowings fair value is equal to the nominal value as illustrated in note 5.6, Interest rate risk.

Financing fees

In 2014, financing fees amounting to DKK 275 million (2013: DKK 193 million) have been recognised in loans and borrowings while financing fees of DKK 299 million (2013: DKK 175 million) have been amortised and recognised in financial expenses. Accumulated financing fees recognised in loans and borrowings on 31 December 2014 amounted to DKK 164 million (2013: DKK 188 million).

Accounting policy

Financial liabilities are recognised at the date of borrowing at fair value less related transaction costs paid. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognised in the income statement under Financial expenses over the term of the loan. Financial liabilities also include the capitalised residual obligation on finance leases, which are measured at amortised cost.

NOTE 5.3 FINANCIAL RISK MANAGEMENT

The Group is exposed to a number of financial risks arising from its operating and financing activities, mainly currency risk, interest rate risk, liquidity risk and credit risk. These financial risks are managed centrally by Group Treasury based on the group financial policy and the treasury policy. The financial policy and the treasury policy are reviewed annually and approved by the Board.

It is not the Group's policy to take speculative positions in the financial markets. The Group's financial risk management is focused on managing risks arising from the Group's operating and financing activities, mainly by use of interest rate instruments and currency instruments with the purpose of managing volatility in the Group's results.

The areas involving the most significant financial risks are trade receivables, loans and borrowings and financial income and expenses. Information about the Group's objectives, policies and processes for measuring and managing the risk exposure related to these items is included in these notes:

- Trade receivables and related credit risk (note 3.2)
- Liquidity risk (note 5.4)
- Currency risk (note 5.5)
- Interest rate risk (note 5.6)

The Group has not identified additional financial risk exposures in 2014 compared to 2013, and the approach to capital management and risk management activities is unchanged compared with 2013.

The Group is exposed to risk in relation to translation into DKK of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, management fees and interest payments between entities with different functional currencies, since a significant portion of the Group's revenue and operating profit is generated in foreign entities. This risk is described in note 2.2, Translation and operational currency risk.

To limit the exposure to credit risk related to securities, cash and cash equivalents it is Group policy only to enter into transactions with financial institutions carrying a minimum required short-term credit rating assigned by Standard & Poor's (S&P) (A-1 rating) or Moody's (P-1 rating). Other banks may be approved separately by Group Treasury. Group Treasury monitors credit ratings and given that the Group generally enters into transactions only with financial institutions with high credit ratings, management assesses that sufficient steps are taken in order to mitigate potential counterparties failing to meet contractual obligations.

NOTE 5.4 LIQUIDITY RISK

Liquidity risk results from the Group's potential inability or difficulty in meeting the contractual obligations associated with its financial liabilities due to insufficient liquidity. Raising capital is managed centrally by Group Treasury. The purpose is to ensure efficient liquidity management, which mainly comprise ensuring that adequate liquidity is available to the Group. Group Treasury mitigates liquidity risk by obtaining borrowing facilities with highly rated financial institutions, via issued bonds, bank loans and effective working capital management.

For day-to-day liquidity management cash pools have been established in several local entities. The key principle is that liquidity is transferred to and from ISS Global A/S, which operates as the internal bank of the Group.

The Group's liquidity reserves mainly consist of liquid funds (cash and cash equivalents less not readily available or restricted cash) and unused credit facilities. As at 31 December 2014, the Group's liquid reserves consisted of readily available liquid funds of DKK 3,529 million (2013: DKK 3,113 million) and unused revolving credit facilities of DKK 5,030 million (2013: DKK 2,970 million) where the majority is available for drawing until 19 February 2019. It is the Group's policy to maintain an appropriate level of liquid reserves. In 2014, DKK 28 million (2013: DKK 31 million) of the total cash position at 31 Decem-

ber 2014 was placed on blocked or restricted bank accounts due to legal circumstances.

The bank loans are subject to customary undertakings, covenants (including financial covenants) and other restrictions. Financial covenants comprise: i) Debt cover and ii) Interest cover. The financial covenants are calculated on a last-twelve-months basis and reported bi-annually. In the event of a default under those agreements, the debt incurred including accrued interest could be declared immediately due and payable. In 2014, all covenants have been complied with.

Contractual maturities of financial liabilities

The contractual maturities of financial liabilities, based on undiscounted contractual cash flows, are shown below. The undiscounted contractual cash flows include expected interest payments, estimated based on market expectations at the reporting date.

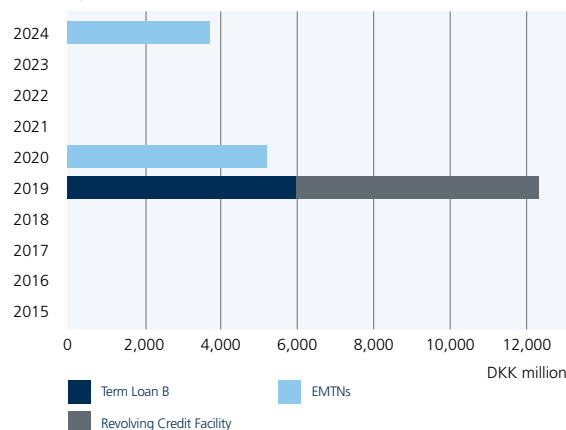
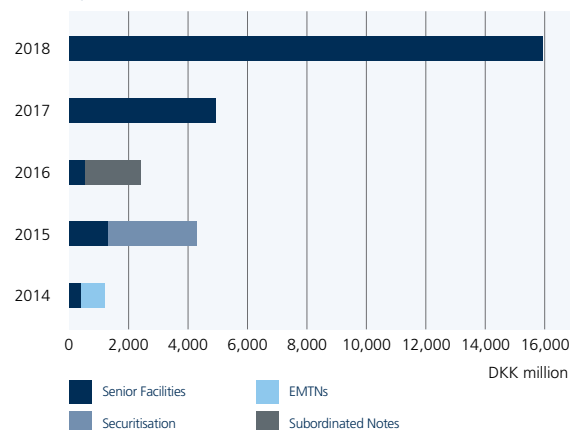
The risk implied from the values in the maturity table below reflects the one-sided scenario of cash outflows only. Trade payables and other financial liabilities mainly originate from the financing of assets such as property, plant and equipment and investments in working capital, e.g. trade and other receivables.

DKK million	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
2014								
Loans and borrowings	16,225	17,830	1,661	248	239	232	6,122	9,328
Trade payables and other financial liabilities	3,825	3,840	3,752	85	1	2	-	-
Total financial liabilities	20,050	21,670	5,413	333	240	234	6,122	9,328
Hereof estimated interest payments	-	1,454	278	211	209	216	150	390
Hereof derivative financial liabilities	61	61	61	-	-	-	-	-
2013								
Loans and borrowings	26,064	30,490	6,797	2,612	3,373	1,473	16,232	3
Trade payables and other financial liabilities	3,791	3,814	3,700	24	87	3	-	-
Total financial liabilities	29,855	34,304	10,497	2,636	3,460	1,476	16,232	3
Hereof estimated interest payments	-	4,241	1,085	968	923	943	322	0
Hereof derivative financial liabilities	65	65	57	8	-	-	-	-

NOTE 5.4 LIQUIDITY RISK (CONTINUED)

Maturity of the credit facilities

The maturity profile of the Group's current financing, i.e. issued bonds and bank loans, is illustrated below together with the profile of the pre-IPO financing.

Maturity profile 2014 ¹⁾**Maturity profile 2013 ¹⁾**

¹⁾ Based on nominal values including any undrawn amounts and excluding interest payments.

NOTE 5.5 CURRENCY RISK

Currency risk is the risk that arises from changes in exchange rates and affects the Group's result or value of financial instruments.

To a limited extent the Group is exposed to currency risk on loans and borrowings (external) that are denominated in currencies other than the functional currency of the reporting entities as well as intercompany loans from the parent company to foreign subsidiaries as these are typically denominated in the functional currency of the subsidiary.

The Group's overall policy is to fully hedge any foreign exchange exposure towards DKK or towards EUR to the extent that the net exposure exceeds DKK 5 million. However, some currencies cannot be hedged within a reasonable price range, e.g. IDR, ISK, BRL and TRY, and are therefore not hedged. Correlation between certain currencies, e.g. USD and Asian or Latin American currencies, are taken into account and USD proxy hedges are applied in cases where deemed appropriate. Based on a risk assessment Group Treasury may choose not to hedge the risk exposure towards EUR. It is the Group's policy not to hedge intercompany royalties until they become a monetary receivable.

The Group holds a number of investments in foreign subsidiaries where the translation of net assets to DKK is exposed to currency risk. It is not Group policy to hedge the currency exposure on foreign investments.

The Group uses currency swaps to hedge the exposure to currency risk related to loans and borrowings as well as intercompany loans from the parent company to foreign subsidiaries. All hedging is conducted at Group level. Group Treasury measures the Group's total currency exposure of all loans and borrowings, intercompany balances and cash and

cash equivalents in different currencies on a weekly basis in order to evaluate the need for hedging currency positions. As fair value adjustments of both the hedged item and the derivative financial instrument are recognised in the income statement, hedge accounting in accordance with IAS 39 is not applied. Consequently, currency swaps are not presented in this or other notes to the consolidated financial statements.

The Group's loans and borrowings (external) are denominated in the following currencies (excluding impact from currency swaps):

	2014	2013
EUR	91.3%	78.2%
CHF	5.4%	0.1%
USD	0.1%	7.2%
GBP	0.5%	6.2%
Others	2.7%	8.3%
Total	100.0%	100.0%

Impact on the consolidated financial statements

Fluctuations in foreign exchange rates will affect the value of loans and borrowings (external) as well as the income statement as funding is obtained in various currencies. In 2014, changes in foreign exchange rates related to loans and borrowings resulted in a loss of DKK 207 million (2013: gain of DKK 134 million), which was almost offset by the effect of currency swaps. The primary impact is derived from loans and borrowings in GBP and USD which appreciated through 2014.

NOTE 5.5 CURRENCY RISK (CONTINUED)

Sensitivity analysis

Based on the Group's internal monitoring processes, it is estimated that a change in relevant foreign exchange rates would have increased/(decreased) profit for the year and other comprehensive income by the amounts shown below. The analysis is based on foreign exchange rate

variances that the Group considered to be reasonably possible at the reporting date and that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

DKK million	Net debt exposure (nominal value)	Cash flow hedges (carrying amount)	Currency swaps (contractual value)	Total exposure	Sensitivity		
					Increase in foreign exchange rates	Profit for the year	Other comprehensive income
2014							
EUR/DKK	(10,182)	(12)	3,483	(6,711)	1%	(67)	(67)
GBP/DKK	(614)	-	609	(5)	10%	(1)	(1)
NOK/DKK	(105)	-	111	6	10%	1	1
SEK/DKK	153	-	(151)	2	10%	0	0
CHF/DKK	(1,063)	-	1,061	(2)	10%	(0)	(0)
USD/DKK	619	-	(1,128)	(509)	10%	(51)	(51)
AUD/DKK	618	-	(616)	2	10%	0	0
EUR/TRY	(334)	-	-	(334)	10%	(33)	(33)
Other/DKK	1,019	-	(608)	411	10%	41	41
Total	(9,889)	(12)	2,761	(7,140)			
2013							
EUR/DKK	(13,042)	(52)	1,459	(11,635)	1%	(116)	(116)
GBP/DKK	(2,079)	-	2,069	(10)	10%	(1)	(1)
NOK/DKK	(113)	-	131	18	5%	1	1
SEK/DKK	112	-	(109)	3	5%	0	0
CHF/DKK	(254)	-	259	5	5%	0	0
USD/DKK	(1,504)	-	583	(921)	10%	(92)	(92)
AUD/DKK	392	-	(384)	8	10%	1	1
EUR/TRY	(334)	-	-	(334)	10%	(33)	(33)
Other/DKK	1,612	-	(850)	762	10%	76	76
Total	(15,210)	(52)	3,158	(12,104)			

NOTE 5.6 INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments, primarily bank loans and issued bonds. The Group's exposure towards interest rates is illustrated below, where a breakdown of the Group's loans and borrowings in floating and fixed rates is provided. The interest rate exposure to floating interest rates is primarily in EUR.

It is Group policy to hedge the risk related to changes in interest rates via interest rate swaps, refer to note 5.7, Derivatives. Additionally, it is the

Group's policy to ensure a predefined amount of debt to fixed interest rates to avoid adverse movements in floating rates and interest expenses.

According to the Group's treasury policy at least 50% of the Group's total bank loans and issued bonds must carry fixed interest rates. At least on a monthly basis Group Treasury measures the balance between fixed and variable interest rates to ensure compliance with the policy. As per 31 December 2014, 55% of the Group's bank loans and bonds carried fixed interest rates.

NOTE 5.6 INTEREST RATE RISK (CONTINUED)**Terms and maturity of the Group's interest-bearing loans and borrowings**

DKK million	Nominal interest rate	Average effective interest rate	Currency	Year of maturity	Nominal value	Amount hedged	Carrying amount
2014							
Issued bonds (fixed interest rate):							
EMTNs	1.125%	1.13%	EUR	2020	5,210	-	5,174
EMTNs	2.125%	2.14%	EUR	2024	3,722	-	3,696
					8,932	-	8,870
Bank loans (floating interest rate):							
Senior Facilities ¹⁾ :							
Term Facility B	Euribor + 1.50%	1.70%	EUR	2019	5,162	4,828	5,113
Term Facility B	Libor + 1.50%	1.51%	CHF	2019	805	-	805
Revolving Credit Facility	Libor + 1.50%	-	Multi currency	2019	1,115	382	1,062
Bank loans and overdrafts	-	-	Multi currency	-	163	-	163
					7,245	5,210	7,143
2013							
Issued bonds (fixed interest rate):							
Subordinated Notes	8.875%	8.96%	EUR	2016	1,914	-	1,898
EMTNs	4.50%	4.67%	EUR	2014	824	-	805
					2,738	-	2,703
Bank loans and securitisation (floating interest rate):							
Pre-IPO Senior Facilities:							
Term Facility A	Euribor + 3.50%	3.72%	EUR	2018	2,448	2,239	2,435
Term Facility B	Libor + 3.50%	3.74%	EUR, GBP	2015	1,040	-	1,035
Term Facility B	Libor + 4.00%	4.33%	EUR, GBP	2018	11,032	9,325	10,918
Term Facility B	Libor + 2.75%	3.81%	USD	2018	1,885	-	1,866
Acquisition Facility B	Euribor + 4.00%	4.17%	EUR	2018	1,839	1,492	1,830
Revolving Credit Facility	Libor + 3.75%	-	Multi currency	2014	243	-	243
Revolving Credit Facility	Libor + 4.00%	-	Multi currency	2017	1,257	-	1,257
Letter of Credit Facility	Libor + 3.75%	-	Multi currency	2014/17	74	-	74
Bank loans and overdrafts	-	-	Multi currency	-	728	-	728
Securitisation	Libor + 2.50%	2.77%	Multi currency	2015	2,773	-	2,760
					23,319	13,056	23,146

¹⁾ The senior facilities include a margin grid where the margin is dependent on the Group's leverage. The margin will decrease to 1.25% if leverage is below 3.0x and to 1.00% if leverage is below 2.5x.

Sensitivity analysis

The interest rate risk is measured by the duration of the net debt (fixed-rate period). As at 31 December 2014, the duration of net debt was approximately 5.1 years (2013: 0.9 years).

It is estimated that a general increase in relevant interest rates of 1%-point would have increased/(decreased) profit for the year and other

comprehensive income by the amounts shown below. The estimate is based on net debt and is not adjusted for the effect of hedging instruments as per 31 December 2014 as these instruments mature in March 2015. At 31 December 2013, the estimate was based on net debt adjusted for the effect of hedging instruments. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2014		2013	
DKK million	Profit for the year	Other comprehensive income	Profit for the year	Other comprehensive income
Loans and borrowings	(24)	(24)	(71)	(71)
Derivatives, interest rate swaps	-	-	-	117

NOTE 5.7 DERIVATIVES

The Group uses interest rate swaps and currency swaps to hedge the exposure to interest and currency risks arising from the Group's operating and financing activities. As hedge accounting is not applied for currency swaps these are not presented separately in this or other notes. The exposure to and Group policy for managing currency risk is explained in note 5.5, Currency risk.

Cash flow hedges

Total cash flow hedges at the reporting date are presented below:

DKK million	Contractual value	Negative fair value at 31 December	Recognised in other comprehensive income for the year	Expected recognition in the income statement
31 December 2014	7,444	(12)	3	Q1 2015
31 December 2013	13,056	(52)	84	2014-2015

The fair value of cash flow hedges, net, recognised in other comprehensive income for the year, amounted to DKK 3 million (2013: DKK 84 million) and included DKK (31) million (2013: DKK 24 million) related to interest rate adjustments following settlement of interest rate swaps.

In 2014, DKK 6 million were recognised in the income statement as the underlying loan was repaid. No ineffectiveness was recognised in the income statement (2013: no ineffectiveness).

The Group uses interest rate swaps to hedge the exposure to variability in future cash flows due to changes in interest rates on the Group's bank loans with a variable interest rate. The swaps convert a major part of the floating rates within the bank loans to fixed interest rates.

Accounting policy

Derivatives are recognised in the statement of financial position on the transaction date and measured at fair value. Positive and negative fair values are recognised in Other receivables or Loans and borrowings, respectively, and are only offset when the Group has the legal right and the intention to settle several financial instruments net.

Changes in fair value of derivatives designated as and qualifying for recognition as cash flow hedge, and which effectively hedges changes in the value of the hedged item, are recognised in other comprehensive income and presented in a separate hedging reserve in equity until the hedged transaction is realised. At this time, gains or losses concerning such hedging transactions are transferred from other comprehensive income to the income statement and recognised under the same line item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The accumulated change in fair value recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement. If the forecasted transaction is no longer expected to occur, then the accumulated change in fair value is transferred to the income statement.

For other derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement under Financial income or Financial expenses.

NOTE 5.8 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	2014	2013
Interest income on cash and cash equivalents	143	134
Foreign exchange gains	160	42
Financial income	303	176
Interest expenses on loans and borrowings	(914)	(1,731)
Amortisation of financing fees	(57)	(64)
Refinancing	(242)	(141)
Other bank fees	(98)	(99)
Net change in fair value of cash flow hedges	(23)	(80)
Net interest on defined benefit obligations	(26)	(33)
Foreign exchange losses	(239)	(298)
Financial expenses	(1,599)	(2,446)

Foreign exchange gains and losses mainly related to exchange rate movements on intercompany loans from the parent company to foreign subsidiaries as well as on external loans and borrowings denominated in currencies other than DKK. In addition, fair value adjustments of currency swaps were included.

Interest expenses on loans and borrowings The refinancing of the pre-IPO debt as well as the lower average net debt during 2014 reduced interest expenses compared to 2013.

Amortisation of financing fees At the date of borrowing financing fees are recognised as part of loans and borrowings. Subsequently, financing fees are amortised over the term of the loan and recognised in financial expenses. Amortisation of financing fees are non-cash expenses.

Refinancing The refinancings carried out during 2014 resulted in non-cash unamortised financing fees being expensed related to the pre-IPO senior secured facilities, DKK 152 million, the Senior Subordinated Notes, DKK 12 million, the securitisation programme, DKK 9 million and Term Loan A of the new unsecured senior facilities, DKK 69 million. In 2013, costs of DKK 89 million related to the amendment and extension of the pre-IPO senior secured facilities and the refinancing of the Second Lien Facility and additional DKK 52 million, including a call premium of DKK 30 million, related to the partial redemption of the Senior Subordinated Notes.

Section 6

Governance

In connection with the IPO, the incentive plans for the EGM, the GMB and certain other senior officers were redesigned. The incentive plans were designed to create alignment of the interests of the EGM and other employees in key positions with the interests of the shareholders as well as to strike a balance between the short-term and long-term focus of the incentive plans. Two long-term share-based incentive programmes were implemented; a Long-Term Incentive Programme and a Transition Share Programme.

In this section, the following notes are presented:

6.1 Remuneration to the Board of Directors and the Group Management Board

6.2 Share-based payments

6.3 Related parties

6.4 Fees to auditors

NOTE 6.1 REMUNERATION TO THE BOARD OF DIRECTORS AND THE GROUP MANAGEMENT BOARD

The Group Management Board (the GMB) comprise the Executive Group Management Board (the EGM) and Corporate Senior Officers of the Group. Members of the GMB have authority and responsibility

for planning, implementing and controlling the Group's activities and are together with the Board of Directors (the Board) considered as the Group's key management personnel.

DKK thousand	2014			2013		
	The GMB			The GMB		
	The Board	The EGM	Corporate Senior Officers	The Board	The EGM	Corporate Senior Officers
Base salary and non-monetary benefits	5,713	27,762	41,749	2,930	19,678	35,898
Annual bonus	-	14,561	19,805	-	12,091	18,054
Bonus related to the IPO ¹⁾	-	17,859	14,538	-	-	-
Share-based payments	-	10,868	12,574	-	-	-
Total remuneration	5,713	71,050	88,666	2,930	31,769	53,952

¹⁾ DKK 26 million was recognised in Other income and expenses, net and DKK 6 million was recognised in equity.

Members of the Board (except representatives of EQT, GSCP and OTP) received remuneration for duties performed in ISS A/S and other companies within the ISS Group based on a fixed fee. Customary expenses are reimbursed by ISS.

The members of the EGM and the GMB received remuneration for duties performed in ISS A/S and other companies within the ISS Group based on a combination of fixed salary, non-monetary benefits in accordance with market standards and a performance-based annual bonus of up to 60% of their annual base salary, which in the event of overachievement can reach 90%. The bonus is subject to achieving performance targets for the Group's financial KPIs; organic growth, operating margin and cash conversion; and non-financial KPIs; employee engagement, customer experience and health and safety. Two thirds of the bonus is paid out in cash the following year, while one third is settled in restricted share

units. Of these, 50% are converted into shares after one year and 50% are converted into shares after two years.

The EGM and the GMB participate in two share-based incentive schemes; a Long-Term Incentive Programme (LTIP) and a Transition Share Programme (TSP) as described in note 6.2, Share-based payments. Members of the Board do not participate in any incentive schemes.

All employment contracts of the EGM and the GMB members are considered in line with market practice in comparable listed companies.

The remuneration policy is described in detail in the Remuneration report on pages 75-79.

NOTE 6.2 SHARE-BASED PAYMENTS

The Group has implemented two share-based incentive programmes in March 2014 following the IPO; a transition share programme (TSP) (one-time grant) and a Long-Term Incentive Programme (LTIP). Both programmes are equity-settled.

Characteristics of the programmes

Transition share programme (TSP) Following the IPO, members of the EGM, the GMB and certain other senior officers of the Group, were granted a number of PSUs. Upon vesting, each PSU entitles the holder to receive one share at no cost.

The programme will vest over a two-year period with a maximum of 50% on the date of the first and second anniversary of the grant, respectively. Full or partial vesting of the PSUs is subject to achievement of the non-individual criteria of the annual bonus plans for 2014 and 2015, respectively, as shown below.

Measure	Weighting
Organic growth	27.8%
EBITA margin	27.8%
Cash conversion	27.8%
Employee engagement	6.7%
Customer experience	6.7%
Health and safety	3.2%

Long-Term Incentive Programme (LTIP) Following the IPO, members of the EGM, the GMB and certain other senior officers of the Group, were granted a number of PSUs. Upon vesting, each PSU entitles the holder to receive one share at no cost.

The programme will vest on the date of the third anniversary of the grant. Full or partial vesting of the PSUs is subject to achievement of targets for earnings per share (EPS) and total shareholder return (TSR) benchmarked against a peer group of Danish listed companies and a peer group of international service companies as further described in the Remuneration report on page 75.

Vesting ¹⁾	Criteria for EPS ²⁾	Criteria TSR ²⁾
No vesting	EPS grows below 12% annually	ISS performs below median of peer group
25% vesting	EPS grows 12% annually	ISS performs at median of peer group
100% vesting	EPS grows 18% annually or more	ISS performs at upper quartile of peer group or better

¹⁾ Linear vesting between 25% and 100% vesting.

²⁾ The EPS target weighs 50%, and the TSR target weighs 50% equally divided between the target against international peers and the target against OMX C20 companies.

Accounting policy

The value of services received in exchange for granted performance-based share units (PSUs) is measured at fair value at the grant date and recognised in the income statement under staff costs over the vesting period with a corresponding increase in equity.

The fair value of granted PSUs is measured using a generally accepted valuation model taking into consideration the terms and conditions upon which the PSUs were granted including market-based vesting conditions (TSR condition).

On initial recognition, an estimate is made of the number of PSUs expected to vest. The estimated number is subsequently revised for changes in the number of PSUs expected to vest due to non-market based vesting conditions.

NOTE 6.2 SHARE-BASED PAYMENTS (CONTINUED)**Value of the programmes and impact on the income statement**

	TSP	LTIP
Total PSUs granted	526,720	952,169
Number of participants	36	141
Fair value of PSUs expected to vest at grant date	DKK 59 million	DKK 83 million
Fair value of PSUs expected to vest at 31 December 2014	DKK 68 million	DKK 94 million
Recognised in the income statement in 2014	DKK 28 million	DKK 25 million
Not yet recognised in respect of PSUs expected to vest	DKK 40 million	DKK 69 million

Applied assumptions at the time of grant

	TSP	LTIP
Share price (DKK)	160	160
Expected volatility	-	23% ¹⁾
Expected life of grant	1-2 years	3 years
Risk-free interest rate	-	1.7%-2.8%

¹⁾ Based on observable market data for peer group.

Outstanding PSUs

TSP (number of PSUs)	The EGM	The GMB	Other senior officers	Total
Outstanding at 1 January 2014	-	-	-	-
Granted during the year	137,786	157,204	231,730	526,720
Adjusted during the year ¹⁾	(26,696)	(30,458)	(44,898)	(102,052)
Outstanding at 31 December 2014	111,090	126,746	186,832	424,668

LTIP (number of PSUs)	The EGM	The GMB	Other senior officers	Total
Outstanding at 1 January 2014	-	-	-	-
Granted during the year	131,914	157,204	663,051	952,169
Adjusted during the year ¹⁾	(50,574)	(60,270)	(254,203)	(365,047)
Outstanding at 31 December 2014	81,340	96,934	408,848	587,122

¹⁾ Adjusted during the year reflects the change in the number of PSUs expected to vest based on the expected achievement of vesting conditions.

At 31 December 2014, no PSUs had vested.

NOTE 6.3 RELATED PARTIES**Parent and ultimate controlling party**

Following the IPO in March 2014, the full exercise of the overallotment option and subsequent sell-down of shares on 9 September and 3 December, FS Invest II S.à r.l (FS Invest II) owns 19% of ISS A/S's share capital while ISS A/S and Management hold 1%. FS Invest II has significant influence in the Group. In the period prior to 3 December, FS Invest II had controlling influence in the Group.

FS Invest II is a wholly-owned subsidiary of FS Invest S.à r.l (FS Invest), which is owned by funds advised by EQT Partners (EQT) and funds advised by Goldman Sachs Capital Partners (GSCP). At 31 December 2014, the indirect ownership share of ISS was 10% for EQT and 9% for GSCP.

There were no significant transactions with FS Invest II during the year. Transactions with FS Invest are described below under Other related party transactions. There were no significant changes to terms and conditions of agreements between the Group and EQT or GSCP following the sell-down on 3 December 2014.

Key management personnel

The GMB and the Board are considered the Group's key management personnel as defined in note 6.1, Remuneration to the Board of Directors and the Group Management Board.

The members of the EGM and the GMB participated in certain incentive and bonus schemes which were triggered by the completion of the IPO. Payments related to these schemes amounted to DKK 32 million. Apart from these payments, ordinary remuneration and co-investment programmes as described below, there were no significant transactions during the year with members of the Board and the GMB.

Co-investment programmes Following the completion of the IPO in March 2014, the MPP and DPP as described in the consolidated financial statements for 2013, were settled in ISS shares. At the time of the termination the programmes had a total value of DKK 323 million.

Other related party transactions

In 2014, the Group had the following transactions with other related parties, which were all made on market terms:

- The Group and Goldman Sachs International, an affiliate of The Goldman Sachs Group, Inc., have agreed general terms and conditions

for the supply of facility services to be applied by local ISS operations and local Goldman Sachs affiliates when contracting with each other. ISS in Switzerland, Russia and the United Kingdom have entered into facility services agreements with local Goldman Sachs affiliates. The annual revenue from these agreements is estimated to DKK 98 million. Furthermore, the Group has local agreement terms with Goldman Sachs in France, Singapore, Brazil, Italy and China. Finally, ISS in Spain and Italy are subcontractors to local Goldman Sachs suppliers. In 2014, the annual revenue from the local and subcontractor agreements is estimated to DKK 6 million.

- The Group and Goldman Sachs International have entered into various agreements on provision of funding and banking related services as well as interest rate swaps. In 2014, fees paid under these agreements amounted to approximately DKK 10 million and net interests paid in relation to interest rate swaps amounted to DKK 5 million.
- Affiliates of Goldman Sachs Capital Partners were holders of 2014 EMTNs, which were redeemed at maturity in December 2014.
- Affiliates of GSCP were lenders under the pre-IPO senior secured facilities, that were repaid in March 2014 following the completed IPO. In 2014, interest expenses of DKK 12 million were paid as well as the outstanding balance as per 31 December 2013 of DKK 1,343 million.
- Affiliates of GSCP are lenders under the new senior facilities. At 31 December 2014, the outstanding balance was DKK 128 million, and in 2014 interest expenses amounted to DKK 1.0 million.
- Goldman Sachs International acted as Joint Global Coordinator and Joint Bookrunner of the completed IPO. Fees paid in relation hereto in 2014 amounted to DKK 43 million.
- The Group has entered into various agreements regarding delivery of facility services to companies owned by funds managed by EQT. In 2014, the annual revenue from these local and subcontractor agreements is estimated to DKK 3 million.
- The Group accrued interest income of DKK 2 million in 2014 related to a loan to FS Invest. On 18 March 2014, the outstanding balance of DKK 100 million recognised in Other receivables was fully repaid.

NOTE 6.4 FEES TO AUDITORS

DKK million	2014	2013
Statutory audit	27	35
Other assurance services	2	6
Work related to the IPO	13	-
Tax and VAT advisory services	9	11
Other services	12	16
Total	63	68

During 2014, KPMG Denmark joined the global EY network. KPMG remained statutory auditors of foreign subsidiaries. In 2014, the total fees of DKK 63 million included DKK 23 million of audit fees, DKK 1 million of Other assurance services, DKK 8 million of Tax and VAT advisory services and DKK 11 million of Other services relating to non-EY auditors in the foreign subsidiaries.

Other assurance services comprised mainly work related to the interim financial statements.

Other services comprised among other things work related to acquisitions and divestments such as financial and tax due diligence.

Section 7

Tax

The Group's effective tax rate for 2014 was 32.6%, down from 47.3% in 2013. The drop was the result of the significantly improved capital structure and refinancings following the IPO in March. As a consequence interest expenses in 2014 were considerably reduced. Hence, limitation on the deductibility of financial expenses was notably lower than previous years. Furthermore, 2013 was adversely impacted by valuation allowances on deferred tax assets.

Adjusted for the impact of non-deductible IPO costs and limitation of deductibility of financial expenses, the effective tax rate was approximately 30%.

In this section, the following notes are presented:

7.1 Income taxes

7.2 Deferred tax

NOTE 7.1 INCOME TAXES

Income tax recognised in the income statement

DKK million

	2014	2013
Current tax regarding profit before impairment/amortisation of intangibles ¹⁾	768	969
Deferred tax regarding profit before impairment/amortisation of intangibles ¹⁾	103	(75)
Tax on profit before impairment/amortisation of intangibles ¹⁾	871	894
Adjustments relating to prior years, net	7	25
Income taxes	878	919
Tax effect of impairment/amortisation of intangibles ¹⁾	(234)	(229)
Total tax recognised in the income statement	644	690

¹⁾ Intangibles comprise the value of goodwill, brands and customer contracts.

Accounting policy

Income tax for the year consists of current tax and changes in deferred tax and is recognised in profit for the year, other comprehensive income or equity.

Income tax effect of Goodwill impairment and Amortisation/impairment of brands and customer contracts is presented in a separate line in connection with these two items.

Current tax receivable and payable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income for previous years and for tax paid on account.

NOTE 7.1 INCOME TAXES (CONTINUED)**Computation of effective tax rate**

	2014	2013
Statutory income tax rate in Denmark	24.5 %	25.0 %
Foreign tax rate differential, net	(2.0)%	(2.7)%
Total	22.5%	22.3%
Non-tax deductible expenses less non-taxable income	3.3 %	(1.0)%
Adjustments relating to prior years, net	0.3 %	1.3 %
Change in valuation of net tax assets	1.0 %	2.5 %
Valuation allowance of tax assets	0.3 %	8.7 %
Effect of changes in tax rates	0.3 %	(0.8)%
Other taxes ¹⁾	3.1 %	5.9 %
Limitation to interest deduction (Denmark) ²⁾	1.8 %	8.4 %
Effective tax rate (excluding effect from impairment/amortisation of intangibles)	32.6%	47.3%

¹⁾ Other taxes mainly comprise withholding tax and the French Cortisation sur La Valeur Ajoutee des Entreprises (CVAE).

²⁾ In 2014, the level was positively impacted by lower financial expenses as mentioned in the introduction to Section 7.

Income tax recognised in Other comprehensive income

	2014			2013		
DKK million	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Foreign exchange adjustment of subsidiaries and non-controlling interests	472	-	472	(796)	-	(796)
Fair value adjustment of hedges, net	(20)	5	(15)	4	(1)	3
Fair value adjustment of hedges, net, transferred to Financial expenses	23	(6)	17	80	(20)	60
Actuarial gains/(losses)	(621)	138	(483)	446	(92)	354
Impact from asset ceiling regarding pensions	14	-	14	(27)	-	(27)
Total recognised in other comprehensive income	(132)	137	5	(293)	(113)	(406)

NOTE 7.2 DEFERRED TAX

Specification of movements in deferred tax

DKK million

	2014	2013
Deferred tax liabilities/(assets), net at 1 January	956	1,205
Adjustment to deferred tax liabilities/(assets), net at 1 January	-	(23)
Foreign exchange adjustments	(15)	(30)
Disposals through divestment of businesses	(4)	(10)
Tax on other comprehensive income	(138)	92
Reclassification to Assets/(Liabilities) classified as held for sale	(8)	26
Tax on profit before impairment/amortisation of intangibles ¹⁾	103	(75)
Tax effect of amortisation/impairment of intangibles ¹⁾	(234)	(229)
Deferred tax liabilities/(assets), net at 31 December	660	956
Recognised in the statement of financial position as follows:		
Deferred tax liabilities	1,415	1,590
Deferred tax assets	(755)	(634)

¹⁾ Intangibles comprise the value of goodwill, brands and customer contracts.

Deferred tax specification

DKK million	Deferred tax asset		Deferred tax liability	
	2014	2013	2014	2013
Tax losses carried forward	375	357	-	-
Goodwill	4	5	404	401
Brands	-	-	350	419
Customer contracts	-	-	581	674
Property, plant and equipment	73	98	126	166
Provisions	248	247	-	-
Other liabilities, including pensions	124	20	-	-
Tax losses in foreign subsidiaries under Danish joint taxation	-	-	23	23
Set-off within legal tax units and jurisdictions	(69)	(93)	(69)	(93)
Deferred tax	755	634	1,415	1,590

NOTE 7.2 DEFERRED TAX (CONTINUED)**Deferred tax assets related to tax losses carried forward**

At 31 December 2014, the Group had unrecognised tax losses carried forward of DKK 935 million (2013: DKK 894 million) primarily relating to France, Germany, Brazil, the USA and Israel.

Unrecognised tax losses can be carried forward indefinitely in the individual countries, except for the USA (20 years). Deferred tax assets have not been recognised in respect of the above tax losses because it is not probable that future taxable profit will be available in the foreseeable future against which the Group can utilise these benefits.

Critical accounting estimates and judgements

The Group recognises deferred tax assets relating to tax losses carried forward, when management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. The assessment is made at the reporting date and is based on relevant information, taking into account any impact from limitation in interest deductibility and restrictions in utilisation in local tax legislation. The assessment of future taxable income is based on financial budgets approved by management as well as management's expectations regarding the operational development, primarily in terms of organic growth and operating margin in the following 5 years. Furthermore, planned adjustments to capital structure in each country are taken into consideration.

Accounting policy

Deferred tax is measured in accordance with the liability method and comprises all temporary differences between accounting and tax values of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from in business combinations, arose at the time of acquisition without affecting either profit/loss for the year or taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised under non-current assets at the expected value of their utilisation: either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised in the foreseeable future.

Deferred tax assets and liabilities are offset if the Group has a legal right to offset current tax assets and tax liabilities or intends to settle current tax assets and tax liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax is adjusted for elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the taxation rules and tax rates in the respective countries applicable at the reporting date when the deferred tax is expected to be realised as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Section 8

Other required disclosures

The notes to the consolidated financial statements are grouped into sections according to themes. In this section we present other required disclosures relevant for the understanding of the Group's consolidated financial statements, but which are not relevant for the understanding of the individual themes in the previous sections.

In this section, the following notes are presented:

- 8.1 Earnings per share**
- 8.2 Property, plant and equipment**
- 8.3 Other financial assets**
- 8.4 Pensions and similar obligations**
- 8.5 Provisions**
- 8.6 Contingent liabilities**
- 8.7 Reconciliation of segment information**
- 8.8 Subsequent events**
- 8.9 New standards and interpretations not yet implemented**
- 8.10 Subsidiaries, associates and joint ventures**

NOTE 8.1 EARNINGS PER SHARE

DKK million	2014	2013
Profit attributable to ordinary shareholders		
Profit before goodwill impairment and amortisation/impairment of brands and customer contracts	1,816	1,026
Goodwill impairment	(448)	(985)
Amortisation/impairment of brands and customer contracts	(588)	(667)
Income tax effect	234	229
Net profit for the year	1,014	(397)
Non-controlling interests	(3)	(2)
Net profit for the year attributable to owners of ISS A/S	1,011	(399)
Average number of shares (in thousands)		
Average number of shares	175,761	135,443
Average number of treasury shares	(712)	-
Average number of shares (basic)	175,049	135,443
Average number of outstanding PSUs	798	-
Average number of shares (diluted)	175,847	135,443

Earnings per share (EPS), DKK

	2014	2013
Basic EPS	5.8	(2.9)
Diluted EPS	5.8	(2.9)
Adjusted EPS	10.3	7.6

The change in number of shares and treasury shares during 2014 is disclosed in note 5.1, Equity. The calculation of diluted EPS excludes 467,099 PSUs which are not expected to vest, see note 6.2, Share-based payments.

NOTE 8.2 PROPERTY, PLANT AND EQUIPMENT

DKK million	2014			2013		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Cost at 1 January	101	5,696	5,797	134	6,428	6,562
Foreign exchange adjustments	5	110	115	(3)	(306)	(309)
Additions	3	689	692	0	772	772
Disposals	(0)	(713)	(713)	(10)	(646)	(656)
Reclassification to Assets classified as held for sale	(6)	(384)	(390)	(20)	(552)	(572)
Cost at 31 December	103	5,398	5,501	101	5,696	5,797
Depreciation and impairment losses at 1 January	(36)	(4,046)	(4,082)	(49)	(4,626)	(4,675)
Foreign exchange adjustments	(2)	(85)	(87)	2	224	226
Depreciation ¹⁾	(1)	(587)	(588)	(3)	(642)	(645)
Disposals	0	623	623	5	562	567
Reclassification to Assets classified as held for sale	0	271	271	9	436	445
Depreciation and impairment at 31 December	(39)	(3,824)	(3,863)	(36)	(4,046)	(4,082)
Carrying amount at 31 December	64	1,574	1,638	65	1,650	1,715
Hereof carrying amount at 31 December of assets held under finance leases	-	154	154	-	163	163

¹⁾ Including impairment losses recognised in Other income and expenses, net in connection with remeasurement of activities being classified as held for sale of DKK 3 million (2013: DKK 9 million).

Plant and equipment under finance leases

The Group leases cleaning and office equipment under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at a beneficial price at the end of the lease term. The leased equipment secures lease obligations.

In 2014, additions included assets held under finance leases of DKK 71 million (2013: DKK 88 million).

Property and equipment under operating leases

The Group leases a number of properties, vehicles (primarily cars) and other equipment under operating leases. The leases typically run for a period of 2-5 years, with an option to renew the lease after that date.

The disclosed non-cancellable operating lease rentals below assume no early termination of any agreement:

DKK million	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payments
At 31 December 2014	1,204	811	519	301	185	356	3,376
At 31 December 2013	1,341	884	610	344	216	346	3,741

During 2014, DKK 1,718 million (2013: DKK 1,964 million) was recognised as an expense in the income statement in respect of operating leases.

Leasing of cars is primarily entered under an international car fleet lease framework agreement which is valid until end 2018. The majority of the underlying agreements have a lifetime duration of 3-5 years.

NOTE 8.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**Accounting policy**

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Cost of assets comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use. The net present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset is located is added to the cost.

The cost of assets held under finance leases is stated at the lower of fair value of the asset and the net present value of future minimum lease payments. When calculating the net present value, the interest rate implicit in the lease or an approximated rate is applied as the discount rate.

A finance lease is a lease that transfers substantially all risks and rewards of ownership to the lessee. Other leases are classified as operating leases.

Subsequent costs, e.g. for replacing part of an item, are recognised in the carrying amount of the asset if it is probable that the future economic benefits embodied by the item will flow to the Group. The replaced item is derecognised in the statement of financial position and transferred to the income statement. All other costs for common repairs and maintenance are recognised in the income statement when incurred.

Depreciation is based on the cost of an asset less its residual value. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The estimated useful life and residual value is determined at the acquisition date. If the residual value exceeds the carrying amount depreciation is discontinued.

Depreciation of property, plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives of the assets. Assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives for current and comparative years are as follows:

Estimated useful life

Buildings	20-40 years
Leasehold improvements	(the lease term) 5-12 years
Plant and equipment	3-10 years

Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Gains and losses arising on the disposal or retirement of property, plant and equipment are measured as the difference between the selling price less direct sales costs and the carrying amount, and are recognised in the income statement under Other operating expenses in the year of sale, except gains and losses arising on disposals of property, which are recognised under Other income and expenses, net.

Assets held under operating leases are not recognised in the statement of financial position. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

NOTE 8.3 OTHER FINANCIAL ASSETS

DKK million	2014	2013
Deposits	193	150
Regulatory long-term loans	127	98
Other	111	59
Other financial assets	431	307

Deposits comprise deposits related to rent, security and juridical deposits mainly relating to legal and tax cases.

Accounting policies

Other financial assets are initially measured at cost and subsequently measured at amortised cost with any resulting adjustment being recognised in the income statement.

NOTE 8.4 PENSIONS AND SIMILAR OBLIGATIONS**Defined contribution plans**

The majority of the Group's pension schemes are defined contribution plans. In these plans, contributions are paid to publicly or privately administered pension plans on a statutory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Defined benefit plans

The Group has a number of defined benefit plans where the responsibility for the pension obligation towards the employees rests with the Group. The largest plans are in Switzerland and the United Kingdom accounting for 84% (2013: 81%) of the Group's obligation (gross) and 95% (2013: 95%) of its plan assets. In 2013, the plan in the Netherlands was settled and transferred to a fully insured multi-employer pension fund resulting in a gain of DKK 64 million recognised in the income statement in 2013.

The defined benefit plans are primarily based on years of service, and benefits are generally determined on the basis of salary and rank. For defined benefit plans the Group assumes the risk associated with future developments in salary, interest rates, inflation, mortality and disability etc. The pension plans include a risk-sharing element between ISS and the plan participants.

Pension plans in Switzerland Pension plans are governed by the Swiss Federal Law on Occupational retirement, Survivors' and Disability Pension Plans (LPP/BVG), which stipulates that pension plans must be managed by independent, legally autonomous units.

Plan participants are insured against the financial consequences of retirement, disability and death.

The pension plans are contribution-based plans guaranteeing a minimum interest credit and fixed conversion rates at retirement. Contributions are paid by both the employee and the employer. The plans must be fully funded under the LPP/BVG law on a static basis at all times. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, reduction of benefits or a combination of both.

The main pension plan has the legal structure of a foundation responsible for the governance of the plan and for the investment of the assets. The foundation defines the investment strategy and has set up guidelines on allocation between assets.

Pension plans in the United Kingdom Plan participants are insured against the financial consequences of retirement. The schemes do not provide any insured disability benefits.

The pension plans are contribution-based plans guaranteeing defined benefit pension at retirement on a final salary basis. Contributions are paid by both the employee and the employer.

The schemes are legally structured as trust-based statutory sectionalised pension schemes. ISS has no control over the operation of the plans or their investments. An independent trustee or external administrator is responsible for the investment of the assets. The trustee or external administrator defines the investment strategy and have set up guidelines on asset allocation.

The majority of the pension plans does not include a risk-sharing element between ISS and the plan participants.

Critical accounting estimates and judgement

The present value of defined benefit obligations is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. All assumptions are assessed at the reporting date. Changes in these assumptions may significantly affect the liabilities and pension costs under defined benefit plans. The range and weighted average of these assumptions as well as sensitivities on key assumptions are disclosed in this note.

The discount rates used for calculating the present value of expected future cash flows are based on the market yield of high quality corporate bonds or government bonds with a maturity approximating to the terms of the defined benefit obligations.

ISS participates in multi-employer pension schemes that by nature are defined benefit plans. Some funds are however not able to provide the necessary information in order for the Group to account for the schemes as defined benefit plans and the schemes are therefore accounted for as defined contribution plans. There is a risk that the plans are not sufficiently funded. However, information on surplus or deficit in the schemes is not available.

Accounting policy

Defined contribution plans Contributions to these plans are recognised as Staff costs as the related service is provided. Any contributions outstanding are recognised as Other liabilities.

Defined benefit plans The Group's net obligation is calculated annually by a qualified actuary using the projected unit credit method. This calculation is done separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The present value less the fair value of any plan assets is recognised under Pensions and similar obligations.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Pension costs for the year are recognised in the income statement on the basis of actuarial estimates and financial expectations at the beginning of the year. Service costs are recognised under Staff costs and net interest is recognised under Financial expenses. Differences between the expected development in pension assets and liabilities and the realised amounts at the end of the year are designated actuarial gains or losses and are recognised in other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement under Staff costs. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits are recognised based on an actuarial calculation. Actuarial gains and losses are recognised in the income statement under Staff costs. Interest on long-term employee benefits are recognised under Financial expenses. Other long-term employee benefits comprise jubilee benefits, long-service or sabbatical leave etc.

NOTE 8.4 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

DKK million	2014			2013		
	Present value of obligation	Fair value of plan assets	Obligation, net	Present value of obligation	Fair value of plan assets	Obligation, net
Carrying amount at 1 January	5,040	4,310	730	5,977	4,648	1,329
Recognised in the income statement						
Current service costs	154	-	154	205	-	205
Interest on obligation/plan assets	146	120	26	158	125	33
Recognised past service costs	4	-	4	4	-	4
Extinguished/distributed on settlements	(3)	-	(3)	(869)	(799)	(70)
Total	301	120	181	(502)	(674)	172
Recognised in the statement of comprehensive income						
Actuarial (gains)/losses from demographic assumptions	(71)	-	(71)	(247)	-	(247)
Actuarial (gains)/losses from financial assumptions	752	-	752	2	-	2
Actuarial (gains)/losses due to experience adjustments	(12)	-	(12)	(1)	-	(1)
Return on plan assets excluding interest income	-	48	(48)	-	200	(200)
Impact from asset ceiling during the year	-	14	(14)	-	(27)	27
Total	669	62	607	(246)	173	(419)
Other changes						
Foreign exchange adjustments	110	115	(5)	(105)	(73)	(32)
Reclassifications	(6)	(6)	-	39	9	30
Disposals through divestment of businesses	(50)	(3)	(47)	(65)	(37)	(28)
Additions from new contracts	255	255	-	2	3	(1)
Employee contributions	113	113	-	121	121	-
Employer contributions	-	171	(171)	-	201	(201)
Benefits paid	(173)	(100)	(73)	(181)	(88)	(93)
Impact from asset ceiling during the year	-	(14)	14	-	27	(27)
Total	249	531	(282)	(189)	163	(352)
Carrying amount at 31 December	6,259	5,023	1,236	5,040	4,310	730
Other long-term employee benefits			160			154
Reclassification to Liabilities classified as held for sale			(6)			(54)
Accumulated impact from asset ceiling			25			39
Pensions and similar obligations at 31 December			1,415			869

The majority of the obligations are funded, with assets placed in independent pension funds. In some countries, primarily in Sweden and France the obligation is unfunded. For these unfunded plans the retirement benefit obligations amounted to DKK 646 million or 10% of the present value of the gross obligation (2013: DKK 603 million or 12%).

The Group expects to contribute DKK 178 million to its funded defined benefit plans in 2015.

NOTE 8.4 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**Major categories of plan assets (% of total plan assets)**

	2014	2013
Corporate bonds	46%	47%
Listed shares	28%	25%
Property	8%	7%
Cash and cash equivalents	5%	6%
Government bonds	1%	6%
Other	12%	9%
Total	100%	100%

Actuarial assumptions

Actuarial calculations and valuations are performed annually for all major defined benefit plans. The actuarial assumptions vary from country to

country due to local conditions. The range of actuarial assumptions used is as follows:

	2014				2013			
	CHF	GBP	EUR	Other currencies	CHF	GBP	EUR	Other currencies
Discount rates at 31 December	1.2%	3.7%	1.4-2.3%	1.5-9.5%	2.2%	4.4%	2.7-3.5%	1.3-9.5%
Future salary increases	1.0%	1.7%	0.0-3.0%	0.0-10.0%	1.0%	1.5%	0.0-2.5%	0.0-10.0%
Future pension increases	0.0%	2.9%	0.0-2.0%	0.0-1.5%	0.0%	3.3%	0.0-2.0%	0.0-2.0%

Discount rates are based on the market yield of high quality corporate bonds or government bonds with a maturity approximating to the terms of the defined benefit obligations. Switzerland represents 69% of the

gross obligation (2013: 67%) and the United Kingdom represents 15% of the gross obligation (2013: 14%).

Sensitivity analysis

The table below illustrates the sensitivity related to significant actuarial assumptions used in the calculation of the defined benefit obligation recognised at the reporting date. The analysis is based on changes in assumptions that the Group considered to be reasonably possible at the

reporting date. It is estimated that the relevant changes in assumptions would have increased/(decreased) the defined benefit obligation by the amounts shown below:

	2014		2013	
DKK million	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	(408)	460	(284)	320
Future price inflation	123	(111)	97	(92)
Future salary increases	72	(73)	40	(50)
Future pension increases	289	(74)	205	(61)
	+1 year	-1 year	+1 year	-1 year
Life expectancy	125	(126)	84	(90)

NOTE 8.4 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

The estimated weighted average duration of the defined benefit obligation was 14 years (2013: 14 years) and is split into:

Years	2014	2013
Active employees	14	13
Retired employees	14	13
Deferred vested	22	22
Total employees	14	14

NOTE 8.5 PROVISIONS

DKK million	Legal cases	Self-insurance	Other	Total
2014				
Provisions at 1 January	186	219	382	787
Foreign exchange adjustments	(1)	16	11	26
Provisions made during the year	70	144	54	268
Provisions used during the year	(87)	(174)	(146)	(407)
Provisions reversed during the year	(35)	(2)	(89)	(126)
Unwind of discount and other financial expenses	17	4	21	42
Reclassification (to)/from Other liabilities	-	-	7	7
Provisions at 31 December	150	207	240	597
Current	69	63	117	249
Non-current	81	144	123	348
2013				
Provisions at 1 January	152	256	169	577
Foreign exchange adjustments	(10)	(21)	(8)	(39)
Provisions made during the year	125	144	339	608
Provisions used during the year	(50)	(167)	(103)	(320)
Provisions reversed during the year	(31)	(2)	(19)	(52)
Unwind of discount and other financial expenses	3	5	9	17
Reclassification to Liabilities classified as held for sale	(8)	-	(9)	(17)
Reclassification (to)/from Other liabilities	5	4	4	13
Provisions at 31 December	186	219	382	787
Current	97	60	160	317
Non-current	89	159	222	470

NOTE 8.5 PROVISIONS (CONTINUED)

Legal cases The provision comprises obligations in relation to a number of legal and labour-related cases in certain countries.

Self-insurance In Australia, Hong Kong, Ireland, the USA and the United Kingdom, the Group carries insurance provisions on employers' liability and/or workers compensation. Ireland and the United Kingdom are self-insured up to a yearly limit of DKK 27 million (2013: DKK 25 million). The USA is self-insured up to a limit of DKK 3.1 million per claim (2013: DKK 2.7 million). Australia is self-insured up to a limit of DKK 2.5 million per claim (2013: DKK 2.4 million). Hong Kong is self-insured up to a yearly limit of DKK 20 million (2013: DKK 14 million). Generally, the provisions for self-insurance are based on valuations from external actuaries.

Furthermore, the provision includes liability not insured under the global general liability insurance with a self-insured level of DKK 0.2 million per claim and DKK 0.1 million per claim in the USA and obligations and legal costs in relation to various insurance cases if not covered by the insurance.

Other comprises various other obligations incurred, e.g. restructuring costs, guarantee reserves, dismantling costs, operational issues, closure of contracts and costs of meeting obligations under onerous contracts. At 31 December 2014, provisions for onerous contracts were included with DKK 65 million (2013: DKK 168 million).

Critical accounting estimates and judgement

The amount recognised as a provision is management's best estimate of the amount required to settle the obligation. The outcome depends on future events that are uncertain by nature. In assessing the likely outcome of lawsuits and tax disputes etc., management bases its assessment on external legal assistance and established precedents.

Accounting policy

Provisions are recognised if the Group, as a result of a past event has a present legal or constructive obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. The costs required to settle the obligation are discounted if this significantly impacts the measurement of the liability. The entity's average borrowing rate is used as discount rate.

Restructuring costs are recognised under Provisions when a detailed, formal restructuring plan is announced to the affected parties on or before the reporting date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

When the Group has a legal obligation to dismantle or remove an asset or restore a site or rented facilities when vacated, a provision is recognised corresponding to the present value of expected future costs. The present value of the obligation is included in the cost of the relevant tangible asset and depreciated accordingly.

NOTE 8.6 CONTINGENT LIABILITIES**Senior Facility Agreement**

Following the completion of the IPO, the borrowings under the pre-IPO senior secured facilities have been repaid and replaced by a new unsecured senior facilities agreement. As a consequence hereof the previous pledges and guarantees in favour of the pre-IPO senior secured facilities have been cancelled and replaced by guarantees provided by ISS A/S, ISS World Services A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the USA.

Guarantee commitments

Indemnity and guarantee commitments at 31 December 2014 amounted to DKK 424 million (2013: DKK 380 million).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,706 million (2013: DKK 1,909 million) of which DKK 1,249 million (2013: DKK 1,236 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Divestments

The Group makes provisions for claims from purchasers or other parties

in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 December 2014 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

Legal proceedings

The Group is party to certain legal proceedings. Management believes that these proceedings (many of which are labour-related cases incidental to the business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 December 2014.

Restructuring projects

Restructuring projects aiming at adjusting capacity to lower activity have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 December 2014.

NOTE 8.7 RECONCILIATION OF SEGMENT INFORMATION

Reconciliations to the income statement

DKK million

	2014	2013
Revenue		
Revenue for reportable segments	74,190	78,543
Elimination of internal revenue	(85)	(84)
Revenue according to the income statement	74,105	78,459
Operating profit		
Operating profit for reportable segments	4,650	4,813
Unallocated corporate costs	(542)	(534)
Unallocated other income and expenses, net	(118)	(64)
Operating profit according to the income statement	3,990	4,215
Unallocated:		
Financial income	303	176
Financial expenses	(1,599)	(2,446)
Profit before tax, goodwill impairment and amortisation/impairment of brands and customer contracts according to the income statement	2,694	1,945

Reconciliations to the statement of financial position

DKK million

	2014	2013
Total assets		
Total assets for reportable segments	49,781	54,619
Unallocated assets ¹⁾	29,681	32,794
Elimination of internal assets ²⁾	(32,728)	(38,847)
Total assets according to the statement of financial position	46,734	48,566
Additions to non-current assets ³⁾		
Additions to non-current assets for reportable segments	898	897
Unallocated additions to non-current assets	32	50
Total additions to non-current assets according to the statement of financial position	930	947
Total liabilities		
Total liabilities for reportable segments	28,074	34,611
Unallocated liabilities ¹⁾	37,990	48,069
Elimination of internal liabilities ²⁾	(32,250)	(38,336)
Total liabilities according to the statement of financial position	33,814	44,344

¹⁾ Unallocated assets and liabilities mainly relate to the Group's holding companies as they are not included in the reportable segments. The assets and liabilities comprise internal and external loans and borrowings, cash and cash equivalents and intra-group balances.

²⁾ Eliminations relate to intra-group balances.

³⁾ Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment.

NOTE 8.8 SUBSEQUENT EVENTS

The Group made no divestments in the period from 1 January to 28 February 2015.

On 20 January 2015, ISS announced the acquisition of GS Hall plc, a leading technical services company with activities in the United Kingdom and continental Europe. Acquiring GS Hall will strengthen our ability to deliver technical services, including mechanical and technical engineering, energy management and compliance, as part of our integrated facility services offering. The total annual revenue is estimated at DKK 698 million (approximate figures extracted from unaudited financial information) based on expectations at the time of

the acquisition. Total number of employees taken over is approximately 780. The enterprise value amounted to approximately DKK 514 million. In accordance with usual Group procedures, purchase price allocation is prepared during the first months following the acquisition. Hence, the opening balance is not yet available.

Other than as set out above or elsewhere in these consolidated financial statements, we are not aware of events subsequent to 31 December 2014, which are expected to have a material impact on the Group's financial position.

NOTE 8.9 NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED

IASB has published the following new standards, amendments to existing standards and interpretations that are not yet mandatory for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2014:

- Annual improvements to IFRSs 2010-2012 cycle; and
- Annual improvements to IFRSs 2011-2013 cycle.

In addition IASB has published the following new standards, amendments to existing standards and interpretations, which are not yet adopted by the EU at 31 December 2014:

- IFRS 9 "Financial Instruments";
- IFRS 14 "Regulatory Deferral Accounts";
- IFRS 15 "Revenue from Contracts with Customers";
- Amendments to IAS 1 "Presentation of Financial Statements";
- Amendments to IAS 16 "Property, Plant and Equipment";
- Amendments to IAS 38 "Intangible Assets"; and
- Amendments to IAS 41 "Agriculture".

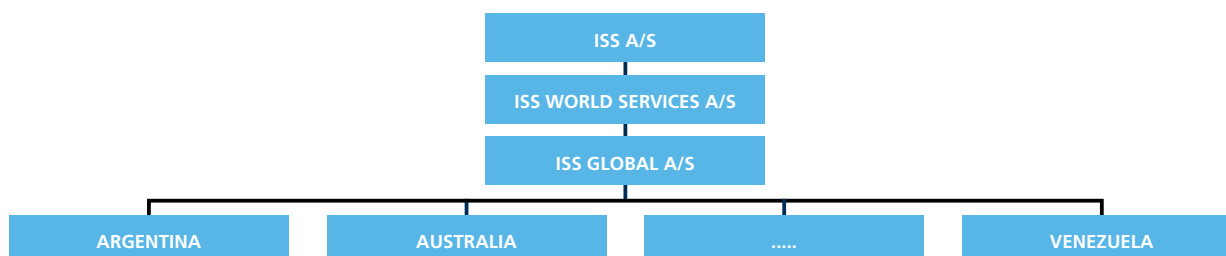
The Group expects to adopt the new standards and interpretations when they become mandatory. The standards and interpretations that are approved with different effective dates in the EU than the corresponding effective dates under IASB will be early adopted so that the implementation follows the effective dates under IASB.

Based on the current business setup and level of activities none of the standards and interpretations are expected to have a material impact on the recognition and measurement in the consolidated financial statements of the Group.

NOTE 8.10 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Below the significant subsidiaries, associates and joint ventures of the Group are presented per region together with a Group chart showing the ownership structure from ISS A/S and down. Together these are referred

to as "Companies within the ISS Group". Undertakings of immaterial interest are left out.

**Western Europe****Austria**

ISS Austria Holding GmbH	100%
ISS Facility Services GmbH	100%
ISS Ground Services GmbH	51%
ISS Hotel, SPA & Gastro Services GmbH	100%

Belgium & Luxembourg

BD Food Invest S.A.	100%
ISS Catering N.V.	100%
ISS Integrated Facility Services N.V.	100%
ISS Industrial Cleaning N.V.	100%
ISS Landscaping N.V.	100%
ISS N.V.	100%
ISS Reception & Support Services N.V.	100%
ISS Facility Services S.A.	100%
ISS Luxintérim S.à r.l.	100%

France

Channel Passenger Services SAS	100%
Extincteurs Haas SAS	100%
GIE ISS Services	100%
ISS Facility Management SAS	100%
ISS Holding Paris SAS	100%
ISS Hygiene & Prevention SAS	100%
ISS Hygiene SAS	100%
ISS Logistique et Production SAS	100%
ISS Proprete SAS	100%
Stop Flam SAS	100%

Germany

ISS Facility Services GmbH	100%
Klaus Harren GmbH	100%

Greece

ISS Facility Services S.A.	100%
ISS Human Resources S.A.	100%

Ireland

ISS Ireland Holding Ltd.	100%
ISS Ireland Ltd.	100%

Israel

A. Kfir Holding Ltd.	100%
Catering Ltd.	100%
Catering Tefen (1991) Ltd.	100%
ISS Ashmoret Ltd.	100%
ISS Integrated Facility Service Management Ltd.	100%
ISS Israel Manpower Services Ltd.	100%
ISS Israel Comprehensive Business Services Ltd.	100%
M.A.S h Machatz Agencies (1997) Ltd.	100%
Norcat Ltd.	100%
Norfolk Enterprise Ltd.	100%
Norfolk International Ltd.	100%

Italy

ISS Facility Services S.r.l.	100%
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Netherlands

ISS Building Maintenance Services B.V.	100%
ISS Catering Services B.V.	100%
ISS Cure & Care B.V.	100%
ISS Holding Nederland B.V.	100%
ISS Integrated Facility Services B.V.	100%
ISS Nederland B.V.	100%
ISS Security & Services B.V.	100%
TalentGroep Montaigne Facility Management B.V.	100%

Portugal

ISS Facility Services, Lda.	100%
ISS FS Açores, Lda.	100%
ISS Human Resources, Lda.	100%

Spain

Gelim Andalucia, S.A.	100%
Gelim Asturias, S.A.	100%
Gelim Baleares, S.A.	100%
Gelim Madrid, S.A.	100%
Gelim, S.A.	100%
Gelim Valencia, S.A.	100%
Integrated Service Solutions, S.L.	100%
ISS Activa Educacional, S.L.	100%
ISS Facility Services, S.A.	100%
ISS Salud y Servicios Sociosanitarios, S.A.	100%

NOTE 8.10 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)**Spain (continued)**

ISS Serv. de Información y Control de Accesos, S.A.	100%
ISS Soluciones de Catering, S.L.	100%
ISS Soluciones de Seguridad, S.L.	100%
Lloyd Outsourcing, S.L.	100%

Switzerland

ISS Aviation AG	100%
ISS Bernasconi SA	100%
ISS Facility Services (Liechtenstein) AG	100%
ISS Facility Services AG	100%
ISS Kanal Services AG	100%
ISS Schweiz AG	100%

Turkey

CMC İletişim Bilg Reklam ve D. Hiz. San. Tic. A.Ş.	90% ⁴⁾
ISS Haşere Kontrol Hizmetleri A.Ş.	90% ⁴⁾
ISS Proser Koruma ve Güvenlik Hizmetleri A.Ş.	90% ⁴⁾
ISS Tesis Yönetim Hizmetleri A.Ş.	90% ⁴⁾
ISS Hazır Yemek Üretim ve Hizmet A.Ş.	90% ⁴⁾
ISS Sigorta Acentelik Hizmetleri A.Ş.	90% ⁴⁾

United Kingdom

ISS Damage Control Ltd.	100%
ISS Facility Services Ltd.	100%
ISS Mediclean Ltd.	100%
ISS UK Holding Ltd.	100%
ISS UK Ltd.	100%
Spectrum Franchising Ltd.	100%

Nordic**Denmark (country of domicile)**

ISS Capital A/S (Group company)	100%
ISS Facility Services A/S	100%
ISS Finans A/S (Group company)	100%
ISS Global Management A/S (Group company)	100%
ISS Holding France A/S (Group company)	100%
ISS Hotel & Event Services A/S	100%
ISS Kloak- & Industriservice A/S	100%
ISS Lending A/S (Group company)	100%
ISS Security A/S	100%
ISS Venture A/S (Group company)	100%

Finland

ISS Palvelut Holding Oy	100%
ISS Palvelut Oy	100%
ISS Proko Oy	100%
Suomen Laatutakuu Palvelut Oy	100%

Greenland

ISS Grønland A/S	100%
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Iceland

ISS Ísland ehf.	100%
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Norway

ForvaltningsCompagniet AS	100%
ISS Facility Services AS	100%

Norway (continued)

ISS Holding AS	100%
ISS Management AS	100%
ISS Serveringspartner AS	100%
ISS Service Management AS	100%
NSB Trafikkservice AS	45% ²⁾
Raufoss Beredskap AS	51%

Sweden

ISS Facility Services AB	100%
ISS Facility Services Holding AB	100%
ISS Palvelut Holding AB	100%

Asia**Brunei**

ISS Facility Services Sdn. Bhd.	100%
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China and Hong Kong

Cornerstone Associates Ltd.	100%
Hung Fat Cleaning Transportation Co., Ltd.	100%
ISS Adams Secuforce Ltd.	100%
ISS Allsecure Ltd.	100%
ISS Building Consultancy Ltd.	100%
ISS Business Solutions Ltd.	100%
ISS China Holdings I Ltd.	100%
ISS China Holdings Ltd.	100%
ISS EastPoint Properties Ltd.	100%
ISS EastPoint Property Consultants Ltd.	100%
ISS EastPoint Property Management Ltd.	100%
ISS Environmental Services (HK) Ltd.	100%
ISS Facility Services (Beijing) Ltd.	100%
ISS Facility Services (Shanghai) Ltd.	100%
ISS Facility Services (Tianjin) Ltd.	100%
ISS Facility Services China Ltd.	100%
ISS Facility Services Ltd.	100%
ISS Facility Services (Shenzhen) Ltd.	100%
ISS Greater China Ltd.	100%
ISS Hangyang (Beijing) Cleaning Services Co., Ltd.	100%
ISS Hong Kong Services Ltd.	100%
ISS Hongrun (Shanghai) Cleaning Services Ltd.	100%
ISS Hygiene Services (HK) Ltd.	100%
ISS Mediclean (HK) Ltd.	100%
ISS Pan Asia Security Services Ltd.	100%
ISS Roboclean (HK) Co., Ltd.	100%
ISS Servisystem (China) Ltd.	100%
ISS Thomas Cowan Co., Ltd.	100%
JSL Ltd.	100%
LAWN Environmental Protection Ltd.	100%
Shanghai B&A Property Management Co., Ltd.	100%
Shanghai B&A Security Service Co., Ltd.	100%
Shanghai ISS Catering Management Co., Ltd.	100%
Silvertech E&M Engineering Co., Ltd.	100%

India

Innovative and Payroll Advisory Services Pvt. Ltd.	49% ³⁾
ISS Facility Services (India) Pvt. Ltd.	100%
ISS SDB Security Services Pvt. Ltd.	49% ³⁾
ISS Support Services Pvt. Ltd.	100%
Modern Protection & Investigations Ltd.	49% ³⁾

NOTE 8.10 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)**Indonesia**

PT ISS Catering Services	0% ³⁾
PT ISS Facility Services	0% ³⁾
PT ISS Indonesia	100%
PT ISS Parking Management	0% ³⁾

Japan

Nihon ISS KK	100%
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Malaysia

ISS Facility Services Sdn. Bhd.	30% ³⁾
Kontrekleen Sdn. Bhd.	30% ³⁾
Reliance Suci Environmental Sdn. Bhd.	30% ³⁾

Philippines

ISS Facility Services Phils., Inc.	100%
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Singapore

ISS Asia Pacific Pte. Ltd.	100%
ISS Catering Pte. Ltd.	100%
ISS Catering Services Pte. Ltd.	100%
ISS Facility Services Private Limited	100%
ISS Hydroculture Pte. Ltd.	100%
ISS Landscaping Pte. Ltd.	100%
ISS M&E Pte. Ltd.	100%
ISS Pest Management Pte. Ltd.	100%
ISS Sanitation Services Pte Ltd	100%
ISS-CDCS Catering Pte. Ltd.	100%
Serve1 st Services Pte Ltd	100%

Taiwan

ISS Facility Services Ltd.	100%
ISS Security Ltd.	100%

Thailand

ISS Facility Services Co., Ltd.	100%
ISS Security Services Co., Ltd.	100%
ISS Support Services Co., Ltd.	100%
Notre-Bel Co., Ltd.	100%

Pacific**Australia**

Blurlato Pty Ltd.	100%
Fondi Investments Ltd.	100%
ISS Catering Services Pty Ltd.	100%
ISS Facility Services Australia Ltd.	100%
ISS Franchise Services Pty Ltd.	100%
ISS Health Services Pty Ltd.	100%
ISS Holdings Pty Ltd.	100%
ISS Integrated Services Pty Ltd.	100%
ISS Property Services Pty Ltd.	100%
ISS Security Pty Ltd.	100%
Pacific Invest December 2004 Pty Ltd.	100%
Pacific Service Solutions Pty Ltd.	100%
Prestige Protection Services Pty Ltd.	100%

New Zealand

ISS Facilities Services Ltd.	100%
ISS Holdings NZ Ltd.	100%

Latin America**Argentina**

ISS Argentina S.A.	100%
ISS Facility Services S.R.L.	100%
ISS Food S.A.	100%
ISS Litoral S.R.L.	100%
ISS Office Services S.A.	100%
ISS Personal Temporario S.R.L.	100%
ISS Retail S.A.	100%

Brazil

ISS Biosystem Saneamento Ambiental Ltda.	100%
ISS Catering Sistemas de Alimentação Ltda.	100%
ISS Manutenção e Serviços Integrados Ltda.	100%
ISS Serviços de Logística Integrada Ltda.	100%
ISS Servisystem do Brasil Ltda.	100%
ISS Sulamericana Brasil Ltda.	100%

Chile

ISS Chile S.A.	100%
ISS Facility Services S.A.	100%
ISS Instituto de Formacion Ltda.	100%
ISS Servicios de Limpieza Industrial Ltda.	100%
ISS Servicios de Limpieza Mecanizada S.A.	100%
ISS Servicios de Soporte Est Ltda.	100%
ISS Servicios Generales Ltda.	100%
ISS Servicios Integrales Ltda.	100%

Mexico

ISS Catering, SA de CV	100%
ISS Centro América, S de RL de CV	100%
ISS Facility Services, SA de CV	100%
ISS Servicios Adm., SA de CV Sociedad Fin. de Obj.	100%
ISS Servicios Integrales, S de RL de CV	100%
Mantenimiento Técnico Tapnew, SA de CV	100%
Martex, SA de CV	100%

Uruguay

ISS Seguridad Ltda.	100%
ISS Catering S.A.	100%
ISS Uruguay S.A.	100%
Samilar S.A.	100%

North America**Canada**

ISS Facility Services Inc.	100%
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USA

ISS C&S Building Maintenance Corporation	100%
ISS Facility Services Holding, Inc.	100%
ISS Facility Services California, Inc.	100%

NOTE 8.10 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)**USA (continued)**

ISS Facility Services of Texas, L.P.	100%
ISS Facility Services, Inc.	100%
ISS GP, Inc.	100%
ISS Grounds Control of Texas, L.P.	100%
ISS Grounds Control, Inc.	100%
ISS Holding Inc.	100%
ISS Management and Finance Co., Inc.	100%
ISS Specialty Services, LLC	100%
ISS TMC Services, Inc.	100%
ISS Uniguard Security, Inc.	100%
TMC Ridge, LLC	100%
Tri-Enterprise Construction, LLC	100%

Eastern Europe**Bulgaria**

ISS Facility Services EOOD	100%
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Czech Republic

ISS Facility Services s.r.o	100%
ISS Správa budov s.r.o.	100%

Estonia

ISS Eesti AS	100%
ISS Haldus OÜ	100%

Hungary

ISS Facility Services Kft.	100%
Profi-Komfort Kft.	100%

Latvia

ISS Namu Serviss SIA	100%
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Lithuania

ISS Pastatu Valda UAB	100%
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Poland

ISS Facility Services Sp. Z.o.o.	100%
ISS IS Sp. Z.o.o.	100%
ISS MS Sp. Z.o.o.	100%
ISS RS Sp. Z.o.o.	100%

Romania

3D Romania S.A.	100%
ISS Facility Services S.R.L.	100%
ISS Romania Group S.R.L.	100%
ISS Security Services S.R.L.	100%

Russia

Facility Services RUS LLC	100%
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Slovakia

ISS Facility Services spol. s.r.o.	100%
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Slovenia

ISS Global Storitve d.o.o.	100%
ISS Facility Services d.o.o.	100%
Magnetik d.o.o.	100%

Other countries**Colombia**

ISS Facility Services SA S	100%
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Costa Rica

ISS Facility Services Costa Rica Limitada	100%
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Ecuador

EISSEcuador S.A	100%
ISS Facility Servicios Ecuador S.A	100%

Panama

ISS Panama S.A.	100%
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Peru

ISS Facility Services Peru S.A.C	100%
ISS World Peru S.A.C.	100%

Puerto Rico

ISS Facility Services Puerto Rico, Inc.	100%
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South Africa

ISS Facility Services (Pty) Limited	100%
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Sri Lanka

ISS Abans Environmental Services (PT) Ltd.	50% ¹⁾
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Venezuela

ISS Facility Services Venezuela C.A.	100%
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¹⁾ Joint venture²⁾ Associate³⁾ By virtue of the governance structure, the Group has the power to govern the financial and operating policies of the company. Consequently, the company is consolidated as a subsidiary.⁴⁾ The non-controlling shareholder holds a put option which is accounted for as if the put option has already been exercised. Accordingly, the subsidiary is consolidated with no non-controlling interest.

Management statement

Copenhagen, 12 March 2015

The Board of Directors and the Executive Group Management Board have today discussed and approved the annual report of ISS A/S for the financial year 2014.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2014 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2014.

In our opinion, the Management review includes a fair review of the

development in the Group's and the parent company's operations and financial conditions, the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Group and the parent company face.

We recommend that the annual report be approved at the annual general meeting.

Executive Group Management Board



Jeff Gravenhorst
Group Chief Executive Officer



Heine Dalsgaard
Group Chief Financial Officer



Henrik Andersen
Group Chief Operating Officer
EMEA



John Peri
Group Chief Operating Officer
Americas & APAC

Board of directors



Lord Allen of Kensington Kt CBE
Chairman



Thomas Berglund
Deputy Chairman



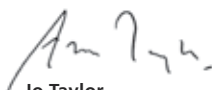
Jennie Chua



Morten Hummelose



Henrik Poulsen



Jo Taylor



Andrew E. Wolff



Pernille Benborg¹⁾



Joseph Nazareth¹⁾



Palle Fransen Queck¹⁾

¹⁾ Employee representative

GROUP ANNUAL REPORT

This Group Annual Report is an extract of the ISS Annual Report pursuant to section 149 of the Danish Financial Statements Act. For the sake of clarity and user friendliness, ISS has chosen to issue a Group Annual Report that excludes the financial statements of the parent company, ISS A/S. The financial

statements of the parent company are an integral part of the full Annual Report, which is available from ISS on request, and the full Annual Report is also available at and can be downloaded from www.issworld.com. After approval at the Annual General Meeting, the full Annual Report is also available on

request from the Danish Business Authority. The full Annual Report has the Management statement by the Executive Group Management Board and Board of Directors as well as the Independent auditor's report.

Independent auditors' report

To the shareholders of ISS A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of ISS A/S for the financial year 1 January – 31 December 2014, pages 89-149 and pages 165-176. The consolidated financial statements and the parent company financial statements comprise Income statement, Statement of comprehensive income, Statement of cash flows, Statement of financial position, Statement of changes in equity and Notes for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial

statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.


Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2014 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 12 March 2015
ERNST & YOUNG
Godkendt Revisionspartnerselskab


Jesper Ridder Olsen
State Authorised
Public Accountant


Michael Groth Hansen
State Authorised
Public Accountant



"I provide the fuel to keep people going"

FERNANDO LÓPEZ VIVANCO
Chef, ISS Mexico

It takes passion to be a really good chef and Fernando López Vivanco has a strong passion for cooking. He is adamant about providing quality and excellent food to the visitors to **NISSAN MEXICANA**'s canteen. Fernando gets the most satisfaction from meeting and exceeding diners' expectations.



Definitions

DEFINITIONS

Acquisitions, %

$$= \frac{\text{Revenue from acquired businesses}^{1)} \times 100}{\text{Revenue prior year}}$$

¹⁾ Revenue from acquired businesses is based on management's expectations at the acquisition date.

Adjusted earnings per share

$$= \frac{\text{Profit before goodwill impairment and amortisation/impairment of brands and customer contracts}}{\text{Average number of shares, diluted}}$$

Adjusted EBITDA

$$= \text{Operating profit before other items} + \text{Depreciation and amortisation}$$

Average number of shares (basic)

= Number of issued shares excluding treasury shares as an average for the year.

Average number of shares (diluted)

= Average number of shares (basic) + number of outstanding Performance Share Units (PSUs) as an average for the year.

Basic earnings per share (EPS)

$$= \frac{\text{Net profit/(loss) for the year attributable to owners of ISS A/S}}{\text{Average number of shares}}$$

Cash conversion, %

$$= \frac{(\text{Operating profit before other items last twelve months (LTM)} + \text{Changes in working capital LTM}) \times 100}{\text{Operating profit before other items LTM}}$$

Diluted earnings per share

$$= \frac{\text{Net profit/(loss) for the year attributable to owners of ISS A/S}}{\text{Average number of shares, diluted}}$$

Divestments, %

$$= \frac{\text{Revenue from divested businesses}^{1)} \times 100}{\text{Revenue prior year}}$$

¹⁾ Revenue from divested businesses is based on estimated or actual revenue where available at the divestment date.

EBITDA

$$= \text{Operating profit} + \text{Depreciation and amortisation}$$

Equity ratio, %

$$= \frac{\text{Total equity attributable to owners of ISS A/S} \times 100}{\text{Total assets}}$$

Net debt

= Non-current and current loans and borrowings - Receivables from companies within the ISS Group - Securities - Cash and cash equivalents - Positive fair value of derivatives

Operating margin, %

$$= \frac{\text{Operating profit before other items} \times 100}{\text{Total revenue}}$$

Organic growth, %

$$= \frac{(\text{Revenue current year} - \text{comparable revenue}^{1)} \text{ prior year}) \times 100}{\text{Comparable revenue}^{1)} \text{ prior year}}$$

¹⁾ Comparable revenue implies the exclusion of changes in revenue attributable to businesses acquired or divested and the effect of changes in foreign exchange rates. In order to present comparable revenue and thereby organic growth excluding any effect from changes in foreign currency exchange rates, comparable revenue in the prior year is calculated at the subsequent year's foreign currency exchange rates. Acquisitions of businesses are treated as having been integrated into ISS upon acquisition, and ISS's calculation of organic growth includes changes in revenue of these acquired businesses compared with revenue expectations at the date of acquisition. Organic growth is not a measure of financial performance under Danish GAAP or IFRS and the organic growth figures have not been audited.

Total revenue growth, %

$$= \frac{(\text{Revenue current year} - \text{revenue prior year}) \times 100}{\text{Revenue prior year}}$$

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements, including, but not limited to, the guidance and expectations contained in the "Outlook" section on page 9. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words "may", "will", "should", "expect", "anticipate", "believe", "estimate", "plan", "predict", "intend" or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. ISS has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties that could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS. Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in this report and other information made available by ISS. As a result, you should not rely on these forward-looking statements. ISS undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.





Additional company information

Country revenue and employees **157**

Group COOs and regional CEOs **158**

Head of Group functions **159**

Country managers **160**



In Bratislava, Slovakia, Miroslav Svec plays a big part in making sure the premises at **SLOVENSKÉ ELEKTRÁRNE** look welcoming. He strongly identifies with the company's values of being safe, reliable and efficient. Together with the rest of the ISS team, Miroslav maintains the surroundings at the largest power generating company in Slovakia.

"The best energy boost is seeing the well-kept premises"

MIROSLAV SVEC
Gardener, ISS Slovakia

Country revenue and employees

DKK million	2014				2013			
	Total Revenue	% of Group revenue	Total Employees	% of Group employees	Total Revenue	% of Group revenue	Total Employees	% of Group employees
United Kingdom	9,896	13%	42,369	8%	9,322	12%	45,660	9%
France	5,101	7%	25,440	5%	7,122	9%	28,888	5%
Norway	4,561	6%	8,621	2%	5,762	7%	11,249	2%
Australia	4,113	6%	11,586	2%	4,572	6%	11,752	2%
Spain	4,099	6%	28,674	6%	4,173	5%	28,224	5%
Switzerland	4,079	6%	11,465	2%	4,005	5%	11,218	2%
Finland	3,853	5%	9,638	2%	3,986	5%	11,497	2%
Sweden	3,737	5%	8,865	2%	3,948	5%	9,742	2%
USA	3,386	5%	14,377	3%	3,373	4%	14,281	3%
Denmark	3,086	4%	7,208	1%	2,965	4%	6,848	1%
Belgium and Luxembourg	2,548	3%	9,311	2%	2,856	4%	9,788	2%
Turkey	2,535	3%	29,913	6%	2,411	3%	27,780	5%
Netherlands	1,883	3%	7,856	2%	2,300	3%	9,713	2%
Germany	1,847	2%	9,045	2%	1,984	3%	9,924	2%
Israel	1,817	2%	9,938	2%	1,922	2%	12,081	2%
Hong Kong	1,808	2%	14,008	3%	1,793	2%	15,297	3%
Brazil	1,587	2%	16,115	3%	1,648	2%	17,384	3%
Austria	1,579	2%	7,098	1%	1,530	2%	7,144	1%
Singapore	1,379	2%	7,234	1%	1,278	2%	7,996	1%
Indonesia	1,256	2%	54,391	11%	1,282	2%	55,366	10%
India	1,155	2%	53,878	11%	1,129	1%	60,160	11%
Thailand	1,074	1%	30,788	6%	1,067	1%	28,710	5%
Chile	803	1%	13,848	3%	715	1%	12,710	2%
China	803	1%	15,498	3%	719	1%	14,693	3%
Mexico	666	1%	13,894	3%	652	1%	13,516	3%
Ireland	578	1%	3,226	1%	561	1%	3,351	1%
Portugal	514	1%	7,132	1%	507	1%	7,318	1%
Greece	463	1%	3,113	1%	564	1%	4,148	1%
Czech Republic	387	1%	5,225	1%	405	1%	4,774	1%
Argentina	382	1%	3,293	1%	430	1%	3,416	1%
Italy	380	1%	559	0%	448	1%	501	0%
New Zealand	331	0%	2,351	0%	533	1%	2,492	0%
Taiwan	309	0%	2,780	1%	298	0%	2,664	0%
Poland	220	0%	2,265	0%	222	0%	2,186	0%
Slovakia	219	0%	2,903	1%	230	0%	2,540	0%
Philippines	184	0%	5,371	1%	183	0%	5,574	1%
Slovenia	175	0%	1,044	0%	201	0%	1,327	0%
Romania	147	0%	1,724	0%	149	0%	1,902	0%
Hungary	147	0%	1,822	0%	154	0%	2,087	0%
Estonia	146	0%	1,588	0%	138	0%	1,647	0%
Russia	144	0%	1,237	0%	141	0%	982	0%
Iceland	122	0%	726	0%	99	0%	702	0%
Uruguay	105	0%	997	0%	204	0%	1,504	0%
Japan	102	0%	55	0%	111	0%	47	0%
Malaysia	101	0%	1,548	0%	112	0%	1,606	0%
Canada	91	0%	49	0%	87	0%	43	0%
Greenland	91	0%	271	0%	94	0%	305	0%
Brunei	35	0%	443	0%	33	0%	419	0%
Croatia (divested in 2014)	13	0%	-	0%	18	0%	217	0%
Other countries, Latin America	53	0%	13	0%	59	0%	6	0%
Other countries, Asia	16	0%	15	0%	14	0%	12	0%
Other countries	87	0%	-	0%	38	0%	-	0%
Regional costs / elimination	(3)	0%	0	0%	(4)	0%	0	0%
Corporate functions / eliminations	(85)	0%	160	0%	(84)	0%	153	0%
ISS Group	74,105	100%	510,968	100%	78,459	100%	533,544	100%

Please refer to pages 160-162 for a list of countries where ISS operates.

Group COOs and regional CEOs



Henrik Andersen

Group COO EMEA

ISS World Services A/S
Buddingevej 197
2860 Søborg
Denmark
Tel.: +45 38 17 00 00

Responsibility:

Overall responsible for EMEA and specifically for Belgium, France and the Netherlands



John Peri

Group COO Americas & APAC

ISS World Services A/S
Buddingevej 197
2860 Søborg
Denmark
Tel.: +45 38 17 00 00

Responsibility:

Overall responsible for Americas, Asia Pacific and specifically for the USA



Troels Bjerg

Regional CEO Northern Europe

ISS World Services A/S
Buddingevej 197
2860 Søborg
Denmark
Tel.: +45 38 17 00 00

Responsibility:

Denmark, Finland, Greenland, Iceland, Ireland, Norway, Sweden and the United Kingdom



Thomas Hinnerskov

Regional CEO Asia Pacific

ISS Asia Pacific PTE LTD
1 Kim Seng Promenade – # 12
04 Great World City East Tower
Singapore 237994
Tel.: +65 66 03 80 83

Responsibility:

Australia, Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Sri Lanka, Taiwan and Thailand



Jacob Götzsche

Regional CEO Central Europe

ISS World Services A/S
Buddingevej 197
2860 Søborg
Denmark
Tel.: +45 38 17 00 00

Responsibility:

Austria, Germany, Israel, Italy, Luxembourg, Portugal, Spain and Switzerland



Luis Andrade

Regional CEO Latin America

ISS Facility Services Inc.
5201 Blue Lagoon Drive, Suite 800,
Miami – Florida 33126
USA
Tel.: +1 (305) 629 3001

Responsibility:

Argentina, Brazil, Chile, Mexico and Uruguay



Flemming Bendt

Regional CEO Eastern Europe

ISS World Services A/S
Buddingevej 197
2860 Søborg
Denmark
Tel.: +45 38 17 00 00

Responsibility:

Bulgaria, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia, Slovenia and Turkey

Head of Group functions



Peter Ankerstjerne
Head of Group Marketing



Andrew Price
Head of Global Corporate Clients



Carsten Højlund
Head of Group Internal Audit



Bjørn Raasteen
Group General Counsel



Barbara Plucnar Jensen
Head of Group Treasury



Peter Schack
Head of Group Procurement



Mads Kristensen
Head of Group Tax



Peter Harder Thomsen
Head of Group Controlling



Kenth Kærhøg
Head of Group Communication



Henrik Trepka
Head of Group IT



Todd O'Neill
Head of Group Strategy
& Corporate Development



Nicholas Ward
Head of Group Investor Relations

Country managers



Argentina

Mariano Miguel Papa
ISS Argentina S.A., Bazurco 2355,
C1419FKC, Buenos Aires, Argentina
Tel.: +54 11 4830 4100
www.ar.issworld.com



Australia

Dane Hudson
ISS Facility Services Australia Ltd., Unit 1,
12 Mars Road, Lane Cove NSW 2066, Australia
Tel.: +61 2 8644 9700
www.au.issworld.com



Austria

Erich Steinreiber
ISS Facility Services GmbH,
Brünner Strasse 85, 1210 Vienna, Austria
Tel.: +43 (0) 5 7400 1000
www.at.issworld.com



Belgium

Kris Cloots
ISS N.V., Steenstraat 20/1,
1800 Vilvoorde / Koningslo, Belgium
Tel.: +32 2 263 66 11
www.be.issworld.com



Brazil

Eduardo Rojas (Interim)
ISS Servisystem do Brasil Ltda, Rua Dom Aguirre 438,
Vila Sofia 04671-903 São Paulo – SP Brazil
Tel.: +55 11 21 95 87 80
www.br.issworld.com



Brunei

Houtman Simanjuntak
ISS Facility Services Sdn. Bhd., 1A, Bangunan
Menglait 1,
Mile 2, Jalan Gadong, Bandar Seri Begawan BE3919,
Brunei Darussalam
Tel.: +673-2420973
www.bn.issworld.com



Chile

Eduardo Rojas
ISS Facility Services S.A., Avenida Las Torres 1385,
El Rosal – Huechuraba, Santiago de Chile
Tel.: +56 27 26 65 00
www.cl.issworld.com



China

Jack Zhou
ISS Facility Services (Shanghai) Ltd, 17th Floor, Kai Di
Finance Building, 1088 Xiang Ying Road, Yang Pu
District, Shanghai, China
Tel.: +8621 6031 8999
www.cn.issworld.com



Czech Republic

Jan Boháček
ISS Facility Services s.r.o., Eastbuilding,
Antala Staska 510/38, 140 00 Prague 4 – Krc,
Czech Republic
Tel.: +420 2 6139 2311
www.cz.issworld.com



Denmark

Martin Gaarn Thomsen
ISS Facility Services A/S,
Gyngemose Parkvej 50
2860 Søborg, Denmark
Tel.: +45 38 17 17 17
www.dk.issworld.com



Estonia

Priit Paiste
ISS Haldus Oü, Vilde tee 129,
12613 Tallinn, Estonia
Tel.: +372 613 9107
www.ee.issworld.com



Finland

Kari Virta
ISS Palvelut Oy, Rajatorpantie 8 A – Vantaa,
01055 ISS, Finland
Tel.: +358 205 155
www.fi.issworld.com



France

Antoine Namand
ISS Holding Paris SAS, 12, rue Fructidor,
75017 Paris, France
Tel.: +33 01 44 04 44 04
www.fr.issworld.com



Germany

Alexander Granderath
ISS Facility Services GmbH, Wanheimer Straße 92,
40468 Düsseldorf, Germany
Tel.: +49 211 30278-0
www.de.issworld.com



Greece

Michalis Roussos
ISS Facility Services S.A., Kifissias Ave. 280,
152 32 Chalandri, Athens, Greece
Tel.: +30 213 01 13 300
www.gr.issworld.com



Greenland

Lars Andersen
ISS Grønland A/S, Postboks 519, 3900 Nuuk,
Greenland
Tel.: +299 34 20 50
www.gl.issworld.com



Hong Kong

Calvin Chin
ISS Facility Services Limited, 18/F Warwick House
West, Taikoo Place, 979 King's Road, Quarry Bay,
Hong Kong
Tel.: +852 2826 9166
www.hk.issworld.com



Hungary

Péter Szabo
ISS Facility Services Kft., Peterdy u. 15,
1071 Budapest, Hungary
Tel.: +36 (1) 413-3140
www.hu.issworld.com



Iceland

Gudmundur Gudmundsson
ISS Iceland ehf, Austurhraun 7, 210 Gardabaer,
Iceland
Tel.: +354 5800 600
www.is.issworld.com



India

Purvin Patel
ISS Integrated Facility Services Pvt. Ltd.,
Registered & Corporate Office – The Qube
B 401/404 & A 402. CTS No 1498 A/2,
Village Marol, Sahar Road, Andheri East
Mumbai- 400059, India
Tel.: +91 022 6104 1111 / 6104 1515
www.in.issworld.com



Indonesia

Houtman Simanjuntak
P.T. ISS Indonesia, Graha ISS, Jl. Jend. Sudirman,
Blok J No. 3, Bintaro Jaya 15229, Indonesia
Tel.: +6221 748 64490
www.id.issworld.com



Ireland

Richard Sykes
ISS Facility Services, 4-6 Riverwalk
Citywest Business Campus, Dublin 24, Ireland
Tel.: +353 1 4682900
www.id.issworld.com



Israel

Michalis Roussos (interim)
ISS Ashmoret Ltd., Hacharoshet 30 ST.,
Or Yehuda 60256, Israel
Tel.: +972-3-538-2236
www.il.issworld.com



Italy

Antonio Winteler
ISS Facility Services S.r.l., Via E Bugatti 12,
20142 Milano, Italy
Tel.: +39 02 82681210
www.it.issworld.com



Japan

Helio Kutomi
Nihon ISS KK, Sunflower Bldg. 2F,
2-11-17, Kyobashi, Chuo-ku, Tokyo, Japan
Tel.: +81 03 5159 6760
www.issworld.com



Luxembourg

Kris Cloots
ISS Facility Services S.A., Rue Christophe Plantin 5,
L – 2339 Gasperich, Luxembourg
Tel.: +352 42 46 20 1
www.lu.issworld.com



Malaysia

C.C. Woon
ISS Facility Services Sdn Bhd, No. 18, Jalan 19/1,
46300 Petaling Jaya, Selangor, Malaysia
Tel.: +603 7968 8288/7968 8388
www.my.issworld.com



Mexico

Juan Paulo Mendoza
ISS Facility Services, SA de CV, Aquiles Serdán 157,
Col. Ángel Zimbrón, 02090 Mexico DF
Tel.: +52 (55) 9114 1300
www.mx.issworld.com



Netherlands

Kees Stroomer
ISS Nederland BV, Rijnzathe 8,
3454 PV De Meern, Netherlands
Tel.: +31 30 242 43 44
www.nl.issworld.com



New Zealand

Dane Hudson
ISS Facility Services Ltd., 2 Arthur Brown Place,
Mt Wellington, Auckland, New Zealand
Tel.: +64 95 73 45 00
www.nz.issworld.com



Norway

Hans John Øiestad
ISS Facility Services AS, Smeltedigelen 1,
0195 Oslo, Norway
Tel.: +47 815 55 155
www.no.issworld.com



Philippines

Peter Lund
ISS Facility Services Phils., Inc.,
1040 EDSA corner Magellanes Village,
Makati City, 1232 Philippines
Tel.: +632 754 7600
www.ph.issworld.com



Poland

Dawid Dolata
ISS Facility Services Sp. Z o.o., Ul. M Flisa 2,
02-247 Warsaw, Poland
Tel.: +48 22 577 4200
www.pl.issworld.com



Portugal

José Martins
ISS Facility Services Lda, Rua Moinho da Barrunchada,
4- 1º Dtº, 2790-109 Carnaxide, Portugal
Tel.: +351 21 424 67 60
www.pt.issworld.com



Romania

Laurentiu Gheorghe
ISS Facility Services SRL, Str. Popa Tatu, nr. 36,
Sector 1, Bucuresti 010000, Romania
Tel.: +40 21 2524785
www.ro.issworld.com



Russia

Priit Paiste
Facility Services RUS LLC, 21 Noviy Arbat str.,
119019, Moscow, Russia
Tel.: +7 (495) 933 44 73
www.ru.issworld.com



Singapore

C. C. Woon
ISS Facility Services Private Limited,
No.1 Jalan Kilang Timor, #10-00 Pacific Tech Centre,
Singapore 159303
Tel.: +65 6 227 9711
www.sg.issworld.com



Slovakia

Jan Boháček
ISS Facility Services spol. s r.o.,
Mokráň Záhon 2, 821 04 Bratislava, Slovakia
Tel.: +421 2 32 630 111
www.sk.issworld.com



Slovenia

Igor Rajkovic
ISS Facility Services d.o.o., Trzaska cesta 53,
2000 Maribor, Slovenia
Tel.: +386 2 450 33 00
www.si.issworld.com



Spain

Joaquim Borrás Ferré
ISS Facility Services S.A., C/ Jesús Serra Santamans,
7 – 08174 Sant Cugat del Vallès – Barcelona, Spain
Tel.: +34 93 590 3060
www.es.issworld.com



Sweden

Lars Nygaard
ISS Facility Services AB, Årstaängsvägen 11,
Box 47635, 117 94 Stockholm, Sweden
Tel.: +46 8 681 60 00
www.se.issworld.com



Switzerland

André Nauer
ISS Facility Services, Buckhauserstrasse 22,
Postfach, 8010 Zürich, Switzerland
Tel.: +41 58 787 80 00
www.ch.issworld.com



Taiwan

Peter Trampe
ISS Facility Services LTD., 10F – 1, No. 20, Sec. 3,
BaDe Road, Taipei, Taiwan 105
Tel.: +886 2 2577 4888
www.tw.issworld.com



Thailand

Abhijit Datta
ISS Facility Services Co., Ltd., 365 Phaholyothin Rd.,
Anusawaree, Bangkok, Bangkok 10220, Thailand
Tel.: +66 2 552 5015
www.th.issworld.com



Turkey

Cavit Habib
ISS Tesis Yönetim Hizmetleri A.S.
Yahya Kemal Mah., Okul Cad. No:8 Kağıthane
34410,
Istanbul, Turkey
Tel.: +90 212 354 74 00
www.tr.issworld.com



United Kingdom

Richard Sykes
ISS UK Limited, ISS House, Genesis Business Park,
Albert Drive, Woking, Surrey GU21 5RW, United
Kingdom
Tel.: +44 845 057 6500
www.uk.issworld.com



Uruguay

Mariano Miguel Papa
ISS Uruguay S.A - Samilar S.A
Falcri Ltda,
Dr. Carlos María de Pena 4368, esquina Palomeque,
12.900 Montevideo, Uruguay
Tel.: +598 2 3046012
www.uy.issworld.com



USA

Jennifer C. Bonilla
ISS Facility Services Inc., 1019 Central Parkway North,
Suite 100, San Antonio, Texas 78232, USA
Tel.: +1 210 495 6021
www.us.issworld.com

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Contact information

ISS A/S

Buddingevej 197
DK-2860 Søborg
Denmark
Tel.: +45 38 17 00 00
Fax: +45 38 17 00 11
www.issworld.com
CVR 28 50 47 99

GROUP COMMUNICATIONS

Kenth Kærhøg
Head of Group Communications
Tel.: +45 38 17 00 00

INVESTOR RELATIONS

Nicholas Ward
Head of Group Investor Relations
Tel. +45 38 17 00 00

EDITED BY

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