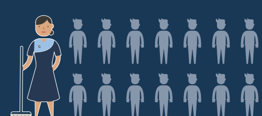
2015

GROUP ANNUAL REPORT

504,816
ISS employees

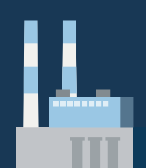
6,149,122 hrs
of training annually
(frontline employees)



For every
14,558 people
in the world, there is
1 ISS employee

1.2 million
meals served
every day

>50 million m²
of premises on IFS contracts
serviced annually



>5.5 million ft²
of critical facilities space managed
for our Global partners

Front page photo:
VICTOR PLANA
Building Services Engineer, ISS Switzerland
UBS

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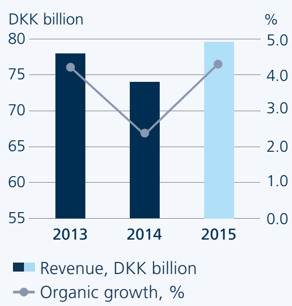
PERFORMANCE HIGHLIGHTS 2015

We evaluate Group performance and the success of our strategy and business model by measuring the KPIs set out below. We have decided to measure these six KPIs because we believe they give us the best indication of how well we are driving the business forward in the desired direction and creating value for our shareholders. For definitions of KPIs, see p. 13.

Our business model and strategy, see pp. 35–36

FINANCIAL KPIs	PERFORMANCE

Organic growth and revenue



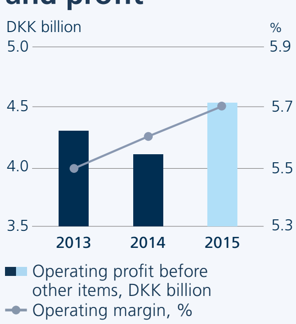
4.4%
Organic growth

79,579 DKKm
Revenue

- Strong organic growth driven by strong performance in emerging markets, large contract launches in Europe and the IFS business in general
- Revenue up by 7% reaching an all time high
- All regions delivered positive organic growth
- IFS revenue up 11% in local currencies, now representing 34% of Group revenue or DKK 26.7 billion

Group performance, see p. 16
Regional performance, see pp. 21–27

Operating margin and profit



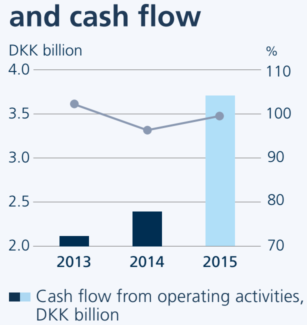
5.7%
Operating margin

4,533 DKKm
Operating profit before other items

- Operating margin up by 10 bps for the second year in a row
- Improvement supported by our strategic initiatives and strong performance in most regions, especially Asia and Western Europe
- Operating profit before other items increased by 9% to the highest level in ISS history
- Corporate costs amounted to 0.8% of revenue, in line with expectations

Group performance, see p. 16
Regional performance, see pp. 21–27

Cash conversion and cash flow



99%
Cash conversion

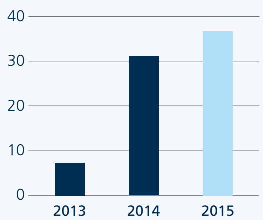
3,706 DKKm
Cash flow from operating activities

- Strong cash conversion supported by continued focus on cash performance across the Group
- Improvement in debtor days in 2015
- Cash flow from operating activities increased by 55% driven by improvement in operating profit before other items and a decrease in cash outflow from interest paid, net and tax
- Investments in intangible assets and property, plant and equipment, net of DKK 841 million represented 1.1% of Group revenue.

Group performance, see p. 18

NON-FINANCIAL KPIs	PERFORMANCE

Customer Net Promoter Score (cNPS)

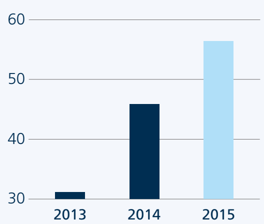


36.7
cNPS

- Score improved for the third consecutive year, reflecting our continued efforts to drive customer focus, especially within our key accounts
- Supported by our efforts to implement account development plans and the ongoing roll-out of our training programme Service with a Human Touch (SWAHT)
- Our continuing efforts under GREAT to drive customer focus is expected to further support our cNPS scores going forward

Group performance, see p. 18

Employee Net Promoter Score (eNPS)

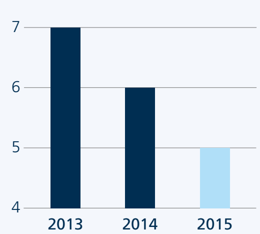


56.4
eNPS

- Increased 10 points – the third consecutive year of improvement
- Supported by the global employee engagement survey introduced in 2012, which has increased our efforts and focus to improve employee engagement
- We carried out our fourth global employee engagement survey with 227,195 responding employees across 45 countries. The response rate increased to 72%, up from 67% in 2014

Group performance, see p. 18

Lost Time Injury Frequency (LTIF)



5
LTIF

- Improved by 60% from the baseline figure of 13 in 2010, to 5 in 2015, the fifth straight year of improvement
- Improvement driven by our systematic approach to managing risks since 2010, including implementation of the Group HSE Management System and our global campaigns to stay focused on HSE

Group performance, see p. 18

OUR BUSINESS MODEL

CUSTOMERS WANT

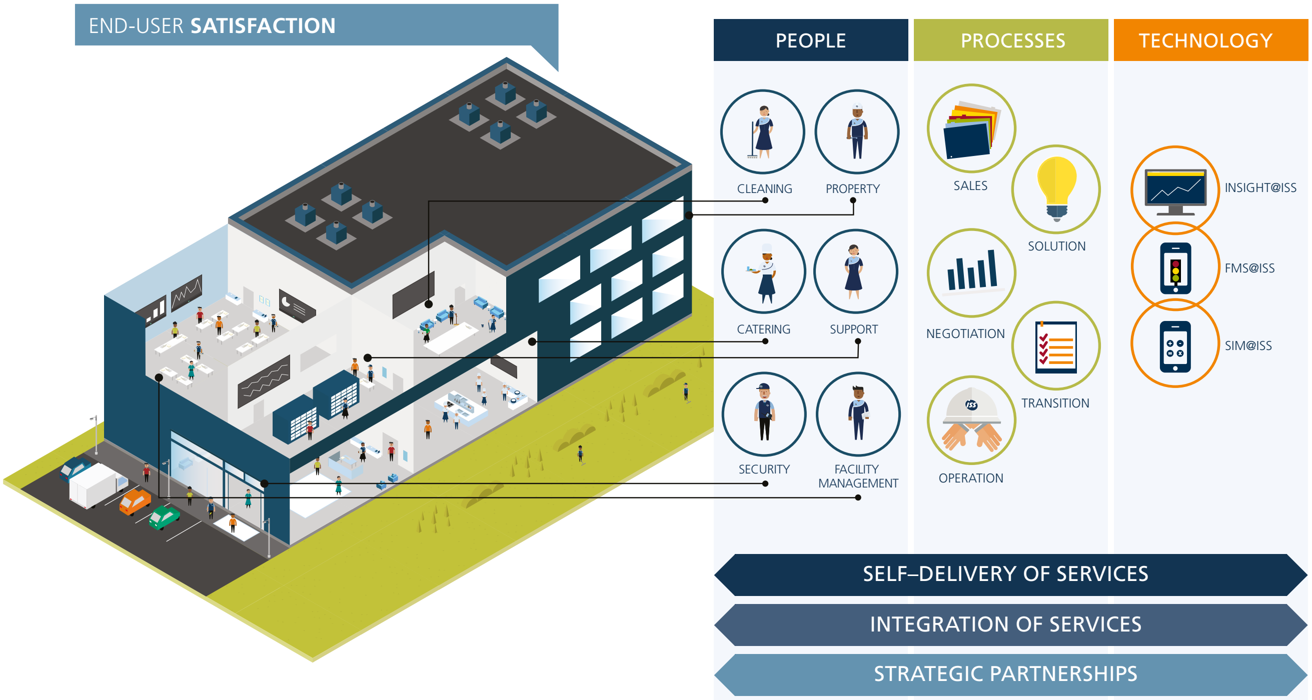
- TO **FOCUS** ON THEIR CORE BUSINESS
- TO ENSURE **COMPLIANCE**
- TO **SAFEGUARD** THEIR BUSINESS
- TO **MAXIMISE UPTIME** OF THEIR FACILITIES
- TO **MANAGE RISK**
- TO **PROTECT THE VALUE** OF THEIR ASSETS
- **CONVENIENCE** AND CONSISTENCY
- SUSTAINABLE/TRANSPARENT **COST SAVINGS**
- END-USER **SATISFACTION**

Our business model is based on creating value for our customers by allowing them to focus on 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.

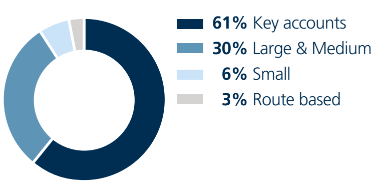
Focusing on our **selected customer segments**, we offer a leading value proposition based on our philosophy of **self-delivery** of our chosen services. Moreover, we are able to provide multiple services to customers through an **integrated facility services (IFS)** solution. This allows us to drive convenience (one point of contact), productivity and cost efficiency.

Our business model and strategy, see p. 32

ISS DELIVERS VIA

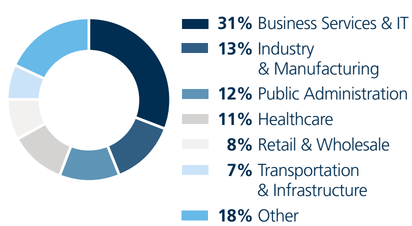


CUSTOMER TYPE



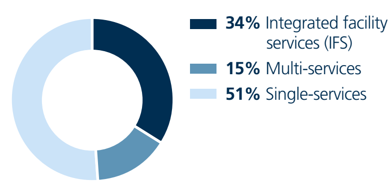
Focus on larger customers

CUSTOMER SEGMENTS



Diversified customer portfolio

DELIVERY TYPE



Increasing IFS share (34%)

OUR STRATEGIC INITIATIVES MAKE US GREAT

Our vision

"We are going to be the world's greatest service organisation."

Our strategy

The ISS Way is all about optimising the customer experience through the alignment of our organisation behind a set of common business fundamentals and scale benefits.

GREAT is our primary vehicle for accelerating our strategy implementation, hence a principal driver moving us towards realising our vision.

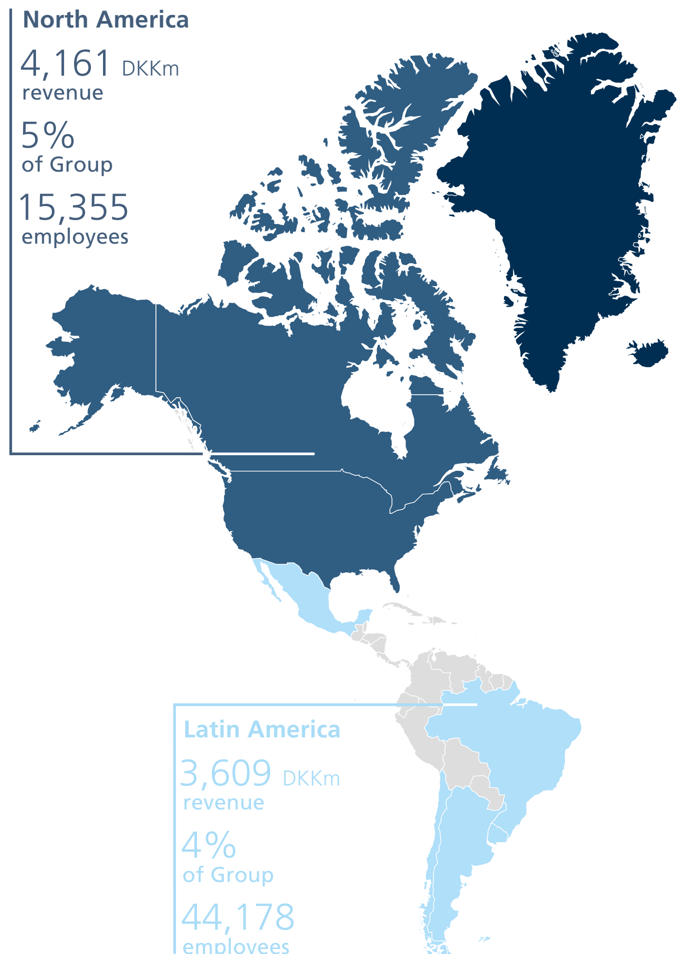
GREAT INITIATIVES	STATUS 2015	OBJECTIVE
EMPOWERING PEOPLE THROUGH **LEADERSHIP**	• Acceleration of leadership training and continued roll-out of our training programme Service with a Human Touch (SWAHT), now live in 35 countries and implemented on 479 key accounts • Continued focus on HSE through global safety campaigns three times a year • eNPS of 56.4, up 10 points from 2014 Our business model and strategy, see p. 36 Our people, see p. 41	CREATING SHAREHOLDER VALUE
OPTIMISING OUR **CUSTOMER BASE**	• Mapped customers segments equivalent to two-thirds of our revenue including the Nordics, United Kingdom, Australia, Spain, Germany, Belgium and France (partly) • Revenue from strategic customers (key accounts and large/medium) accounts for 91% (2014: 87%) • cNPS of 36.7, up from 31.2 in 2014 Our business model and strategy, see p. 36	
FIT-FOR-PURPOSE **ORGANISATION**	• A new, delayered and strengthened Group organisational structure implemented to extract benefits of the changes made in our country organisations • Two new global roles created – a Group Chief Operating Officer to drive customer retention and operational excellence, and a Group Chief Commercial Officer to drive new sales and key-account customer growth Our business model and strategy, see p. 37	
READY TO **DELIVER IFS**	• IFS share of Group revenue increased to 34% (2014: 30%) • Acquisition of GS Hall in 2015, which has improved our technical service offering in Europe • Focus on development of further tools leveraging both our best practices and technology Our business model and strategy, see p. 37	
STRIVING FOR **EXCELLENCE**	• Procurement programme phase I and II completed with cost savings of DKK 350–450 million to be achieved during 2014–2018 • Phase III in progress targeting additional cost savings of DKK 100 million • Business Process Outsourcing (BPO) covering certain finance and accounting processes completed in the Nordic region and launched in the Netherlands, Belgium/Luxembourg and Australia • Continued roll-out of commercial best practices and technology platforms Our business model and strategy, see p. 38	

OUR GLOBAL PRESENCE

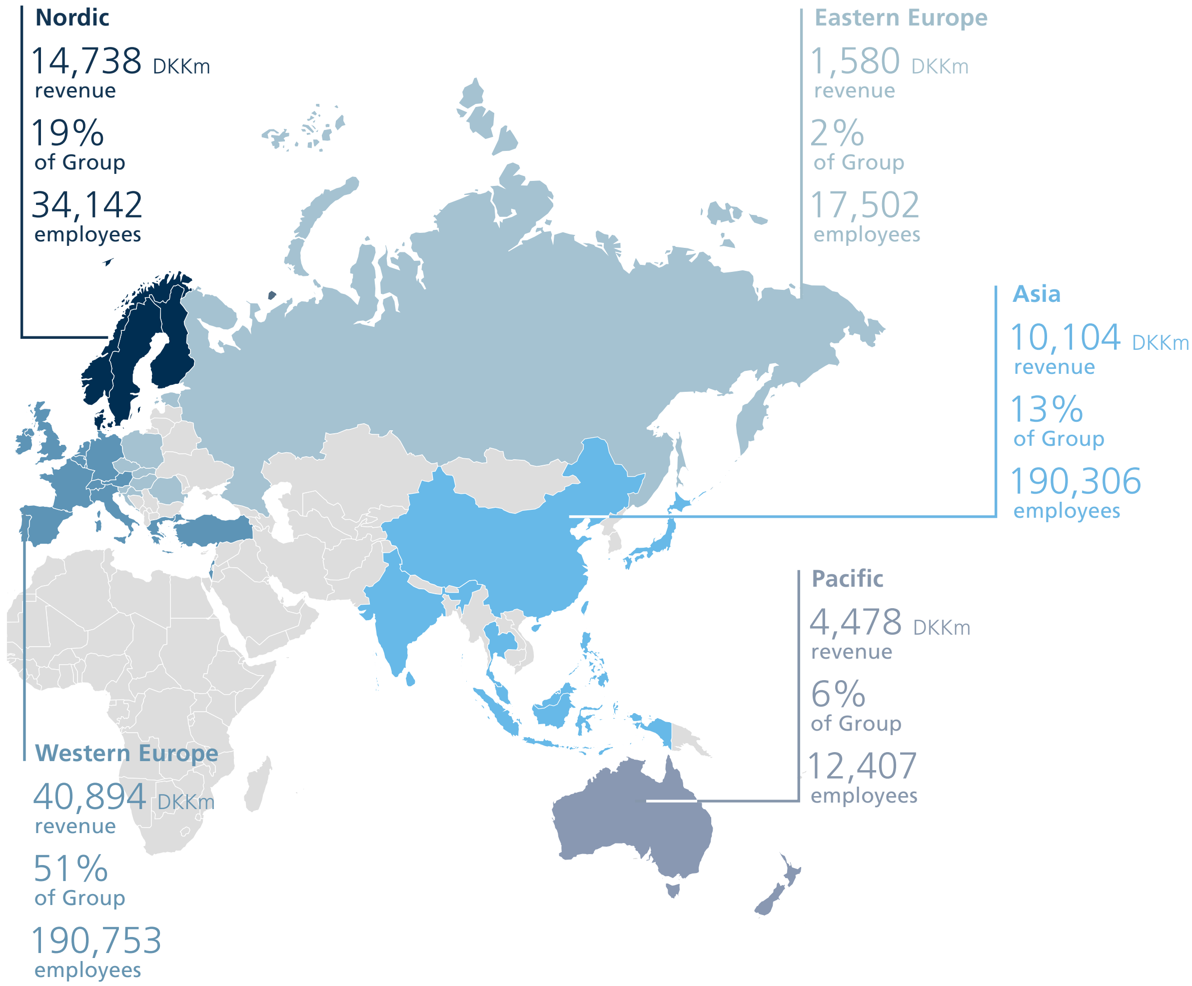
We are a true global player with a leading market position. We leverage our global presence in order to meet the growing demand from multinational corporations for the delivery of Integrated Facility Services (IFS) across borders. Our IFS revenue share has grown significantly and our ability to deliver IFS is key to serving global customers and grasping new local market opportunities. We are well-positioned in emerging markets (see p. 131), where we generate 25% of our total revenue (2014: 24%).

Regional performance, see pp. 21–27

Country revenue and employees, see p. 131



2015	WESTERN EUROPE	NORDIC	ASIA
KEY FIGURES	**Organic growth: 4%** (2014: 0%) **Operating margin: 6.3%** (2014: 6.2%) **IFS share: 37%** (2014: 34%)	**Organic growth: 1%** (2014: 2%) **Operating margin: 7.8%** (2014: 7.5%) **IFS share: 26%** (2014: 23%)	**Organic growth: 11%** (2014: 8%) **Operating margin: 7.8%** (2014: 7.3%) **IFS share: 28%** (2014: 27%)
BUSINESS HIGHLIGHTS	• Organic growth mainly driven by Germany, Switzerland, Turkey and the United Kingdom • Growth supported by IFS contract launches, including Vattenfall, Swisscom, UBS and Bankia • Margin increase supported by strong performances in the IFS divisions and Global Corporate Clients contracts in Germany, the United Kingdom and Switzerland • Integration of GS Hall progressed well and self-delivery within technical services increased • Significant contract wins, including UBS and Homerton Hospital	• Organic growth supported by Sweden, Norway and Denmark and mainly driven by IFS contract launches and expansions, including Danske Bank and the Danish State Railways (DSB) • Increased margin supported by strategic initiatives mainly in Norway and Finland • Denmark and Sweden once again delivered stable high margins • Several significant contract wins, including the Danish Broadcasting Corporation (DR), PostNord and the Norwegian Armed Forces	• Strong organic growth with double-digit growth rates in most countries • Growth mainly driven by contract launches and stronger demand for non-portfolio services • Improved margin mainly supported by one-off income in Singapore and strong performance in Indonesia • Contract wins within the Healthcare segment in China, Singapore, Taiwan and with Huawei in China



	PACIFIC	NORTH AMERICA	LATIN AMERICA	EASTERN EUROPE
Organic growth:	**5%** (2014: 10%)	**0%** (2014: 1%)	**5%** (2014: 10%)	**2%** (2014: (0)%)
Operating margin:	**5.7%** (2014: 5.0%)	**4.2%** (2014: 3.6%)	**4.0%** (2014: 4.8%)	**6.3%** (2014: 6.8%)
IFS share:	**35%** (2014: 33%)	**37%** (2014: 36%)	**28%** (2014: 25%)	**39%** (2014: 36%)

PACIFIC

- Growth mainly driven by existing IFS portfolio contracts within the remote site resource, healthcare and aviation division in Australia
- Margin improved mainly due to the remote site resource and aviation divisions
- Contract wins within the resource and health divisions, as well as contract expansion with Melbourne airport
- Large contract lost in Q3 in the remote site resource segment

NORTH AMERICA

- Organic growth positively impacted by contract launches and strong performance from Global Corporate Clients contracts
- Growth impacted by contract exits and losses
- Improved margin due to strong performance from the IFS division and impact from strategic initiatives
- Contract wins in the aviation division and an IFS contract with Rolls-Royce

LATIN AMERICA

- Organic growth mainly driven by IFS contracts and stronger demand for non-portfolio services in Chile as well as price increases in Argentina
- Brazil impacted by the negative economic environment, contract losses and scope reductions, which reduced the organic growth and margin
- Improved margins in Mexico and Chile following implementation of strategic initiatives

EASTERN EUROPE

- Organic growth mainly driven by existing contracts and contract wins in Slovakia, Russia and Slovenia
- Margin reduced mainly due to contract losses and scope reductions
- Contract wins with multinational companies mainly in the Retail & Wholesale and Pharmaceuticals segments

CREATING VALUE FOR OUR SHAREHOLDERS IS OUR PRIORITY

We are intent on creating value for our shareholders by maximising the cash flow growth from our business in a sustainable fashion over the short and longer term. We wish to maintain a strong and efficient balance sheet and to strike an optimal balance between reinvesting capital back into our business and returning surplus funds to our shareholders.

Our dividend policy targets a pay-out ratio of approximately 50% of Profit before amortisation/impairment of acquisition-related intangibles. Where we see clear opportunities to create value and drive improved organic growth and/or improved margins, we will commit capital to our business. This may come in the form of regular investment in our people, our processes and our technology. It may come in the form of certain restructuring initiatives designed to enhance future performance, or in the form of highly selective acquisitions that meet strict strategic and financial criteria. We have a stated intention of maintaining financial leverage below 2.5x pro forma adjusted EBITDA, taking seasonality into account. Thereafter, we see healthy potential to return additional funds to shareholders, above and beyond our dividend policy target.

In 2015, Profit before amortisation/impairment of acquisition-related intangibles increased to DKK 2,785 million (2014: DKK 1,816 million) allowing the Board to propose a dividend for 2015 of DKK 7.40 per share (2014: DKK 4.90), equivalent to a pay-out ratio of approximately 50%. The increase was supported by significant improvements in operating profit and financial expenses, net.

Maximise growth and sustainability of cash flow

Selective and value-accretive investment

- Service enhancements
- Restructuring/ efficiency initiatives
- Acquisitions

Shareholder returns

- Targeted pay-out ratio (50%)
- Special dividends and/ or share buy-backs

OUTLOOK

OUTLOOK 2016

In 2016, we will continue to focus on the implementation of the ISS Way strategy, including the roll out of our strategic GREAT initiatives focusing on investment in leadership, optimisation of our customer base, fit-for-purpose organisational structure, IFS, and group-wide excellence. 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
3. Strong cash conversion

OUTLOOK 2016	
Organic growth	2%-4%
Operating margin	> 5.7%
Cash conversion	> 90%

OUTLOOK 2015 – FOLLOW UP

	Annual report 2014	Q2 2015	Q3 2015	Realised 2015
Organic growth	2%-4%	3.5%-4.5%	4.0%-4.5%	4.4%
Operating margin	> 5.6%	> 5.6%	> 5.6%	5.7%
Cash conversion	> 90%	> 90%	> 90%	99%

For 2016 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 remain conscious of macro developments, in particular challenges in specific emerging markets and the impact of commodity price weakness in certain countries. We do not yet foresee meaningful recovery in Europe and hence remain cautious on the likelihood of a pick-up in non-portfolio services.

Operating margin is expected to be above the 5.7% realised in 2015, as a result of our continued 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).

Our margin will be negatively impacted by the divestment of the non-core, high margin, Turkish call centre activities, CMC, completed on 30 October 2015.

Cash conversion will continue to be a priority in 2016, 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" on p. 13 and our exposure to risk, see Risk management on pp. 50–53.

EXPECTED IMPACT FROM DIVESTMENTS, ACQUISITIONS AND FOREIGN EXCHANGE RATES IN 2016

We expect the divestments and acquisitions completed by 24 February 2016 (including in 2015) to negatively impact the revenue growth in 2016 by approximately 0-1 percentage points. We expect a negative impact on revenue growth in 2016 from the development in foreign exchange rates of approximately 3-4 percentage points based on the forecasted average exchange rates for the year 2016[1]. Consequently, we expect total revenue growth in 2016 to be in the range -3 percentage points to 1 percentage point.

FOLLOW UP ON OUTLOOK FOR 2015

For our three key financial objectives, organic growth, operating margin and cash conversion, ISS ended 2015 in line with the outlook published in the interim report for Q3 2015.

[1] The forecasted average exchange rates for the financial year 2016 are calculated using the realised average exchange rates for the first month of 2016 and the average forward exchange rates for the last eleven months of 2016.

LETTER TO OUR STAKEHOLDERS

Our focus at ISS is to create shareholder value and this informs every aspect of our strategy. In 2015, we grew our Profit before amortisation/impairment of acquisition-related intangibles by more than 50% from DKK 1,816 million to DKK 2,785 million, leading to a significant increase in operating cash flow for the year.

Our 2015 financial performance reflects a year of significant achievements for ISS, demonstrating the value of our strategy and our sustainable business model. Through effective execution of our strategy and our defined value proposition, our highly engaged teams around the world improved customer experience and won many new contracts on an international, regional and local scale.

In a challenging global economic environment, we improved our operating margin, generated strong organic growth and maintained our high cash conversion, enabling us to further reduce debt.

Once again, the quality of our customer offering was recognised in top ratings from the International Association of Outsourcing Providers. We have entered 2016 in a strong position to take advantage of the huge potential in the estimated USD 1 trillion global market for outsourced facility services.

ENGAGED TEAMS AND SATISFIED CUSTOMERS

Our 504,816 colleagues who provide an outstanding experience to our customers around the world, are at the core of our success. Each and every day, our motivated and capable colleagues deliver services, enhancing the work environments of our customers to benefit their businesses. Our teams build strong, long-term relationships with our customers.

We strongly believe in the benefits of being an attractive employer. In an industry with fierce competition for talent and high staff turnover, our reputation as a responsible employer is vital to the long-term success of our company.

We are proud that our employee engagement scores in 2015 were maintained at a high level of 4.4 on a scale of 1 to 5, and we are delighted that 72% of the eligible employees responded to the survey, up from 67% in 2014.

This positively affected our customer satisfaction levels, with our Customer Net Promoter Score increasing to 36.7.

INTEGRATED SERVICES EXPANSION

One of the cornerstones of our strategy is to meet customers' demand for the bundling of services. Our integrated facility services (IFS) offering is particularly attractive to major customers who look for a high-value, low-risk service. Our IFS offering makes it simpler and more effective for them to receive all the services they need at a uniform quality level across the board, delivered by a single provider.

In 2015, revenue from IFS continued to grow through new contracts and expansion of existing relationships, including UBS in the United Kingdom, Huawei in China, Danske Bank in the Nordics and Eastern Europe, the Danish State Railways (DSB) and numerous other significant partners. IFS now represents 34% of Group revenue, and we expect continued growth in demand in coming years.

STRATEGIC DEVELOPMENT

ISS is organised country-by-country to ensure accountability and proximity to both customers and the local labour force. We increasingly align our organisation across the globe to a set of well-defined business fundamentals. This enables us to take advantage of our scale to share best practice, extract volume benefits and create excellent opportunities for our talent.

This year, we decided to strengthen and delayer the organisational structure to bring top management even closer to our frontline colleagues and our customers. A new Group Chief Operating Officer role will drive customer retention and operational excellence to key account customers, while a new Group Chief Commercial Officer will focus on commercial capabilities, new sales and key account customer growth.

Progress of our strategic initiatives continues according to plan. This includes a sharper focus on key customers, supplementing strategically important capabilities (e.g. technical services), Business Process Outsourcing (BPO) and an improved procurement programme.

Our focus on key accounts has been supported by our customer segmentation efforts, new sales and cost leadership initiatives. We also enhanced our capabilities and operational excellence within technical services by acquiring the UK, Ireland & European operations of engineering firm GS Hall. The acquisition supports our strategy by expanding our technical services self-delivery capabilities and in particular strengthens the thriving IFS offering in the United Kingdom.

After a successful start in the Nordic region our BPO programme, covering certain finance and accounting processes, has been launched in several European countries and Australia, with a number of additional countries planned for 2016. Our initiative to streamline procurement continued in 2015 leading to the identification of an additional DKK 100 million in potential cost savings to be achieved during 2016-2019. Some of these savings will lead to margin improvements while others will be invested back in the business to boost our competitiveness.

Our strong cash flow again enabled us to reinforce our capital structure through a successful refinancing of debt.

Turning now to 2016 – the challenging economic climate of 2015 has lingered into the year and we expect this to continue. Nevertheless, as we have proven in recent years, we are confident that our strategy, driven by engaged employees to ensure a market-leading customer experience, will enable us to deliver satisfactory results and continued improvements 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)	2015	2014	2013	2012	2011
Income statement					
Revenue	79,579	74,105	78,459	79,454	77,644
Operating profit before other items [1]	4,533	4,150	4,315	4,411	4,388
Operating margin [2]	5.7%	5.6%	5.5%	5.6%	5.7%
EBITDA	5,313	4,722	5,002	4,956	5,020
Adjusted EBITDA [2]	5,269	4,882	5,102	5,264	5,243
Operating profit [3]	4,577	3,990	4,215	4,103	4,165
Financial income	111	228	176	222	198
Financial expenses	(820)	(1,524)	(2,446)	(2,943)	(2,999)
Profit before amortisation/impairment of acquisition-related intangibles	2,785	1,816	1,026	421	475
Net profit for the year	2,218	1,014	(397)	(450)	(503)
Cash flow					
Cash flow from operating activities [4]	3,706	2,395	2,116	1,619	1,452
Acquisition of intangible assets and property, plant and equipment, net	(841)	(783)	(803)	(762)	(1,010)
Cash conversion [2]	99%	98%	102%	103%	93%
Financial position					
Total assets	49,285	46,734	48,566	53,888	54,980
Goodwill	22,868	22,796	23,155	25,841	27,170
Additions to property, plant and equipment	746	692	772	789	938
Total equity (attributable to owners of ISS A/S)	14,494	12,910	4,213	5,097	2,127
Equity ratio	29.4%	27.6%	8.7%	9.5%	3.9%
Employees					
Number of employees at 31 December	504,816	510,968	533,544	534,273	534,519
Full-time employees	74%	73%	74%	73%	73%
Growth					
Organic growth	4.4%	2.5%	4.3%	1.7%	6.3%
Acquisitions and divestments, net	(1)%	(6)%	(2)%	(2)%	(2)%
Currency adjustments [5]	4 %	(2)%	(3)%	2 %	1 %
Total revenue growth	7 %	(6)%	(1)%	2 %	5 %
Financial leverage					
Pro forma adjusted EBITDA	5,213	4,792	4,979	5,253	5,146
Net debt	11,115	12,647	22,651	25,955	29,905
Net debt / Pro forma adjusted EBITDA	2.1x	2.6x	4.5x	4.9x	5.8x
Stock market ratios					
Basic earnings per share (EPS), DKK	12.0	5.8	(2.9)	(4.0)	(5.1)
Diluted earnings per share, DKK	11.9	5.8	(2.9)	(4.0)	(5.1)
Adjusted earnings per share, DKK	15.0	10.3	7.6	3.8	4.7
Proposed dividend per share, DKK	7.40	4.90	-	-	-
Number of shares issued (in thousands)	185,668	185,668	135,443	135,443	100,000
Number of treasury shares (in thousands)	1,777	1,000	-	-	-
Average number of shares (basic) (in thousands)	184,050	175,049	135,443	112,008	100,000
Average number of shares (diluted) (in thousands)	185,208	175,847	135,443	112,008	100,000

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) Previously, cash flow from Interest received/paid was included in Cash flow from financing activities. Effective 1 January 2015, cash flow from Interest received/paid is included in Cash flow from operating activities as a result of the post-IPO capital structure. Comparative figures have been restated accordingly.

5) 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.

DEFINITIONS

DEFINITIONS

FINANCIAL RATIOS

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 EBITDA

= Operating profit before other items + Depreciation and amortisation

Cash conversion, %

$$= \frac{\text{(Operating profit before other items last twelve months (LTM) + Changes in working capital LTM)} \times 100}{\text{Operating profit before other items LTM}}$$

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

= Operating profit + 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, %

$$= \frac{\text{(Revenue current year – comparable revenue}^{1)}\text{ prior year)} \times 100}{\text{Comparable revenue}^{1)}\text{ prior year}}$$

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.

Pro forma adjusted EBITDA

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.

Total revenue growth, %

$$= \frac{\text{(Revenue current year – revenue prior year)} \times 100}{\text{Revenue prior year}}$$

STOCK MARKET RATIOS

Adjusted earnings per share

$$= \frac{\text{Profit before amortisation/impairment of acquisition-related intangibles}}{\text{Average number of shares, diluted}}$$

Basic earnings per share (EPS)

$$= \frac{\text{Net profit for the year attributable to owners of ISS A/S}}{\text{Average number of shares}}$$

Diluted earnings per share

$$= \frac{\text{Net profit for the year attributable to owners of ISS A/S}}{\text{Average number of shares, diluted}}$$

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) and Restricted Share Units (RSUs) as an average for the year.

NON-FINANCIAL RATIOS

Customer Net Promoter Score (cNPS)

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.

Employee Net Promoter Score (eNPS)

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.

Lost Time Injury Frequency (LTIF)

Measures the number of incidents classified as lost time injuries per millions of hours worked.

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 p. 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.

CASE:
END-USER CENTRICITY AT NORDEA

ISS and Nordea have a long history of collaboration, which has developed from a traditional customer-supplier relationship to a true, strategic partnership based on an IFS solution. A joint objective in the latest evolution of the partnership was to provide services that create a tangibly positive impact on Nordea's employees. We refer to this as end-user centricity.

Together with Nordea, ISS identified nine key touch points for the Nordea employees' journey through their facility on a typical working day. Each of these touch points provides an opportunity for ISS to provide great service moments and thereby positively influence the experience of Nordea's employees. The ISS service staff engage with the bank's employees to ensure ease and simplicity when making service requests. Moreover, they seek to deliver first class communication, speed of delivery and quality in the completed task, thereby meeting the needs of Nordea's employees and their guests and driving a great end-user experience.

Feedback scores from Nordea employees are collated and analysed and the score ultimately influences ISS's remuneration. Moreover, the feedback allows ISS to optimise the allocation of costs and resources, thereby delivering a better outcome in a more efficient manner. This innovation has further strengthened ISS's relationship with Nordea and led to additional expansion of the services provided. "I have been positively surprised by the commitment to a true strategic partnership with ISS. We are, so to speak, on the same frequency…". Ove Hygum, Head of Workplace Management, Nordea.

FACTS
Nordea is the largest financial services group in the Nordic and Baltic regions. The Nordea-ISS relationship dates back to 1975. Today, approximately 400 ISS staff are servicing 32,400 Nordea users at more than 630 sites across the Nordic region, covering a total of more than 1 million m^2 of Nordea premises. Main services delivered include cleaning, catering, reception, mail services, landscaping, security, maintenance and facilities engineering support.

1975
The beginning of Nordea-ISS relationship

400+
ISS staff servicing Nordic Nordea users

32,400
Nordea users at more than 630 sites across the Nordic region

HELENE LINDEMAN
Receptionist, ISS Norway
NORDEA

GROUP PERFORMANCE

Our strategic initiatives supported strong organic growth and margin improvements for the second consecutive year. This resulted in the highest revenue and profit levels in ISS history.

OPERATING RESULTS

Group revenue improved DKK 5 billion to DKK 79.6 billion in 2015. Organic growth was 4.4% and the positive currency effect amounted to 4%, while the impact from acquisitions and divestments, net, reduced revenue by 1%.

Organic growth was driven by a continued strong performance in emerging markets, large contract launches in Europe and our integrated facility services (IFS) business in general. All regions delivered positive organic growth rates with Germany, Switzerland and Turkey as the principal drivers, supported mainly by IFS contract launches including Vattenfall and Swisscom. On the other hand, the persistently difficult market conditions in certain European countries and Brazil reduced organic growth.

Operating profit before other items amounted to DKK 4,533 million in 2015 for an operating margin of 5.7% (2014: 5.6%), the second straight year of improvement in spite of the persistently challenging macroeconomic environment in Europe and certain emerging markets. The higher operating margin was driven by improved margins in most regions with strong performances by Germany and the United Kingdom in the Western Europe region and Singapore in Asia, as well as our strategic initiatives in general. Corporate costs amounted to 0.8% of revenue (2014: 0.7%), which was in line with expectations.

We define emerging markets as comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey. Combined, these markets delivered organic growth of 8% and represented 25% of Group revenue. In addition to significantly contributing to the Group's organic growth, emerging markets delivered an operating margin of 6.4% in 2015 (2014: 6.3%). Emerging markets remain an important part of our strategic platform and we aim to continue to grow our footprint

REVENUE AND GROWTH

	Revenue			Growth components		
DKK million	**2015**	**2014**	**Growth**	**Organic**	**Acq./div.**	**Currency**
Western Europe	40,894	37,318	10 %	4 %	1 %	5 %
Nordic	14,738	15,449	(5)%	1 %	(3)%	(3)%
Asia	10,104	8,221	23 %	11 %	(3)%	15 %
Pacific	4,478	4,444	1 %	5 %	(4)%	-
North America	4,161	3,477	20 %	0 %	-	20 %
Latin America	3,609	3,597	0 %	5 %	-	(5)%
Eastern Europe	1,580	1,597	(1)%	2 %	(1)%	(2)%
Other countries	113	87	30 %	16 %	-	14 %
Corporate / eliminations	(98)	(85)	15 %	-	-	-
Group	**79,579**	**74,105**	**7 %**	**4.4 %**	**(1)%**	**4 %**
Emerging markets	19,918	17,779	12 %	8 %	(2)%	6 %

OPERATING RESULTS

	Operating profit before other items			Operating margin	
DKK million	**2015**	**2014**	**Change**	**2015**	**2014**
Western Europe	2,562	2,310	11 %	6.3 %	6.2 %
Nordic	1,146	1,153	(1)%	7.8 %	7.5 %
Asia	788	603	31 %	7.8 %	7.3 %
Pacific	255	220	16 %	5.7 %	5.0 %
North America	173	125	38 %	4.2 %	3.6 %
Latin America	144	173	(17)%	4.0 %	4.8 %
Eastern Europe	99	109	(9)%	6.3 %	6.8 %
Other countries	(1)	(1)	-	(0.8)%	(1.4)%
Corporate / eliminations	(633)	(542)	17 %	(0.8)%	(0.7)%
Group	**4,533**	**4,150**	**9 %**	**5.7 %**	**5.6 %**
Emerging markets	1,274	1,123	13 %	6.4 %	6.3 %

in these markets in a balanced and controlled manner.

Other income and expenses, net was an income of DKK 44 million (2014: net expense of DKK 160 million) and mainly related to gain from divestments of DKK 351 million, primarily the call centre activities in Turkey. This was partly offset by restructuring projects of DKK 170 million predominantly related to the implementation of GREAT and costs related to senior management changes of DKK 44 million.

Financial income and expenses, net was DKK 709 million (2014: DKK 1,296 million). The decrease was mainly due to a DKK 351 million reduction in interest expenses, net as a result of lower margins combined with lower average net debt in 2015 as well as unamortised financing fees expensed in 2014. In 2015, financial expenses included a non-cash expense of unamortised financing fees of DKK 27 million resulting from the partial repayment of Term Loan B following the refinancing with bonds issued under our EMTN programme. Also, financial expenses included a DKK 98 million net loss on foreign exchange.

The effective tax rate for 2015 was 28.0% (2014: 32.6%) calculated as Income taxes of DKK 1,083 million divided by Profit before tax and amortisation/impairment of acquisition-related intangibles of DKK 3,868 million. The decrease in the effective tax rate was related to the effect of non-deductible IPO costs and the interest limitation tax rules in Denmark impacting the effective tax rate in 2014. Furthermore, the effective tax rate was positively affected by significant non-taxable gain on divestments in 2015.

Profit before amortisation/impairment of acquisition-related intangibles was DKK 2,785 million (2014: DKK 1,816 million), supported by improvements in operating profit and lower financial expenses, net.

Impairment losses amounted to DKK 99 million (2014: DKK 450 million) and related to goodwill of 95 million and customer contracts of DKK 4 million. Losses on goodwill derived from impairment tests in Brazil of DKK 77 million due to operational and macroeconomic challenges, and divestments in Western Europe of DKK 18 million.

Net profit was up by DKK 1,204 million to DKK 2,218 million in 2015.

BUSINESS DEVELOPMENT

Delivering IFS solutions to our selected customers is a key part of our strategy and during the past years, the IFS share of Group revenue has increased steadily from 26% in 2013 to 34% in 2015. The increase was supported by the successful implementation of our strategic initiatives, which is also illustrated by the number of IFS contract wins and expansions during 2015.

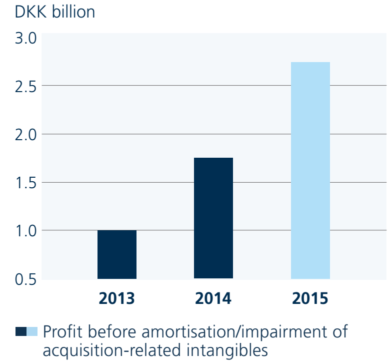
Revenue generated from IFS in 2015 was up 11% (2014: 10%) in local currencies to DKK 26.7 billion. Growth was mainly driven by IFS contract launches like Vattenfall and Swisscom as well as the successful conversion of existing single service contracts to IFS contracts.

Significant IFS contracts won in 2015 included contracts with UBS and Homerton Hospital in the United Kingdom and Huawei and Huashan Hospital in China. We also expanded our existing contracts with the Danish State Railways (DSB) in Denmark, Danske Bank in the Nordic and Eastern Europe regions as well as PostNord and Nordea across the Nordics.

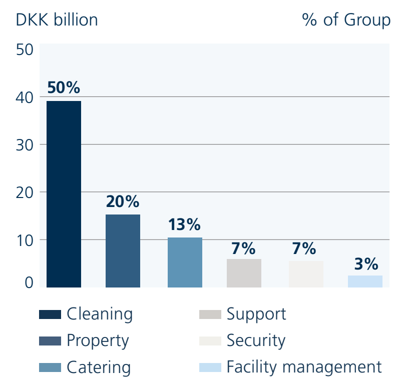
Revenue generated from Global Corporate Clients in 2015 increased 11% (2014: 5%) in local currencies to DKK 8.3 billion, representing 10% of Group revenue (2014: 9%).

In 2015, Global Corporate Clients launched a single service contract delivering cleaning services to a large international bank in Western Europe, North America, Asia and Pacific. We have also expanded and extended the IFS contract with Novartis to cover all sites across 24 countries in Europe. Further, we expanded an IFS framework contract with a large international food

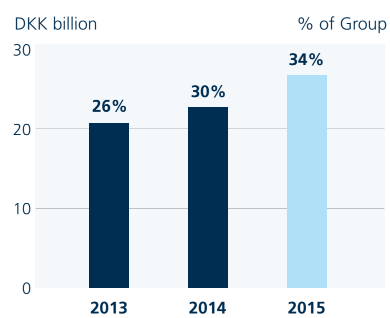
PROFIT BEFORE AMORTISATION/ IMPAIRMENT



REVENUE BY SERVICE



IFS REVENUE



producer to deliver services in Australia. Finally, we won a large IFS contract with Rolls-Royce in Asia and Americas.

In terms of services, cleaning remained our largest service area, covering 50% of Group revenue in 2015 (2014: 51%). The decrease from 2014 to 2015 mainly stemmed from an increased level of revenue from IFS contracts and the loss of cleaning contracts, particularly in Western Europe. For IFS contracts, the revenue share stemming from cleaning is usually below the Group average, whereas the share of revenue from property services tends to be higher. The share of property services increased from 18% of Group revenue in 2014 to 20% in 2015, which in addition to the increased level of IFS contracts was supported by the acquisition of GS Hall. Several regions increased their property services share, most of all Western Europe and Nordic. The development in revenue by service type reflects our strategic efforts to transform our business from primarily being a cleaning services provider to becoming a full facility services provider.

Our customers are increasingly satisfied – we saw an improved customer Net Promotor Score (cNPS) for the third consecutive year arriving at 36.7 in 2015 (2014: 31.2). We believe the improvement is a result of a more customer-centric approach to our key account customers and a continued focus on what matters to them.

Read more about cNPS on page 36.

Our employees like to work for us – in 2015, our employee Net Promoter Score (eNPS) increased by 10 points to 56.4 which was the third consecutive year of improvement. The global employee engagement survey framework was first introduced in 2012 and has increased our efforts and focus on how to improve employee engagement, which has supported the improved eNPS.

Read more about employee engagement and our survey results on page 42.

Health and safety is important to us – we have improved our Lost Time Injury Frequency (LTIF) performance by 60% from the baseline figure of 13 in 2010 to an LTIF of 5 in 2015, the fifth straight year of improvement. The improvement has been driven by our systematic approach to managing health and safety risks. Furthermore, the exit of high-risk contracts and the implementation of health and safety plans on selected high risk contracts have resulted in fewer injuries.

Read more about HSE on p. 43.

CASH FLOWS AND WORKING CAPITAL

Cash conversion for 2015 was 99% (2014: 98%), driven by a general strong cash performance across the Group. Ensuring a strong cash performance remains a key priority, and the result reflects our consistent efforts to ensure timely payment for work performed and focus on strong working capital processes. These efforts were once again reflected in our cash flows for the year.

Trade receivables amounted to DKK 10,770 million (2014: DKK 10,446 million). The increase compared to 2014 was mainly the result of contracts won in 2015, the acquisition of GS Hall, and quarterly timing differences, partly offset by the impact from divestments. Despite increased trade receivables and revenue, we managed to improve our debtor days compared to last year.

Cash flow from operating activities

Cash flow from operating activities was DKK 3,706 million (2014: DKK 2,395 million). The improvement was primarily due to operating profit before other items being DKK 383 million higher than in 2014, a decrease in cash outflow from interest paid, net of DKK 437 million mainly following the refinancings in 2014 and 2015 as a result of lower margins combined with the lower average net debt. Furthermore, tax paid fell by DKK 215 million mainly due to tax paid on the divestment of the pest control activities in the Pacific region in 2014.

Other expenses paid of DKK 312 million mainly included restructuring projects initiated and expensed in 2014 and 2015.

Cash flow from investing activities

Cash flow from investing activities was a net outflow of DKK 840 million (2014: inflow of DKK 552 million). The cash outflow was mainly due to investments in intangible assets and property, plant and equipment, net, of DKK 841 million (2014: DKK 783 million), which represented 1.1% of Group revenue (2014: 1.1%). Cash outflow from acquisition of businesses mainly related to GS Hall in the United Kingdom and amounted to DKK 446 million, which was offset by a cash inflow from the divestment of businesses of DKK 477 million mainly related to the divestment of the call centre activities in Turkey.

Cash flow from financing activities

Cash flow from financing activities was a net outflow of DKK 1,931 million (2014: outflow of DKK 2,753 million) reflecting less drawings under our working capital facilities as a result of our strong cash flow performance from operating activities. Furthermore, the cash outflow from dividends paid to shareholders and purchase of treasury shares in 2015 were DKK 901 million and DKK 204 million, respectively.

STRATEGIC ACQUISITIONS AND DIVESTMENTS

Acquisitions

In January 2015, we acquired GS Hall plc, a leading technical services company focused on mechanical and electrical engineering, energy management and compliance. In line with our expectations, GS Hall delivered revenue of DKK 778 million and a solid margin. The integration progressed well and we now self-deliver certain services that we had previously sub-contracted. The acquisition supports our strategy by expanding our technical services self-delivery capabilities and in particular supports the IFS offering in the United Kingdom and Europe.

Going forward, we will consider making acquisitions that enhance our core competencies subject to tight strategic and financial filters.

Divestments and assets held for sale

In 2015, we divested the call centre activities in Turkey, the temporary labour and staffing activities in Portugal, the route-based security activities in India, while also making minor divestments in Belgium, Denmark and the Netherlands.

The divestments were the result of our continuous review of the strategic rationale and fit of business activities and they support an improved strategic alignment in the affected countries.

Our continued strategic focus also led to three businesses being classified as held for sale at 31 December 2015, comprising businesses in the Western Europe and Nordic regions. Assets and liabilities held for sale amounted to DKK 1,539 million (2014: DKK 472 million) and DKK 444 million (2014: DKK 176 million), respectively.

Divestments and acquisitions completed in 2015 resulted in a net gain of DKK 291 million (2014: DKK 70 million), which comprised a net gain of DKK 313 million recognised in Other income and expenses, net and impairment losses on goodwill and customer contracts of DKK 18 million and DKK 4 million, respectively.

Intangible assets, goodwill and goodwill impairment

Intangible assets at 31 December 2015 amounted to DKK 27,242 million and mainly comprised goodwill, customer contracts and brands. A significant part of these assets relate to the acquisition of ISS World Services A/S in May 2005, see note 4.3 to the consolidated financial statements. Furthermore, a significant number of acquisitions made in subsequent years have added intangible assets.

At 31 December 2015, goodwill was DKK 22,868 million compared with DKK 22,796 million at 31 December 2014. The goodwill balance at 31 December 2015 reflected foreign exchange adjustments of DKK 458 million and additions from acquisitions of DKK 452 million, mainly GS Hall, which were partly offset by the transfer of assets classified as held for sale of DKK 701 million and impairment losses of DKK 95 million. Of the total impairment losses, DKK 77 million derived from impairment tests in Brazil due to operational and macroeconomic challenges, and DKK 18 million derived from completed divestments in Western Europe.

CAPITAL STRUCTURE

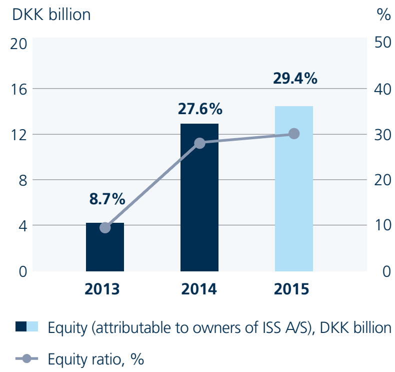
We wish to maintain a strong and efficient balance sheet and to strike an optimal balance between reinvesting capital back into our business and returning surplus funds to our shareholders. At the annual general meeting to be held on 5 April 2016, the Board will propose a dividend for 2015 of DKK 7.40 per share of DKK 1, equivalent to DKK 1,374 million.

ISS has an investment grade rating assigned by both Standard and Poor's (BBB- / Positive outlook) and Moody's (Baa2 / Stable outlook). In line with our Group 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, taking seasonality into account. At 31 December 2015, the financial leverage was 2.1x (2014: 2.6x). This was the result of our continued focus on reducing our debt. At the end of 2015, ISS had net debt of DKK 11,115 million, which was DKK 1,532 million less than at the end of 2014.

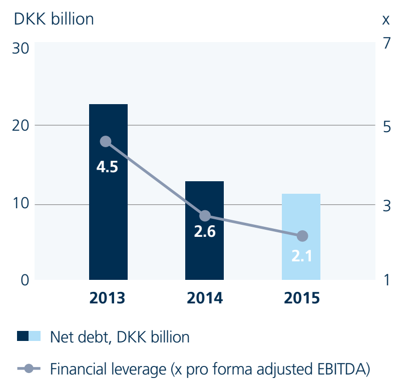
ISS has diversified funding through the combination of bank debt (senior unsecured facilities) and bonds issued under the EMTN programme, and with rates fixed at attractive levels on a significant proportion of the debt. Furthermore, we have no short-term maturities.

In November 2015, we issued a new bond under the EMTN programme

EQUITY AND EQUITY RATIO



FINANCIAL LEVERAGE



with maturity in 2021 and a coupon of 1.125%. The proceeds were used to repay part of the senior unsecured facilities (EUR 500 million of the EUR 800 million Term Loan B maturing in 2019), thereby extending the maturity and locking in fixed rates on this part of our debt.

In June 2015, the senior unsecured facilities were adjusted with respect to pricing and certain terms – the pricing being Euribor plus a margin depending on the leverage, measured half-yearly. The adjustment reduced the margin from 125 bps to 85 bps with effect from 29 June 2015. The changes in coupon and margins are outlined in section 5 of the consolidated financial statements.

EQUITY

Equity was DKK 14,504 million at the end of 2015 equivalent to an equity ratio of 29.4% (2014: 27.6%). The DKK 1,584 million increase was mainly due to profit of DKK 2,218 million and positive currency adjustments of DKK 546 million relating to investments in foreign subsidiaries. This was partly offset by dividends paid to shareholders, net of DKK 901 million, the purchase of treasury shares of DKK 204 million and an actuarial loss of DKK 196 million, net of tax. The positive currency adjustments were mainly due to GBP, CHF and HKD appreciating against DKK.

SUBSEQUENT EVENTS

On 7 January 2016, we announced that Heine Dalsgaard will step down as Group CFO as he has accepted a position as CFO outside ISS. He will continue until 1 August 2016 at the latest.

Other than as set out above or elsewhere in this Group Annual Report, we are not aware of events subsequent to 31 December 2015, which are expected to have a material impact on the Group's financial position.

BIRGIT LARSEN
Receptionist, ISS Denmark
DANSKE BANK

Western Europe

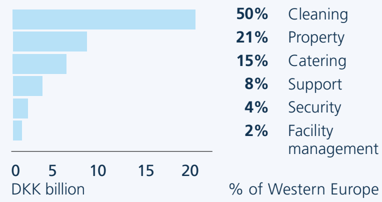
40,894 DKKm
Revenue

190,753
Employees

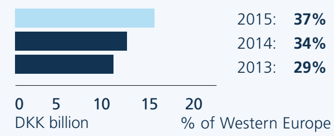
51%
of Group

38%
of Group

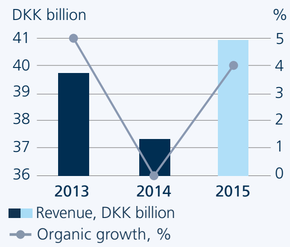
Revenue by service



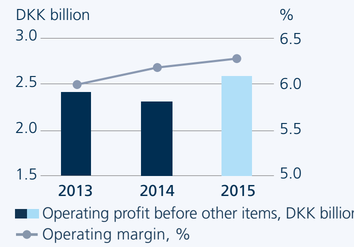
IFS revenue



Revenue and organic growth



Operating profit and margin



THE MARKET AND OUR FOCUS

The markets of the Western Europe region are generally characterised as developed markets but with differences from country to country in terms of IFS market maturity and macroeconomic environment. We hold leading market positions in several countries, including the United Kingdom, Spain, Switzerland, France and Turkey. Key customer segments for the region are Business Services & IT, Industry & Manufacturing, Healthcare, Public Administration, and the Transportation & Infrastructure segment.

2015 was characterised by the start-up of significant IFS contracts with Vattenfall, Swisscom, UBS and Bankia, which enabled several countries to deliver positive organic growth rates. Germany has taken a significant step in terms of size, capabilities and position in the market through the Vattenfall contract. The strategic focus on core services resulted in the acquisition of GS Hall in the United Kingdom, which adds strong mobile and project Maintenance & Engineering capability to our business, and the divestment of the call centre activities in Turkey.

In 2016, we will continue to strengthen our commercial mind-set and with a strong sales pipeline across most countries, we remain positive about the future organic growth rates and sound profitability of the region. Focus will be on the successful transition of recent contract wins and expansions.

STRATEGY UPDATE

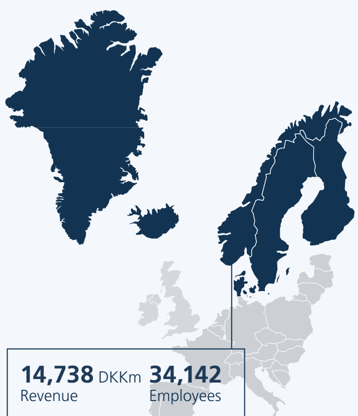
The implementation of GREAT is well advanced with the completion of the processes in several countries including the implementation of new organisational structures in the United Kingdom, Portugal, Spain, Belgium and Germany. During 2015, the Business Process Outsourcing (BPO) project has been rolled out in the Netherlands and Belgium & Luxembourg and initiated in Germany and Austria with expected launch in Q1 2016. Procurement organisations have been strengthened in a number of countries leading to increased transparency on spend and cost savings in 2015.

FINANCIALS

Revenue increased 10% to DKK 40,894 million in 2015. Organic growth amounted to 4%, while the impact from acquisitions increased revenue by 2%, the impact from divestments reduced revenue by 1% and currency effects impacted revenue positively by 5%. Western Europe continued to deliver a strong organic growth rate with Germany, Switzerland, Turkey and the United Kingdom as the main contributors. The strong growth was mainly driven by IFS contract launches including Vattenfall in Germany, Swisscom in Switzerland, UBS in the United Kingdom and Bankia in Spain as well as the sales efforts initiated in Turkey. As a consequence, the IFS share of revenue increased to 37% (2014: 34%).

Operating profit before other items increased by 11% to DKK 2,562 million equal to an improved operating margin of 6.3% (2014: 6.2%). The increase in operating margin for the region was mainly driven by the IFS divisions and strong performance from Global Corporate Clients contracts in Germany, the United Kingdom and Switzerland. Furthermore, the impact from our strategic initiatives including cost savings initiatives and procurement activities supported the margin increase. The operating margin was negatively impacted by the Netherlands where profitability remains challenged.

Nordic



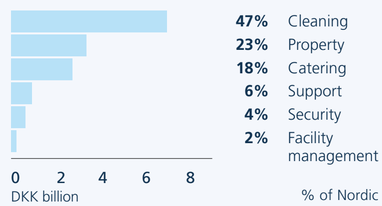
14,738 DKKm
Revenue

34,142
Employees

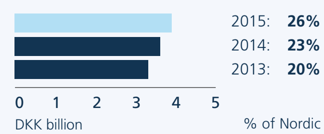
19%
of Group

7%
of Group

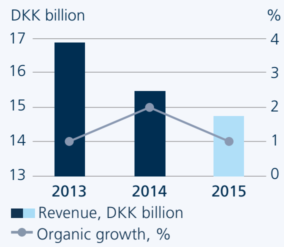
Revenue by service



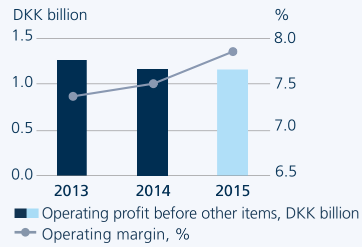
IFS revenue



Revenue and organic growth



Operating profit and margin



THE MARKET AND OUR FOCUS

The markets of the Nordic region are mature, developed and with a high outsourcing level, and ISS holds a market leading position 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. Key customer segments are Business Services & IT, Public Administration and Industry & Manufacturing as well as country-specific segments such as Healthcare and Transportation & Infrastructure.

It was a strong year for contract wins and expansions in the Nordic region in 2015: a Nordic IFS contract was secured with Danske Bank, the Nordic contract with Nordea was expanded, and we also had a contract win with the Danish State Railways (DSB), a catering and cleaning contract win with the Danish Broadcasting Corporation (DR), two important contract wins within the Healthcare segment in Sweden and important scope increases to the defence contract and hotels business in Norway.

In 2016, we will remain focused on our key customer segments, building the sales pipeline in these segments and on the successful mobilisation of the recent major contract wins.

STRATEGY UPDATE

Equipped with the knowledge gained from the development and deployment of GREAT initiatives in 2013 and 2014, the implementation of GREAT initiatives continued in 2015. This included an increased focus on our key accounts, and the region has invested in a Key Account Manager Certification programme, which is being rolled out to all key accounts, as well as the development of Excellence Boards for all service lines within the business. The Group's focus on procurement has been a key initiative in the Nordic region with dedicated procurement functions in all countries being supported by regional and Group subject-matter experts. The launch of the Business Process Outsourcing (BPO) project has been a success with processes operating smoothly between the BPO provider and the region. The continued implementation of GREAT in the Nordic region has resulted in improvements in 2015 across several KPIs as well as in the cost structures and with greater transparency in country performance.

FINANCIALS

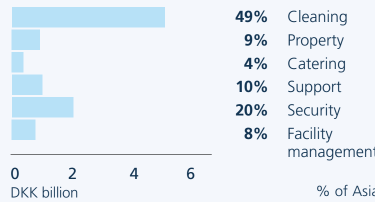
Revenue was DKK 14,738 million (2014: DKK 15,449) and organic growth was 1%. The divestment of non-core activities in 2014 reduced revenue by 3% while currency effects reduced revenue by 3%. The organic growth was supported by Sweden, Norway and Denmark driven by stronger demand for non-portfolio services as well as contract launches including Danske Bank and the Danish State Railways (DSB). This was partly offset by flat organic growth in Finland mainly due to contract losses and a decline in project-based work as well as annualised impact of large contract launches in 2014. The share of revenue generated from IFS increased to 26% (2014: 23%).

Operating profit before other items amounted to DKK 1,146 million (2014: DKK 1,153 million), reflecting an improved operating margin of 7.8% (2014: 7.5%). The improvement was primarily driven by Norway and Finland due to the effect from the strategic initiatives, including optimisation of organisational and cost structures. Denmark and Sweden once again delivered stable high margins.

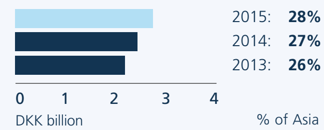
Asia

10,104 DKKm Revenue
190,306 Employees
13% of Group
38% of Group

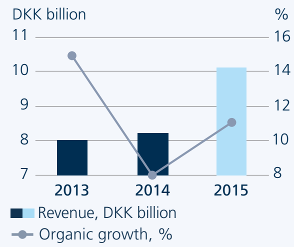
Revenue by service



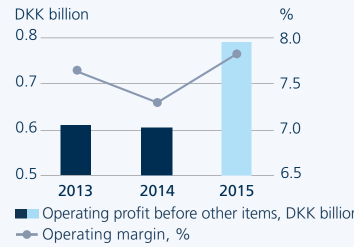
IFS revenue



Revenue and organic growth



Operating profit and margin



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. ISS has a strong presence in the region with market leading positions in most countries. The key customer segments of the region are Business Services & IT, Industry & Manufacturing, Retail & Wholesale, Healthcare and Transportation & Infrastructure.

In 2015, Asia has yet again delivered strong organic growth and strong profitability across most countries. The segmentation focus has paid off with breakthrough contract wins in the Healthcare segment in China and Taiwan – the first hospital contracts were won and mobilised with support from ISS Singapore. The focus on the Transportation & Infrastructure segment has led to additional contract wins in China and Indonesia. During the year, continued efforts have been put into further developing and sharpening the IFS offering across Asia leading to a number of important local country wins as well as successful participation in Global Corporate Clients tender processes.

Output-based contracts will become more common as the market matures, but within the foreseeable future input-based contracts will still be the norm in many countries. Fuelling the change towards performance-based commercial models will remain on the agenda for some time going forward.

STRATEGY UPDATE

In Asia, GREAT has centred on customer segmentation, organisational alignment and procurement excellence. Business Process Outsourcing (BPO) has yet to be introduced but initial analysis has been initiated and will continue throughout 2016. Procurement excellence was a focus area in 2015 and substantial progress has been made in terms of spend visibility, compliance on contracts with suppliers and pricing negotiations across countries. The focus going forward will continue to be on stronger customer segmentation and developing leadership with an added focus on key account management skills through local, regional and global training programmes. Strengthening the technical services capabilities across the region will be a key element in developing the IFS offering to existing and new customers.

FINANCIALS

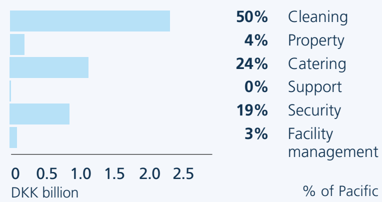
Revenue increased 23% to DKK 10,104 million driven by strong organic growth of 11% and positive currency effects of 15%, while divestments reduced revenue by 3%. Double-digit organic growth rates were seen in most countries with Indonesia, China and Singapore being the largest nominal contributors, partly due to a strong performance by the security division in Indonesia, contract launches in China and contract launches and stronger demand for non-portfolio services in Singapore. India and Thailand continued their positive trends driven by Global Corporate Clients contracts in India and contract launches in Thailand. The share of revenue generated from IFS increased to 28% (2014: 27%) mainly supported by China and Thailand.

Operating profit before other items increased by 31% to DKK 788 million reflecting an operating margin of 7.8% (2014: 7.3%). The margin increase was mainly supported by Singapore, partly due to one-off income related to a final assessment of contractual obligations, and Indonesia, due to a strong performance by the security division. This was partly offset by a margin decrease in China, mainly due to investments in operational improvements, including in healthcare capabilities.

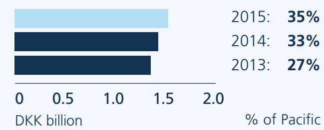
Pacific

4,478 DKKm Revenue | **12,407** Employees
6% of Group | **2%** of Group

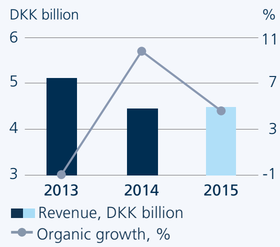
Revenue by service



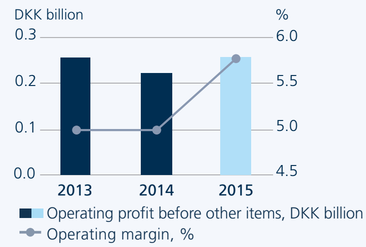
IFS revenue



Revenue and organic growth



Operating profit and margin



THE MARKET AND OUR FOCUS

The Pacific market is mature and has both local and international competitors with a strong presence. Australia generates close to 95% of the Pacific revenue and leads all regional activities. The main strategic focus has been to further develop and refine the IFS value proposition to selected customer segments, including Energy & Resources (mainly the remote site resource sector), Transportation & Infrastructure (mainly airports), Public Administration and Healthcare. Furthermore, Australia has focused on implementing tools for improved control and increased operational efficiency in resource planning and procurement as well as sales efficiency.

In 2015, Pacific achieved continued growth and strategic development in key customer segments. The resources division started up their first contracts in Queensland, which is an important strategic geography to enter. The health division won a significant contract and our aviation division was awarded a new contract when Melbourne Airport opened a new terminal during the year, which expanded our existing relationship with the customer. The strong commercial focus has led to a number of new key account wins with a broad facility services delivery.

Going forward, the Pacific region will remain focused on further developing the value proposition to the selected customer segments and move into Business Services & IT segment as an additional focus segment. Operational efficiencies through continued systemisation and a clear key account commercial strategy will support profitable growth for the region.

STRATEGY UPDATE

Several initiatives coming from the GREAT project were implemented during the year. A new organisational structure with a centralised Excellence Center and a customer segmented operational structure is now fully in place and operational. The finance organisation has been through a successful Business Process Outsourcing (BPO) project, outsourcing parts of its finance processes.

FINANCIALS

Revenue was DKK 4,478 million compared with DKK 4,444 million in 2014. Organic growth was 5% while the impact from divestments reduced revenue by 4%. The organic growth was mainly driven by existing IFS portfolio contracts within the healthcare, remote site resource and aviation divisions in Australia despite a large contract loss in the remote site resource segment in Q3.

The share of revenue generated from IFS increased to 35% (2014: 33%).

Operating profit before other items was DKK 255 million, equal to an operating margin of 5.7% (2014: 5.0%). The increase in operating margin was mainly due to an improved performance in the remote site resource and aviation divisions in Australia.

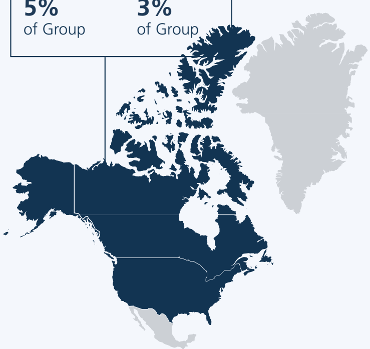
North America

4,161 DKKm
Revenue

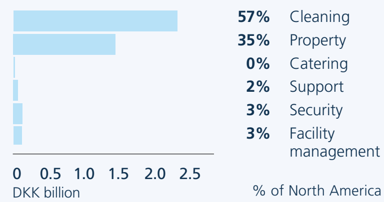
15,355
Employees

5%
of Group

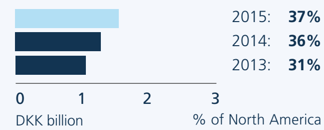
3%
of Group



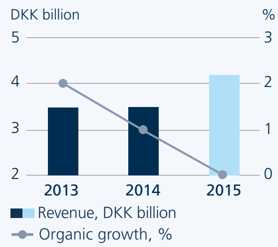
Revenue by service



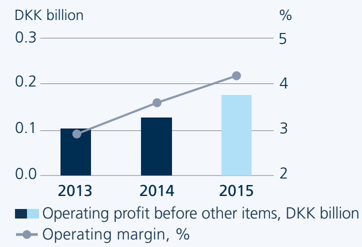
IFS revenue



Revenue and organic growth



Operating profit and margin



THE MARKET AND OUR FOCUS

ISS has a strong presence in several parts of the USA experiencing economic growth, and we continue to focus on our key customer segments, Business Services & IT, Transportation & Infrastructure, Public Administration and Industry & Manufacturing. The focus has improved our sales pipeline, which will support our growth ambition.

2015 was characterised by continued margin growth in North America. The IFS business has taken an important step forward in overall performance through increased self-delivery of engineering services on HP, the deployment of operational excellence and procurement efficiencies. In Q4 2015, we signed a new contract with Rolls-Royce, which we are currently mobilising for a Q2 2016 start-up. Our aviation business continued to grow, supported by an additional contract at JFK Airport, which started-up in 2015. We have a strong pipeline of work moving into 2016 with both the airport operators and the airlines. Furthermore, our specialised service division had notable improvement in customer retention and we saw a material improvement in our safety performance across the business in 2015.

Going forward, focus will be on further developing our IFS capabilities whilst maintaining single service excellence within cleaning and technical services. We will continue the implementation of GREAT in 2016, focusing on developing our self-delivery capability, rationalisation and optimisation of our specialised service division and improving the win-rate for IFS contracts, which is expected to accelerate the transformation of the region towards more focus on IFS and targeting large customers.

STRATEGY UPDATE

During 2015, we focused on optimising our customer base by establishing a more detailed understanding of our customers. We have now mapped our customers between key accounts and specialised service divisions. This focus has allowed us to improve our customer retention within the specialised service division, and the pipeline on IFS contracts has improved significantly. Furthermore, we have implemented an American procurement programme leveraging the regional and country spend. This is expected to deliver cost savings over the next coming years as we grow our IFS capabilities.

FINANCIALS

Revenue was DKK 4,161 million, an increase of 20%. Organic growth was flat, while the positive impact from currency effects increased revenue by 20%. Organic growth was supported by contract wins as well as a strong performance from Global Corporate Clients contracts which was offset by the impact of contract exits and losses in 2014 and 2015. Revenue generated from IFS increased to 37% (2014: 36%).

Operating profit before other items was DKK 173 million resulting in an operating margin of 4.2% (2014: 3.6%). The increase in operating margin was mainly due to operational improvements, a strong performance by the key account division as well as the effects of our strategic initiatives, including exit of certain low-margin contracts.

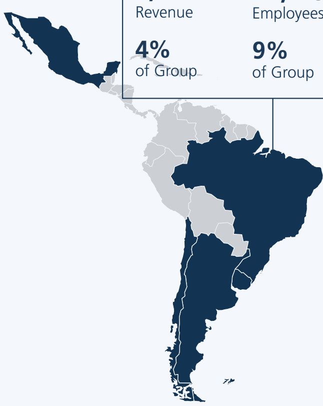
Latin America

3,609 DKKm
Revenue

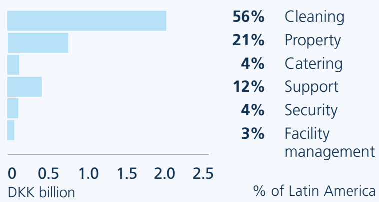
44,178
Employees

4%
of Group

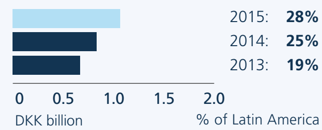
9%
of Group



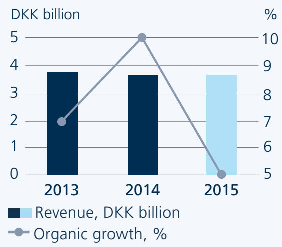
Revenue by service



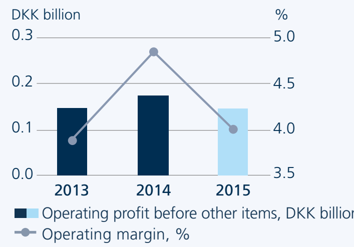
IFS revenue



Revenue and organic growth



Operating profit and margin



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 in all key countries where we offer IFS solutions. Key customer segments within Latin America are Business Services & IT and Industry & Manufacturing. 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 challenging macroeconomic environment and difficult market conditions in certain countries, notably Brazil, continued in 2015 and impacted results in the industry in general. The main focus in 2015 has been to generate strong growth rates and improve the operational efficiencies, especially in Brazil. Furthermore, we continued to focus on transparency by strengthening business systems, processes and organisations.

Going forward, we remain focused on generating increased organic growth through a segmented approach to the market with a thorough assessment of the potential customer base. In addition, we remain focused on having the right organisational structure and management teams in place to support our strategic direction. Improving the operational efficiencies, especially in Brazil, will remain in focus in 2016.

STRATEGY UPDATE

In the beginning of 2015, Brazil finalised the implementation of GREAT including the alignment of the organisational structure. The macroeconomic challenges in Brazil have required further organisational changes, which are currently being implemented. Chile completed and implemented the segmentation of customers and is progressing with the alignment of organisational structures. Furthermore, Mexico and Argentina completed the segmentation of customers, which along with new organisational structures is expected to be implemented in the first half of 2016. During the year, we also implemented regional procurement and sales functions, which will support and provide the countries with short-term cost savings programmes, procurement solutions as well as sales opportunities to boost regional growth.

FINANCIALS

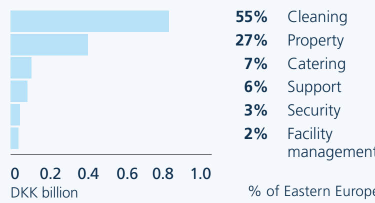
Revenue was DKK 3,609 million compared to DKK 3,597 million in 2014. Organic growth was 5%, while currency effects reduced revenue by 5%. Organic growth was mainly driven by contract wins in 2014 and stronger demand for non-portfolio services in Chile as well as price increases due to wage inflation in Argentina. This was partly offset by Brazil, with contract losses and a negative economic environment impacting the scope of certain existing contracts. The share of revenue generated from IFS increased to 28% (2014: 25%) mainly supported by Chile.

Operating profit before other items decreased to DKK 144 million, reflecting an operating margin of 4.0% (2014: 4.8%). The decrease in operating margin was due to contract losses, cost increases and contract scope reductions in Brazil, where profitability remains challenged. This was partly offset by margin increases in Mexico and Chile supported by the implementation of our strategic initiatives.

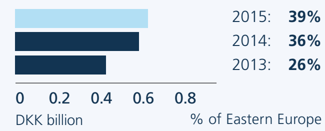
Eastern Europe

1,580 DKKm Revenue	**17,502** Employees
2% of Group	**3%** of Group

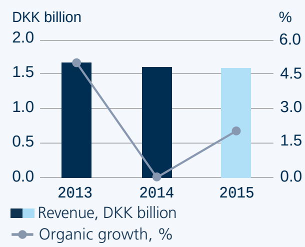
Revenue by service



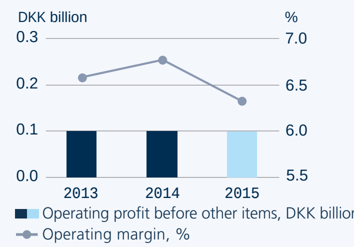
IFS revenue



Revenue and organic growth



Operating profit and margin



THE MARKET AND OUR FOCUS

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

In 2015, we expanded our business with a number of multinational companies, within the Retail & Wholesale and Pharmaceuticals segments as well as with Philip Morris International. The service scope of these contracts require specialised skills and competencies, which together with our IFS capabilities is founded on our combined knowledge and best practice across the region. This way we have turned our local service offering into IFS offerings, strengthening both our regional capabilities and meeting our customers' requirements. By servicing international contracts, our countries build knowledge and experience that can be applied when targeting new customers as well as benefiting existing customers.

STRATEGY UPDATE

The implementation of GREAT through local initiatives is well advanced in a number of countries. During 2015, Romania, Hungary, Slovenia, the Czech Republic and Slovakia all aligned their organisational structures focusing on specific customer segments within key accounts and specialised services. We continued the journey of strengthening our leadership capabilities throughout the region which included programmes for certification of key account managers and strengthening the commercial organisation across the region. In 2015, we established a cross-regional business development function to service customers with a regional set-up. The implementation of procurement initiatives showed initial cost savings, which will have an additional effect in 2016. Following the GREAT implementation, we have also seen improvements across a number of KPIs related to customer satisfaction and employee engagement. The implementation of GREAT will continue across the region in 2016.

FINANCIALS

Revenue decreased 1% to DKK 1,580 million. Organic growth was 2%, which was more than offset by negative currency effects and divestments of 2% and 1%, respectively. Organic growth was mainly supported by solid growth in Slovakia, Russia and Slovenia driven by existing IFS contracts as well as IFS contract launches. This was partly offset by negative organic growth in Romania due to contract scope reductions. Our strong IFS performance increased the IFS share of revenue to 39% (2014: 36%).

Operating profit before other items was DKK 99 million reflecting an operating margin of 6.3% (2014: 6.8%). The decrease in operating margin was due to contract losses in the Czech Republic, contract scope reductions in Romania and contract start-ups. This was partly offset by a strong performance in the catering business in Slovenia.

Q4 2015

Our strategic focus and operational execution drove strong organic growth, improved our operating margin and led to significant contract wins and extensions.

Q4 2015

DKK million	Revenue			Growth components		
	Q4 2015	Q4 2014	Growth	Organic	Acq./div.	Currency
Western Europe	10,614	9,511	12 %	6 %	1 %	5 %
Nordic	3,819	3,868	(1)%	1 %	0%	(2)%
Asia	2,674	2,237	20 %	13 %	(2)%	9 %
Pacific	1,084	1,139	(5)%	(1)%	(0)%	(4)%
North America	1,085	938	16 %	1 %	-	15 %
Latin America	840	918	(8)%	4 %	-	(12)%
Eastern Europe	411	416	(1)%	1%	(1)%	(1)%
Other countries	40	28	43 %	31%	-	12 %
Corporate / eliminations	(32)	(8)	300 %	-	-	-
Group	**20,535**	**19,047**	**8 %**	**4.8 %**	**0 %**	**3 %**
Emerging markets	5,052	4,691	8 %	9 %	(2)%	1 %

Q4 2015

DKK million	Operating profit before other items			Operating margin	
	Q4 2015	Q4 2014	Growth	Q4 2015	Q4 2014
Western Europe	786	736	7 %	7.4 %	7.7 %
Nordic	341	311	10 %	8.9 %	8.0 %
Asia	239	172	39 %	8.9 %	7.7 %
Pacific	70	65	8 %	6.5 %	5.7 %
North America	52	49	6 %	4.8 %	5.2 %
Latin America	26	46	(43)%	3.1 %	5.0 %
Eastern Europe	30	34	(12)%	7.3 %	8.2 %
Other countries	(0)	(0)	-	(0.9)%	(0.7)%
Corporate / eliminations	(197)	(183)	8 %	(1.0)%	(1.0)%
Group	**1,347**	**1,230**	**10 %**	**6.6 %**	**6.5 %**
Emerging markets	355	329	8 %	7.0 %	7.0 %

Group revenue in Q4 was DKK 20.5 billion (Q4 2014: DKK 19.0 billion).

Organic growth in Q4 was 4.8% (Q3 2015: 4.8%), while currency effects increased revenue by 3%, acquisitions increased revenue by 1%, and divestments reduced revenue by 1%.

The Group continued to deliver strong organic growth in Q4, the main drivers being emerging markets, large contract launches in Europe, including Vattenfall and Swisscom, as well as IFS in general. Furthermore, the growth was supported by increased demand for non-portfolio services in Western Europe, mainly relating to key accounts, as well as in Singapore and Indonesia, thereby supporting double-digit growth in Asia. Partly offsetting these developments were the Pacific region, which was impacted by a contract loss and decreased demand for non-portfolio services, as well as reduced organic growth in the Nordic region due mostly to contract downsizing in Finland.

Operating profit before other items was up by 10% to DKK 1,347 million (Q4 2014: DKK 1,230 million) for an **operating margin** of 6.6% in Q4 (Q4 2014: 6.5%). In line with previous years, operating profit before other items was affected by seasonality and is typically higher in the third and fourth quarters than in the first and second quarters.

The improvement in operating margin was mainly driven by strong performances in the Nordic, Asia and Pacific regions. The main contributors in the Nordic region were Denmark, primarily as a result of quarterly timing differences and cost saving initiatives, and Norway, due to strong performances by the cleaning and IFS divisions as well as cost saving initiatives. In Asia the improvement was mainly driven by Singapore due to one-off income related to a final assessment of contractual obligations while mainly the remote site resource and aviation divisions in Australia supported the margin improvement in the Pacific region. This was partly offset by quarterly timing differences and challenging macroeconomic conditions in certain countries.

Corporate costs amounted to 1.0% of revenue (2014: 1.0%), which was in line with expectations.

Other income and expenses, net amounted to a net income of DKK 162 million (Q4 2014: net loss of DKK 47 million). The improvement was primarily due to divestment gains related to the call centre activities in Turkey, which was partly offset by restructuring costs mainly related to the implementation of GREAT.

ORGANIC GROWTH

	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Western Europe	6 %	4 %	5 %	2 %	0 %	1 %	(1)%	1 %
Nordic	1 %	3 %	1 %	1 %	3 %	1 %	3 %	1 %
Asia	13 %	14 %	10 %	8 %	7 %	5 %	8 %	13 %
Pacific	(1)%	5 %	8 %	10 %	13 %	11 %	9 %	6 %
North America	1 %	1 %	1 %	(2)%	2 %	0 %	2 %	1 %
Latin America	4 %	5 %	4 %	6 %	6 %	11 %	12 %	10 %
Eastern Europe	1 %	4 %	4 %	1 %	3 %	(1)%	(1)%	(3)%
Group	**4.8 %**	**4.8 %**	**4.8 %**	**3.1 %**	**2.7 %**	**2.4 %**	**2.0 %**	**2.8 %**
Emerging markets	9 %	8 %	8 %	7 %	7 %	9 %	9 %	12 %

OPERATING MARGIN

	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Western Europe	7.4 %	6.6 %	5.9 %	5.1 %	7.7 %	6.7 %	5.7 %	4.6 %
Nordic	8.9 %	10.2 %	6.7 %	5.3 %	8.0 %	10.3 %	6.6 %	5.0 %
Asia	8.9 %	8.4 %	7.0 %	6.8 %	7.7 %	7.5 %	7.0 %	7.1 %
Pacific	6.5 %	6.4 %	4.9 %	5.1 %	5.7 %	5.6 %	4.1 %	4.4 %
North America	4.8 %	4.9 %	4.2 %	2.7 %	5.2 %	3.4 %	3.2 %	2.3 %
Latin America	3.1 %	4.0 %	4.9 %	4.0 %	5.0 %	4.5 %	4.7 %	5.0 %
Eastern Europe	7.3 %	6.2 %	6.3 %	5.0 %	8.2 %	7.5 %	7.3 %	4.0 %
Group	**6.6%**	**6.5%**	**5.3%**	**4.4%**	**6.5 %**	**6.4 %**	**5.2 %**	**4.3 %**
Emerging markets	7.0%	6.4%	6.1%	6.1%	7.0 %	6.1 %	6.1 %	6.0 %

Financial income and expenses, net amounted to a net expense of DKK 161 million (Q4 2014: net expense of DKK 273 million). The improvement was mainly a result of a decline in interest expenses, net resulting from refinancings and lower debt as well as lower costs related to expensed unamortised financing fees. In Q4, financial income and expenses, net included non-cash expenses relating to unamortised financing fees of DKK 27 million related to the partial repayment of Term Loan B with proceeds form a bond issue, and loss on foreign exchange of DKK 5 million.

In Q4, **profit before amortisation/impairment of acquisition-related intangibles** increased to DKK 1,021 million from DKK 606 million in Q4 2014, supported by improvements in operating profit and a decline in financial expenses, net.

Total **impairment losses** in Q4 was DKK 92 million (Q4 2014: DKK 450 million) which derived from goodwill of DKK 89 million and customer contracts of DKK 3 million. Of the total goodwill impairment losses, DKK 77 million derived from impairment tests in Brazil due to operational and macroeconomic challenges and DKK 12 million derived from divestments in Western Europe.

Cash conversion (LTM) in Q4 2015 was 99% 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-and focus on strong working capital processes.

Cash flow from operating activities in Q4 represented an inflow of DKK 2,661 million (2014: inflow of DKK 2,299 million). The Q4 cash inflow followed 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. The increase in cash flow from operating activities is mainly due to an improvement in operating profit before other items and lower tax paid compared to 2014.

Revenue generated from **integrated facility services** (IFS) in Q4 was up 13% (Q3 2015: 7%) in local currencies to DKK 7.4 billion, which corresponds to approximately 36% of Group revenue (Q3 2015: 33%). Growth was mainly driven by IFS contract launches including Danske Bank and the Danish State Railways (DSB) as well as the successful conversion of existing single service contracts into IFS contracts.

In Q4, ISS expanded and extended the IFS contract with PostNord across the Nordics and renewed the IFS contract with Royal Liverpool & Broadgreen University Hospitals in the United Kingdom. Furthermore, we won a large cleaning contract with the Norwegian Armed Forces, which will commence May 2016 and run until 2023.

Revenue generated from **Global Corporate Clients** in Q4 increased 10% (Q3 2015: 11%) in local currencies to DKK 2.3 billion, representing approximately 11% of Group revenue (Q3 2015: 11%).

In Q4, Global Corporate Clients expanded and extended the IFS contract with Novartis to cover all sites across 24 countries in Europe. The expanded contract is expected to be fully mobilised during H1 2016. We also won a large IFS contract with Rolls-Royce in Asia and Americas. The contract is expected to be fully operational from April 2016.

CASE:
OPTIMISING THE OUTSOURCING MODEL FOR NOVARTIS

In 2012, Novartis embarked on a second generation outsourcing of Facility Management with ISS – a contract which was prolonged and expanded in 2015. The intention of the partnership was to deliver an ambitious transformation, with ISS as the self-delivery FM partner, moving away from the previous complex and costly model of a multitude of many different subcontractors.

In their own words, Novartis' company culture is, "guided by high ethical standards and promotes innovation, quality, collaboration, performance, courage and integrity". In this light, ISS and Novartis introduced "Vested Outsourcing" – a partnership model where both parties are focused on shared values and goals to create mutual benefits through process change, service excellence and cost optimisation.

KPIs are based on outcomes rather than input specifications. The commercial terms of the contract reward ISS for delivering the optimal blend of cost savings, compliance and end-user (i.e. Novartis' employees) satisfaction. In short, ISS is incentivised to commit cost and resource only when there is a clear business logic and justification for so doing.

FACTS

Novartis is a global healthcare company headquartered in Basel, Switzerland that provides solutions to address the evolving needs of patients worldwide. Novartis focuses its business on three leading divisions: pharmaceuticals, eye care and generics.

In 2015, the contract was expanded from 31 sites in eight countries to 74 sites in twenty-four countries. Today, approximately 1,500 ISS staff is servicing more than 3 million m^2 of Novartis premises. Services delivered include maintenance, office support, reception, security, catering, cleaning, waste management and helpdesk.

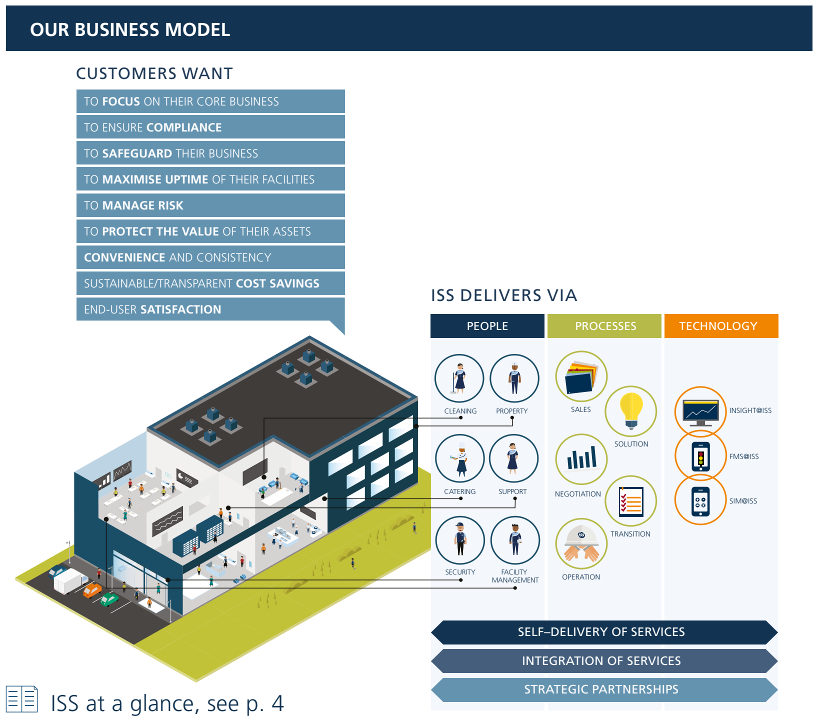
74
sites in twenty-four countries

1,500+
ISS staff servicing Novartis premises

NADIYA SOBOWSKY
Service Professional, ISS Switzerland
NOVARTIS

OUR BUSINESS MODEL AND STRATEGY

Our ultimate goal is to generate shareholder value and our strategic direction has been chosen with this in mind. It entails maximising cash flow growth from our business by focusing on creating value for our customers. Integrated facility services (IFS) is at the heart of our strategy as this is where we can provide the most value for our customers.



ISS at a glance, see p. 4

OUR VISION, VALUES, AND MISSION

Our vision can be stated concisely:

"We are going to be the world's greatest service organisation"

Our ambition encompasses more than just geographic regions or industries. We intend to be the leading service organisation overall, globally.

Our values – honesty, responsibility, quality, entrepreneurship – and leadership principles are not remarkable in themselves, but they are remarkable because of the extent to which we strive to honour them and instil them in our people. Because our business model is built on self-delivery, the behaviour and attitudes of each of our employees is central to what we offer our customers – service with a human touch.

To achieve our vision we must meet our customers' needs by offering reliability, responsiveness, convenience, and cost-effectiveness. In fact, we strive to go beyond that by delivering outcomes that meet their often unspoken needs, helping to create workplaces that are pleasant, safe, and nurturing for their employees and visitors, as well as for the ISS employees who represent us there. In this way, we can support our customers in achieving their goals.

The spirit of our approach is articulated in our mission statement:

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

At its core, our mission statement tells a story of a differentiated value proposition. Not simply delivering services but providing outcomes to customers and focusing on how we support their purpose, whether it be a hospital helping patients get well or a bank focused on providing a pleasant, efficient and safe working environment while maintaining compliance with its regulatory obligations. And finally, a mission built on the empowerment of our more than 504,000 employees globally giving them the flexibility to deliver an exceptional customer experience through an approach rooted in our values and supported by robust processes and tools.

These factors form the foundation of our value proposition at the centre of which is our self-delivery model.

OUR STRATEGY – THE ISS WAY

We have an ambitious vision and mission and, to ensure that we can consistently provide our value proposition to our targeted customers, we have articulated The ISS Way. Our strategy has choice-making at its core; clarity on the customer segments we target, the services we provide and the places on the globe where we provide them. Furthermore, through consolidation of selected capabilities, our strategy drives the scale benefits of being a large, global organisation. The scale benefits we strive to extract relate to leveraging our volume through aligning procurement, the sharing of the best practices our organisation develops and the proactive management of our comprehensive talent pool.

The advantages of driving these scale benefits are wide-ranging. Our customers increasingly demand an aligned and uniform service performance across all sites. In addition to the savings procurement drives, using the same supplier across customer sites supports consistent delivery. Similarly, service performance based on international best practices and standard business processes is a key source of scale benefits and a driver of our value proposition by e.g. supporting customers' compliance and risk management. Also, talent management promotes a strong and uniform culture which is a core part of our value proposition.

OUR MARKET

ISS is a leader in the global USD 1 trillion outsourced facility-services market, which comprises a host of different types of customers, services and providers. The market is both vast and diverse with customers ranging from those requiring small and ad hoc cleaning jobs driven purely by price to highly sophisticated integrated solutions for large corporations on a global scale focusing on a value added offering. Services in this market cover everything from relatively simple route-based window cleaning to highly sophisticated data-centre management. And providers range from global peers to local family-owned businesses.

The facility services market has changed dramatically over time. The 1980s saw the start of first-generation outsourcing of single services. In the 1990s, facility managers were tasked with reducing costs and hassle to the customer by orchestrating the delivery of single services. Today, the market is moving towards integrated services, centralisation of procurement, and a more strategic view of facility services that increases the level of value added and supports the customer's purpose.

Market growth is driven by underlying global GDP growth – including changes in business activity, employment levels and office or factory occupancy levels – as well as continued increases in the rate of outsourcing, as customers increasingly focus on their core business. Over the past decade, the market has grown by an estimated annual growth rate in the mid-single digits. This rate consolidates growth nearing double digits from integrated facility services (IFS), which we estimate represents approximately 8% of the market, and low, single-digit growth from single services representing the rest of the market. Geographically, growth has been driven recently by double digit annual growth from emerging markets, robust growth in the USA, and more modest growth in Europe.

OUR COMPETITORS

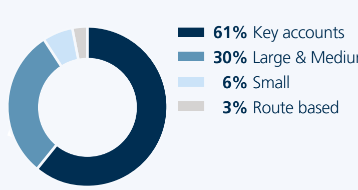
Broadly speaking, providers of facility services can be split into three groups with varying legacies: those coming with a real estate background (concentrating on managing customer assets), those with a design & construction background (facility management is a natural but secondary add-on to their core services), and those with a facility management background (either soft services – cleaning, catering and the like – or technical services).

We see that the delineation lines between market players with different legacies are becoming blurred and certain facility services providers are strengthening their IFS capabilities. Our facility management legacy, our long-term commitment to IFS, and our self-delivery model gives us a keen advantage as only a few competitors yet have the scale to self-deliver IFS on a global basis. Our global reach and ability to offer a full suite of facility services via a self-delivery model puts us in a compelling and strong position to meet this growing demand from customers.

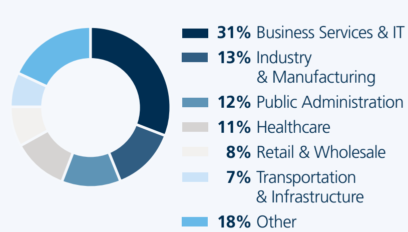
OUR STRATEGIC MARKET CHOICES

In response to market developments and customer needs, our business model is based on taking over facility services that are non-core to our customers, thereby allowing them to concentrate on their core business. Focusing on our selected customer segments, we offer a leading value proposition, supporting our customers' purpose and underpinned by our philosophy of self-delivery of our selected services.

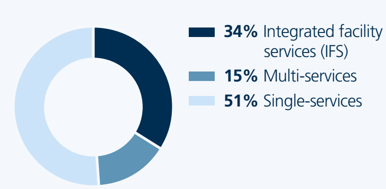
CUSTOMER TYPE



CUSTOMER SEGMENTS



DELIVERY TYPE



We have chosen to focus on providing on-site facility services solutions to large and blue-chip (B-t-B) customers, with whom our value proposition resonates. The size of these customers allows us to invest in on-site key account management, which is an important factor in delivering our value proposition, as well as processes and enabling technology to meet the demands of this customer base.

From a global perspective, our key **customer segments** are Business Services & IT (e.g. banks), Industry & Manufacturing (e.g. pharmaceutical industry and food industry), Public Administration (e.g. defence) and Healthcare (e.g. hospitals), which in 2015 accounted for approximately 67% of Group revenue.

In terms of **service offering**, our focus is on cleaning, property, catering, support, security and facility management. Our selected services share the following characteristics: people intensive/capex light, on-site delivery, recurring nature, suitable for integration into IFS and suitable for performance (output-based) contracts.

Cleaning, property (technical) and catering services are delivered globally as single services, multi-services or IFS solutions. Other support services, security and facility management, are principally offered as part of IFS contracts.

During the past decade, we have transformed our business from primarily being a cleaning service provider to becoming a full facility service provider. This is in line with our strategy to broaden the service platform and is illustrated by the growing volume of our non-cleaning services and the fact that non-cleaning services now make up 50% (DKK 39.8 billion revenue) of our business compared with 43% (DKK 23.7 billion revenue) in 2006.

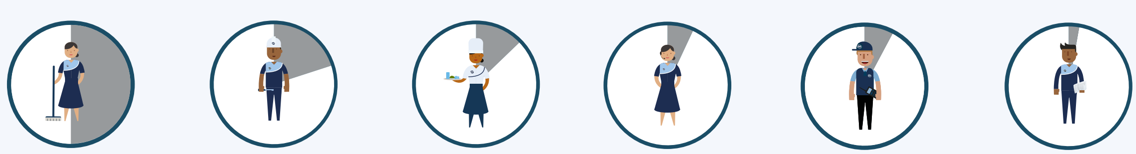
Cleaning – being an attractive core of our business spanning daily office cleaning to highly specialised cleaning – is our largest service area accounting for 50% of Group revenue in 2015. As outlined above, cleanings' relative share of Group revenue has declined during the period, while the revenue share from catering in particular has steadily increased. In 2015, catering accounted for 13% or DKK 10.4 billion of Group revenue which is an increase of 6 percentage points or DKK 6.8 billion compared to 2006. Property – having suffered a relative decline over the past couple of years due to the strategic divestment of non-portfolio landscaping activities – grew its share in 2015 to 20% of Group revenue or DKK 15.5 billion, partly as a result of the GS Hall acquisition. With our strategy focused on delivering IFS solutions, catering and property are expected to further increase their relative shares over time.

From a **geographical** perspective we want to follow our customers and thus ensure global reach covering more than 90% of global GDP. This is a consequence of our customer segment choices. We are already present in the major markets and are thus focused on consolidating our positions there by increasing the penetration of our selected customer segments as well as selected market expansion when supported by customer demand.

INTEGRATED FACILITY SERVICES (IFS)

We aim to deliver IFS across our entire business, as this is a key part of our unique value proposition and also a higher growth and high margin activity. As outlined above, an increasing proportion of our revenue comes from IFS. In 2015, IFS accounted for 34% (2014: 30%) of Group revenue. This is the result of our strategy clearly focusing on delivering IFS solutions to our selected customers. Over the past decade, it has helped us grow our IFS revenue significantly, from approximately DKK 7.6 billion in 2006 to approximately DKK 26.7 billion in 2015. This illustrates that we have continued to attract customers who see the benefits of our IFS offering. We expect to grow our IFS revenue even further as we continue to implement our strategy.

OUR SERVICES



CLEANING 50%

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

PROPERTY 20%

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

CATERING 13%

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

SUPPORT 7%

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

SECURITY 7%

- Manned guarding
- Access control
- Consulting services

FACILITY MANAGEMENT 3%

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

Based on our ability to deliver specialised service excellence, through IFS we are able to integrate the delivery system while offering the benefits of best-in-class service. Synergy comes from integration and is key to providing cost effective workflows and consistent high quality service. This synergy is very difficult to obtain when working with a variety of sub-suppliers, and this is why our self-delivery concept gives us a keen advantage.

From a customer perspective, IFS is a convenient solution (one point of contact) leading to increased productivity and cost efficiency as well as better quality of service through increased employee satisfaction. Efficiencies result from our ability to reduce the customer's costs for the administration of the service delivery by moving to one provider, extracting synergies in the actual service delivery by cross-skilling employees and by exploiting our scale benefits.

Furthermore, IFS offers additional opportunities to increase our own employee engagement for the benefit of our customers. Through IFS we can offer employees an expansion of their roles and responsibilities. They gain a better understanding of our customers' strategic priorities, a greater sense of purpose and an appreciation of their contribution to the overall service delivery. In addition, it enhances career opportunities and the potential for employees to develop. This, in turn, drives stronger employee engagement, increased motivation, reduced employee churn and a better quality of service. Ultimately, this leads to more satisfied, more loyal and more profitable customers for ISS.

To illustrate the IFS concept in practice, case stories on our contracts with Nordea and Novartis as well as our concept for the banking industry are presented on pp. 14, 30 and 68, respectively.

ACCELERATING THE ISS WAY – GREAT

In 2015, we continued to focus on our five strategic GREAT initiatives, which are the principal drivers moving us towards realising our vision and exploiting our scale benefits. GREAT is essentially our strategy execution model focusing on (1) empowering people through leadership, (2) optimising our customer base, (3) ensuring fit-for-purpose organisational structures, (4) establishing broad-based IFS readiness, and (5) striving for excellence.

Evaluating the success of our strategy and business model, and ultimately our creation of shareholder value, requires measurement of specific metrics. Key performance indicators (KPIs) tell us systematically how we are performing in our efforts to achieve our vision. Without losing sight of our values, we are able to adjust our course with the help of KPIs.

Historically, we have measured our financial performance at all levels of the organisation. Starting with individual contracts and moving up to Group level, we measure financial performance using our three primary financial KPIs; organic growth, operating margin, and cash conversion. These KPIs are well-established and integrated in bonus plans throughout ISS, ensuring that our objectives are aligned at all levels of the organisation.

We are also increasingly using non-financial KPIs to measure how we drive our business forward. In 2015, we introduced the GREAT KPI dashboard, which monitors – on global,

GREAT INITIATIVES	OUTCOME	OBJECTIVE
EMPOWERING PEOPLE THROUGH **LEADERSHIP**	**Investment in leadership development and training at all levels for:** • Better recruitment, training, motivation and retention of employees • Improved employee engagement and customer satisfaction	**CREATING SHAREHOLDER VALUE**
OPTIMISING OUR **CUSTOMER BASE**	**Mapping of customers to:** • Increase transparency and understanding of our customer base • Improve development and retention of customers	
FIT-FOR-PURPOSE **ORGANISATION**	**Aligning our organisational structure to ensure:** • Increased customer orientation • Consistency across the Group • Optimisation of costs to serve	
READY TO **DELIVER IFS**	**Ensuring that we can deliver IFS across our entire business:** • Closing capability gaps, e.g. in technical services and catering • Drive IFS innovation	
STRIVING FOR **EXCELLENCE**	**Implement Group-wide best practices to:** • Enhance customer experience • Drive organic growth and margins	

regional, country, and business-unit levels – the performance of several financial and non-financial KPIs in five dimensions: customers, employees, growth, profitability, and capital. Furthermore, for countries that have completed the GREAT process, we have implemented a detailed value-tracking model that enables us to monitor performance against the expectations defined for individual countries, in light of the GREAT process.

We measure our Group performance using the following six KPIs, as we believe that in combination they give us the best picture of whether we are driving the business forward in the desired direction and creating value for our shareholders. Bonus plans for the Executive Group Management are also based on these KPIs as described in the Remuneration report on p. 56:

- Organic growth
- Operating margin
- Cash conversion
- Customer Net Promoter Score (cNPS)
- Employee Net Promoter Score (eNPS)
- Lost Time Inquiry Frequency (LTIF)

During 2015, performance on all KPIs developed positively, supported by the progress under each of the GREAT initiatives as explained in the following.

See ISS at a glance on pp. 2–3 for an overview of the performance on each of the KPIs.

Empowering people through leadership

The ingredient most essential to successfully implementing our strategy is leadership. Given our self-delivery model, our employees are our core asset. We dedicate significant resources to developing and managing them. We believe that strong leadership drives employee engagement, which in turn drives customer satisfaction and hence improved financial results.

In 2015, we continued to invest in securing and developing leadership at all levels of the organisation with the right capabilities and mindset to deliver on our vision. We also carried out our customer experience survey for the fifth time. We invited 7,188 customers across 44 countries to participate, and enjoyed a response rate of 82%. Responses cover close to 80% of Group revenue as we focus on inviting Global Corporate Clients, IFS and key account customers. We ask our customers to respond to 25 questions covering both functional and emotional aspects of the relationship. The lead indication for the status of the customer experience is the Net Promoter Score. With a score in 2015 of 36.7 (2014: 31.2) we saw an improvement for the third consecutive year. We believe the improvement is a result of:

- a more customer centric approach in our Key Account Management
- Account Development Planning programme
- introduction of Service with a Human Touch (SWAHT)
- focusing on what matters to our customers

We will move ahead with further measurements of our leadership through assessments and regular surveys, and through our performance in employee and customer net promoter scores and lost time injury frequency ratings, among other benchmarks.

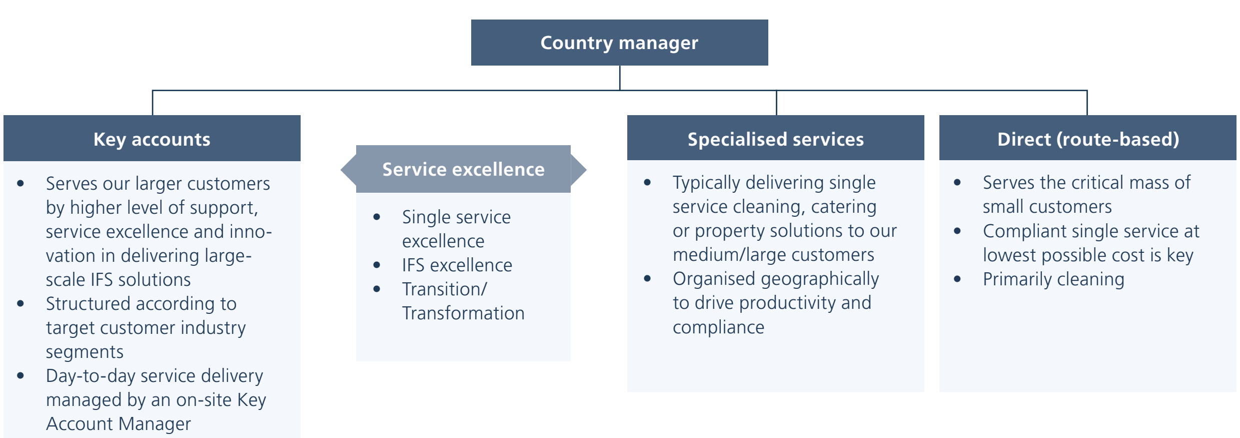
Read more about our specific people initiatives in Our people on p. 41.

Optimising our customer base

A central strategic theme is building on our extensive knowledge of customers' varying needs. Our goal is to establish the optimal match between the value proposition we provide and customer needs.

To establish a more detailed understanding of our customer base, we

GREAT ORGANISATIONAL BLUEPRINT FOR COUNTRIES



are mapping our customers to determine where we should concentrate our efforts. Mapping is based on an evaluation of e.g. the customers' IFS potential, partnership potential and economic potential.

Equipped with the knowledge provided by the process of detailed customer segmentation, we are better able to choose and retain our target customers and align our organisational structure accordingly.

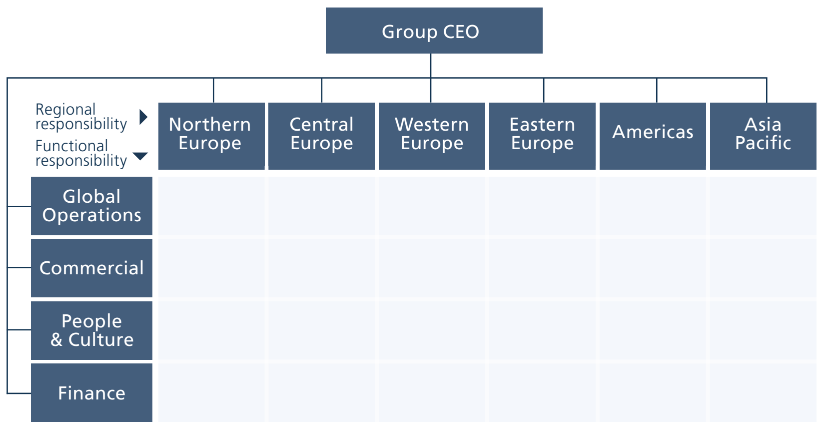
To date, approximately two-thirds of our revenue has been, or is in the process of being, mapped and we will continue the work to increase transparency. We have started with our largest regions and countries, and thus the Nordic region has been in focus and has now been mapped, as have other large countries such as the United Kingdom, Australia, Spain, Germany, Belgium and France (partly). Currently, two countries are underway, namely the USA and Turkey, and the process of mapping will continue during the course of 2016 with the focus on our large countries in Europe.

Fit-for-purpose organisation

The transparency resulting from detailed customer-base analysis allows us to be more customer-oriented, efficient, and attentive to creating deep and profitable relationships with our target customer segments. One of the objectives of the fit-for-purpose organisation is also to ensure a dedicated management focus on key account customers, by minimising the number of management layers between country managers and key account managers.

As a result, we are changing our organisational structure to a segmented customer approach, in which business units will respond to key accounts and be equipped to provide large customers with higher levels of support, service excellence, and innovation. The new structure also has separate specialised service units for providing single services to customers demanding this delivery model. Lastly, the structure can

GROUP ORGANISATIONAL STRUCTURE



include separate operating structures for smaller customers in units called Direct, tailored to meet the needs of this customer segment. This structure also allows us to better utilise the various skillsets of our people. The organisational blueprint for a country is illustrated on p. 36.

As part of our work towards a fit-for-purpose structure, in June 2015, we announced a new and strengthened Group organisational structure, as shown above, to increase the emphasis on our customers. The new Group structure became effective on 1 September 2015. This structure was introduced to better extract the benefits of the changes we are making in the country organisations. First and foremost, the structural adjustments in the corporate and regional organisations enable a better exploitation of our scale benefits by aligning the structures above and in country and thus creating a highway through the organisation for the implementation of our strategy.

These changes involved the creation of two new roles. First, a new global Chief Operating Officer role, which drives customer retention and the delivery of operational excellence to key account customers in partnership with the regional and country organisations. Second, a new Chief Commercial Officer role, which drives commercial capabilities, new sales, and key account customer growth sharpening our attention on our regional and global sales pipeline.

Our efforts in establishing a fit-for-purpose organisation continue to generate positive results. We are confident that the new structure is facilitating the implementation of our strategy, including the exploitation of our scale through volume purchasing benefits, the identification and dissemination of best practices and the development of our talent.

Ready to deliver IFS

IFS is a key part of our strategy and unique value proposition and is a margin-accretive activity, growing at a high pace for many years.

We have established a global IFS Steering Committee to drive IFS innovation. As described above, we work continually with IFS readiness and test our ability to define, organise around, and deliver an IFS solution that provides the greatest value to the customer. Work is ongoing to develop further tools to leverage both our best practices within IFS as well as technology to establish the next generation of IFS solutions.

The IFS readiness theme also propels our investment in closing certain capability gaps within e.g. technical services and catering, whether through organic growth or through an acquisition strategy. One example is the acquisition in 2015 of GS Hall, which has markedly improved our technical services offering in Europe.

Striving for excellence

In our pursuit of excellence and to enhance our value proposition and profitability, we explore innovations in customer segments, services, business systems, and processes. These excellence initiatives enhance the customer experience, increase control of costs, optimise our resources, and underpin steady margin levels.

During the past two years, we have invested substantially in establishing a central procurement team. Phase I and phase II of the procurement programme are now complete. They demonstrated that attending to procurement and alignment across countries benefits the Group significantly by producing savings of DKK 350-450 million to be achieved during 2014–2018. Phase III is progressing as planned and we are targeting additional savings of around DKK 100 million to be achieved during 2016–2019. While part of these cost savings will increase margins, a substantial amount will be re-invested in the business in order to maintain and strengthen competitiveness.

As part of the excellence projects, in 2014 we successfully launched a Business Process Outsourcing (BPO) project in the Nordic region covering certain finance and accounting processes and targeting improved financial processes and cost savings.

IBRAHIM ÇAPAR
Service Associate, ISS Turkey
DOĞA OKULLARI

As a result of the success and benefits realised in the Nordic region, in 2015 the project was also launched in the Netherlands, Belgium and Luxembourg as well as in Australia. We also kicked off transitions in Germany and Austria with go-live scheduled for Q1 2016. For 2016, focus will be on additional outsourcing from countries that have already outsourced as well as on deployment of BPO in additional high labour cost countries in Europe. Furthermore, initiatives will be launched in 2016 to harmonise selected sub-processes across the countries that have already launched the BPO project.

Furthermore, in 2016 we are launching a performance management project with the objective of increasing transparency across the Group, thereby facilitating cost leadership and profitable growth initiatives leading to value creation for our shareholders. Through that project we will establish an enhanced insight into the performance of our key account customers, align our management reporting to the GREAT segmented customer approach (Key Accounts, Specialised and Direct) and increase our benchmarking possibilities across the Group. The initiative will gradually be implemented during 2016 and 2017.

During the year, we also focused on rolling out commercial best practices, such as the account development plan, to cover our key accounts. We also continue to drive capital efficiency elements, such as our working capital optimisation programme, which continues to have a positive effect on our debtor/creditor days, and thus our cash conversion performance. The rollout of technology platforms such as FMS@ISS and INSIGHT@ISS continues to yield further transparency and financial benefits, which are key to our value proposition to target customers.

CORPORATE RESPONSIBILITY (CR)

OUR APPROACH TO CR

We believe that long-term sustainable business success relies on a high level of CR, as economic, social and environmental issues are inevitably interconnected. CR is therefore a fundamental part of our corporate values and strategy, and universally accepted principles on sustainable development are integral to the way we conduct our business.

CR is also becoming increasingly important for our selected 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 often a key factor in winning and retaining contracts. CR is therefore an important part of our value proposition to our selected customers.

We have adopted a principles-based approach to CR that contributes to sustainable development as defined by the international community. We have developed and rolled out across the Group a strategy for Health, Safety and the Environment (HSE) and CR, which supports The ISS Way and our GREAT initiatives:

Empowering people through leadership
Initiatives to help employees stay healthy and be safe and free of discrimination while also ensuring fair conditions for labour contribute to a sense of purpose.

Transforming our customer base
Customers require effective and credible risk management, including risks related to safety, labour conditions and influencing human rights positively. Our initiatives within these areas allow ISS to claim consistency in managing these risks.

Fit-for-purpose organisation
Our adjusted organisation structure provides a better "highway" for the deployment of our HSE culture and processes.

Ready to deliver IFS
Our group-wide systematic approach to HSE and CR enables us to ensure consistency across services and locations, contributing to our customers' performance on their HSE and CR targets.

Striving for excellence
By applying global policies and standards, e.g. safety, anticorruption and supplier code of conduct across all our markets, CR contributes to the service performance we aspire to.

OUR HSE VISION '100'

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

STRONG COMMITMENT TO UN GLOBAL COMPACT

As a signatory and supporter of the United Nations Global Compact since its inception in 1999, we have made a strong commitment on human rights, labour rights, environmental protection and anti-corruption. 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 set out in the United Nations Universal Declaration of Human Rights, the Core Conventions of the International Labour Organisation and the United Nations Guiding Principles on Business and Human Rights.

TRADE UNION RELATIONS

We remain fully committed to our global agreement with the international network of national labour organisations – Union Network International (UNI) – covering our employees where UNI cooperates with a locally based union.

We also continue to work closely with our European Works Council (EWC). We hold quarterly meetings with the steering committee and annual meetings with the entire EWC.

At these annual meetings, the EWC visits our head office for three days, and we spend considerable executive management time with them to ensure alignment with our priorities and a common understanding of our strategy and the Group's direction.

OUR CORPORATE RESPONSIBILITY REPORT

Our full CR report as per section 99a of the Danish Financial Statements Act is available at www.responsibility.issworld.com/report2015. The CR Report also serves as ISS's communication on progress in implementing the ten principles of the Global Compact.

“My philosophy is that a great smile never goes out of style”

LATIFA BENSEDDIK
Waitress, ISS Spain

As a waitress at the fashion retailer **Cortefiel** in Spain, Latifa Benseddik is always focused on nourishing food and the creativity of the catering service and she has a keen eye for detail. Latifa and her ISS team members are pleased to be part of the Cortefiel family, where a healthy business development is at the essence.

OUR PEOPLE

Great leadership can bring out the true value embedded in our strategy. It is the root of our people's engagement and the desired customer experience, and what gives us the strength that differentiates us. This is underlined by "Empowering people through leadership" being the first of our GREAT strategic initiatives.

Guided by our leadership principles we carefully select and develop our leaders, as we believe that committed, well-trained leaders inspire their employees to work together towards a common goal. Great leaders also forge the connection between our frontline employees and senior executives, ensuring that everyone in the organisation understands their purpose and how it creates value for our customers. This alignment of purpose also drives the empowerment of our frontline employees.

We want our employees to understand their purpose and the importance of their contribution. This motivates them to offer what we call "the power of the human touch." After offering careful training, we encourage them to take action beyond their immediate responsibilities by going the extra mile in their interactions with our customers and their environment. By feeling the trust that this empowerment implies, our employees develop a feeling of cohesion with ISS. Feeling that they belong stimulates them to support our

LEVEL	TRAINING WITH A PURPOSE	MAIN PROGRAMMES
Top management	Ensuring that we support our leaders sufficiently to act as ambassadors of our Leadership Principles and behaviours is a key priority. 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.	• **Top Management Conference (TMC)** • **Leadership Mastery Programme** • **Advantage Programme** • **Mandatory governance e-learning programmes** • **Performance appraisals** **Example:** 400 senior leaders addressing the strategic objectives and direction of the Group once a year at the TMC
Middle management	Accelerating middle managers' induction and future performance by introducing them to the strategy so they can communicate it and engage the organisation. Managers are taught key business disciplines including compliance and CR and they are given relevant tools they can use in their day-to-day work.	• **Advantage Programme** • **Performance appraisals** **Example:** The Advantage Programme has more than 150 participants annually
Supervisors/ Key Account Managers (KAM)	Ensuring that all employees support a purpose-led service culture and alignment to global standards of operations is key. Focus is on country-based training in service and operational excellence, processes and leadership to enhance employee skills and encourage staff mobility.	• **Local management training programmes** • **KAM-C Programme** • **ACORN Programme** • **Service with a Human Touch (SWAHT)** • **Performance appraisals** • **Apple Awards** • **HSE e-learning programmes** **Example:** Approximately 4,500 supervisors completed the SWAHT programme in 2015
Frontline employees	By understanding our customer's needs, our people learn how to add value to their customers through purpose-led service culture – we call this "finding your apple". Subjects include HSE, operational and technical training, management, language training, leadership and supervisory, IT, security and fire prevention. To recognise employees who have found their apple, we have launched the **Apple Award.**	• **Local training programmes** • **Service with a Human Touch (SWAHT)** • **Apple Awards** • **HSE e-learning programmes** • **Performance appraisals** **Example:** Frontline employees received 6,149,122 hours of classroom training in 2015

vision and values with pride. Employee loyalty benefits our customers, our shareholders, our organisation and, not least, the employees themselves.

In this respect, the rebranding in 2015 of our HR function to People & Culture is a deliberate and considerable shift. Our business is about people delivering Service with a Human Touch (SWAHT). We do not view our people as resources, but as a source of true competitive advantage. People & Culture is central to meeting our responsibilities as leaders and, ultimately, to reaching our goals. It will ensure that we have the right people in key positions at the right time, in order to develop leaders capable of making ISS the world's greatest service organisation.

In support of executing our strategy, we are focusing on a number of key initiatives under "Empowering people through leadership". The most significant of these are described in the following sections.

LEADERSHIP DEVELOPMENT AND TRAINING

Leadership is a key strategy enabler on the journey to becoming GREAT. Equipping our leaders to communicate the strategy and engage the organisation is of primary importance to leadership development.

Since the launch of The ISS Way in 2008, we have invested heavily in leadership programmes at various levels of the organisation: e.g. the Leadership Mastery Programme for top management, launched in 2013, the ACORN Programme for Key Account Managers, and the SWAHT Programme for supervisors and frontline employees, both launched in 2014. These programmes provide an essential understanding of the key elements of our strategy and provide tools relevant to leaders' and employees' daily work. In addition, we have progressed in deploying the Key Account Manager programme (KAM-C) intended to strengthen our key account management capabilities.

An overview of our most significant programmes and the purpose of training and development at each level of the organisation is shown in the table on p. 41.

Read more about talent management and people development on p. 128.

In 2015, we accelerated leadership training in a number of countries in line with our strategic focus on IFS. We have set minimum standards aimed at reaching a total alignment of the leadership programmes in all of our countries, building a common on-boarding mechanism for managers, and developing a common approach to hiring and personnel assessment. This work has been ongoing throughout the second half of 2015 and is expected to show results in 2016 and onward.

Further, we continued our roll-out of SWAHT across the Group, which is a suite of training workshops and activities that have been specifically designed by ISS for ISS to engage and motivate frontline employees and supervisors, 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.

Read more about SWAHT on p. 44.

EMPLOYEE ENGAGEMENT

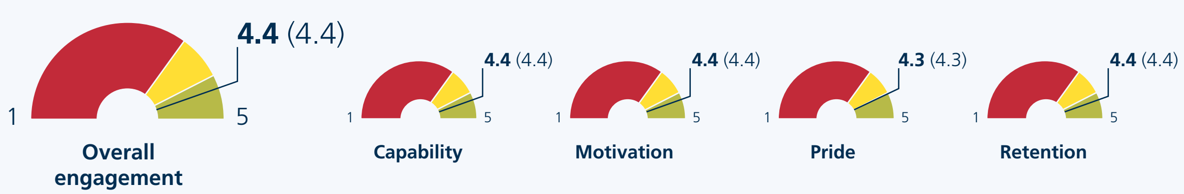
Employee engagement is a key driver of the customer experience. Generally, the service industry has high employee turnover, in part because it is often considered suitable for short-term or secondary employment. Measuring and improving employee engagement and retention is therefore of primary importance.

In 2015, we carried out our fourth global employee engagement survey. The survey covered 45 countries and was offered in 52 languages. Scope has been expanded every year since its inception and in 2015, 227,195 employees (2014: 207,545 employees) responded. Once again, the response rate increased to arrive at 72%, up from 67% in 2014.

The survey provides managers at all levels with valuable insight, allowing them to address the causes of low

GLOBAL EMPLOYEE ENGAGEMENT SURVEY RESULTS

2015 (2014)



engagement and improve each individual's sense of engagement. The survey revealed an overall employee engagement of 4.4 (2014: 4.4) out of a possible 5. Although it is difficult to compare the outcome without a reliable benchmark, we know that this result is gratifyingly high in the industry.

As part of the survey, our employees' willingness to recommend ISS as an employer is also being measured, the employee Net Promoter Score (eNPS). For the third consecutive year, the score improved arriving at 56.4 in 2015 up 10 points from 2014.

We will focus on maintaining a high coverage and response rate for employees with central roles as well as for our frontline employees at key account and large customer sites.

Furthermore, we will continue our work to continuously improve engagement, which in turn increases the overall sense of purpose in the delivery of our services.

There is a clear correlation between employee engagement scores and customer satisfaction scores, making them key drivers of financial and operational performance. We will continue our work with connecting our employee engagement scores to our customer satisfaction scores.

HEALTH, SAFETY, AND ENVIRONMENT

Our concern for health, safety, and environment (HSE) and initiatives in that respect are aimed at both our employees and our customers. As a company with more than 504,000 employees globally, it is crucial for us to provide proper working conditions including safe and healthy working environments for our employees and customers in the facilities we service.

Consistent with the ISS values, our highest priority is to protect our employees from injury. We are steadfast in our commitment to making our workplaces free of hazards. We 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.

In order to stay on course and keep HSE in constant focus we run global HSE campaigns three times a year with changing focus points reflecting the challenges we currently face, for example driving safely, working at heights, and slips, trips and falls. In addition to the global HSE campaigns, in 2015 we launched the ISS Toolbox Talk Calendar. The Toolbox Talk reinforces and embeds safety behaviours as part of our safety culture. Two topics are chosen each month to inspire our operational teams to hold Toolbox talks at their sites. We have also developed and rolled out an HSE e-learning module for supervisors and frontline employees as a means of understanding the safety culture we aspire to in ISS.

All of our CR and HSE initiatives and our related performance are described in our Corporate Responsibility Report 2015.

Read more at www.responsibility.issworld.com/report2015

Performance and targets for 2015 are shown below for selected employee-related HSE KPIs.

HSE PERFORMANCE – SELECTED KPIs

	Target	Performance		
	2015	2015	2014	2013
Fatalities	Zero	7	7	6
Lost Time Injury Frequency (LTIF)	Below 6	5	6	7

Fatalities

In accordance with our HSE vision, our first priority is to prevent fatalities at our workplaces. Sadly, in 2015 we experienced seven work-related fatalities associated with our operations. Our Group target is zero fatalities, so we must improve our vigilance. Because the majority of our work-related fatalities in recent years have been traffic-related, our emphasis for the 2015 global safety campaign was driving safely. In view of our fleet of more than 20,000 vehicles, in 2015 we developed an e-learning module on driving safely, which will be rolled out in 2016 to complement the ISS Driver Safety Handbook and the Driver Safety campaigns we run.

We work to make safety a common responsibility. Our policy is that management at all levels must understand their roles and responsibilities when it comes to safety.

Lost Time Injury Frequency (LTIF)

We have improved our performance by 60% from the baseline figure of 13 in 2010 to an LTIF of 5 in 2015, the fifth straight year of improvement. The improvement has been driven by our systematic approach to managing HSE risks since 2010 with:

- the implementation of the Group HSE Management System;
- the implementation of the ISS Safety Rules;
- the implementation of the HSE@ISS-IT system for reporting and investigating incidents, auditing and inspections;
- our global campaigns to keep the focus on HSE; and
- the introduction of our Toolbox Talk Calendar.

SERVICE WITH A HUMAN TOUCH TRAINING TEAM
ISS Hong Kong, January 2016

CASE: SERVICE WITH A HUMAN TOUCH TRAINING

Service with a Human Touch (SWAHT) is a service behaviour training programme designed to engage and inspire ISS employees and managers to deliver great service to customers and colleagues. The main outcome of the programme is increased employee engagement leading to a greater service experience for ISS customers and guests and a resulting increase in customer satisfaction and retention.

SWAHT creates awareness of the importance of meeting and exceeding customer expectations, driving new service behaviour standards and helps our employees understand their purpose and contribution to building the world's greatest service organisation. The programme empowers service employees to make a difference by using their initiative to create memorable moments for individual customers.

The key elements of the training programme include; "Living Service with a Human Touch", "Leading Service with a Human Touch" and "Sustaining

Service with a Human Touch". To build a new service culture and to ensure the quality of delivery and implementation of "Service with a Human Touch", certified trainers run local workshops with managers and employees. After certification, all trainers are assessed on a continuous basis to ensure quality of delivery and consistency across the business.

"The Service with a Human Touch training programme has proven very valuable for us. The outcome of the training has been positive and we have seen a high level of engagement, motivation and an improved service performance as a result of the programme". Antonio Tejedor, Head of Central Procurement, Materials and Services, El Corte Inglés, Spain.

FACTS

31,346 ISS service professionals have already completed the programme since its inauguration in 2013. More than 500 managers are certified as trainers and the programme has been implemented at 479 key accounts and is live in 35 countries across the Group.

31,346
ISS service professionals have completed the programme

500+
managers are certified trainers

479
key accounts have the programme implemented

CORPORATE GOVERNANCE

In April 2015, ISS held its first annual general meeting as a re-listed company, at which two of its board members were replaced and thereby leading to a fully independent Board of Directors[1].

CORPORATE GOVERNANCE FRAMEWORK AND RECOMMENDATIONS

We base our corporate governance policies and procedures on transparency, constructive stakeholder dialogue, sound decision-making processes and controls for the benefit of the Group and our stakeholders.

The Board of Directors 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.

ISS's 2015 statutory report on corporate governance, which is available at http://inv.issworld.com/governancereport.cfm, provides an overview of our overall corporate governance structure and our position on each of the Danish Corporate Governance Recommendations.

At the end of 2015, we complied with all of the Danish Corporate Governance Recommendations.

OUR GOVERNANCE STRUCTURE

Shareholders and annual general meeting

The shareholders of ISS A/S exercise their rights at the general meeting, which is the supreme governing body of ISS.

Rules on the governance of ISS A/S, including share capital, general meetings, shareholder decisions, election of members to the Board of Directors, Board meetings, etc. are described in our Articles of Association, which are available at http://inv.issworld.com/articles.cfm.

Read more about our shareholders and dividend policy in Shareholder information on p. 62.

Management

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

Board of Directors

The **primary responsibilities** of the Board and the four board committees established by the Board as well as composition of committee are outlined in our governance structure on the following page. Each board committee has a charter. In 2015, the key matters annually transacted by the Board were revised and aligned with the new organisational structure, see p. 48.

On an ongoing basis, the Board reviews the Group's capital structure. 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 performs an annual evaluation of its performance, including of its individual members and an evaluation of the performance of the EGMB and of the cooperation between the Board and the EGMB. In March 2015, the Board completed a self-assessment and evaluation of the performance of the Board and the co-operation with the EGMB. Furthermore, in the fourth quarter of 2015 and the first quarter of 2016, a Board evaluation was performed with the assistance of external consultants.

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.

In April 2015, the general meeting elected Cynthia Mary Trudell and Claire Chiang as new board members. As part of the induction programme, the new board members held meetings with management and relevant key employees and visited selected ISS customers.

In addition to the board members elected by the general meeting, three employee representatives 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 after the annual general meeting in April 2015.

Executive Group Management Board

The members of the EGMB are the Group CEO and Group CFO and form

[1] Except for employee representatives.

OUR GOVERNANCE STRUCTURE

THE BOARD OF DIRECTORS (BOARD)

Responsible for the overall management and strategic direction of the Group, including:
- approving the strategy plan and the annual budget
- appointing members of the EGMB
- supervising the activities of the Group
- reviewing the financial position and capital resources to ensure that these are adequate

Each month the Board receives a financial reporting package and in between board meetings the Board is briefed on important matters

Board biographies
pp. 64–65

Remuneration
Remuneration report, see p. 56 and note 6.1 to the consolidated financial statements

Meetings
9 meetings in 2015. The Board convenes at least six times a year, including for one strategy meeting

BOARD COMMITTEES

THE AUDIT AND RISK COMMITTEE

- Evaluates the external financial reporting and main accounting policies and estimates
- Supervises the Group internal audit function
- Supervises as well as considers the relationship with the independent auditors, and reviews the audit process
- Reviews and monitors the Group's risk management and internal controls
- Evaluates the Financial Policy and the Tax Policy

Members
Henrik Poulsen (Chairman)
Thomas Berglund
Jo Taylor

Meetings
9 meetings in 2015

THE NOMINATION COMMITTEE

- Assists the Board in ensuring that appropriate plans and processes are in place for the nomination of candidates to the Board and the EGMB
- Evaluates the composition of the Board and the EGMB
- Makes recommendations for nomination or appointment of members of the Board, the EGMB and the board committees

Members
Lord Allen of Kensington Kt CBE (Chairman)
Claire Chiang
Cynthia Mary Trudell

Meetings
1 meeting in 2015 and several update calls to discuss the search for new non-executive directors including desired competencies and profiles of potential candidates

THE REMUNERATION COMMITTEE

- Assists the Board in preparing the remuneration policy and the overall guidelines on incentive pay
- Recommends to the Board the remuneration of the members of the Board and the EGMB, approves remuneration of EGM as well as the remuneration policy applicable to ISS in general

Remuneration report, see p. 56

Members
Lord Allen of Kensington Kt CBE (Chairman)
Claire Chiang
Cynthia Mary Trudell

Meetings
7 meetings in 2015

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
- Evaluates selected effected transactions

Members
Lord Allen of Kensington Kt CBE (Chairman)
Thomas Berglund
Henrik Poulsen
Jo Taylor

Meetings
4 meetings in 2015

EXECUTIVE MANAGEMENT LEVELS

THE EXECUTIVE GROUP MANAGEMENT (EGM)

Carries out the day-to-day management of the Group, including:
- developing and implementing strategic initiatives and Group policies
- designing and developing the organisational structure
- monitoring Group performance
- evaluating and executing investments, acquisitions, divestments and large customer contracts
- assessing on an ongoing basis whether the capital resources of the Group are adequate at all times and whether the Group has adequate liquidity to meet the Group's existing and future liabilities
- establishing general procedures for accounting, IT organisation, risk management and internal control

EGM biographies
pp. 66–67

Remuneration
Remuneration report, see p. 56 and note 6.1 to the consolidated financial statements

COUNTRY MANAGEMENT

Appointed to manage the business in accordance with Group policies and procedures as well as local legislation and practice of each country, including to manage operations in their market

Overview
Country managers, see pp. 132–133

Country management teams are set out under each relevant country at www.issworld.com the management registered with the Danish Business Authority.

The Group has a wider Executive Group Management (the EGM) which comprise nine Corporate Senior Officers of the Group in addition to the EGMB. Information on the members of the EGMB and the EGM can be found on pp. 66–67.

The **primary responsibilities** of the EGM are outlined in our governance structure on the previous page.

COMPETENCIES AND DIVERSITY

As one of the world's largest private employers and with operations in 48 countries, we are committed to fostering and cultivating a culture of diversity and inclusion. With more than 504,000 employees, ISS embraces and encourages diversity in its broadest sense. 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.

The Board and the EGM recognise the importance of promoting diversity at management levels and have implemented policies regarding competencies and diversity in respect of Board and EGM nominations according to which we are committed to selecting the best candidate while aspiring to have diversity in gender as well as in broader terms such as international experience.

Emphasis is placed on:

- experience and expertise (such as industry, risk management, finance, financing, strategy, international business, labour force management and HR, management and leadership);
- diversity (including age, gender, new talent and international experience) as well as diversity of perspectives brought to the Board or the EGM; and
- personal characteristics matching ISS's values and leadership principles.

In support of our commitment to gender diversity, the Board adopted a target in 2014 of increasing the number of women on our Board elected by the general meeting from one to at least two members not later than at the 2017 annual general meeting. With the election of Cynthia Mary Trudell and Claire Chiang to the Board in 2015, both of whom have extensive and diverse management experience and competencies, the target was achieved, and the Board has set a new target of reaching at least 40% women on the Board by 2020.

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 diverse and broad international experience. The EGM is considered to have the necessary

KEY MATTERS TRANSACTED BY THE BOARD – EXAMPLES

Key matters transacted annually:

- approval of the overall strategy, business and action plan
- approval of the annual budget
- review of capital and share structure, financing and dividend policy
- review of material risks and risk management reporting
- internal controls, procedures and risks related to financial reporting
- review of corporate governance
- review and assessment of competencies, composition and independence of the Board
- review of charters and composition of committees
- consider the composition of the EGMB
- evaluation of performance of the individual board members, performance of the EGMB and the cooperation between Board and EGMB
- review of activities with a view to ensuring relevant diversity at other management levels
- review of the Remuneration Policy and guidelines on incentive pay
- review of the Financial Policy

The Board's annual transaction agenda is consistent with the new organisational structure and the creation of new roles. It ensures:

- one annual deep dive review of each region
- a review of the commercial agenda twice a year
- a review of Global Operations twice a year
- a review of the People & Culture agenda twice a year
- a review of Procurement/Group Supply Chain at least once a year

Specific key matters transacted in 2015 by the board:

- the creation of two new global roles; a Group Chief Operating Officer and a Group Chief Commercial Officer
- a strengthened and delayered management structure and appointment of the EGM
- the nomination of two new independent board members, including induction training
- the acquisition of GS Hall, the United Kingdom
- the divestment of CMC, Turkey

international experience if half of its members have international experience from large international companies. Presently, all members of the EGM have international experience.

In order to promote, facilitate and increase the number of women in management level positions at ISS's global head office, we continue leveraging our Diversity Policy, which defines a number of initiatives. 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 EGM level. Furthermore, we ensure strong representation of women in various ISS leadership development programmes as well as in graduate programmes across EMEA and at the ISS global head office.

The appointment of Michelle Healy as Group Chief People & Culture Officer in April 2015 to the EGM shows our commitment to promoting gender diversity at executive management level. The amount of women at management level at the ISS global head office increased slightly in 2015 compared to 2014 and gender diversity remains a focus area in 2016.

ASSURANCE

External audit

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

A global audit tender process was concluded in 2015 which led to the election of Ernst & Young as ISS's global independent auditors.

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 participation 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.

Group Internal Audit

Group Internal Audit regularly reports to the Audit and Risk Committee and the Board and its activities are governed by a charter approved by the Board.

The work of Group Internal Audit and internal controls relating to financial reporting are described on p. 54.

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.

KHRISTY MORGAN
Housekeeping Assistant, ISS USA
GoDaddy

RISK MANAGEMENT

Risk is 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.

RISK GOVERNANCE STRUCTURE

The Audit and Risk Committee assists the Board of Directors (the Board) in reviewing and monitoring key risks and risk management, and approving Group risk policies. Material risks and risk management are reviewed twice a year. Mitigating measures are identified for all key risks and responsibility for implementation is assigned within the Group.

The Executive Group Management (the EGM) decides on key risk strategies and ensures implementation of the approved Group risk policy across the Group.

It is the responsibility of Country Management to ensure that risks are adequately identified and managed, including developing risk recommendations, monitoring risk activities and initiatives, and ensuring that risks are adequately managed.

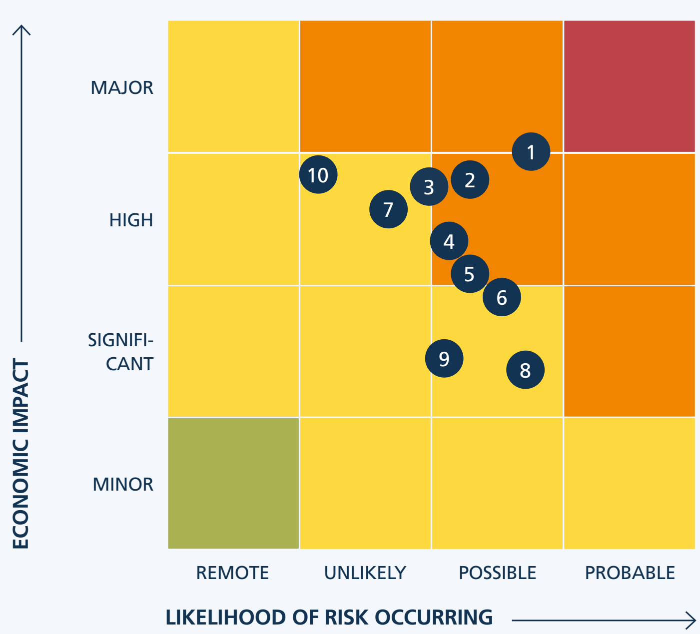
GROUP KEY RISKS

The Group is exposed to various operational risks through our activities in our customer's facilities as well as at our own premises. The risks that the Board and the EGM currently view as being the most critical to our business are listed below.

We apply a risk mapping approach to identify and assess the key risks the Group faces, their potential economic impact and the likelihood of their occurrence. Risk aspects such as the reputational impact are also considered.

Risk is assessed on the basis of information from a Group level perspective and information reported through country risk assessments. This includes knowledge of historic and current claims events, the markets in which we operate as well as on an individual site-by-site basis at customer premises, where we provide our services. In addition, existing risk mitigation measures are taken into consideration. The risks are

GROUP KEY RISKS



1. Operational execution including IFS
2. Employee risks
3. Contract risk and governance
4. Regulatory compliance
5. Information security incl. cyber risk
6. Customer retention and competition
7. Financial reporting fraud, fraud and corruption
8. Subcontractors
9. Macroeconomy
10. Reputational risk

presented in the context of the entire Group, which means that the risks identified are considered to be globally applicable throughout the organisation. Consequently, the mitigation action plans presented are largely Group initiatives, or at least initiatives with the ultimate owner in a Group function. As a consequence, the risk environment and the prioritisation of Group risk mitigation action plans may be different at the individual country level, reflecting the different maturity levels throughout the Group.

In 2015, the annual assessment of Group key risks and risk management led to two new risks being classified as Group key risks: "Reputational risk" and "Information security incl. cyber risk". The driver behind this is our growing share of IFS contracts; we increasingly hold and manage data related to our customers' business, e.g. asset information, personal data related to meetings and activities, and information related to manufacturing plant design and the like. Our customers increasingly focus on information security and how we as their service provider comply with policies and other IT process and documentation standards. This fact, combined with our business strength within highly regulated industries such as pharma, food manufacturing and banking, exposes us to an increasing extent to risk in relation to information security and cyber risk.

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

FOCUS AREAS IN 2015

Driven by the growth in IFS revenue from Global Corporate Clients and key accounts, we experience increased risk awareness and growing demand for risk transfer from our customers. To support assessment of the operational risk exposure on major contracts, we have initiated the roll out of an operational risk assessment tool. A global risk & compliance service function has also been established within Global Operations to support risk mitigation and compliance on major contracts.

In 2015, we also continued our focus on embedding risk processes and controls throughout the Group to raise awareness of risk responsibilities and to ensure that risk management is embedded in relevant business processes. We trained selected local risk managers in risk management and risk tools. As a result, we appointed an additional 12 local risk managers in 2015.

Also we performed monthly risk business reviews for selected major countries to secure continuous improvements.

GOING FORWARD

In 2016, we will continue our work to embed operational risk management, at both country and contract level. Furthermore, focus will be on related Group risk KPIs to ensure ongoing risk improvement. The primary risks in scope are:

- operational execution including IFS;
- employee risks;
- sub-contractor risks; and
- information security incl. cyber risk.

HECTOR PEÑA
Security Guard, ISS Chile
CODELCO

GROUP KEY RISKS	RISK DRIVERS	MITIGATING MEASURES
1. Operational execution including IFS 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.	• Increased complexity in our service delivery model • Increased requirements in key account contracts in relation to operational control and risk management (e.g. in the financial services and pharmaceutical industries) • Increasing contract volumes (e.g. increasing share of IFS and Global Corporate Clients contracts)	• 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. The system is implemented on selected major contracts • Operational risk reviews performed on selected contracts as part of the global risk management framework • Group HSE policies implemented • Escalation policy
2. Employee risks To become the world's greatest service organisation, we need to employ the best people to deliver world-class services to our customers. This requires that we are able to attract, develop and retain talented and engaged people in all roles. It also requires that we take good care of our people with respect to health and safety and work environment. We depend on our leaders throughout the organisation to lead by example and by empowering colleagues to mitigate risk relating to people.	• Winning the "war for talent" • Increasing customer requirements on HSE • Decentralised structure	• Our GREAT initiative "Empowering people through leadership" focusing on leadership development and training • Global HR standards • Global HSE standards • Global employee engagement surveys to gain insights into where and how we can improve
3. Contract risk and governance The profitability of our contracts depends upon our ability to successfully calculate prices by taking all economic factors as well as legal and other risk elements into consideration, and to manage our day-to-day operations under these contracts.	• Increased complexity in contracts and services (e.g. IFS and energy management) • Increasing contract volumes (e.g. increasing share of IFS and Global Corporate Clients contracts)	• 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 being part of Group Internal Audit's scope
4. Regulatory compliance 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.	• Changes in local regulations and stepped-up enforcement • Customers outsourcing their compliance risk to ISS	• We strive to monitor and foresee any changes in legislation that could have a negative impact on our financial performance • Group Corporate Governance Guidelines • Code of Conduct, Anti-corruption & Bribery Policy and Competition Law Policy • Mandatory e-learning modules in anti-corruption and anti-bribery & competition law for selected managers
5. Information security incl. cyber risk Due to the increasing IFS share of our revenue, ISS increasingly holds and manages data related to customers' businesses. Examples are asset information, personal data related to meetings and activities/events, information related to clients manufacturing plant design and the like. This fact, combined with our business strength within highly regulated industries such as pharma, food manufacturing and banking, to an increasing extent exposes us to cyber risk and information security.	• IFS contracts • Change in data privacy regulations	• Group IT policies and procedures • Processes initiated to establish Binding Corporate Rules (BCR) for exchange of personal data between companies in the ISS Group
6. Customer retention and competition 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.	• Customer concentration • Key account management • Inconsistent service delivery for IFS customers • Strategic market position	• Central Customer Relationship Management system (CRM@ISS) being rolled out • Annual measurement of customer satisfaction (cNPS) through a survey covering the majority of the Group's revenue

GROUP KEY RISKS	RISK DRIVERS	MITIGATING MEASURES
7. Financial reporting fraud, fraud and corruption 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, kickbacks, bribery and theft.	• Increased exposure in emerging markets • Decentralised financial IT systems and control structures • Step-up in extraterritorial regulation and enforcement	• Well-established and documented financial controlling processes Internal controls related to financial reporting, see p. 54 • Review of the integrity and robustness of interfaces as an integral part of internal audit assignments • Monitoring of implementation of key controls through the system of Control Self-Assessment • Mandatory e-learning modules on anti-corruption and anti-bribery & competition law for selected managers • Whistle-blower system • Roll-out of automated interfaces between local ERP platforms and the Group's standardised financial reporting tool for all countries in progress
8. Subcontractors We use subcontractors where we do not have self-delivery capabilities. This represents a risk primarily with respect to: **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.	• Growth in countries with low IFS capabilities • Growth in Global Corporate Clients portfolio	• Negotiation Process Framework setup • Separate framework when using subcontractors in countries with no ISS presence • Supplier Code of Conduct
9. Macroeconomy In the past four to five years, financial turmoil has been recurring and affected the world economy, in particular in southern Europe and Latin America. Depending on the severity and length of the turmoil, our revenue, operating margin, cash conversion and debt position could potentially be adversely impacted, particularly if customers downsize their businesses or reduce their demand for services.	• On-going financial turmoil	• On-going formal monitoring of market developments • We strive to assess the impact of market dynamics and trends that could affect our business in the long term
10. Reputational risk Protecting the reputation of ISS is the responsibility of every employee, because reputation is shaped by all actions and statements made by ISS and its employees. From an organisational perspective, the main responsibility for handling reputational risk therefore lies with the day-to-day business operations. They are supported and (when relevant) monitored by teams from Group Communication, Group Legal, Group Risk Management and other key functions. When an incident or issue with potential reputational risk is identified, it must be escalated to senior-level management for evaluation. Guidelines for specific sensitive topics are provided in the Group Escalation Policy, which is further supported by guidelines setup by Group Communication, Group Legal, Group Risk Management and Group HSE.	• Growth in IFS contracts • Increased use of social media	• Crisis communication plan integrated in Group Escalation Policy and Group Crisis Response Plan • Media handling and monitoring tools • Media communication guidelines

INTERNAL CONTROLS RELATING TO FINANCIAL REPORTING

Quality and efficiency of the financial reporting is a fundamental objective, requiring a strong governance and internal controls framework.

ASSURANCE RESPONSIBILITY

The responsibility for the Group's internal control environment lies with the Board of Directors (the Board).

Policies of relevance to financial reporting are approved by the Board and include the Code of Conduct, the Accounting Manual, the Reporting Manual, the Financial Policy, Control Procedures and the Escalation Policy.

The Audit and Risk Committee appointed by the Board is responsible for monitoring the internal controls and risk management systems.

Group Internal Audit (GIA), consisting of 10 employees, is responsible for providing an objective and independent assessment of the effectiveness and quality of the internal controls in accordance with the internal audit plan approved by the Audit and Risk Committee. To ensure that GIA works independently of the Executive Group Management Board (the EGMB) it operates under a charter approved by the Board and reports – in addition to the Group CFO – directly to the Audit and Risk Committee.

GIA's responsibility is to provide the Board and the EGMB 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; and

- 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.

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.

Group Controlling is responsible for controlling the financial reporting from subsidiaries and for preparing the consolidated financial reporting.

Our governance structure, see p. 47.

RISK ASSESSMENT

The EGMB annually identifies and assesses the material financial reporting risks and decides which control activities and systems are required to detect and prevent these risks. This is done based on a materiality test, including an assessment of the impact of quantitative and qualitative factors and an assessment of the likelihood of any material error occurring.

To challenge the EGMB, the Audit and Risk Committee on an ongoing basis discusses:

- evaluation of the overall effectiveness of the internal controls; and

- accounting for material legal and tax issues and significant accounting estimates.

CONTROL ACTIVITIES

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.

In addition to the use of a standardised process and system for the consolidated financial reporting, a strengthening of the controls for the financial reporting is ongoing through the implementation of a shared ERP system platform across the Group. By the end of 2015, the ERP system had been implemented in 20 countries covering 21% of Group revenue. The objective is to reach more than 30 countries covering more than 40% of Group revenue by the end of 2017.

Furthermore, the control of the interface between the local ERP systems and the Group's standard financial reporting tool is being strengthened through the roll-out of an automated interface. By the end of 2015, this was in place for 19 countries covering 62% of Group revenue. The objective is to reach additional 15 countries thereby covering approximately 84% of Group revenue by the end of 2016.

An essential element to ensure the correct and timely financial reporting is the availability of relevant information to the employees involved in the process. For this purpose, information and communication systems have been established, providing easy access to the appropriate information, including the Accounting Manual, Reporting Instructions, the Budgeting Manual and other relevant guidelines.

THE WORK OF GROUP INTERNAL AUDIT

GIA performs audits across the Group. The annual audit planning is based on the group key risks as described on pp. 52–53, a risk assessment performed for the individual countries and the outcome of the annual control self-assessment survey.

The internal audit framework consists of three elements:

- a baseline audit programme which assesses the internal controls and compliance across 70 key control activities;
- a contract audit programme which assesses the internal controls and contract compliance for key customer contracts; and
- risk-based focused audit programmes designed to perform detailed assessment of the controls and compliance for individual risk areas or control measures.

In 2015, GIA performed 38 baseline audits in individual countries and 23 contract audits. Furthermore, 16 risk-based audits were performed covering internal control areas related to the quality and effectiveness of financial reporting. A key focus area for the assurance activities in 2015 has been the implementation of the shared ERP system platform, where five audits were performed in individual countries to assess the internal control environment after system implementation.

In addition, GIA in 2015 performed a series of audits of systems, processes and internal controls related to the quarterly financial reporting process at Group level. The audits covered all departments at global headquarter which contribute to the financial reporting process. In combination this series of audits provides a general assessment of the internal controls of the Group financial reporting process. This series of audits is performed on a bi-annual basis.

ITEM	REPORTING	CONTROL ACTIVITIES
Financial position and results	All countries report an 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 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, including e.g. daily follow-up on local material cash balances.
Business reviews	All countries report an 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 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 update and report their full-year estimates twice a year.	Regional management reviews the proposed full-year estimates with the countries in light of the current performance and the state of the business.
Strategy reviews	Country management 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 are presented 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 are presented in a predefined format focusing on risk evaluation.	Depending on size, approval is required by regional management, EGMB or Transaction Committee/Board.
Control self-assessments	Once a year, country management performs a self-assessment of 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.

The findings and conclusions of the internal audits, including recommendations on how to improve the control environment, are reported to country and regional management, representatives of the EGMB and the independent Group auditors. The key findings from internal auditors 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.

To support the efforts to improve the internal controls environment, GIA tracks the progress on resolving the audit findings. Reports on the progress are prepared for the Audit and Risk Committee, the EGMB, and regional management. Follow-up audits are performed to provide assurance on the implementation of the measures to resolve audit findings.

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

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 remuneration policy is reviewed at least annually by the Remuneration Committee and the overall objectives of the policy are:

- to attract, motivate and retain qualified members of the Executive Group Management Board (the EGMB) and top talent for key positions, by providing competitive remuneration that recognises high performance and supports our Leadership Principles;
- to create a strong link between remuneration and achievement of our strategic goals and financial performance – both short-term and long-term – for the EGMB 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 EGMB and other employees in key positions with the interests of our 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 EGMB and other employees in key positions.

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

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

ACTIVITIES IN 2015

In 2015, the Remuneration Committee continued to focus on aligning ISS's remuneration programmes with our strategic goals. In cooperation with Kepler, our external advisors, the Committee conducted a review of the remuneration and incentives of the EGMB to gain a better understanding of key market changes to remuneration since the IPO in March 2014 and to identify potential areas for improvement to ensure that our remuneration practices remain competitive and support the attraction, motivation and retention of key executive talent.

The Committee concluded that remuneration of the EGMB is broadly competitive and recommended to:

- further strengthen the alignment of interests between shareholders and executives by rolling up dividend on unvested grants of the executive Long-Term Incentive Programme (LTIP)
- eliminate the deferral of bonus as this is not in line with Danish market practices, has unintended consequences of upfront taxation in certain geographies and has no effect on retention
- further align the short-term incentive plans below EGMB level as this would strengthen internal line-of-sight on Group priorities and performance objectives, reinforcing enterprise mindset and contribution.

In addition, the Committee reviewed the terms and conditions of new EGM members appointed in 2015.

REMUNERATION OF THE MEMBERS OF THE EGM

The remuneration elements are summarised in the table to the right and apply to the members of the EGM for 2015 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, and where targets are exceeded can reach 90%. The bonus is subject to achieving performance targets for the Group's key financial and non-financial KPIs. Bonus pay-outs are subject to certain profit and cash flow targets being achieved.

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, and 70% for other members of the EGM. PSUs have vesting criteria of total shareholder return (TSR) and earnings per share (EPS), equally weighted. TSR peers are the top 20 listed Danish companies (Nasdaq Copenhagen OMX C20) and a peer group of comparable international service companies. The vesting criteria and peer groups are outlined on p. 59. PSUs vest three years after grant, provided the performance conditions are met. 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 received a number of PSUs at no cost (one time grant). The TSP was granted as PSUs at the time of the IPO in March 2014 and the grant had a value of 100% of the annual base salary for the Group CEO; 75% for the Group CFO and 70% for other members of the EGM. 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. The first tranche of the TSP vested in March 2015, where the performance criteria was 92% achieved. The second tranche of the TSP will vest in March 2016 based on 2015 performance whereby the TSP will lapse.

Remuneration to the members of the EGMB and an overview of granted PSUs is disclosed in the tables on pp. 58 and 59. An overview of minimum, target and maximum remuneration for 2015 to the Group CEO and Group CFO is disclosed in the diagram on p. 58.

Remuneration to other members of the EGM is disclosed in note 6.1 to the consolidated financial statements.

TERMINATION AND SEVERANCE PAYMENT

Employment contracts of the EGMB may be terminated at 18-24 months' notice. Employment contracts of other members of the EGM may be terminated at 12 months' notice. Members of the EGM may terminate their positions at six months' notice, except for one member who may terminate with 12 months' notice. Members of the EGM are not entitled to severance payments. The employment contracts contain no special termination rights and no change of control clauses. ISS do not provide loans to the members of EGM.

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 one year	Measures and weighting: organic growth (25%), operating 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	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	With one exception the members of the EGM are not covered by a pension plan of the Group	N/A	N/A

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

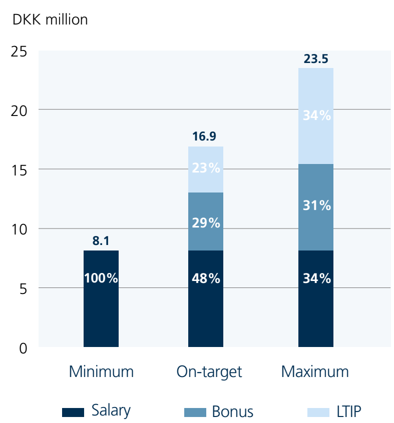
In order to strengthen the alignment of interests between the EGM and the shareholders, the Remuneration Committee has established share ownership requirements for the members of the EGM. The Group CEO is expected to build up a holding of shares equivalent to 100% of the annual base salary, while the Group CFO is expected to build up a holding of shares equivalent to 70% of the annual base salary, and finally each other member of the EGM 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 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 Group CEO and Group CFO as per 31 December 2015 are shown above.

SHARE OWNERSHIP GUIDELINES

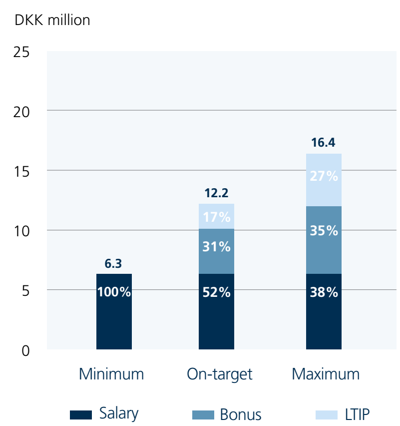
	Jeff Gravenhorst	Heine Dalsgaard
Share ownership guideline of annual base salary (over time)	100%	70%
Shares retained from vested incentive programmes at 31 December 2015	5,049	2,951
Actual holding at 31 December 2015	41,187	42,922
Actual holding in % of annual salary base at 31 December 2015	126%	169%
Unvested PSUs/RSUs at 31 December 2015	118,749	67,414

MINIMUM, TARGET AND MAXIMUM REMUNERATION

Jeff Gravenhorst



Heine Dalsgaard



Minimum No bonus pay-out – No vesting under the LTIP
On-target Target bonus pay-out – Target vesting under the LTIP
Maximum 150% of target bonus pay-out – Full vesting under the LTIP

REMUNERATION TO THE EGMB

	2015				2014			
DKK thousand	Jeff Gravenhorst	Heine Dalsgaard	Henrik Andersen [1)]	John Peri [1)]	Jeff Gravenhorst	Heine Dalsgaard	Henrik Andersen	John Peri
Base salary and non-monetary benefits	8,320	6,619	4,528	4,349	8,215	6,499	6,619	6,429
Annual bonus	5,844	4,441	2,672	2,910	4,314	3,388	3,470	3,389
Bonus related to the IPO	-	-	-	-	8,798	2,325	5,031	1,705
Share-based payments	6,344	3,604	2,471	2,403	3,977	2,274	2,343	2,274
Total remuneration	**20,508**	**14,664**	**9,671**	**9,662**	**25,304**	**14,486**	**17,463**	**13,797**

[1)] Effective 27 August 2015, Henrik Andersen and John Peri stepped down from their EGMB positions. Base salary and other remuneration reflects the remuneration for the period when being member of the EGMB. Henrik Andersen continued as a member of the EGM until 18 December 2015 and John Peri continued as a member of the EGM until 31 December 2015.

PERFORMANCE SHARE UNITS GRANTED TO THE EGMB

TSP (number of PSUs)	Jeff Gravenhorst	Heine Dalsgaard [1]	Henrik Andersen [2]	John Peri [2]
Outstanding at 1 January 2015	49,725	29,063	29,935	29,063
Vested	(22,846)	(13,353)	(13,753)	(13,353)
Cancelled	(2,016)	(1,178)	(1,214)	(1,178)
Outstanding at 31 December 2015	**24,863**	**14,532**	**14,968**	**14,532**

LTIP (number of PSUs)	Jeff Gravenhorst	Heine Dalsgaard [1]	Henrik Andersen [2]	John Peri [2]
Outstanding at 1 January 2015	49,725	27,125	27,939	27,125
Granted	37,031	20,200	20,603	20,200
Outstanding at 31 December 2015	**86,756**	**47,325**	**48,542**	**47,325**

Deferred bonus (number of RSUs) [3]	Jeff Gravenhorst	Heine Dalsgaard [1]	Henrik Andersen [2]	John Peri [2]
Outstanding at 1 January 2015	-	-	-	-
Granted	7,130	5,556	5,723	5,556
Outstanding at 31 December 2015	**7,130**	**5,556**	**5,723**	**5,556**

[1] Heine Dalsgaard's unvested PSUs under the LTIP programme will be cancelled when he, as announced, steps down as Group CFO no later than 1 August 2016.

[2] Effective 27 August 2015, Henrik Andersen and John Peri stepped down from their EGMB positions. Henrik Andersen continued as a member of the EGM until 18 December 2015 and John Peri continued as a member of the EGM until 31 December 2015.

[3] Granted RSUs relate to the annual bonus for 2014. One-third of the annual bonus was settled in Restricted Share Units (RSUs), of which 50% will be converted into shares after one year (March 2016), and 50% will be converted into shares after two years (March 2017). In 2015, the programme was changed, i.e. with effect from 2015, the annual bonus will be settled entirely in cash.

LTIP VESTING [1]	CRITERIA FOR TSR 2014 AND 2015	CRITERIA FOR EPS 2014	CRITERIA FOR EPS 2015
No vesting	ISS performs below median of peer group	EPS grows less than 12% annually	EPS grows less than 7.5% annually
25% vesting	ISS performs at median of peer group	EPS grows 12% annually	EPS grows 7.5% annually
100% vesting	ISS performs at upper quartile of peer group or better	EPS grows 18% annually or more	EPS grows 13.5% annually or more

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: A.P. Møller – Mærsk A, A.P. Møller – Mærsk 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 (not in 2015), Tryg, Vestas Wind Systems, William Demant Holding.

[1] Linear vesting between 25% and 100% vesting.

REMUNERATION OF THE BOARD OF DIRECTORS

Members of the Board (except representatives of EQT, GSCP and Ontario Teachers' Pension Plan Board (OTPP)) receive remuneration for duties performed on behalf of 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 tables to the right.

Members of the Board (except employee representatives) did not receive any performance- or share-based remuneration in 2015.

Expenses, such as travel and accommodation in relation to board meetings, relevant training and 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 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%
Ordinary committee members		38%

REMUNERATION TO THE BOARD

DKK thousand	Base fee	Additional fee	Travel allowance	Total
Lord Allen of Kensington Kt CBE	1,200	900	-	2,100
Thomas Berglund	600	262	-	862
Claire Chiang [1]	300	225	180	705
Henrik Poulsen	400	513	-	913
Jo Taylor	-	-	-	-
Cynthia Mary Trudell [1]	300	225	180	705
Jennie Chua [2]	133	50	90	273
Morten Hummelmose [2]	-	-	-	-
Andrew Evan Wolff [2]	-	-	-	-
Pernille Benborg	400	-	-	400
Joseph Nazareth	400	-	-	400
Palle Fransen Queck	400	-	-	400
Total	**4,133**	**2,175**	**450**	**6,758**

BOARD HOLDINGS OF ISS A/S SHARES

Number [3]	1 January 2015	Additions	Sold	31 December 2015
Lord Allen of Kensington Kt CBE	86,843	-	-	86,843
Thomas Berglund	8,676	-	-	8,676
Claire Chiang [1]	-	-	-	-
Henrik Poulsen	26,052	-	-	26,052
Jo Taylor	-	-	-	-
Cynthia Mary Trudell [1]	-	-	-	-
Pernille Benborg	-	-	-	-
Joseph Nazareth	3,125	-	-	3,125
Palle Fransen Queck	-	-	-	-
Total	**124,696**	-	-	**124,696**

[1] Elected at the annual general meeting on 15 April 2015.
[2] At the annual general meeting on 15 April 2015 Jennie Chua was not up for re-election due to the age limit and Morten Hummelmose and Andrew Evan Wolff did not seek re-election following the disposal by FS Invest II S.á r.l of all of its shares in ISS effective 12 March 2015.
[3] Reflects holding of shares for current Board members.

“ I connect the customer with the business”

ANITA SCHNEIDER
Receptionist, ISS Switzerland

Anita Schneider plays a key role in representing the network provider, **Swisscom,** and she is well aware of her responsibility to create good first impressions. Anita’s workday consists of many different projects and she enjoys building customer relationships. She is particularly happy to take part in Swisscom’s vision to be the best in the networked world.

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.

ISS A/S is listed on Nasdaq Copenhagen and part of the Nasdaq Copenhagen OMX C20 index.

SHARE CAPITAL

ISS A/S's share capital comprise a total of DKK 185,668,226 shares with a nominal value of DKK 1 each. All shares are fully paid up. As of 31 December 2015, ISS held a total of 1,777,475 treasury shares for the purpose of covering obligations under existing share-based incentive programmes (2014: 1,000,000 treasury shares).

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.

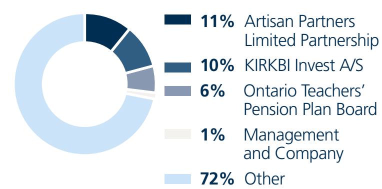
SHAREHOLDERS

On 12 March 2015, FS Invest II sold its remaining ISS A/S shares pursuant to an accelerated bookbuilt offering. Major shareholders at 31 December 2015, based on direct and indirect holdings reported to ISS by investors, are illustrated to the right.

DIVIDEND

The Board of Directors (the Board) has adopted a dividend policy with a target pay-out ratio of approximately 50% of Profit before amortisation/impairment of acquisition-related intangibles. The dividend for 2014 approved in April 2015 was DKK 4.90 per share of DKK 1, which corresponds to a pay-out ratio of approximately 50%. At the annual general meeting to be held on 5 April 2016, the Board will propose a dividend for 2015 of DKK 7.40 per share of DKK 1, equivalent to a pay-out ratio of approximately 50%, and an increase of 51% compared to 2014.

MAJOR SHAREHOLDERS



NEW SHARE BUY-BACK PROGRAMME FOR 2016 TO COVER OBLIGATIONS UNDER THE SHARE-BASED INCENTIVE PROGRAMMES

The Board has decided to launch a share buy-back programme in 2016 under the current authorisation approved at the annual general meeting on 15 April 2015. ISS expects to buy back own shares for an amount of up to DKK 150 million and will use the shares purchased under the programme to cover obligations under the share-based incentive programmes.

The share buy-back programme is implemented in accordance with

SHARE PRICE PERFORMANCE 2015

Peer group includes Sodexo, Compass, G4S, Securitas, Aramark and Coor.

AVERAGE NUMBER OF SHARES TRADED 2015

Volume excludes extraordinary liquidity events related to FS Invest II's sell-down in March and OTPP's sell-down in September.

the provisions of the European Commission's regulation no. 2273/2003 of 22 December 2003 (also known as the Safe Harbour Regulation). Under the programme a financial institution has been appointed as lead manager to buy back shares on behalf of ISS and make trading decisions in respect of ISS shares independently of and without influence from ISS. The programme will end no later than 30 April 2016.

SHARE PRICE PERFORMANCE

The share price ended the year at DKK 248.7, increasing by 40% during 2015 (OMX C20: up 36% / peer group: up 12%) and by 55% since the initial listing on 13 March 2014.

The average daily trading volume of ISS shares on Nasdaq Copenhagen in 2015 was 587,862 shares. Excluding extraordinary liquidity events related to FS Invest II's sell-down in March and Ontario Teachers' Pension Plan Board's (OTPP) sell-down in September, the average daily traded volume was 305,044 shares.

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.

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 and private investors. We seek to achieve this by maintaining an active dialogue with current as well as potential new investors, analysts and other stakeholders through roadshows and conferences across the globe. In September 2015, we hosted our first Capital Markets Day as a listed company.

Furthermore, we communicate via company announcements, press releases, conference calls and investor presentations. We have an investor section on our corporate website, where investors can subscribe to company announcements, ISS news, etc.

For announcements published in 2015, please visit http://inv.issworld.com/announcements.cfm

We aim to have broad coverage of ISS shares by equity analysts. Year-end 2015, we were covered by 17 Danish and international sell-side analysts (2014: 13 sell-site 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 our 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.

FINANCIAL CALENDAR 2016

Annual general meeting
5 April

Q1 report
4 May

Q2 report
16 August

Q3 report
2 November

DIJANA TRAJCEVSKA
Security Officer, ISS Australia
MELBOURNE AIRPORT

BOARD OF DIRECTORS

Lord Allen of Kensington Kt CBE
(Chairman)

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

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, Advisory Chairman of Moelis & Company and Chairman of the Join In Trust Ltd 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

President and CEO of Capio AB (Publ) (and holds 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.

Claire Chiang

Born: 1951
Nationality: Singaporean
First elected: April 2015
Independence: Independent

Co-founder of Banyan Tree Hotels & Resorts, senior vice president of Banyan Tree Holdings Ltd. and chairperson for China Business Development. She also chairs Banyan Tree Global Foundation Ltd, holds executive and non-executive directorships in three subsidiaries and companies affiliated with Banyan Tree Holdings and holds directorships in four family holding companies. Council member of the Singapore Chinese Chamber of Commerce and Industry and holds directorships in the Wildlife Reserves Singapore Conservation Fund and Mandai Safari Park Holdings. In addition, chairman or member of several non-profit organisations.

Previously served as a Singapore Nominated Member of Parliament for two terms (1997-2001).

Education: Arts and Social Sciences graduate from University of Singapore and Master of Philosophy (Sociology) degree from University of Hong Kong.

Competencies: Founder and senior management expertise from the hotel and hospitality industry, international sales and business development experience, broad entrepreneurial experience, human capital management and development experience.

Henrik Poulsen

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

CEO of DONG Energy A/S. In addition, independent industrial advisor to EQT.

Previously CEO and president of TDC A/S, operating executive at Capstone/KKR in London and has 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

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), Burton's Biscuits, 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.

Cynthia Mary Trudell

Born: 1953
Nationality: American
First elected: April 2015
Independence: Independent

Executive vice president, chief human resources officer for PepsiCo.

Previously held a number of executive operating and general management positions with General Motors Corporation and Brunswick Corporation including president of IBC Vehicles (UK), chairman and president of Saturn Corporation (US) and president of Sea Ray Group (US). In addition, served as a director of PepsiCo, Canadian Imperial Bank of Commerce and Pepsi Bottling Group prior to its acquisition by PepsiCo.

Education: Bachelor of Science (Chemistry) from the Acadia University (Nova Scotia), Doctorate (Physical Chemistry) from the University of Windsor (Ontario), Honorary Doctor of Laws degree from the University of Windsor (Ontario), Honorary Doctor of Science degree from the Acadia University (Nova Scotia), Honorary Doctor of Science degree from the Ryerson University (Ontario) and Honorary Doctor of Science degree from the University of New Brunswick.

Competencies: Executive operating and general management experience with global operations in the durable goods and consumer products industries, human capital management and strategy development, and diverse board experience.

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 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 Head of Group Transition since 2015.

Previously held various positions with the ISS Group including as Business Development Director, Central Europe and 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.

E = employee representative

EXECUTIVE GROUP MANAGEMENT

EXECUTIVE GROUP MANAGEMENT BOARD

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

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

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.

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

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

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

On 7 January 2016, we announced that Heine Dalsgaard will step down as Group CFO as he has accepted a position as CFO outside ISS. He will continue until 1 August 2016 at the latest.

CHANGED GROUP ORGANISATIONAL STRUCTURE

As part of our work towards a fit-for-purpose structure, in 2015, we announced a new, delayered and strengthened Group organisational structure to drive customer focus, deliver faster decision making and further cost efficiencies.

Two new global roles were created. First, a new Group Chief Operating Officer role, which drives customer retention and the delivery of operational excellence to key account customers in partnership with the regional and country organisations. Second, a new Group Chief Commercial Officer role, which drives commercial capabilities, new sales, and key account customer growth with a focus on our regional and global sales pipeline.

Furthermore, the delayering of the organisation resulted in the elimination of the two regional Group COO roles and a reduction of the number of regions.

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.

Michelle Healy
Group Chief People & Culture Officer since April 2015. Joined ISS in 2015. Born 1968.

Prior to joining ISS, held senior management positions latest at SABMiller plc as Director Group Integrated Change Programme, and at British American Tobacco plc as General Manager UK & Ireland, Regional Head of HR Europe, and Regional Head of HR Asia Pacific.

Thomas Hinnerskov
Regional CEO Western Europe since January 2016. Joined ISS in 2003. Born 1971.

Previously held positions within ISS as Regional CEO APAC, 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.

Dane Hudson
Regional CEO Asia Pacific since January 2016. Joined ISS in 2011. Born 1961.

Previously held position as CEO ISS Pacific (Australia and New Zealand). Prior to joining ISS held a number of senior roles including most recently CEO of Australian Vintage Ltd and Chief Finance, Development and Procurement Officer, and SVP, of Yum Restaurants International (KFC, Pizza Hut and Taco Bell).

Henrik Langebæk
Regional CEO Eastern Europe, Middle East & Africa and Regional CFO Western Europe (acting) since February 2016. Joined ISS in 2004. Born 1966.

Previously held positions within ISS as acting Regional CEO Western Europe, Group CFO EMEA & Group Procurement, 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).

Andrew Price
Group Chief Commercial Officer since September 2015. Joined ISS in 1995. Born 1964.

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

Daniel Ryan
Regional CEO Americas since February 2016. Joined ISS in 2016. Born 1962.

Prior to joining ISS, held senior management position as Regional CEO Asia & Middle East and member of Group Executive Committee at G4S. Prior to G4S, held various senior management positions and member of the Executive Management Team with NOL Group (primarily in its APL subsidiary).

Martin Gaarn Thomsen
Group Chief Operating Officer since February 2016. Joined ISS in 1999. Born 1970.

Member of the board of directors of Gaarn Thomsen & Partners A/S, Copenhagen Select A/S, the Confederation of Danish Industry's (DI) Service branch, and Business Forum for Social Responsibility appointed by (as well as advisor to) the Danish Minister for Employment.

Previously held positions within ISS as Country Manager of ISS Denmark, Regional CEO Western Europe, Regional CEO Asia & Pacific, International Operations Director and Group VP Corporate Affairs.

CATALINA IONELA
Facilities Assistant, Client Services, ISS United Kingdom

CASE: ISS, A LEADER IN THE BANKING INDUSTRY

Over the past decade, ISS has worked deliberately on becoming a leader in providing Facility Services globally to the banking and financial services industry. With customers such as Barclays, Citi, UBS, BBWA, SEB, HSBC, Deutsche Bank, Nordea, Danske Bank and, most recently, Société Générale, ISS delivers a truly global IFS solution focused on meeting this sector's objectives in terms of compliance, transparency, end-user experience and excellence.

Technology is a vital component of the ISS solution for the banking and financial services sector, enabling effective information management and driving increased control and efficiency. Our integrated IT solution, FMS@ISS, provides a single, global platform enabling banking employees to make and track Helpdesk requests and to deliver work order management and asset management. For example, we have logged over 500,000 bank-related assets (including HVAC systems, lighting, elevators, escalators, fire alarm systems and much more) in the online asset registers. This drives enhanced life-cycle planning, optimal maintenance scheduling, increased asset uptime and lower costs.

Furthermore, we have implemented our own business intelligence application, Insight@ISS, to leverage the wealth of service data we collect globally. In addition to real time management information on service delivery, we are able to offer benchmarking at site, country and regional level. This technology affords customers unrivalled transparency on cost and performance across their entire global estate. It also gives ISS the requisite intelligence to drive change for our individual customers across the sector.

"Our work towards the banking and financial services sector will continue to be focused on delivering excellence while providing value for our customers. We are confident that as a business partner, ISS offers the commitment and knowledge that enables us to continue to meet our customers' expectations by delivering the outcomes we have promised to deliver". Simon Titchener, Global Head of Banking & Financial Services, ISS

FACTS

500+
independent banks and financial institutions serviced worldwide

10,000+
sites in 45 countries

>8 million m^2
servicing surface

“I give patients that extra push on their way to recovery”

JIANG JIA YUN
Patient Porter, ISS China

At the **Huashan Hospital** in China, Jiang Jia Yun always treats patients with respect and dignity while transporting them safely. Jiang considers establishing a welcoming environment one of the most important tasks of his job. He is very keen to accommodate the many international patients in a warm and hospitable way.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

1 January – 31 December

DKK million	Note	2015	2014
Revenue	2.1, 7.6	**79,579**	**74,105**
Staff costs	2.3	(51,900)	(48,849)
Consumables		(6,808)	(6,413)
Other operating expenses	6.4	(15,602)	(13,961)
Depreciation and amortisation [1]	4.3, 7.2	(736)	(732)
Operating profit before other items [2]		**4,533**	**4,150**
Other income and expenses, net	2.4	44	(160)
Operating profit [1]	2.1, 7.6	**4,577**	**3,990**
Financial income	5.7	111	228
Financial expenses	5.7	(820)	(1,524)
Profit before tax and amortisation/impairment of acquisition-related intangibles		**3,868**	**2,694**
Income taxes [3]	2.5	(1,083)	(878)
Profit before amortisation/impairment of acquisition-related intangibles		**2,785**	**1,816**
Goodwill impairment	4.5	(95)	(448)
Amortisation/impairment of brands and customer contracts	4.3	(654)	(588)
Income tax effect [4]	2.5, 2.6	182	234
Net profit for the year		**2,218**	**1,014**
Attributable to:			
Owners of ISS A/S		2,211	1,011
Non-controlling interests		7	3
Net profit for the year		**2,218**	**1,014**
Earnings per share:			
Basic earnings per share (EPS), DKK	7.1	12.0	5.8
Diluted earnings per share, DKK	7.1	11.9	5.8
Adjusted earnings per share, DKK [5]	7.1	15.0	10.3

[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 amortisation/impairment of acquisition-related intangibles divided by the average number of shares (diluted).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January – 31 December

DKK million	Note	2015	2014
Net profit for the year		**2,218**	**1,014**
Other comprehensive income			
Items not to be reclassified to the income statement in subsequent periods:			
Actuarial gains/(losses)	7.3	(255)	(621)
Impact from asset ceiling regarding pensions	7.3	(3)	14
Tax	2.6	62	138
Items to be reclassified to the income statement in subsequent periods:			
Foreign exchange adjustments of subsidiaries and non-controlling interests		546	472
Fair value adjustment of hedges, net		(3)	(20)
Fair value adjustment of hedges, net, transferred to Financial expenses		12	23
Tax		(2)	(1)
Total other comprehensive income		**357**	**5**
Total comprehensive income for the year		**2,575**	**1,019**
Attributable to:			
Owners of ISS A/S		2,569	1,016
Non-controlling interests		6	3
Total comprehensive income for the year		**2,575**	**1,019**

CONSOLIDATED STATEMENT OF CASH FLOWS

1 January – 31 December

DKK million	Note	2015	2014
Operating profit before other items		4,533	4,150
Depreciation and amortisation	4.3, 7.2	736	732
Share-based payments (non-cash)		90	53
Changes in working capital	3.4	(34)	(71)
Changes in provisions, pensions and similar obligations		(95)	(203)
Other expenses paid		(312)	(402)
Interest received		44	55
Interest paid		(389)	(837)
Income taxes paid		(867)	(1,082)
Cash flow from operating activities		**3,706**	**2,395**
Acquisition of businesses	4.1	(446)	(19)
Divestment of businesses	4.1	477	1,335
Acquisition of intangible assets and property, plant and equipment		(913)	(848)
Disposal of intangible assets and property, plant and equipment		72	65
(Acquisition)/disposal of financial assets		(30)	19
Cash flow from investing activities		**(840)**	**552**
Proceeds from borrowings		4,514	23,483
Repayment of borrowings		(5,367)	(33,862)
Proceeds from issuance of share capital		-	7,788
Capital increase, non-controlling interests		33	-
Purchase of treasury shares		(204)	(160)
Dividends paid to shareholders		(901)	-
Dividends paid to non-controlling interests		(6)	(2)
Cash flow from financing activities		**(1,931)**	**(2,753)**
Total cash flow		**935**	**194**
Cash and cash equivalents at 1 January		3,557	3,277
Total cash flow		935	194
Foreign exchange adjustments		34	86
Cash and cash equivalents at 31 December		**4,526**	**3,557**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

DKK million	Note	2015	2014
Assets			
Intangible assets	4.3, 4.4	27,242	27,465
Property, plant and equipment	7.2	1,613	1,638
Deferred tax assets	2.6	931	755
Other financial assets		425	431
Non-current assets		**30,211**	**30,289**
Inventories		299	309
Trade receivables	3.1	10,770	10,446
Tax receivables		263	212
Other receivables	3.2	1,677	1,449
Cash and cash equivalents		4,526	3,557
Assets classified as held for sale	4.2	1,539	472
Current assets		**19,074**	**16,445**
Total assets		**49,285**	**46,734**
Equity and liabilities			
Total equity attributable to owners of ISS A/S		14,494	12,910
Non-controlling interests		10	10
Total equity	5.1	**14,504**	**12,920**
Loans and borrowings	5.2	14,926	14,887
Pensions and similar obligations	7.3	1,683	1,415
Deferred tax liabilities	2.6	1,475	1,415
Provisions	7.4	277	348
Non-current liabilities		**18,361**	**18,065**
Loans and borrowings	5.2	752	1,338
Trade payables		3,411	3,562
Tax payables		386	170
Other liabilities	3.3	11,235	10,254
Provisions	7.4	192	249
Liabilities classified as held for sale	4.2	444	176
Current liabilities		**16,420**	**15,749**
Total liabilities		**34,781**	**33,814**
Total equity and liabilities		**49,285**	**46,734**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 31 December

2015 DKK million	Share capital	Retained earnings	Translation reserve	Hedging reserve	Treasury shares	Proposed dividends	Total	Non-controlling interests	Total equity
	Attributable to owners of ISS A/S								
Equity at 1 January	**185**	**11,959**	**45**	**(29)**	**(160)**	**910**	**12,910**	**10**	**12,920**
Comprehensive income for the year									
Net profit for the year	**-**	**837**	**-**	**-**	**-**	**1,374**	**2,211**	**7**	**2,218**
Other comprehensive income									
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	547	-	-	-	547	(1)	546
Adjustment relating to previous years	-	(22)	-	22	-	-	-		-
Fair value adjustment of hedges, net	-	-	-	(3)	-	-	(3)	-	(3)
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	12	-	-	12	-	12
Actuarial gains/(losses)	-	(255)	-	-	-	-	(255)	-	(255)
Impact from asset ceiling regarding pensions	-	(3)	-	-	-	-	(3)	-	(3)
Tax	-	62	-	(2)	-	-	60	-	60
Total other comprehensive income	**-**	**(218)**	**547**	**29**	**-**	**-**	**358**	**(1)**	**357**
Total comprehensive income for the year	**-**	**619**	**547**	**29**	**-**	**1,374**	**2,569**	**6**	**2,575**
Transactions with owners									
Purchase of treasury shares	-	-	-	-	(204)	-	(204)	-	(204)
Share-based payments	-	101	-	-	-	-	101	-	101
Settlement of vested PSUs	-	(41)	-	-	41	-	-	-	-
Disposal of shares in subsidiary		(14)					(14)	-	(14)
Capital increase, non-controlling interests	-	33	-	-	-	-	33	-	33
Dividends paid to shareholders	-	-	-	-	-	(901)	(901)	-	(901)
Dividends, treasury shares	-	9	-	-	-	(9)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(6)	(6)
Total transactions with owners	**-**	**88**	**-**	**-**	**(163)**	**(910)**	**(985)**	**(6)**	**(991)**
Total changes in equity	**-**	**707**	**547**	**29**	**(163)**	**464**	**1,584**	**-**	**1,584**
Equity at 31 December	**185**	**12,666**	**592**	**-**	**(323)**	**1,374**	**14,494**	**10**	**14,504**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 31 December

2014 DKK million	Share capital	Retained earnings	Translation reserve	Hedging reserve	Treasury shares	Proposed dividends	Total	Non-controlling interests	Total equity
	Attributable to owners of ISS A/S								
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 to non-controlling interests	-	-	-	-	-	-	-	(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**

SECTION 1
Basis of preparation

In 2015, we continued our focus on providing decision-useful and transparent financial information. We aim to ensure that the financial statements reflect and portray ISS specific circumstances and that disclosures are based on materiality.

The notes are grouped into the following seven sections based on theme:

NOTE 1.1 BASIS OF PREPARATION

Corporate information

The consolidated financial statements of ISS A/S as of and for the year ended 31 December 2015 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 7.9, Subsidiaries, associates and joint ventures.

The Annual Report for ISS A/S for 2015 was discussed and approved by the Executive Group Management Board (the EGMB) and the Board of Directors (the Board) on 2 March 2016 and issued for approval at the subsequent Annual General Meeting on 5 April 2016.

Basis of preparation

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 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 p. 71.

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; currency swaps and financial assets classified as available for sale. Furthermore, other financial assets are measured at amortised cost subsequent to initial recognition.

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.

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 is not decision-useful, 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.

With effect from 1 January 2015, the Group has implemented:

- Parts of Annual Improvements to IFRSs 2010-2012 Cycle; and
- Parts of Annual Improvements to IFRSs 2011-2013 Cycle.

The adoption of these standards and interpretations did not affect recognition and measurement for 2015.

Change in amortisation method In 2015, the Group has prospectively changed the amortisation method for acquisition-related customer contracts from the declining balance method to straight-line amortisation over the estimated useful life. The new method is deemed to better reflect the consumption of the future benefits embodied in the asset. The useful life is estimated to range between 11 and 15 years. The change increased Amortisation/impairment of brands and customer contracts with DKK 194 million and decreased Net profit for the year with DKK 148 million.

Change in classification In 2015, the Group changed the classification of Interest received/paid in the statement of cash flows to be presented in Cash flow from operating activities instead of Cash flow from financing activities. Following the IPO in 2014 and the changed capital structure, it is management's assessment that this better reflects the distinction between operating and financing activities. The change in classification decreased Cash flow from operating activities with DKK 345 million and increased Cash flow from financing activities, correspondingly. Comparative figures were reclassified accordingly, which resulted in Cash flow from operating activities decreasing DKK 782 million and Cash flow from financing activities increasing correspondingly.

Going concern

The Board and the EGMB have during preparation of the consolidated financial statements of the Group assessed the going concern assumption. The Board and the EGMB 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

NOTE 1.1 BASIS OF PREPARATION (CONTINUED)

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. Control is achieved when the Group 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 investee. 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 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 ownership interest in a subsidiary, without loss of control, are accounted for as equity transactions.

If the Group looses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in Other income and expenses, net. Any investment retained is recognised at fair value.

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 translation 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.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognised in the consolidated financial statements in other comprehensive income and presented in equity under a separate translation reserve.

Presentation of the income statement

The consolidated income statement is presented in accordance with the "nature of expense" method. As IFRS does not prescribe a format of the income statement, the format we have chosen is what we believe best reflects the Group's profitability as it allows us to present the most relevant earnings measures for our business.

The presentation should be seen in light of our history of building our business platform through hundreds of acquisitions, which have added a significant amount of intangibles to the Group's statement of financial position. Thus, our income statement is impacted by significant amounts of non-cash amortisation/impairment of intangibles. In comparison to companies with a growth strategy based on organic growth, it is therefore important for us to clearly separate these items, in order to show a clear picture of the Group's profitability on the current business. Consequently, Goodwill impairment, Amortisation/impairment of brands and customer contracts and Income tax effect hereof are presented in separate line items after Operating profit [1].

Use of critical accounting estimates and judgements

In preparing these consolidated financial statements, management made various judgements, estimates and assumptions concerning future events that affected 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)
- Deferred tax (note 2.6)
- Trade receivables and related credit risk (note 3.1)
- Acquisitions and divestments (note 4.1)
- Disposal groups (note 4.2)
- Impairment tests (note 4.4)
- Pensions and similar obligations (note 7.3)
- Provisions (note 7.4)

[1] Excluding amortisation/impairment of acquisition-related intangibles.

SECTION 2
Operating profit and tax

In this section, we provide information in relation to the Group's operating profit and tax supplementing Group performance (p. 16) and Regional performance (pp. 21–27) and thus assisting the reader in getting a deeper understanding of the Group's performance in 2015.

Segment information provides additional financial details on our regions (our reportable segments) as well as revenue by main countries and by service type. The development in our primary cost type, staff costs, is specified, and a detailed overview is provided of other income and expenses, net, which consists of recurring and non-recurring items, that the Group does not consider to be part of its ordinary operations. Information about the Group's low exposure to currency risk on transaction level is also contained in this section. Finally, we provide details on the Group's income tax and deferred tax including the development in the Group's effective tax rate.

In this section, the following notes are presented:

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 7.9, 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 7.6, 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 consist of revenue, costs, assets and liabilities relating to the Group's Corporate functions (including internal and external loans and borrowings, cash and cash equivalents and intra-group balances) 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 amortisation/impairment of acquisition-related intangibles). 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)

2015 DKK million	**Western Europe**	**Nordic**	**Asia**	**Pacific**	**North America**	**Latin America**	**Eastern Europe**	**Other countries**	**Total re-portable segments**
Revenue [1]	40,894	14,738	10,104	4,478	4,161	3,609	1,580	113	79,677
Depreciation and amortisation [2]	(364)	(132)	(78)	(55)	(17)	(38)	(17)	-	(701)
Operating profit before other items [3]	2,562	1,146	788	255	173	144	99	(1)	5,166
Operating margin [3]	6.3%	7.8%	7.8%	5.7%	4.2%	4.0%	6.3%	(0.8)%	6.5%
Other income and expenses, net	181	(22)	(41)	4	(27)	(9)	-	-	86
Operating profit [2]	2,743	1,124	747	259	146	135	99	(1)	5,252
Goodwill impairment	(18)	-	-	-	-	(77)	-	-	(95)
Amortisation/impairment of brands and customer contracts	(374)	(174)	(32)	(22)	(25)	(8)	(18)	(1)	(654)
Total assets	25,754	11,474	5,520	2,401	2,268	1,431	1,338	15	50,201
Hereof assets classified as held for sale	1,386	153	-	-	-	-	-	-	1,539
Additions to non-current assets [4]	1,236	178	108	49	34	45	18	-	1,668
Total liabilities	13,198	5,431	2,075	1,271	1,217	1,013	515	14	24,734
Hereof liabilities classified as held for sale	353	91	-	-	-	-	-	-	444

2014									
Revenue [1]	37,318	15,449	8,221	4,444	3,477	3,597	1,597	87	74,190
Depreciation and amortisation [2]	(354)	(148)	(70)	(60)	(14)	(41)	(16)	-	(703)
Operating profit before other items [3]	2,310	1,153	603	220	125	173	109	(1)	4,692
Operating margin [3]	6.2%	7.5%	7.3%	5.0%	3.6%	4.8%	6.8%	(1.4)%	6.3%
Other income and expenses, net	(111)	51	9	(2)	24	(8)	(5)	-	(42)
Operating profit [2]	2,199	1,204	612	218	149	165	104	(1)	4,650
Goodwill impairment	(434)	-	-	-	-	(5)	(9)	-	(448)
Amortisation/impairment of brands and customer contracts	(374)	(108)	(38)	(21)	(23)	(8)	(16)	-	(588)
Total assets	24,555	12,862	4,832	2,560	2,130	1,547	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	23	37	19	-	898
Total liabilities	14,357	6,948	1,895	1,501	1,269	1,577	516	11	28,074
Hereof liabilities classified as held for sale	129	47	-	-	-	-	-	-	176

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, including from Acquisitions.

NOTE 2.1 SEGMENT AND REVENUE INFORMATION (CONTINUED)

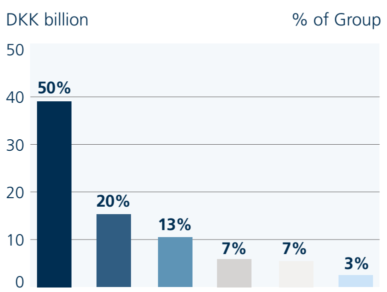
Geographical information

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

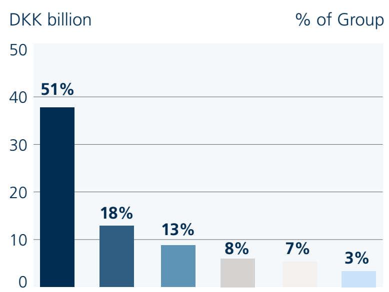
	2015		2014	
DKK million	Revenue	Non-current assets	Revenue	Non-current assets
United Kingdom	11,896	3,829	9,896	3,080
Switzerland	5,174	1,702	4,079	1,569
France	4,794	2,011	5,101	2,782
Australia	4,217	1,593	4,113	1,629
Spain	4,198	1,209	4,099	1,231
USA	4,012	1,405	3,386	1,271
Denmark (country of domicile)	3,116	1,858	3,086	1,971
Other countries (including unallocated items and eliminations)	42,172	15,673	40,345	16,001
Total	**79,579**	**29,280**	**74,105**	**29,534**

Revenue by service

2015



2014



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 as the functional currency in the entity delivering the services 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.

In 2015, the currencies in which the Group's revenue was denominated increased with an average of 4.2% (2014: decreased with 1.9%) relative to DKK, increasing the Group's revenue by DKK 3,017 million (2014: a decrease of DKK 1,318 million). Currency movements increased the Group's operating profit before other items by DKK 195 million (2014: a decrease of DKK 81 million). The effect of the translation of net assets in foreign subsidiaries increased other comprehensive income by DKK 546 million (2014: an increase of DKK 472 million).

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 the Group considered to be reasonably possible at the reporting date. It is assumed that all other variables, in particular interest rates, remain constant and any impact of forecasted sales and purchases is ignored. The analysis is prepared on the same basis for 2014.

	2015				2014			
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%	1,190	88	408	10%	990	71	346
CHF	10%	517	44	106	10%	408	34	112
AUD	10%	422	25	106	10%	411	21	99
USD	10%	401	17	103	10%	339	12	85
NOK	10%	394	33	50	10%	456	36	133
EUR	1%	235	13	86	1%	234	13	66
TRY	10%	279	22	51	10%	253	20	36
SEK	10%	371	29	176	10%	374	30	104
Other	10%	1,717	103	521	10%	1,527	92	407
Total	**-**	**5,526**	**374**	**1,607**	**-**	**4,992**	**329**	**1,388**

NOTE 2.3 STAFF COSTS

DKK million	**2015**	**2014**
Wages and salaries	41,657	38,928
Defined benefit plans	210	155
Defined contribution plans	1,704	1,689
Social security costs	5,915	5,795
Other employee benefits	2,414	2,282
Staff costs	**51,900**	**48,849**
Average number of employees	**509,232**	**522,258**

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 and wage increases 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	2015	2014
Gain on divestments	351	179
Other	12	6
Other income	**363**	**185**
Restructuring projects	(170)	(166)
Senior management changes	(44)	-
Loss on divestments	(38)	(79)
Acquisition and integration costs	(22)	(3)
Costs related to the IPO	-	(100)
Onerous contracts	-	37
Other	(45)	(34)
Other expenses	**(319)**	**(345)**
Other income and expenses, net	**44**	**(160)**

Gain on divestments related mainly to the sale of the call centre activities (CMC) in Turkey as well as other minor activities and adjustments to prior years' divestments. In 2014, the gain 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.

Restructuring projects mainly related to the implementation of GREAT under which the review of the customer segmentation and organisational structure has led to structural adjustments in a number of countries and at Group level. The costs primarily comprised redundancy payments, termination of subcontractor agreements, termination of leaseholds and relocation costs. In 2015, costs mainly related to Belgium, Brazil, Denmark, Germany, Greece, Spain, the USA and at Group level. In 2014, costs related to Denmark, Norway and the United Kingdom as well as at Group level.

Senior management changes related to redundancy payments to members of the EGM as a result of the new, delayered and strengthened Group organisational structure as per 1 September 2015.

Loss on divestments mainly related to the sale of the route-based special cleaning services in the Netherlands and the temporary labour and staffing activities in Portugal as well as adjustments to prior years' divestments. In 2014, the loss mainly related to the sale of the security activities in Greece, the commercial security activities in Australia and the property service activities in Belgium.

Acquisition and integration costs related to GS Hall and mainly comprised financial and legal fees to advisors as well as costs incurred as a consequence of the integration.

Costs related to the IPO in 2014 comprised costs for external advisors, mainly fees to lawyers, auditors and other advisors, as well as certain transaction bonuses.

Onerous contracts in 2014 comprised revised estimate for the expected loss on a specific large contract following a renegotiation of the contract in 2014.

Critical accounting estimates and judgements

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 its ordinary operations such as restructuring projects and gains and losses on divestments. The use of Other income and expenses, net entails management judgement in the separation from the ordinary operations of the Group. When using Other income and expenses, net it is essential that these constitute items that cannot be attributed directly to the Group's ordinary operating activities.

NOTE 2.5 INCOME TAXES

Income tax recognised in the income statement

DKK million	2015	2014
Current tax on profit before amortisation/impairment of acquisition-related intangibles	976	768
Deferred tax on profit before amortisation/impairment of acquisition-related intangibles	88	103
Tax on profit before amortisation/impairment of acquisition-related intangibles	**1,064**	**871**
Adjustments relating to prior years, net	19	7
Income taxes	**1,083**	**878**
Tax effect of amortisation/impairment of acquisition-related intangibles	**(182)**	**(234)**
Total tax recognised in the income statement	**901**	**644**

Effective tax rate

	2015	2014
Statutory income tax rate in Denmark	23.5 %	24.5 %
Foreign tax rate differential, net	(0.4)%	(2.0)%
Total	**23.1 %**	**22.5 %**
Non-tax deductible expenses less non-taxable income [1)]	(0.2)%	5.1 %
Adjustments relating to prior years, net	0.5 %	0.3 %
Change in valuation of net tax assets	2.0 %	1.3 %
Effect of changes in tax rates	(0.1)%	0.3 %
Other taxes [2)]	2.7 %	3.1 %
Effective tax rate (excluding effect from amortisation/impairment of acquisition-related intangibles)	**28.0 %**	**32.6 %**

1) Including impact from interest limitation tax rules in Denmark. 2015 was impacted by significant non-taxable gain on divestments and 2014 was impacted by non-de ductible IPO costs.

2) Other taxes mainly comprise withholding tax and the French Cortisation sur La Valeur Ajoutee des Entreprises (CVAE).

NOTE 2.6 DEFERRED TAX

Movements in deferred tax

DKK million	2015	2014
Deferred tax liabilities/(assets), net at 1 January	660	956
Foreign exchange adjustments	(4)	(15)
Acquisitions	38	-
Divestments	(9)	(4)
Tax on other comprehensive income	(62)	(138)
Reclassification to Assets/(Liabilities) classified as held for sale	15	(8)
Tax on profit before amortisation/impairment of acquisition-related intangibles	88	103
Tax effect of amortisation/impairment of acquisition-related intangibles	(182)	(234)
Deferred tax liabilities/(assets), net at 31 December	**544**	**660**

NOTE 2.6 DEFERRED TAX (CONTINUED)

Deferred tax specification

DKK million	Deferred tax asset 2015	Deferred tax asset 2014	Deferred tax liability 2015	Deferred tax liability 2014
Tax losses carried forward	496	429	-	-
Goodwill	12	14	404	423
Brands	-	-	350	350
Customer contracts	5	-	464	583
Property, plant and equipment	68	67	104	96
Other assets	-	13	433	346
Provisions and other liabilities	378	414	17	32
Pensions	292	256	-	-
Tax losses in foreign subsidiaries under Danish joint taxation	-	-	23	23
Set-off within legal tax units and jurisdictions	(320)	(438)	(320)	(438)
Deferred tax	**931**	**755**	**1,475**	**1,415**

Unrecognised deferred tax assets

At 31 December 2015, the Group had unrecognised deferred tax assets which comprised tax losses carried forward and other deductible temporary differences of DKK 993 million (2014: DKK 935 million) primarily relating to France, Germany, Brazil, Israel, Argentina, the USA and the Netherlands.

Unrecognised tax losses can be carried forward indefinitely in the individual countries, except for the USA (20 years), Argentina (5 years) and the Netherlands (9 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.

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

Income tax for the year consists of current tax and changes in deferred tax and is recognised in profit for the year or other comprehensive income. Income tax effect of amortisation/impairment of acquisition-related intangibles is presented in a separate line in connection with these 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.

Deferred tax is measured in accordance with the liability method and comprises all temporary differences between accounting and tax values of assets and liabilities. Deferred tax is adjusted for elimination of unrealised intra-group profits and losses. 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 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 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.

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.

SECTION 3
Working capital and cash flow

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 continuous delivery of steady cash flows reflected in our cash conversion in the range of 93% to 103% in the period from 2010 to 2015.

As a result of the continued working capital focus across the Group, the cash conversion for 2015 was 99%. The strong cash flow performance reflects our efforts to ensure timely payment for work performed and focus on strong working capital processes.

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:

NOTE 3.1 TRADE RECEIVABLES AND RELATED CREDIT RISK

Exposure to credit risk

The carrying amount of trade receivables of DKK 10,770 million (2014: DKK 10,446 million) represents the Group's maximum credit exposure. At 31 December 2015, impairment losses recognised on trade receivables was DKK 258 million corresponding to 0.3% of revenue (2014: DKK 244 million or 0.3%).

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 southern Europe and Latin America, in recent years the general credit risk has increased for certain specific groups of customers. However, amounts written off as uncollectible have remained at a relatively low level, which was also the case in 2015.

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:

	2015			2014		
DKK million	Gross	Impairment	Carrying amount	Gross	Impairment	Carrying amount
Western Europe	5,992	(149)	5,843	5,978	(135)	5,843
Nordic	1,592	(22)	1,570	1,560	(19)	1,541
Asia	1,581	(44)	1,537	1,322	(32)	1,290
Pacific	475	(8)	467	509	(9)	500
North America	488	(11)	477	390	(6)	384
Latin America	563	(17)	546	608	(36)	572
Eastern Europe	330	(6)	324	318	(6)	312
Other countries	7	(1)	6	5	(1)	4
Total	**11,028**	**(258)**	**10,770**	**10,690**	**(244)**	**10,446**

NOTE 3.1 TRADE RECEIVABLES AND RELATED CREDIT RISK (CONTINUED)

Impairment losses

The ageing of trade receivables at the reporting date was:

	2015			2014		
DKK million	Gross	Impairment	Carrying amount	Gross	Impairment	Carrying amount
Not past due	8,817	(2)	8,815	8,393	-	8,393
Past due 1 to 60 days	1,484	(6)	1,478	1,576	(3)	1,573
Past due 61 to 180 days	347	(8)	339	379	(8)	371
Past due 181 to 360 days	124	(25)	99	118	(24)	94
More than 360 days	256	(217)	39	224	(209)	15
Total	**11,028**	**(258)**	**10,770**	**10,690**	**(244)**	**10,446**

The movement in impairment losses during the year was:

DKK million	2015	2014
Impairment losses at 1 January	(244)	(310)
Acquisitions	(11)	-
Impairment losses recognised	(48)	(45)
Impairment losses reversed	34	19
Amounts written off	21	55
Reclassification from Provisions	(14)	-
Reclassification to Other receivables	-	37
Reclassification to Assets classified as held for sale	4	0
Impairment losses at 31 December	**(258)**	**(244)**

Critical accounting estimates and judgements

Impairment losses are based on management's assessment of the customer's ability to make the required payments. The global economic downturn in recent years, particularly in southern Europe and Latin America, has increased credit risk for certain specific groups of customers. This development 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 3.2 OTHER RECEIVABLES

DKK million	2015	2014
Prepayments	909	750
Currency swaps	9	-
Other	759	699
Other receivables	**1,677**	**1,449**

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 3.3 OTHER LIABILITIES

DKK million	2015	2014
Accrued wages, pensions and holiday allowances	4,504	4,540
Tax withholdings, VAT etc.	2,802	2,781
Prepayments from customers	547	334
Other	3,382	2,599
Other liabilities	**11,235**	**10,254**

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.

NOTE 3.4 CHANGES IN WORKING CAPITAL

DKK million	2015	2014
Changes in inventories	(7)	(5)
Changes in receivables	(524)	(92)
Changes in payables	497	26
Changes in working capital	**(34)**	**(71)**

SECTION 4

Strategic acquisitions and divestments

Intangible assets amounted to DKK 27,242 million (2014: DKK 27,465 million) and accounted for approximately 55% of the Group's total assets. This is a result of our acquisition strategy in previous years, when hundreds of businesses, including ISS World Services A/S in May 2005, were acquired and added significant amounts of acquisition-related intangibles. Consequently, the Group continues to be exposed to possible impairment losses, both following annual impairment tests and divestments. In 2015, intangibles have been reduced by both categories of impairment losses, in total amounting to DKK 95 million (2014: DKK 448 million).

In 2015, we acquired the UK based GS Hall plc, a leading technical services company focused on mechanical and electrical engineering, energy management and compliance. This was the first material acquisition in five years and in line with our strategy of making selective acquisitions to enhance our core competencies. The integration progressed well and we have increased self-delivery within technical services that we previously sub-contracted.

We continued to review the strategic rationale and fit of business units in 2015 and as a result, we divested six non-core businesses of which the call centre activities in Turkey were the most significant. Furthermore, three businesses were classified as held for sale as per 31 December 2015 as sales processes had been initiated.

In support of our continued strategic alignment, we will continue to review our business platform to identify potential divestments going forward.

In this section, the following notes are presented:

NOTE 4.1 ACQUISITIONS AND DIVESTMENTS

Acquisition impact

DKK million	2015 GS Hall plc	2015 Adjustments to prior years' acquisitions	2015 Total acquisitions	2014 Total acquisitions
Customer contracts	250	-	250	-
Other non-current assets	52	-	52	-
Trade receivables	183	-	183	-
Other current assets	78	-	78	-
Pensions, deferred tax liabilities and non-controlling interests	(54)	-	(54)	-
Current loans and borrowings	(104)	-	(104)	-
Other current liabilities	(320)	-	(320)	-
Total identifiable net assets	**85**	**-**	**85**	**-**
Goodwill	412	40	452	(3)
Consideration transferred	**497**	**40**	**537**	**(3)**
Cash and cash equivalents in acquired businesses	(17)	-	(17)	-
Cash consideration transferred	**480**	**40**	**520**	**(3)**
Contingent and deferred consideration	(62)	(12)	(74)	22
Total payments regarding acquisition of businesses	**418**	**28**	**446**	**19**

NOTE 4.1 ACQUISITIONS AND DIVESTMENTS (CONTINUED)

GS Hall plc On 20 January 2015, the Group acquired 100% of the shares in the UK based technical services company GS Hall plc.

The annual revenue was estimated at DKK 698 million (approximate figures extracted from unaudited financial information) based on expectations at the time of the acquisition. In 2015, GS Hall plc contributed revenue of DKK 778 million and operating profit before other items of DKK 62.3 million. Number of employees taken over was approximately 780.

Acquisition-related costs of DKK 12 million have been included in Other income and expenses, net, partly in 2014 and partly in 2015.

The acquisition supports ISS's strategy by expanding our technical services' self-delivery capabilities and supplements our IFS offering. Thus, goodwill added on acquisition is attributable mainly to: 1) technical expertise and technological know-how within property services, 2) synergies mainly by enhancing self-delivery possibilities, 3) platform for growth primarily within IFS, and 4) assembled work force.

Goodwill is not expected to be deductible for income tax purposes.

Divestment impact

The Group completed 6 divestments during 2015 (2014: 14 divestments):

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
Route Based Security	India	Security	March	Activities	71	5,250
Landscaping	Belgium	Property	April	100%	18	18
CMC Call centre activities	Turkey	Support	November	90%	347	4,110
Special cleaning	The Netherlands	Cleaning	November	Activities	10	129
Manpower	Portugal	Support	December	100%	110	869
Plant business	Denmark	Support	January 2016	Activities	13	18
Total					**569**	**10,394**

[1] Approximate figures based on information available at the time of divestment extracted from unaudited financial information.

DKK million	2015	2014
Goodwill	101	864
Customer contracts	8	70
Other non-current assets	88	266
Trade receivables	93	754
Other current assets	28	156
Provisions	(1)	(17)
Pensions, deferred tax liabilities and non-controlling interests	(32)	(80)
Loans and borrowings	(55)	(8)
Other current liabilities	(68)	(741)
Total identifiable net assets	**162**	**1,264**
Gain/(loss) on divestment of businesses, net [1]	313	163
Divestment costs, net of tax	87	261
Consideration received	**562**	**1,688**
Cash and cash equivalents in divested businesses	(18)	(75)
Cash consideration received	**544**	**1,613**
Contingent and deferred consideration	26	(45)
Divestment costs paid, net of tax	(93)	(233)
Net proceeds regarding divestment of businesses	**477**	**1,335**

[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.

NOTE 4.1 ACQUISITIONS AND DIVESTMENTS (CONTINUED)

Acquisitions and divestments subsequent to 31 December 2015

The Group made no acquisitions and no divestments in the period 1 January to 24 February 2016.

Pro forma revenue and operating profit before other items

Assuming all acquisitions and divestments in the year were included/excluded as of 1 January the effect on revenue and operating profit before other items is estimated as follows:

DKK million	2015	2014
Pro forma revenue		
Revenue recognised in the income statement	79,579	74,105
Acquisitions	65	-
Divestments	(435)	(1,315)
Pro forma revenue	**79,209**	**72,790**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	4,533	4,150
Acquisitions	6	-
Divestments	(54)	(43)
Pro forma operating profit before other items	**4,485**	**4,107**

For the purpose of estimating pro forma revenue and operating profit before other items, adjustments relating to acquisitions and divestments are based on estimates made by local ISS management in the respective jurisdictions in which the acquisitions and divestments occurred at the time of acquisition and divestment, or actual results where available. Synergies from acquisitions are not included for periods in which the acquisitions were not controlled by the Group. 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.

Critical accounting estimates and judgements

The most significant assets acquired generally comprise goodwill, customer contracts and trade receivables. As no active market exists for the majority of acquired assets, liabilities and contingent liabilities, in particular in respect of acquired intangible assets, management makes estimates of the fair value. The methods applied are based on the present value of future cash flows calculated based on after-tax royalty payments, churn rates or other expected cash flows related to the specific asset. Estimates of fair value are associated with uncertainty and may possibly be adjusted subsequently.

The fair value of customer contracts acquired in business combinations is based on an evaluation of the conditions relating to the acquired customer contract portfolio and related customer relationships. Measurement is based on a discounted cash flow model based on key assumptions about the estimated split of the acquired revenue in business segments and the related churn rates and profitability of the revenue at the time of the acquisition. Further, management estimates the Weighted Average Cost of Capital (WACC) and a risk premium for the assumed risk inherent in customer contracts.

NOTE 4.1 ACQUISITIONS AND DIVESTMENTS (CONTINUED)

Accounting policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measued at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in Other income and expenses, net.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

If uncertainties exist at the acquisition date regarding identification or measurement of acquired identifiable assets, liabilities and contingent liabilities or regarding the consideration transferred, initial recognition will take place on the basis of provisionally determined fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up until 12 months after the acquisition date and comparative figures are restated accordingly.

Thereafter no adjustments are made to goodwill, and changes in estimates of contingent consideration relating to business combinations are recognised in the income statement under Other income and expenses, net.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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.

NOTE 4.2 DISPOSAL GROUPS

At 31 December 2014, assets classified as held for sale comprised three businesses in the Western Europe and Nordic regions. During 2015, one of these, the call centre activities (CMC) in Turkey, was divested. The divestment resulted in a gain of DKK 334 million, which was recognised in Other income and expenses, net. Sales processes are still ongoing for the other two businesses. Additionally during 2015, the continued evaluation of our activities has led to sales process initiation for one additional business in Western Europe and this activity was classified as held for sale. The reclassification did not result in any impairment losses. Consequently, at 31 December 2015, assets classified as held for sale comprised three businesses in the Western Europe and Nordic regions.

In 2015 and 2014, no cumulative income or expenses were recognised in other comprehensive income related to assets classified as held for sale.

DKK million	2015	2014
Goodwill	840	198
Other intangible assets	35	67
Property, plant and equipment	263	119
Other financial assets	16	-
Deferred tax assets	15	0
Inventories	22	0
Trade and other receivables	348	88
Assets classified as held for sale	**1,539**	**472**
Loans and borrowings	-	15
Pensions and similar obligations	72	6
Deferred tax liabilities	2	8
Provisions	7	1
Tax payables	-	1
Trade payables and other liabilities	363	145
Liabilities classified as held for sale	**444**	**176**

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
2015					
Cost at 1 January	25,962	1,615	9,829	1,387	38,793
Foreign exchange adjustments	454	(1)	198	12	663
Acquisitions	452	-	250	5	707
Additions	-	-	-	212	212
Divestments	(60)	-	(18)	(7)	(85)
Disposals	-	-	-	(51)	(51)
Reclassification to Assets classified as held for sale	(734)	-	(282)	(16)	(1,032)
Cost at 31 December	**26,074**	**1,614**	**9,977**	**1,542**	**39,207**
Amortisation and impairment losses at 1 January	(3,166)	(26)	(7,255)	(881)	(11,328)
Foreign exchange adjustments	4	1	(136)	0	(131)
Amortisation	-	-	(650)	(159)	(809)
Impairment losses [1]	(95)	-	(4)	-	(99)
Divestments	18	-	17	0	35
Disposals	-	-	-	41	41
Reclassification to Assets classified as held for sale	33	-	282	11	326
Amortisation and impairment losses at 31 December	**(3,206)**	**(25)**	**(7,746)**	**(988)**	**(11,965)**
Carrying amount at 31 December	**22,868**	**1,589**	**2,231**	**554**	**27,242**
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
Divestments	(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)
Divestments	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**

[1] For a breakdown of impairment losses on goodwill, see note 4.5, Goodwill impairment. Impairment losses on customer contracts in 2015 related to divestments of non-core activities in Belgium and Portugal. In 2014, impairment losses on customer contracts related to the divestment of Croatia, Bosnia and Herzegovina.

NOTE 4.3 INTANGIBLE ASSETS (CONTINUED)

Acquisition of ISS World Services in May 2005

Intangible assets at 31 December 2015 amounted to DKK 27,242 million and comprised mainly goodwill, customer contracts and brands. A significant part of these intangible assets related to the acquisition of ISS World Services A/S in May 2005. The aggregate fair value adjustments following the acquisition and such fair value adjustments remaining at 31 December 2015 are shown below:

DKK million	May 2005	2015	2014
Goodwill	6,443	4,732	4,504
Brands	1,657	1,589	1,589
Customer contracts	6,665	1,131	1,501
Other non-current and current assets	(156)	-	-
Pensions	(30)	-	-
Deferred tax liabilities	(2,960)	(592)	(694)
Non-current loans and borrowings	1,811	-	-
Non-controlling interests and other non-current liabilities	(299)	-	-
Total fair value adjustments	**13,131**	**6,860**	**6,900**

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. Goodwill is attributable mainly to assembled workforce, technical expertise and technological knowhow.

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 using the straight-line method based on the estimated useful life of the acquired portfolio which is estimated to range between 11 and 15 years.

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, which are estimated to 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 (forecasting period) 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 forecasting period, 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 forecasting period 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.

A target ratio of 25/75 (2014: 30/70) between the market value of debt and equity value has been applied in the calculation. As a company based in Europe, the Group assumes the long-term market equity risk premium to be 6.5% (2014: 6.5%).

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 2015
The impairment test as per 31 December 2015 resulted in the recognition of an impairment loss on goodwill in Brazil of DKK 77 million due to an update of business plan assumptions and an increase in the applied discount rate following the significant deterioration of the Brazilian economy during 2015.

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". During recent years volatility in risk free interest rates has increased, which generally has increased the estimation uncertainty.

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 CGU 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, the ISS brand is tested for impairment at Group level. 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 assumptions[1)] 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.

	Carrying amount			Forecasting period		Terminal period		Applied discount rate	
DKK million	Goodwill	Customer contracts	Total intangibles	Growth (avg.)	Margin (avg.) [2)]	Growth	Margin [2)]	Net of tax	Pre-tax
2015									
United Kingdom	2,986	561	3,547	3.1%	7.4%	2.5%	7.4%	8.6%	10.1%
Finland	2,203	270	2,473	2.0%	7.2%	2.0%	7.2%	8.1%	9.8%
France	1,791	-	1,791	2.1%	5.1%	2.5%	6.0%	8.1%	13.4%
Denmark	1,644	102	1,746	4.6%	7.1%	2.0%	7.1%	8.6%	10.7%
Norway	1,347	216	1,563	2.3%	8.1%	2.0%	8.1%	8.6%	11.1%
Switzerland	1,402	141	1,543	1.7%	7.4%	2.0%	7.4%	6.4%	7.8%
Australia	1,340	112	1,452	2.3%	6.0%	3.0%	6.0%	9.8%	13.2%
Belgium	1,306	-	1,306	1.9%	6.6%	2.5%	6.6%	8.6%	12.1%
The Netherlands [3)]	998	-	998	2.1%	4.2%	2.0%	5.0%	8.5%	10.7%
Brazil	-	19	19	5.9%	3.5%	5.0%	4.0%	23.4%	34.1%
Other countries	7,851	810	8,661	-	-	-	-	-	-
Total	**22,868**	**2,231**	**25,099**						
2014									
United Kingdom	2,426	382	2,808	2.7%	7.2%	2.5%	7.2%	8.3%	9.9%
Finland	2,197	338	2,535	1.9%	7.2%	2.0%	7.2%	7.8%	9.4%
France	2,486	-	2,486	2.0%	6.0%	2.5%	7.0%	7.9%	12.9%
Denmark	1,648	128	1,776	2.3%	7.6%	2.0%	7.6%	8.5%	10.5%
Norway	1,429	285	1,714	2.1%	8.1%	2.0%	8.1%	8.6%	11.3%
Australia	1,347	133	1,480	2.4%	5.6%	3.0%	6.0%	9.7%	12.8%
Belgium	1,309	116	1,425	2.4%	6.5%	2.5%	6.5%	8.4%	11.7%
Switzerland	1,258	158	1,416	2.5%	7.2%	2.0%	7.2%	6.7%	8.1%
The Netherlands [3)]	995	-	995	(0.1)%	4.3%	2.0%	5.0%	8.3%	10.4%
Other countries	7,701	1,034	8,735	-	-	-	-	-	-
Total	**22,796**	**2,574**	**25,370**						

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 allocated corporate costs.
3) The recoverable amount of the CGU is estimated at DKK 0.8 billion at 31 December 2015 (2014: DKK 0.8 billion), which equals the carrying amount of the CGU's net assets. Net assets comprise total intangible assets reduced by other net assets, which were negative at 31 December 2015.

France The assumptions applied for France have been prepared based on the general principles described on p. 97. Specifically for France, the assumptions are based on management's business plan for improving growth and profit in the course of the forecasting period. In terms of growth, increased sales are expected to derive from focused sales initiatives mainly directed at key account and IFS customers in line with GREAT. Initiatives to improve customer retention and customer Net Promoter Score (cNPS) are also expected to support growth. IFS as a share of revenue in France is currently below Group average, which represents an opportunity for growing the business through focus on larger and more complex customers.

Operating margin is assumed in the range 4.5%-5.8% in the forecasting period. Following some major divestments in recent years, France is going through a reorganisation process also in light of the implementation of GREAT. Thus, improvements are mainly expected from adapting overhead costs and excellence initiatives like procurement and investments in improved cost transparency. Furthermore, it is assumed that the French tax credit CICE, which has a significant impact on the margin and is currently enacted until 31 December 2016, is prolonged or replaced by a new arrangement with a similar financial impact.

NOTE 4.4 IMPAIRMENT TESTS (CONTINUED)

The Netherlands The assumptions applied for the Netherlands have been prepared based on the general principles described on p. 97. During 2015, the management team was changed, and the business plan for improving growth and profit in the course of the forecasting period has been updated based on initiatives currently being implemented. In terms of growth, the major part is assumed to come from new IFS contracts as a result of an improved commercial culture and focus being directed towards IFS customers in line with the GREAT initiative.

Operating margin is assumed in the range 3.2%-5.0% in the forecasting period. The improvement is mainly a result of focus on operational excellence on contract level (cost overspend and general contract efficiencies). Furthermore, excellence initiatives under GREAT are expected to lead to savings primarily from the procurement programme and from BPO.

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 can change, all other things being equal, before the CGU's recoverable amount equals its carrying amount.

	Forecasting period				Terminal period					
	Growth		Margin [1]		Growth		Margin [1]		Discount rate, net of tax	
	Applied avg. rate	Allowed decrease	Applied avg. rate	Allowed decrease	Applied long-term rate	Allowed decrease	Applied long-term rate	Allowed decrease	Applied rate	Allowed increase
2015										
United Kingdom	3.1%	>3.1%	7.4%	>3.0%	2.5%	>2.5%	7.4%	>3.0%	8.6%	>3.0%
Finland	2.0%	>2.0%	7.2%	>3.0%	2.0%	>2.0%	7.2%	2.5%	8.1%	2.2%
France	2.1%	>2.1%	5.1%	>3.0%	2.5%	1.7%	6.0%	1.5%	8.1%	1.3%
Denmark	4.6%	>4.6%	7.1%	>3.0%	2.0%	>2.0%	7.1%	>3.0%	8.6%	>3.0%
Norway	2.3%	>2.3%	8.1%	>3.0%	2.0%	>2.0%	8.1%	>3.0%	8.6%	>3.0%
Switzerland	1.7%	>1.7%	7.4%	>3.0%	2.0%	>2.0%	7.4%	>3.0%	6.4%	>3.0%
Australia	2.3%	>2.3%	6.0%	>3.0%	3.0%	>3.0%	6.0%	2.9%	9.8%	>3.0%
Belgium	1.9%	>1.9%	6.6%	>3.0%	2.5%	1.9%	6.6%	1.7%	8.6%	1.5%
The Netherlands	2.1%	0.0%	4.2%	0.0%	2.0%	0.0%	5.0%	0.0%	8.5%	0.0%
2014										
United Kingdom	2.7%	>2.7%	7.2%	>3.0%	2.5%	>2.5%	7.2%	>3.0%	8.3%	>3.0%
Finland	1.9%	>1.9%	7.2%	>3.0%	2.0%	>2.0%	7.2%	2.1%	7.8%	2.3%
France	2.0%	>2.0%	6.0%	>3.0%	2.5%	1.2%	7.0%	1.4%	7.9%	1.0%
Denmark	2.3%	>2.3%	7.6%	>3.0%	2.0%	>2.0%	7.6%	2.2%	8.5%	2.6%
Norway	2.1%	>2.1%	8.1%	>3.0%	2.0%	>2.0%	8.1%	>3.0%	8.6%	>3.0%
Australia	2.4%	>2.4%	5.6%	>3.0%	3.0%	2.5%	6.0%	1.7%	9.7%	2.2%
Belgium	2.4%	>2.4%	6.5%	>3.0%	2.5%	0.9%	6.5%	0.9%	8.4%	0.9%
Switzerland	2.5%	>2.5%	7.2%	>3.0%	2.0%	>2.0%	7.2%	>3.0%	6.7%	>3.0%
The Netherlands	(0.1)%	0.0%	4.3%	0.0%	2.0%	0.0%	5.0%	0.0%	8.3%	0.0%

[1] Excluding allocated corporate costs.

NOTE 4.5 GOODWILL IMPAIRMENT

DKK million	2015	2014
Impairment losses identified in impairment tests	77	420
Impairment losses derived from divestment of businesses	18	28
Goodwill impairment	**95**	**448**

Impairment losses identified in impairment tests related to Brazil, as described in note 4.4, Impairment tests. In 2014, impairment losses related to the Netherlands due to an update of business plan assumptions.

Impairment losses derived from divestment of businesses related to the divestment of the landscaping activities in Belgium of DKK 6 million and the temporary labour and staffing activities in Portugal of DKK 12 million. In 2014, impairment losses mainly related to the landscaping activities in France of DKK 14 million and the combined businesses in Croatia and Bosnia of DKK 9 million.

SECTION 5

Capital structure

We wish to maintain a strong and efficient balance sheet and to strike an optimal balance between reinvesting capital back into our business and returning surplus funds to our shareholders.

Our objective is to maintain an investment grade financial profile and the focus on reducing our financial leverage to below 2.5x pro forma adjusted EBITDA when taking seasonality into account is unchanged. At 31 december, the financial leverage was 2.1x (2014: 2.6x).

At 31 December 2015, equity ratio was 29.4% (2014: 27.6%) and net debt was reduced to DKK 11,115 million (2014: 12,647 million) as a result of our continued focus on reducing our debt. The refinancing in November 2015, when EUR 500 million of bonds were issued under the EMTN programme and part of our senior unsecured facilities were repaid, further strengthened our debt position by extending the maturity and locking in interest rates on this part of our debt.

In this section, the following notes are presented:

CORPORATE CREDIT RATINGS

Standard & Poor's [1]	BBB- / Positive Outlook
Moody's [2]	Baa2 / Stable Outlook

Ratings of Senior Facilities and issued bonds

Standard & Poor's	BBB- / Positive Outlook
Moody's	Baa2 / Stable Outlook

[1] As of 30 March 2015.
[2] As of 3 September 2015.

NOTE 5.1 EQUITY

Share capital

	2015		2014	
	Nominal value (DKK million)	Number of shares (in thousands)	Nominal value (DKK million)	Number of shares (in thousands)
Share capital at 1 January	185	185,668	135	135,443
Issued for cash	-	-	50	50,225
Share capital at 31 December – fully paid	**185**	**185,668**	**185**	**185,668**

No shares carry special rights. At 31 December 2015, 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)
Treasury shares at 1 January 2015	1,000	1,000	160
Additions	1,000	1,000	204
Settlement of vested PSUs	(223)	(223)	(41)
Treasury shares at 31 December 2015	**1,777**	**1,777**	**323**

At 31 December 2015, ISS held a total of 1,777,475 treasury shares (1% of share capital) for the purpose of covering obligations under existing share-based incentive programmes. The fair value of treasury shares was DKK 442 million at 31 December 2015 (2014: DKK 178 million).

Dividends

At the annual general meeting to be held on 5 April 2016, the Board of Directors will propose a dividend for 2015 of DKK 7.40 per share of DKK 1, equivalent to DKK 1,374 million (2014: DKK 910 million) and a pay-out ratio of approximately 50% of Profit before amortisation/impairment of acquisition-related intangibles.

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 5.5, 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 when taking seasonality into account. In 2015, financial leverage measured as net debt to pro forma adjusted EBITDA was reduced to 2.1x (2014: 2.6x).

The development in financial leverage is illustrated in Group performance on p. 16.

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.

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 Cost of acquisition and proceeds from sale of treasury shares are recognised in reserve for treasury shares. Dividends received in relation to treasury shares are recognised in retained earnings.

NOTE 5.2 LOANS AND BORROWINGS

DKK million	2015	2014
Issued bonds	12,611	8,870
Bank loans	2,920	7,143
Finance lease liabilities	137	151
Derivatives	10	61
Total	**15,678**	**16,225**
Non-current liabilities	14,926	14,887
Current liabilities	752	1,338
Loans and borrowings	**15,678**	**16,225**
Cash and cash equivalents and other financial items [1]	(4,563)	(3,578)
Net debt	**11,115**	**12,647**

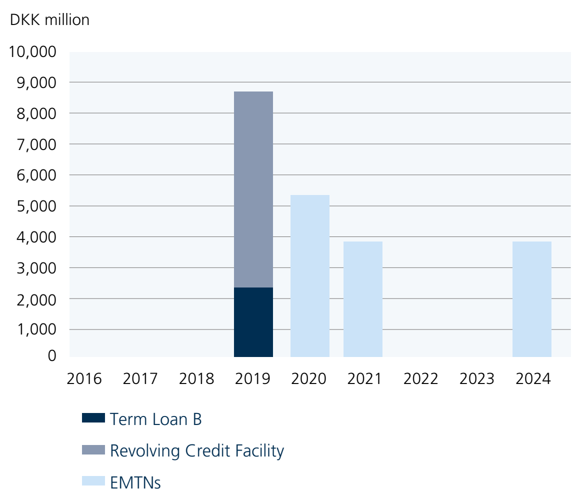
[1] Includes securities of DKK 28 million (2014: DKK 21 million) and positive value of currency swaps of DKK 9 million (2014: DKK 0 million).

Refinancing

In November 2015, a new bond was issued under the EMTN programme with maturity in 2021 and a coupon of 1.125%. The proceeds were used to repay part of the senior unsecured facilities (EUR 500 million of the EUR 800 million Term Loan B maturing in 2019), thereby extending the maturity and locking in fixed rates on this part of the debt. In June 2015, the senior unsecured facilities were adjusted with respect to pricing and certain terms. The adjustment reduced margin, depending on leverage, from 125 bps to 85 bps with effect from 29 June 2015.

Maturity of the credit facilities

The maturity profile[1] of the Group's current financing, i.e. issued bonds and bank loans, is illustrated below.



[1] Based on nominal values including any undrawn amounts and excluding interest payments.

Fair value

The fair value of loans and borrowings was DKK 15,805 million (2014: DKK 16,463 million). The fair value of bonds is based on the quoted market price on the Luxembourg Stock Exchange and measurement is categorised as Level 1 in the fair value hierarchy. For the remaining part of loans and borrowings fair value is equal to the nominal value as illustrated in note 5.4, Interest rate risk.

Financing fees

In 2015, financing fees amounting to DKK 37 million (2014: DKK 275 million) have been recognised in loans and borrowings while financing fees of DKK 64 million (2014: DKK 299 million) have been amortised and recognised in financial expenses. Accumulated financing fees recognised in loans and borrowings on 31 December 2015 amounted to DKK 137 million (2014: DKK 164 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 obligations 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 interest rate risk, liquidity risk, currency risk and credit risk. These financial risks are managed centrally by Group Treasury based on the Group Financial Policy, which is reviewed annually and approved by the Board.

The Group's financial risk management is focused on managing risks arising from the Group's operating and financing activities, mainly by use of fixed rate bonds and currency instruments with the purpose of minimising exposure in the Group's results. It is not the Group's policy to take speculative positions in the financial markets.

The areas involving the most significant financial risks are loans and borrowings, financial income and expenses and credit risk related to trade receivables. 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 3.1)
- Interest rate risk (note 5.4)
- Liquidity risk (note 5.5)
- Currency risk (note 5.6)

The Group has not identified additional financial risk exposures in 2015 compared to 2014, and the approach to capital management and financial risk management is broadly unchanged compared with 2014.

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 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, currently 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 is primarily related to EUR. The Group does currently not use interest rate swaps to hedge the risk related to changes in interest rates.

According to the Group Financial 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 2015, 81% of the Group's bank loans and bonds carried fixed interest rates (31 December 2014: 55%).

Terms and maturity of the Group's interest-bearing loans and borrowings

					2015	2014
DKK million	Nominal interest rate	Currency	Year of maturity	Nominal value	Carrying amount	Carrying amount
Issued bonds (fixed interest rate):						
EMTNs (EUR 700 million)	1.125%	EUR	2020	5,224	5,196	5,174
EMTNs (EUR 500 million)	1.125%	EUR	2021	3,731	3,708	-
EMTNs (EUR 500 million)	2.125%	EUR	2024	3,731	3,707	3,696
				12,686	**12,611**	**8,870**
Bank loans (floating interest rate):						
Senior Unsecured Facilities [1]:						
Term Facility B (EUR 300 million)	Euribor + 0.85%	EUR	2019	2,239	2,223	5,113
Term Facility B	Libor + 1.50%	CHF	2019	-	-	805
Revolving Credit Facility (EUR 850 million)	Libor + 0.85%	Multi	2019	567	521	1,062
Bank loans and overdrafts	-	Multi	-	176	176	163
				2,982	**2,920**	**7,143**

[1] The senior facilities include a margin grid where the margin is dependent on the Group's leverage. The current margin of 0.85% will decrease to 0.65% if leverage is below 2.5x and increase to 1.10% if leverage is above 3x. At 31 December 2015, leverage was 2.1x meaning that as of beginning of March 2016 margin will decrease to 0.65%.

NOTE 5.4 INTEREST RATE RISK (CONTINUED)

Sensitivity analysis

The interest rate risk is measured by the duration of the gross debt (fixed-rate period). As at 31 December 2015, the duration of gross debt was approximately 4.7 years (2014: 4.0 years).

It is estimated that a general increase in relevant interest rates of 1%-point would have decreased profit for the year and other comprehensive income by DKK 26 million (2014: decreased both items by DKK 60 million). The estimate was based on loans and borrowings with floating interest rates, i.e. disregarding cash and cash equivalents, as the level at 31 December is typically the highest in the year and not a representative level for the purpose of this analysis. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

NOTE 5.5 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 prioritising a diversified funding by obtaining borrowing facilities with highly rated financial institutions, via issued bonds, bank loans and effective working capital management.

The liquidity management is based on two principles: i) maintenance of a smooth maturity profile and ii) ensuring both a short-term and long-term minimum liquidity reserve. Another key principle for liquidity management is that liquidity is transferred to and from ISS Global A/S, which operates as the internal bank of the Group. For day-to-day liquidity management cash pools have been established in the majority of the local entities.

It is the Group's policy to maintain an appropriate level of liquid reserves. 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 2015, the Group's liquid reserves consisted of readily available liquid funds of DKK 4,498 million (2014: DKK 3,529 million) and unused revolving credit facilities of DKK 5,575 million (2014: DKK 5,030 million) where the majority is available for drawing until 19 February 2019.

In addition, as of 31 December 2015, ISS had DKK 0.8 billion of other credit facilities of which DKK 0.5 billion was unused. Such facilities comprise mainly other local credit facilities and finance leases, which are not part of the senior unsecured facilities.

DKK 28 million (2014: DKK 28 million) of the total cash position at 31 December 2015 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 2015, 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 finance assets such as trade receivables and property, plant and equipment.

DKK million	Carrying amount	Contractual cash flows	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	> 5 years
2015								
Loans and borrowings	15,678	17,067	1,027	239	224	2,437	5,354	7,786
Trade payables and other financial liabilities	3,923	3,945	3,859	28	58	-	-	-
Total financial liabilities	**19,601**	**21,012**	**4,886**	**267**	**282**	**2,437**	**5,354**	**7,786**
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**

NOTE 5.6 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 policy is to hedge foreign exchange exposures towards EUR or DKK exceeding DKK 5 million. However, some currencies cannot be hedged within a reasonable price range, e.g. ARS and ISK, and are therefore not hedged directly. Correlation between certain currencies, e.g. USD and Asian or Latin American currencies, are taken into account and proxy hedges are applied in cases where deemed appropriate. Exposure to EUR is monitored but not hedged due to the fixed exchange rate policy between DKK/EUR.

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 at least 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 under financial income and expenses, 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.

At 31 December 2015, 96.4% (2014: 91.3%) of the Group's loans and borrowings (external) were denominated in EUR.

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 2015, changes in foreign exchange rates related to loans and borrowings resulted in a loss of DKK 142 million (2014: loss of DKK 207 million), which was almost offset by the effect of currency swaps. The primary impact is derived from loans and borrowings in CHF, which appreciated sharply in January 2015, but was fully hedged.

Sensitivity analysis

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 the Group's internal monitoring of currency exposure on loans and borrowings, cash and cash equivalents, intercompany loans as well as accrued royalties (Group internal). Further, the analysis is based on foreign exchange rate variances that the Group considered to be reasonably possible at the reporting date and assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

				Sensitivity		
DKK million	Currency exposure (nominal value)	Currency swaps (contractual value)	Total exposure	Increase in foreign exchange rates	Profit for the year	Other comprehensive income
2015						
EUR/DKK	(12,192)	4,659	(7,533)	1%	(75)	(75)
USD/DKK	800	(990)	(190)	10%	(19)	(19)
Other/DKK	627	(318)	309	10%	31	31
Total	**(10,765)**	**3,351**	**(7,414)**			
2014						
EUR/DKK	(9,812)	3,483	(6,329)	1%	(63)	(63)
USD/DKK	682	(1,128)	(446)	10%	(45)	(45)
BRL/DKK	208	-	208	10%	21	21
Other/DKK	244	406	650	10%	65	65
Total	**(8,678)**	**2,761**	**(5,917)**			

NOTE 5.7 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	2015	2014
Interest income on cash and cash equivalents	41	68
Foreign exchange gains	70	160
Financial income	**111**	**228**
Interest expenses on loans and borrowings	(461)	(839)
Amortisation of financing fees	(37)	(57)
Refinancing	(27)	(242)
Other bank fees	(81)	(98)
Net change in fair value of cash flow hedges	(12)	(23)
Net interest on defined benefit obligations	(34)	(26)
Foreign exchange losses	(168)	(239)
Financial expenses	**(820)**	**(1,524)**

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 decrease in interest expenses was mainly a result of lower margins combined with lower average net debt in 2015 as well as unamortised financing fees expensed in 2014.

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 financial expenses.

Refinancing The partial repayment of Term Loan B in December 2015 resulted in non-cash unamortised financing fees of DKK 27 million being expensed. In 2014, costs of DKK 242 million related to the refinancing of the pre-IPO debt (the senior secured facilities, the Senior Subordinated Notes and the securitisation programme) and Term Loan A of the new unsecured senior facilities.

SECTION 6
Governance

The Group's incentive plans are 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 share-based incentive programmes are implemented; a Long-Term Incentive Programme (LTIP) and a Transition Share Programme (TSP).

In 2015, as part of our strategic GREAT initiative, a new, delayered and strengthened Group organisational structure was implemented to extract benefits of the changes made in our country organisations. The change also led to a reduction of the EGMB from four to two directors effective 27 August 2015, which has been reflected in the notes relating to remuneration.

In this section, the following notes are presented:

NOTE 6.1 REMUNERATION TO THE BOARD OF DIRECTORS AND THE EXECUTIVE GROUP MANAGEMENT

The Executive Group Management (the EGM) comprises the Executive Group Management Board (the EGMB) and Corporate Senior Officers of the Group. Members of the EGM 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.

	2015			2014		
		The EGM			The EGM	
DKK thousand	The Board	The EGMB [1]	Corporate Senior Officers [1]	The Board	The EGMB	Corporate Senior Officers
Base salary and non-monetary benefits	6,758	23,816	43,192	5,713	27,762	41,749
Annual bonus	-	15,867	21,027	-	14,561	19,805
Share-based payments [2]	-	14,822	30,263	-	10,868	12,574
Severance payments [3]	-	-	34,041	-	-	-
Bonus related to the IPO [4]	-	-	-	-	17,859	14,538
Total remuneration	**6,758**	**54,505**	**128,523**	**5,713**	**71,050**	**88,666**

1) Effective 27 August 2015, Henrik Andersen and John Peri stepped down from their EGMB positions. Henrik Andersen continued as member of the EGM until 18 December 2015, and John Peri continued as member of the EGM until 31 December 2015. Base salary and other remuneration has been split between the EGMB and Corporate Senior Officers accordingly.
2) In 2015, DKK 9 million related to senior management changes at Group level was recognised in Other income and expenses, net.
3) Severance payments related to senior management changes at Group level were included in Other income and expenses, net.
4) DKK 26 million was recognised in Other income and expenses, net and DKK 6 million was recognised in equity.

The remuneration policy is described in the Remuneration report on p. 56.

NOTE 6.2 SHARE-BASED PAYMENTS

The Group has implemented two equity-settled share-based incentive programmes; a transition share programme (TSP) (one-time grant) and a Long-Term Incentive Programme (LTIP). Furthermore, the Group has a bonus programme, which is partly settled in shares.

Share-based incentive programmes

Under the **Transition Share Programme (TSP)** members of the EGM (the EGMB and Corporate Senior Officers of the Group) and 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. Upon vesting of the second tranche in March 2016, the programme will lapse.

Measure	Weighting
Organic growth	27.8%
Operating margin	27.8%
Cash conversion	27.8%
Employee engagement	6.7%
Customer experience	6.7%
Health and safety	3.2%

Under the **Long-Term Incentive Programme (LTIP)**, members of the EGM (the EGMB and Corporate Senior Officers of the Group), and 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.

Peer group, see Remuneration report on p. 56.

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.

LTIP vesting [1]	Criteria for EPS 2014 [2]	Criteria for EPS 2015 [2]	Criteria for TSR (2014 and 2015) [2]
No vesting	EPS grows less than 12% annually	EPS grows less than 7.5% annually	ISS performs below median of peer group
25% vesting	EPS grows 12% annually	EPS grows 7.5% annually	ISS performs at median of peer group
100% vesting	EPS grows 18% annually or more	EPS grows 13.5% 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.

NOTE 6.2 SHARE-BASED PAYMENTS (CONTINUED)

Value of the programmes and impact on the income statement

	TSP	LTIP 2015	LTIP 2014
Total PSUs granted	526,720	775,760	952,169
Number of participants	36	142	141
Fair value of PSUs expected to vest at grant date, DKK million	59	89	83
Fair value of PSUs expected to vest at 31 December 2015, DKK million	41	85	93
Recognised in the income statement in 2015, DKK million [1)]	40	26	35
Not yet recognised in respect of PSUs expected to vest, DKK million	1	59	33

[1)] DKK 90 million was recognised in Other operating expenses, and DKK 11 million was recognised in Other income and expenses, net.

Applied assumptions at the time of grant

	TSP	LTIP 2015	LTIP 2014
Share price (DKK)	160	219	160
Expected volatility	-	21.9% [1)]	23% [1)]
Expected life of grant	1-2 years	3 years	3 years
Risk-free interest rate	-	0.8%–2.0%	1.7%–2.8%

[1)] Based on observable market data for peer group.

Outstanding PSUs

	The EGM			
TSP (number of PSUs)	**The EGMB**	**Corporate Senior Officers**	**Other senior officers**	**Total**
Outstanding at 1 January 2014	-	-	-	-
Granted	137,786	157,204	231,730	526,720
Outstanding at 31 December 2014	**137,786**	**157,204**	**231,730**	**526,720**
Expected to vest at 31 December 2014 [1)]	**111,090**	**126,746**	**186,832**	**424,668**
Outstanding at 1 January 2015	137,786	157,204	231,730	526,720
Transferred	(58,998)	(68,850)	127,848	-
Vested	(36,199)	(40,592)	(159,087)	(235,878)
Cancelled	(3,194)	(3,584)	(27,342)	(34,120)
Outstanding at 31 December 2015	**39,395**	**44,178**	**173,149**	**256,722**
Expected to vest at 31 December 2015 [1)]	**39,395**	**44,178**	**173,149**	**256,722**

[1)] Reflects the number of PSUs expected to vest based on the expected achievement of vesting conditions.

NOTE 6.2 SHARE-BASED PAYMENTS (CONTINUED)

Outstanding PSUs (continued)

LTIP 2014 (number of PSUs)	The EGM: The EGMB [2]	The EGM: Corporate Senior Officers	Other senior officers	Total
Outstanding at 1 January 2014	-	-	-	-
Granted	131,914	157,204	663,051	952,169
Outstanding at 31 December 2014	**131,914**	**157,204**	**663,051**	**952,169**
Expected to vest at 31 December 2014 [1]	**81,340**	**96,934**	**408,848**	**587,122**
Outstanding at 1 January 2015	131,914	157,204	663,051	952,169
Transferred	(55,064)	(68,850)	123,914	-
Cancelled	-	-	(25,802)	(25,802)
Outstanding at 31 December 2015	**76,850**	**88,354**	**761,163**	**926,367**
Expected to vest at 31 December 2015 [1]	**46,750**	**53,749**	**478,737**	**579,236**

LTIP 2015 (number of PSUs)	The EGM: The EGMB [2]	The EGM: Corporate Senior Officers	Other senior officers	Total
Outstanding at 1 January 2015	-	-	-	-
Granted	57,231	101,157	617,372	775,760
Cancelled	-	-	(9,169)	(9,169)
Outstanding at 31 December 2015	**57,231**	**101,157**	**608,203**	**766,591**
Expected to vest at 31 December 2015 [1]	**28,728**	**50,778**	**309,902**	**389,408**

[1] Reflects the number of PSUs expected to vest based on the expected achievement of vesting conditions.
[2] Heine Dalsgaard's unvested PSUs under the LTIP programme will be cancelled when he, as announced, steps down as Group CFO no later than 1 August 2016.

Deferred bonus programme

The Group had an annual bonus programme under which two-thirds are paid out in cash the following year, while one-third is deferred and settled in restricted share units (RSUs) of which 50% are converted into shares after one year and 50% are converted into shares after two years. There are no performance conditions attached to the RSUs. With effect from 2015, bonuses will be settled entirely in cash.

Deferred bonus (number of RSUs)	The EGM: The EGMB	The EGM: Corporate Senior Officers	Other senior officers	Total
Outstanding at 1 January 2015	-	-	-	-
Granted	23,965	28,016	-	51,981
Transferred	(11,279)	(8,079)	19,358	-
Outstanding at 31 December 2015	**12,686**	**19,937**	**19,358**	**51,981**

NOTE 6.3 RELATED PARTIES

Parent and ultimate controlling party

At 1 January 2015, FS Invest II S.à r.l (FS Invest II) owned 19% of ISS A/S's shares and had significant 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 1 January 2015, the indirect ownership share of ISS was 10% for EQT and 9% for GSCP.

On 12 March 2015, FS Invest II sold all of its ISS A/S shares pursuant to an accelerated bookbuilt offering in which ISS acquired 1,000,000 treasury shares.

At 31 December 2015, ISS had no related parties with either control or significant influence in the Group.

Except for the acquired treasury shares, there were no significant transactions during 2015 with FS Invest, FS Invest II, EQT and GSCP, and there were no significant changes to terms and conditions of agreements between the Group and GSCP. During 2015, the agreement ceased to exist. Transactions with EQT and GSCP are made on market terms and described in note 6.3, Related parties, of the Group's consolidated financial statements for 2014.

Key management personnel

The Board and the EGM are considered the Group's key management personnel as defined in note 6.1, Remuneration to the Board of Directors and the Executive Group Management.

Apart from remuneration, there were no significant transactions during the year with members of the Board and the EGM.

NOTE 6.4 FEES TO AUDITORS

			2015			2014
DKK million	EY	Non-EY	Total	EY	Non-EY	Total
Statutory audit	23	1	24	4	23	27
Other assurance services	1	0	1	1	1	2
Work related to the IPO	-	-	-	13	-	13
Tax and VAT advisory services	1	11	12	1	8	9
Other services	2	3	5	1	11	12
Total	**27**	**15**	**42**	**20**	**43**	**63**

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
Other required disclosures

This section includes other disclosures required by IFRS, but which are not relevant for the understanding of the individual themes of sections 2 to 6. The following notes are presented:

NOTE 7.1 EARNINGS PER SHARE

Profit attributable to ordinary shareholders

DKK million	2015	2014
Profit before amortisation/impairment of acquisition-related intangibles	**2,785**	**1,816**
Goodwill impairment	(95)	(448)
Amortisation/impairment of brands and customer contracts	(654)	(588)
Income tax effect	182	234
Net profit for the year	**2,218**	**1,014**
Non-controlling interests	(7)	(3)
Net profit for the year attributable to owners of ISS A/S	**2,211**	**1,011**

Average number of shares

In thousands	2015	2014
Average number of shares	185,668	175,761
Average number of treasury shares	(1,618)	(712)
Average number of shares (basic)	**184,050**	**175,049**
Average number of PSUs expected to vest and outstanding RSUs	1,158	798
Average number of shares (diluted)	**185,208**	**175,847**

Earnings per share (EPS)

In DKK	2015	2014
Basic EPS	12.0	5.8
Diluted EPS	11.9	5.8
Adjusted EPS	15.0	10.3

Definitions, see p. 13.

The change in number of shares and treasury shares during 2015 is disclosed in note 5.1, Equity. The calculation of diluted EPS excludes 724,314 PSUs which are not expected to vest, see note 6.2, Share-based payments.

NOTE 7.2 PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
DKK million	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Cost at 1 January	103	5,398	5,501	101	5,696	5,797
Foreign exchange adjustments	1	84	85	5	110	115
Acquisitions	33	15	48	-	-	-
Additions	3	743	746	3	689	692
Divestments	-	(27)	(27)	-	(60)	(60)
Disposals	(36)	(603)	(639)	(0)	(653)	(653)
Reclassification to Assets classified as held for sale	(0)	(369)	(369)	(6)	(384)	(390)
Cost at 31 December	**104**	**5,241**	**5,345**	**103**	**5,398**	**5,501**
Depreciation and impairment losses at 1 January	(39)	(3,824)	(3,863)	(36)	(4,046)	(4,082)
Foreign exchange adjustments	0	(47)	(47)	(2)	(85)	(87)
Acquisitions	-	(14)	(14)	-	-	-
Depreciation [1)]	(2)	(575)	(577)	(1)	(587)	(588)
Divestments	-	12	12	-	(3)	(3)
Disposals	16	556	572	0	626	626
Reclassification to Assets classified as held for sale	0	185	185	0	271	271
Depreciation and impairment at 31 December	**(25)**	**(3,707)**	**(3,732)**	**(39)**	**(3,824)**	**(3,863)**
Carrying amount at 31 December	**79**	**1,534**	**1,613**	**64**	**1,574**	**1,638**
Hereof carrying amount at 31 December of assets held under finance leases	**-**	**150**	**150**	**-**	**154**	**154**

1) In 2014, the amount included 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.

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 payments 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 2015	1,231	847	538	329	239	395	3,579
At 31 December 2014	1,204	811	519	301	185	356	3,376

During 2015, DKK 1,782 million (2014: DKK 1,718 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 7.2 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 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 7.3 PENSIONS AND SIMILAR OBLIGATIONS

Defined contribution plans
The majority of the Group's pension schemes are defined contribution plans where 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 85% (2014: 84%) of the Group's obligation (gross) and 95% (2014: 95%) of its plan assets.

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.

Pension plans in Switzerland are governed by the Swiss Federal Law on Occupational retirement, Survivors' and Disability Pension Plans (LPP/BVG), which stipulates that 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.

The pension plans include a risk-sharing element between ISS and the plan participants.

Pension plans in the United Kingdom Participants are insured against the financial consequences of retirement and death. 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
Contributions to **defined contribution plans** are recognised as Staff costs when 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, recognition is limited to the present value of economic benefits available in the form of 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 are calculated based on 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 in the income statement under Staff costs. The Group recognises gains and losses on the settlement when the settlement occurs.

Other long-term employee benefits are recognised based on an actuarial calculation. Service costs and 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 7.3 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

DKK million	2015 Present value of obligation	2015 Fair value of plan assets	2015 Obligation, net	2014 Present value of obligation	2014 Fair value of plan assets	2014 Obligation, net
Carrying amount at 1 January	**6,259**	**5,023**	**1,236**	**5,040**	**4,310**	**730**
Current service costs	205	-	205	154	-	154
Interest on obligation/plan assets	134	100	34	146	120	26
Past service costs	5	-	5	4	-	4
Extinguished/distributed on settlements	-	-	-	(3)	-	(3)
Recognised in the income statement	**344**	**100**	**244**	**301**	**120**	**181**
Actuarial (gains)/losses from demographic assumptions	(2)	-	(2)	(71)	-	(71)
Actuarial (gains)/losses from financial assumptions	144	-	144	752	-	752
Actuarial (gains)/losses due to experience adjustments [1)]	214	-	214	(12)	-	(12)
Return on plan assets excluding interest income	-	101	(101)	-	48	(48)
Impact from asset ceiling during the year	-	(3)	3	-	14	(14)
Recognised in the statement of comprehensive income	**356**	**98**	**258**	**669**	**62**	**607**
Foreign exchange adjustments	584	520	64	110	115	(5)
Reclassifications	5	5	-	(6)	(6)	-
Acquisitions	54	51	3	-	-	-
Divestments	(7)	-	(7)	(50)	(3)	(47)
Additions from new contracts	27	-	27	255	255	-
Reductions from lost contracts	(28)	(28)	-	-	-	-
Employee contributions	129	129	-	113	113	-
Employer contributions	-	217	(217)	-	171	(171)
Benefits paid	(207)	(119)	(88)	(173)	(100)	(73)
Impact from asset ceiling during the year	-	3	(3)	-	(14)	14
Other changes	**557**	**778**	**(221)**	**249**	**531**	**(282)**
Carrying amount at 31 December	**7,516**	**5,999**	**1,517**	**6,259**	**5,023**	**1,236**
Other long-term employee benefits			210			160
Reclassification to Liabilities classified as held for sale			(72)			(6)
Accumulated impact from asset ceiling			28			25
Pensions and similar obligations at 31 December			**1,683**			**1,415**

1) In 2015, actuarial losses due to experience adjustments mainly related to higher number of employees being eligible for benefits in Indonesia, changed employee mix as well as higher paid interest on savings capital in Switzerland compared to previous actuarial assumptions.

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 660 million or 9% of the present value of the gross obligation (2014: DKK 646 million or 10%).

The Group expects to contribute DKK 238 million to its defined benefit plans in 2016 compared to DKK 217 million in 2015.

NOTE 7.3 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Major categories of plan assets (% of total plan assets)

	2015	2014
Corporate bonds	40%	46%
Listed shares	30%	28%
Property	9%	8%
Cash and cash equivalents	6%	5%
Government bonds	1%	1%
Other	14%	12%
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 shown below.

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 71% of the gross obligation (2014: 69%) and the United Kingdom represents 14% of the gross obligation (2014: 15%).

	2015				2014			
	CHF	GBP	EUR	Other currencies	CHF	GBP	EUR	Other currencies
Discount rates at 31 December	0.8%	3.9%	1.8-2.4%	1.3-9.9%	1.2%	3.7%	1.4-2.3%	1.5-9.5%
Future salary increases	1.0%	1.9%	0.0-2.6%	0.0-10.0%	1.0%	1.7%	0.0-3.0%	0.0-10.0%
Future pension increases	0.0%	3.0%	0.0-2.0%	0.0-3.0%	0.0%	2.9%	0.0-2.0%	0.0-1.5%

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:

	2015		2014	
DKK million	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	(487)	550	(408)	460
Future price inflation	126	(114)	123	(111)
Future salary increases	82	(80)	72	(73)
Future pension increases	358	(77)	289	(74)
	+1 year	**-1 year**	**+1 year**	**-1 year**
Life expectancy	157	(157)	125	(126)

The estimated weighted average duration of the defined benefit obligation was 14 years (2014: 14 years) and is split into:

Years	2015	2014
Active employees	14	14
Retired employees	14	14
Deferred vested	22	22
Total employees	14	14

NOTE 7.4 PROVISIONS

DKK million	Legal and labour-related cases	Self-insurance	Other	Total
Provisions at 1 January 2015	150	207	240	597
Foreign exchange adjustments	(11)	12	(4)	(3)
Provisions made during the year	79	201	18	298
Provisions used during the year	(57)	(206)	(113)	(376)
Provisions reversed during the year	(29)	(1)	(32)	(62)
Unwind of discount and other financial expenses	30	2	2	34
Reclassification to Liabilities classified as held for sale	(3)	-	(4)	(7)
Reclassification (to)/from Trade receivables/Other liabilities	0	2	(14)	(12)
Provisions at 31 December 2015	**159**	**217**	**93**	**469**
Current	52	87	53	192
Non-current	107	130	40	277

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 28 million (2014: DKK 27 million). The USA is self-insured up to a limit of DKK 3.4 million per claim (2014: DKK 3.1 million). Australia is self-insured up to a limit of DKK 2.5 million per claim (2014: DKK 2.5 million). Hong Kong is self-insured up to a yearly limit of DKK 22 million (2014: DKK 20 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 obligations and legal costs in relation to various insurance cases if not covered by the insurance.

Other comprises various 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 2015, provisions for onerous contracts were included with DKK 5 million (2014: DKK 65 million). In 2015, other provisions decreased DKK 147 million primarily due to use of onerous contract provisions and payment of obligations.

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 7.5 CONTINGENT LIABILITIES

Guarantee commitments
Indemnity and guarantee commitments (mainly towards public authorities and insurance companies) at 31 December 2015 amounted to DKK 480 million (2014: DKK 516 million).

Performance guarantees
The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,773 million (2014: DKK 1,612 million) of which DKK 1,280 million (2014: DKK 1,155 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry to guarantee towards our customers satisfactory completion of work in accordance with service contracts.

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 2015 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 2015.

Restructuring projects
Restructuring projects, e.g. related to implementation of the strategic initiative GREAT, 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 2015.

NOTE 7.6 RECONCILIATION OF SEGMENT INFORMATION

Reconciliations to the income statement

DKK million	2015	2014
Revenue		
Revenue for reportable segments	79,677	74,190
Elimination of internal revenue	(98)	(85)
Revenue according to the income statement	**79,579**	**74,105**
Operating profit		
Operating profit for reportable segments	5,252	4,650
Unallocated corporate costs	(633)	(542)
Unallocated other income and expenses, net	(42)	(118)
Operating profit according to the income statement	**4,577**	**3,990**
Unallocated:		
Financial income	111	228
Financial expenses	(820)	(1,524)
Profit before tax and amortisation/impairment of acquisition-related intangibles according to the income statement	**3,868**	**2,694**

NOTE 7.6 RECONCILIATION OF SEGMENT INFORMATION (CONTINUED)

Reconciliations to the statement of financial position

DKK million	2015	2014
Total assets		
Total assets for reportable segments	50,201	49,781
Unallocated assets [1]	25,314	29,681
Elimination of internal assets [2]	(26,230)	(32,728)
Total assets according to the statement of financial position	**49,285**	**46,734**
Additions to non-current assets [3]		
Additions to non-current assets for reportable segments	1,668	898
Unallocated additions to non-current assets	34	33
Total additions to non-current assets according to the statement of financial position	**1,702**	**931**
Total liabilities		
Total liabilities for reportable segments	24,734	28,074
Unallocated liabilities [1]	35,847	37,990
Elimination of internal liabilities [2]	(25,800)	(32,250)
Total liabilities according to the statement of financial position	**34,781**	**33,814**

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, including from Acquisitions.

NOTE 7.7 SUBSEQUENT EVENTS

On 7 January 2016, we announced that Heine Dalsgaard will step down as Group CFO as he has accepted a position as CFO outside ISS. He will continue until 1 August 2016 at the latest.

Other than as set out above or elsewhere in these consolidated financial statements, we are not aware of events subsequent to 31 December 2015, which are expected to have a material impact on the Group's financial position.

NOTE 7.8 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 2015:

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible assets";
- Amendments to IAS 27 "Separate Financial Statements";
- Amendments to IAS 1 "Presentation of Financial Statements";
- IFRS 11 "Joint Arrangements" and Amendments to IFRS 11; and
- Annual Improvements to IFRSs 2012-2014 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 2015:

- IFRS 9 "Financial Instruments" and following Amendments to IFRS 9, IFRS 7 and IAS 39;
- IFRS 14 “Regulatory Deferral Accounts";
- IFRS 15 “Revenue from Contracts with Customers";
- IFRS 16 “Leases";
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation;
- IAS 27 "Separate Financial Statement"; and
- IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in Other Entities" and IAS 28 "Investments in associates and joint ventures".

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.

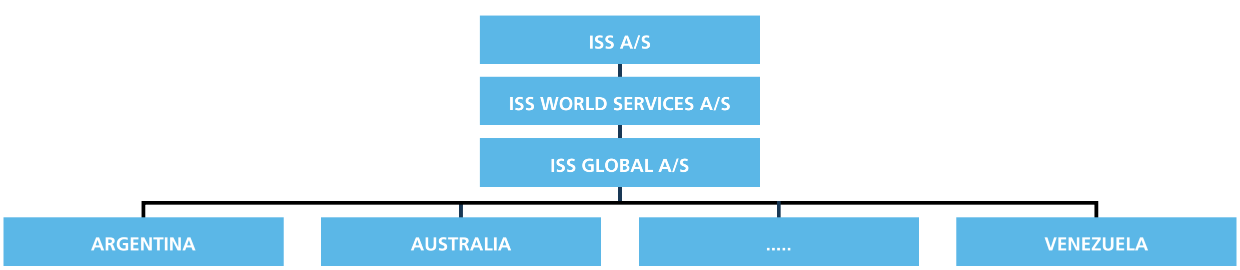
IFRS 15 "Revenue from Contracts with Customers" (superseding all current revenue recognition requirements under IFRS) will be effective for financial years beginning on or after 1 January 2018. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard is currently expected to have limited impact. A process has not yet been commenced to analyse and evaluate the impact, but is expected to be initiated in 2016.

IFRS 16 "Leases" (superseding IAS 17) will be effective for financial years beginning on or after 1 January 2019. The new standard significantly changes the accounting treatment of leases currently treated as operating leases, in that lessees, with a few exceptions, should recognise all types of leases as assets in the statement of financial position and the related lease obligations as liabilities. The annual cost of the lease, which will comprise two elements – depreciation and interest expense – will be charged to the lessee's income statement. Currently, operating lease cost is recognised in a single amount under Other operating expenses. Expectedly, the new standard will have a significant impact on recognition and measurement in the consolidated financial statements. A process has not yet been commenced to analyse and evaluate the impact, but is expected to be be initiated in 2016.

Except as mentioned above for IFRS 16 "Leases", 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 7.9 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 Multiservice GmbH	100%

Belgium & Luxembourg

ISS Catering N.V.	100%
ISS Integrated Facility Services N.V.	100%
ISS Industrial Cleaning 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%

NOTE 7.9 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

France	
Extincteurs Haas SAS	100%
GIE ISS Services	100%
ISS Facility Management SAS	100%
ISS Holding Paris SAS	100%
ISS Hygiene & Prevention SAS	100%
ISS Logistique et Production SAS	100%
ISS Proprete SAS	100%
Stop Flam SAS	100%
Germany	
ISS Facility Services GmbH	100%
ISS Automotive Services GmbH	100%
ISS Pharma Services GmbH	100%
ISS IT & Business Services GmbH	100%
ISS Facility Services Nord GmbH	100%
ISS Facility Services Süd GmbH	100%
ISS Direkt GmbH	100%
ISS VSG GmbH	100%
ISS TeGeMa GmbH	100%
Klaus Harren GmbH	100%
Greece	
ISS Facility Services S.A.	100%
ISS Human Resources S.A.	100%
ISS Integrated Facility Management 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%
The 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%
Spain	
Gelim Andalucia, S.A.	100%
Gelim Asturias, S.A.	100%
Gelim Baleares, S.A.	100%
Gelim Canarias, S.A.	100%
Gelim Galicia, 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 Multiservicios Integrales, S.L.	100%
ISS Salud y Servicios Sociosanitarios, S.A.	100%
ISS Serv. de Información y Control de Accesos, S.A.	100%
ISS Soluciones de Catering, S.L.	100%
ISS Soluciones de Limpieza Direct, S.A.	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	
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 Hazir Yemek Üretim ve Hizmet 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 Document A/S	100%
ISS Facility Services A/S	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%
Finland	
ISS Palvelut Holding Oy	100%
ISS Palvelut Oy	100%
ISS Proko Oy	100%
ISS Security Oy	100%
Suomen Laatutakuu Palvelut Oy	100%
Greenland	
ISS Grønland A/S	100%
Iceland	
ISS Ísland ehf.	100%
Norway	
DriftsCompagniet Bærum AS	100%
DriftsCompagniet FM AS	100%
DriftsCompagniet Norge AS	100%
DriftsCompagniet Vest AS	100%
ISS Facility Services AS	100%
ISS Holding AS	100%
ISS Management AS	100%
ISS Serveringspartner AS	100%
ISS Service Management AS	100%
MeglerCompagniet AS	100%
NSB Trafikkservice AS	45% [2]
Raufoss Beredskap AS	51%

NOTE 7.9 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

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%
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 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]
Indonesia	
PT ISS Facility Services	49% [3]
PT ISS Indonesia	100%
PT ISS Jasa Fasilitas	0% [3]
PT ISS Parking Management	100%
Japan	
Nihon ISS KK	100%
Malaysia	
ISS Facility Services Sdn. Bhd.	30% [3]
Kontrekleen Sdn. Bhd.	30% [3]
Philippines	
ISS Facility Services Phils., Inc.	100%
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%
Serve1st 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%
ISS Catering Services Pty Ltd.	100%
ISS Facility Management 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%

North America

Canada	
ISS Facility Services Inc.	100%
USA	
ISS C&S Building Maintenance Corporation	100%
ISS Facility Services Holding, Inc.	100%
ISS Facility Services California, Inc.	100%
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 LatAm Management 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%

NOTE 7.9 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

Latin America

Argentina	
ISS Argentina S.A.	100%
ISS Facility Services S.R.L.	100%
ISS Food S.A.	100%
ISS Litorial 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 Logistica 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 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%
Uruguay	
ISS Seguridad Ltda.	100%
ISS Catering S.A.	100%
ISS Uruguay S.A.	100%
Samilar S.A.	100%

Eastern Europe

Bulgaria	
ISS Facility Services EOOD	100%
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%
Lithuania	
ISS Pastatu Valda UAB	100%
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%
ISS Technical Services Poland 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%
Slovakia	
ISS Facility Services spol. s.r.o.	100%
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%
Costa Rica	
ISS Facility Services Costa Rica Limitada	100%
Ecuador	
EISSEcuador S.A	100%
ISS Facility Servicios Ecuador S.A	100%
Panama	
ISS Panama S.A.	100%
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%
South Africa	
ISS Facility Services (Pty) Limited	100%
Sri Lanka	
ISS Abans Environmental Services (PT) Ltd.	50% [1]
Venezuela	
ISS Facility Services Venezuela C.A.	100%

[1] Joint venture
[2] Associate
[3] 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 consoli dated with no non-controlling interest.

MANAGEMENT STATEMENT

Copenhagen, 2 March 2016

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 2015.

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 2015 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 2015.

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

Board of directors

Lord Allen of Kensington Kt CBE
Chairman

Thomas Berglund
Deputy Chairman

Claire Chiang

Henrik Poulsen

Jo Taylor

Cynthia Mary Trudell

Pernille Benborg (E)

Joseph Nazareth (E)

Palle Fransen Queck (E)

E = Employee representative

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 2015, pp. 71–125 and pp. 135–145. 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 2015 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 2015 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, 2 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-no. 30700228

Jesper Ridder Olsen State Authorised Public Accountant	**Michael Groth Hansen** State Authorised Public Accountant

CASE:
TALENT MANAGEMENT AND PEOPLE DEVELOPMENT

Developing talent within ISS is key to our ambition of becoming the world's greatest service organisation. We invest in our people at all levels of the company, focusing on leadership qualities and delivering outstanding customer experience. Our talent management programmes aim to drive better retention of key personnel and more effective succession planning. The Key Account Management Certification (KAMC) programme and the ACORN programme are two important ISS initiatives where we intensively develop the capabilities of selected managers within IFS and the delivery of complex, cross-border contracts.

Patrick Döbelin is 36 years old with a diploma in Engineering and FM. He joined ISS Switzerland in July 2007 as Service Manager Technical FM. Patrick worked exclusively on the UBS contract, driving innovation across a workforce of more than 150 technicians to improve the planning, scheduling and delivery of maintenance projects. In 2009, Patrick progressed to the role of Head of Competence Centre Technical FM, now promoting excellence in technical services across the entire Swiss country organisation. In 2010, Patrick became Account Director for Credit Suisse, taking responsibility for communication with the customer, on-site delivery of ISS's front line personnel and account profitability. In 2012, Patrick became Managing Director Key Accounts and a board member of ISS Switzerland. Today he oversees ISS Switzerland's three largest customers and has supported a significant expansion of ISS's relationship with UBS, Credit Suisse (2014) and Swisscom (2015).

Patrick's development and success is an outcome of the ISS investment in talent management, combined with his enthusiasm and commitment in achieving the best for our customers. His focus is on understanding customer needs and using them as drivers to take our service delivery to the next level. "I think the most important factor in my development was being trusted with participating in the Swiss team's organisational evolution, helping to re-shape our structures so that they deliver quality and efficiency for our customers", Patrick says. Moreover, Patrick cites the strength of the ISS culture and his participation in the Advantage Programme and Top Management Conference as key to understanding group wide strategic priorities and inspiring a "can do" attitude.

FACTS — At ISS Switzerland, Patrick is responsible for:

- Teams comprising 200 staff, delivering through 3,000 people in total
- Key account annual revenue of CHF 200 million (DKK 1.4 billion)

PATRICK DÖBELIN
Managing Director Key Accounts

CHRISTIAN CRETNIK
Senior Project Manager

FLORIAN LIGGENSTORFER
Technical Caretaker

MANUEL DIRLEWANGER
Head of Project Construction
Zurich and St Gall

ISS Switzerland

"I offer every traveller a clean path to take-off"

CHRISTOPHER RABOUDE
Cleaning Operator, ISS United Kingdom

Gatwick Airport is the United Kingdom's second largest and the most efficient single-runway airport in the world. Christopher Raboude and the rest of his ISS colleagues take pride in keeping the airport clean and safe. Christopher's favourite part of the job is helping the travellers on their way and keeping up with the vibrant environment.

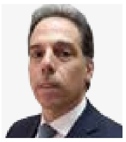
COUNTRY REVENUE AND EMPLOYEES

	2015				2014			
DKK million	Total Revenue	% of Group revenue	Total Employees	% of Group employees	Total Revenue	% of Group revenue	Total Employees	% of Group employees
United Kingdom	11,896	15%	44,010	9%	9,895	13%	42,369	8%
Switzerland	5,174	7%	11,202	2%	4,079	6%	11,465	2%
France	4,794	6%	24,296	5%	5,101	7%	25,440	5%
Spain	4,198	5%	29,872	6%	4,099	6%	28,674	6%
Turkey [1]	2,787	4%	28,401	6%	2,535	3%	29,913	6%
Belgium and Luxembourg	2,494	3%	9,201	2%	2,548	3%	9,311	2%
Germany	2,435	3%	8,749	2%	1,847	2%	9,045	2%
Israel [1]	1,826	2%	8,341	2%	1,817	2%	9,938	2%
Netherlands	1,731	2%	6,840	1%	1,883	3%	7,856	2%
Austria	1,647	2%	7,112	1%	1,579	2%	7,098	1%
Ireland	622	1%	3,071	1%	578	1%	3,226	1%
Portugal	483	1%	5,750	1%	514	1%	7,132	1%
Italy	407	1%	626	0%	380	1%	559	0%
Greece	400	1%	3,282	1%	463	1%	3,113	1%
Western Europe	**40,894**	**51%**	**190,753**	**38%**	**37,318**	**50%**	**195,139**	**38%**
Norway	3,944	5%	8,709	2%	4,560	6%	8,621	2%
Finland	3,753	5%	8,981	2%	3,853	5%	9,638	2%
Sweden	3,708	5%	8,390	2%	3,737	5%	8,865	2%
Denmark	3,116	4%	7,103	1%	3,086	4%	7,208	1%
Iceland	130	0%	695	0%	122	0%	726	0%
Greenland	87	0%	264	0%	91	0%	271	0%
Nordic	**14,738**	**19%**	**34,142**	**7%**	**15,449**	**21%**	**35,329**	**7%**
Hong Kong	2,316	3%	14,856	3%	1,807	2%	14,008	3%
Singapore	1,694	2%	8,156	2%	1,379	2%	7,234	1%
Indonesia	1,511	2%	58,606	12%	1,256	2%	54,391	11%
Thailand	1,357	2%	32,893	7%	1,074	1%	30,788	6%
India	1,221	2%	46,215	9%	1,155	2%	53,878	11%
China	1,114	1%	17,502	3%	803	1%	15,498	3%
Taiwan	364	0%	2,787	1%	309	0%	2,780	1%
Philippines	255	0%	6,996	1%	184	0%	5,371	1%
Malaysia	107	0%	1,743	0%	101	0%	1,548	0%
Japan	107	0%	44	0%	102	0%	55	0%
Brunei	40	0%	496	0%	35	0%	443	0%
Other countries - Asia	18	0%	12	0%	16	0%	15	0%
Asia [1]	**10,104**	**13%**	**190,306**	**38%**	**8,221**	**11%**	**186,009**	**36%**
Australia	4,217	5%	11,105	2%	4,113	6%	11,586	2%
New Zealand	261	0%	1,302	0%	331	0%	2,351	0%
Pacific	**4,478**	**6%**	**12,407**	**2%**	**4,444**	**6%**	**13,937**	**3%**
USA	4,012	5%	15,240	3%	3,386	5%	14,377	3%
Canada	149	0%	115	0%	91	0%	49	0%
North America	**4,161**	**5%**	**15,355**	**3%**	**3,477**	**5%**	**14,426**	**3%**
Brazil	1,310	2%	13,641	3%	1,588	2%	16,115	3%
Chile	944	1%	13,039	3%	803	1%	13,848	3%
Mexico	690	1%	13,243	3%	666	1%	13,894	3%
Argentina	501	1%	3,029	1%	382	1%	3,293	1%
Uruguay	97	0%	1,222	0%	105	0%	997	0%
Other countries – Latin America	67	0%	4	0%	53	0%	13	0%
Latin America [1]	**3,609**	**4%**	**44,178**	**9%**	**3,597**	**5%**	**48,160**	**9%**
Czech Republic	393	0%	4,448	1%	386	1%	5,225	1%
Slovakia	232	0%	3,262	1%	219	0%	2,903	1%
Poland	225	0%	2,453	0%	220	0%	2,265	0%
Slovenia	179	0%	935	0%	175	0%	1,044	0%
Estonia	148	0%	1,703	0%	146	0%	1,588	0%
Hungary	144	0%	1,675	0%	147	0%	1,822	0%
Romania	141	0%	1,684	0%	147	0%	1,724	0%
Russia	118	0%	1,342	0%	144	0%	1,237	0%
Croatia (divested in 2014)	-	-	-	-	13	0%	-	0%
Eastern Europe [1]	**1,580**	**2%**	**17,502**	**3%**	**1,597**	**2%**	**17,808**	**3%**
Other countries [1]	113	0%	0	0%	87	0%	-	0%
Corporate functions / eliminations	(98)	(0)%	173	0%	(85)	0%	160	0%
ISS Group	**79,579**	**100%**	**504,816**	**100%**	**74,105**	**100%**	**510,968**	**100%**

[1] Emerging markets comprise Asia, Eastern Europe, Latin America, Israel, South Africa (included in Other countries) and Turkey.

Please refer to pp. 132–133 for a list of countries where ISS operates.

COUNTRY MANAGERS



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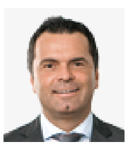

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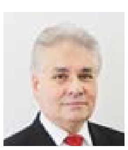

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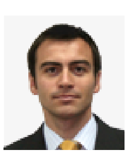

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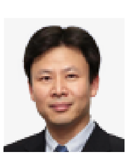

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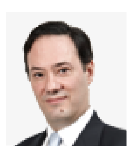

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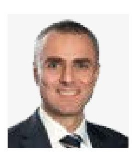

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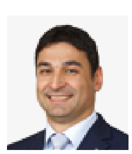

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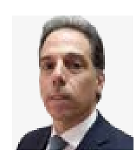

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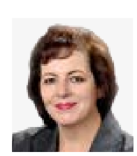

USA
Jennifer C. Bonilla
www.us.issworld.com

In addition to the 48 countries shown above, where ISS operates and has an office, ISS operates in 29 countries where we have no office. These countries are: Bahrain, Bulgaria, Cayman Islands, Canada, Colombia, Costa Rica, Croatia, Cyprus, Ecuador, Egypt, Guam, Jordan, Latvia, Lithuania, Monaco, Morocco, Nigeria, Pakistan, Panama, Peru, Puerto Rico, Qatar, South Africa, South Korea, Sri Lanka, Ukraine, United Arab Emirates, Venezuela and Vietnam.

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EDITED BY
Group Controlling
ISS A/S

DESIGN, PRODUCTION & PRINT
KIRK & HOLM
Rosendahls

2015

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT OF THE PARENT COMPANY

1 January – 31 December

DKK million	Note	2015	2014
Other operating expenses	3	(18)	(6)
Operating profit/(loss) before other items		**(18)**	**(6)**
Other income and expenses, net	4	-	(44)
Operating profit/(loss)		**(18)**	**(50)**
Income from subsidiary	7	2,000	1,250
Financial income	5	14	113
Financial expenses	5	(1)	(141)
Profit before tax		**1,995**	**1,172**
Income taxes	6	2	9
Net profit for the year		**1,997**	**1,181**
Attributable to:			
Owners of ISS A/S		1,997	1,181
Net profit for the year		**1,997**	**1,181**

STATEMENT OF COMPREHENSIVE INCOME OF THE PARENT COMPANY

1 January – 31 December

DKK million	Note	2015	2014
Net profit for the year		**1,997**	**1,181**
Total comprehensive income for the year		**1,997**	**1,181**
Attributable to:			
Owners of ISS A/S		1,997	1,181
Total comprehensive income for the year		**1,997**	**1,181**

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

1 January – 31 December

DKK million	Note	2015	2014
Operating profit/(loss) before other items		(18)	(6)
Changes in working capital		2	(0)
Other expenses paid		-	(44)
Interest received, external		2	-
Interest received from companies within the ISS Group		12	106
Interest paid, external		(3)	(103)
Interest paid to companies within the ISS Group		-	(43)
Income taxes paid		(79)	(231)
Joint taxation contribution received, net		72	127
Cash flow from operating activities		**(12)**	**(194)**
Dividends received from subsidiary	7	2,000	1,250
Cash flow from investing activities		**2,000**	**1,250**
Repayment of borrowings		(1)	(1,914)
Payments (to)/from companies within the ISS Group, net		(882)	(6,770)
Proceeds from issuance of share capital		-	7,788
Purchase of treasury shares		(204)	(160)
Dividends paid to shareholders		(901)	-
Cash flow from financing activities		**(1,988)**	**(1,056)**
Total cash flow		**0**	**(0)**
Cash and cash equivalents at 1 January		0	0
Total cash flow		0	(0)
Cash and cash equivalents at 31 December		**0**	**0**

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

At 31 December

DKK million	Note	2015	2014
Assets			
Investment in subsidiary	7	17,874	17,874
Non-current assets		**17,874**	**17,874**
Receivables from companies within the ISS Group		5,979	4,997
Tax receivables		9	41
Cash and cash equivalents		0	0
Current assets		**5,988**	**5,038**
Total assets		**23,862**	**22,912**
Equity and liabilities			
Total equity		**23,846**	**22,853**
Loans and borrowings		-	2
Debt to companies within the ISS Group		13	55
Trade payables		1	0
Other liabilities		2	2
Current liabilities		**16**	**59**
Total liabilities		**16**	**59**
Total equity and liabilities		**23,862**	**22,912**

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

1 January – 31 December

2015

DKK million	Share capital	Retained earnings	Treasury shares	Proposed dividends	Total
Equity at 1 January	**185**	**21,918**	**(160)**	**910**	**22,853**
Comprehensive income for the year					
Net profit for the year	**-**	**623**	**-**	**1,374**	**1,997**
Total comprehensive income for the year	**-**	**623**	**-**	**1,374**	**1,997**
Transactions with owners					
Purchase of treasury shares	-	-	(204)	-	(204)
Share-based payments	-	101	-	-	101
Settlement of vested PSUs	-	(41)	41	-	-
Dividends paid to shareholders	-	-	-	(901)	(901)
Dividends, treasury shares	-	9	-	(9)	-
Total transactions with owners	**-**	**69**	**(163)**	**(910)**	**(1,004)**
Total changes in equity	**-**	**692**	**(163)**	**464**	**993**
Equity at 31 December	**185**	**22,610**	**(323)**	**1,374**	**23,846**

2014

DKK million	Share capital	Retained earnings	Treasury shares	Proposed dividends	Total
Equity at 1 January	**135**	**13,856**	**-**	**-**	**13,991**
Comprehensive income for the year					
Net profit for the year	**-**	**271**	**-**	**910**	**1,181**
Total comprehensive income for the year	**-**	**271**	**-**	**910**	**1,181**
Transactions with owners					
Share issue	50	7,986	-	-	8,036
Costs related to the share issue	-	(248)	-	-	(248)
Purchase of treasury shares	-	-	(160)	-	(160)
Share-based payments	-	53	-	-	53
Total transactions with owners	**50**	**7,791**	**(160)**	**-**	**7,681**
Total changes in equity	**50**	**8,062**	**(160)**	**910**	**8,862**
Equity at 31 December	**185**	**21,918**	**(160)**	**910**	**22,853**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements for the parent company have been prepared in pursuance of the requirements of the Danish Financial Statements Act.

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

Changes in accounting policies

Changes in accounting policies are described in note 1.1 to the Group's consolidated financial statements.

Description of accounting policies

With the exception of the items described below, the accounting policies for ISS A/S are identical to the Group's accounting policies, which are described in the notes to the Group's consolidated financial statements.

Income statement

Income from subsidiary comprises dividends and gains and losses from divestment of subsidiaries. Dividends are recognised in the income statement in the financial year in which the dividend is declared. If dividends declared exceed the total comprehensive income for the year, an impairment test is performed.

Statement of financial position

Investment in subsidiary is measured at cost, which comprises consideration transferred measured at fair value and any directly attributable transaction costs. If there is indication of impairment, an impairment test is performed as described in the accounting policies in note 4.4 to the consolidated financial statements. Where the recoverable amount is lower than the cost, the investment is written down to this lower value.

Tax As required by Danish legislation, ISS A/S is jointly taxed with all Danish resident subsidiaries. ISS A/S acts as administration company for the joint taxation and consequently settles all payments of corporation tax with the tax authorities. Joint taxation contributions to/from subsidiaries are recognised in the income statement under Income taxes and in the statement of financial position under receivables from or debt to companies within the ISS Group.

Companies which utilise tax losses in other companies pay joint taxation contribution to the parent company equivalent to the tax base of the tax losses utilised. Companies whose tax losses are utilised by other companies receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full absorption).

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Determining the carrying amount of certain assets and liabilities requires estimates of how future events will affect the value of these assets and liabilities at the reporting date. Estimates that are significant to the preparation of the parent company's financial statements are, among other things, the assessment of indications of impairment on investment in the subsidiary.

The estimates, judgements and assumptions are made based on historical experience and various other factors which management assesses to be reliable, but which by their nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

Critical accounting estimates and judgements relating to the applied accounting policies for ISS A/S are the same as for the Group to the extent of similar accounting items, see note 1.1 to the Group's consolidated financial statements for a description. The specific risks for ISS A/S are described in the notes to the financial statements of the parent company.

Investment in subsidiary is tested for impairment when there is an indication that the investment may be impaired. The assessment of whether there is an indication of impairment is based on both external and internal sources of information such as performance of the subsidiary, significant decline in market values etc.

NOTE 3 FEES TO AUDITORS

DKK million	2015	2014
EY		
Audit fees	1	1
Other assurance services	1	9
Total EY	**2**	**10**

Audit fees comprised audit of the financial statements.

Other assurance services in 2014 mainly comprised work related to the IPO.

NOTE 4 OTHER INCOME AND EXPENSES, NET

DKK million	2015	2014
IPO costs	-	(44)
Other income and expenses, net	**-**	**(44)**

NOTE 5 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	2015	2014
Interest income from companies within the ISS Group	12	106
Interest income on cash and cash equivalents	2	-
Net change in fair value of interest rate swaps	-	7
Financial income	**14**	**113**
Interest expenses on loans and borrowings	(0)	(81)
Interest expenses to companies within the ISS Group	-	(43)
Refinancing	-	(12)
Amortisation of financing fees	-	(2)
Other bank fees	(1)	(1)
Foreign exchange losses	(0)	(2)
Financial expenses	**(1)**	**(141)**

Interest expenses on loans and borrowings The redemption of loans and borrowings following the refinancing of the pre-IPO debt in 2014 reduced interest expenses.

Refinancing In 2014, the full redemption of the Senior Subordinated Notes due 2016 resulted in non-cash unamortised financing fees of DKK 12 million being expensed.

NOTE 6 INCOME TAXES

Income tax recognised in the income statement

DKK million	2015	2014
Current tax regarding Profit before tax	1	12
Tax on Profit before tax	**1**	**12**
Adjustments relating to prior years, net	1	(3)
Income taxes	**2**	**9**

Computation of effective tax rate

	2015	2014
Statutory income tax rate in Denmark	23.5 %	24.5 %
Non-tax deductible expenses less non-taxable income	(23.5)%	(26.0)%
Adjustments relating to prior years, net	(0.1)%	0.2 %
Limitation to interest decuction (Denmark)	-	0.5 %
Effective tax rate [1]	**(0.1)%**	**(0.8)%**

[1] The low effective tax rate is due to non-taxable dividend of DKK 2,000 million (2014: DKK 1,250 million) from subsidiary.

NOTE 7 INVESTMENT IN SUBSIDIARY

DKK million	2015	2014
Cost at 1 January	25,771	25,771
Cost at 31 December	**25,771**	**25,771**
Revaluation at 1 January	(7,897)	(7,897)
Revaluation at 31 December	**(7,897)**	**(7,897)**
Carrying amount at 31 December	**17,874**	**17,874**
Income from subsidiary		
Received dividends	2,000	1,250
Income from subsidiary	**2,000**	**1,250**

Subsidiary	Share %	Share %
ISS World Services A/S, Søborg, Denmark	100	100

NOTE 8 DEFERRED TAX

At 31 December 2015, ISS A/S had no recognised deferred tax assets or liabilities (31 December 2014: none).

Deferred tax assets relating to tax losses carried forward are only recognised to the extent that it is more likely than not that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future. ISS A/S has unrecognised deferred tax assets regarding tax losses carried forward of DKK 1 million (2014: DKK 1 million). The unrecognised tax losses can be carried forward indefinitely.

NOTE 9 REMUNERATION TO THE BOARD OF DIRECTORS AND THE EXECUTIVE GROUP MANAGEMENT BOARD

Members of the Board of Directors (the Board) and the Executive Group Management Board (the EGMB) have authority and responsibility for planning, implementing and controlling the parent company's activities and are considered as the parent company's key management personnel.

	2015		2014	
DKK thousand	The Board	The EGMB [1]	The Board	The EGMB
Base salary and non-monetary benefits	6,758	23,816	5,713	27,762
Annual bonus	-	15,867	-	14,561
Share-based payments	-	14,822	-	10,868
Bonus related to the IPO [2]	-	-	-	17,859
Total remuneration	**6,758**	**54,505**	**5,713**	**71,050**

[1] Effective 27 August 2015, Henrik Andersen and John Peri stepped down from their EGMB positions. Base salary and other remuneration reflects the remuneration for the period when being member of the EGMB.

[2] In 2014, DKK 14 million is recognised in Other income and expenses, net, of which DKK 10 million is included in ISS A/S and DKK 4 million in ISS World Services A/S. DKK 4 million is recognised in equity.

Remuneration to the EGMB in 2014 and 2015 and remuneration to the Board in 2014 was paid by ISS World Services A/S and is described in note 6.1 to the Group's consolidated financial statements.

The EGMB participates in two share-based incentive schemes; a Long-Term Incentive Programme (LTIP) and a Transition Share Programme (TSP) as described in note 6.2 to the Group's consolidated financial statements. The costs related to share-based payments are expensed in ISS World Services A/S. Members of the Board did not participate in any incentive schemes.

NOTE 10 CONTINGENT LIABILITIES

Withholding taxes

ISS A/S is jointly taxed with all Danish resident subsidiaries. As administration company ISS A/S and companies within the joint taxation have a joint and unlimited liability of Danish corporate and withholding taxes related to dividends, interests and royalties. As per 31 December 2015 Danish corporate tax and Danish withholding taxes amounted to DKK 0 million (2014: DKK 0 million). Any subsequent adjustments to Danish withholding taxes may change this joint and unlimited liability.

VAT

ISS A/S and certain Danish Group companies are jointly registered for VAT and are jointly liable for the payment hereof.

NOTE 11 FINANCIAL RISK MANAGEMENT

ISS A/S's financial risks are managed centrally by Group Treasury based on the treasury policy approved by the Board of Directors. The objectives, policies and processes for measuring and managing the exposure to financial risks is described in note 5.3, 5.4, 5.5 and 5.6 in the consolidated financial statements. The risks specific to ISS A/S are described below.

Currency risk

Currency risk is the risk that arises from changes in exchange rates and affects ISS A/S's result or value of financial instruments. At 31 December 2015, ISS A/S was not exposed to currency risk as no assets or liabilities were denominated in currencies other than DKK.

Liquidity risk

Liquidity risk results from ISS A/S's potential inability or difficulty in meeting its contractual obligations due to insufficient liquidity. ISS A/S is a holding company and its primary assets consist of shares in ISS World Services A/S and receivables from companies within the ISS Group. ISS A/S has no revenue generating activities of its own, and therefore ISS A/S's cash flow and ability to service its indebtedness and other obligations, will depend primarily 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 in the form of dividends or otherwise.

At 31 December 2015, ISS A/S carried no significant financial liablities. Thus the liquidity risk was primarily limited to ISS A/S's obligations under the Danish joint taxation where ISS A/S acts as the administration company.

Credit risk

Credit risk is the risk of financial loss inflicted on ISS A/S if a counter-party to a financial instrument fails to meet its contractual obligations. As ISS A/S has no revenue generating activities of its own and therefore no trade receivables, the credit risk is limited to an insignificant amount of cash and cash equivalents and an intercompany receivable with its indirectly owned subsidiary ISS Global A/S.

NOTE 12 RELATED PARTIES

In addition to the description in note 6.3 to the consolidated financial statements of related parties and transactions with these, related parties of ISS A/S comprise ISS World Services A/S and its subsidiaries, associates and joint ventures, see note 7.9 to the consolidated financial statements.

In 2015, ISS A/S had the following transactions with other related parties, which were all made on market terms:

- ISS A/S had a receivable against ISS Global A/S of DKK 5,968 million.
- ISS A/S received interest from ISS Global A/S, see note 5, Financial income and financial expenses.
- ISS A/S had a receivable against ISS World Services A/S of DKK 11 million related to share-based payments.
- ISS A/S received/paid joint taxation contribution equal to 23.5% of taxable income from/to jointly taxed Danish resident subsidiaries.
- ISS A/S received dividend from its wholly owned subsidiary ISS World Services A/S amounting to DKK 2,000 million.

NOTE 13 NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED

New standards and interpretations not yet implemented are described in note 7.8 to the Group's consolidated financial statements.