

CORPORATE RESPONSIBILITY

Rentokil Initial operates an integrated approach to corporate responsibility. It links group-wide policies on matters such as health and safety with local ownership and implementation of initiatives in every country in which it operates.

The company considers that for corporate responsibility to be effective, it must be aligned to business strategy in each country. Consequently, businesses have the flexibility to develop their own initiatives to provide strategic advantage and reflect the local environment and culture.

The chief executive, Doug Flynn, is the board director responsible for corporate responsibility matters. The board reviews progress as part of its agenda.

The company introduced group-wide health and safety and environmental policies in 1999 with broader policies since 2001. These can be found on the corporate website, www.rentokil-initial.com, together with the 2006 corporate responsibility annual review.

The information in the review demonstrates the range and depth of the company's activities. It represents ongoing work, demonstrating that these activities are part of normal business practice.

In 2006, for the second year running Rentokil Initial was in the top 100 companies within the *Business in the Community Corporate Responsibility Index*. The company was ranked 84th – an improvement on the previous year's position of 91st.

In addition, Rentokil Initial continued to be ranked in the top ten companies out of the 70 worldwide companies included in the support services sector of the *Dow Jones Sustainability Index*.

WORKPLACE INITIATIVES

Much of the company's focus in 2006 was on improving health and safety management. Within the UK, RIDDOR accidents have reduced by 16%. To ensure there is a worldwide focus, a new scorecard reporting process for businesses has been designed to manage health and safety more effectively. This will be rolled out throughout the group in 2007. Also, in the UK a central accident reporting scheme called *Success Is No Accident* was introduced for the reporting of employee accidents and near misses. This provides greater information, with management control for both managers and customers, and enables early effective medical support to employees who may have been injured.

For the first time, the company introduced a survey of employees' attitudes – starting with the global pest control and tropical plants businesses. Responses averaged overall a very high 93% – in the USA over 97% and 74% and 79% in the Netherlands and the UK, respectively.

TOWARDS BEST PRACTICE

Initial Facilities Services employs 30,000 people, 55% of whom are women. It operates in an industry tarnished by a reputation for low skills and poor labour practices. Our business has set itself an objective to be the employer of choice in its industry.

During 2006 work continued on developing Basic Skills amongst employees who are disadvantaged in this area. Relationships have been formed with the Learning and

Skills Council and other partners to provide training in basic skills such as numeracy and literacy.



Leading learning and skills

At the same time, Initial Hospital Services developed a new training programme called Initial First. This features courses with BICSc, National Vocational Qualifications, food hygiene qualifications,

qualifications for supervisors and the UK's first accredited qualification into the understanding and prevention of MRSA and other healthcare-acquired infections.

A number of other workplace initiatives are underway, including:

- employee benefit schemes;
- employee opinion surveys; and
- improved employee communications.





LOOKING TO THE FUTURE

Rentokil Initial Australia is helping to improve the natural environment by supporting Rainforest Rescue, a not-for-profit organisation set up to protect and restore Australia's priceless rainforest areas. So far this initiative has purchased an area of land equivalent to the size of 35 modern suburban blocks between a State Reserve and the Daintree Park, helping to conserve endangered plants, animals and birds. We also provide a school grants scheme which aims to support schools and their communities in the areas of environmental improvement and protection.

This year also saw the launch of the talent development programme, a major training and development initiative targeted at 350 managers worldwide. Work continues also in the general development of Basic Skills amongst the company's hourly paid employees.

ENVIRONMENT INITIATIVES

We recognise the importance of managing all aspects of our environmental impacts. In particular, the management of energy and water usage has been a long-term focus, particularly within the major textiles laundry plants. These achieved reductions in CO₂ emissions of 21% between 2000 and 2005.

This year, for the first time, the company has collated actual or estimated energy usage from around 95% of its worldwide operations. Of this, over 80% is actual data with the remainder being realistic estimates.

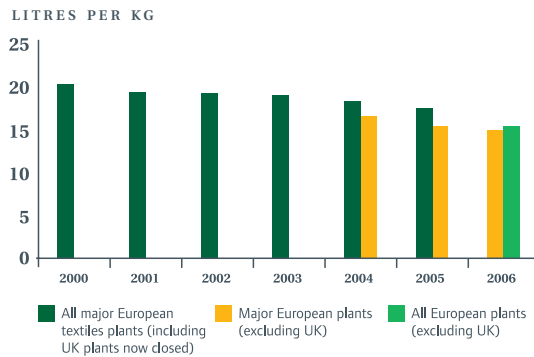
In 2006, the company's total CO₂ emissions were 271 million kilogrammes, equating to 3,870 kilogrammes per employee. Within these figures is vehicle fuel consumption – the company has a fleet of nearly 16,000 vehicles worldwide, split roughly 50:50 between cars and light vans. In 2006 all UK service vehicles were diesel and, on a worldwide basis, 71% of the company's vehicle fuel consumption was diesel.

Roughly one third of all the company's CO₂ emissions emanate from its textiles plants. In the first graph, emissions of the major textiles plants in France, the Netherlands, Germany and Belgium are shown – representing an improvement of 12.4% year on year. In addition, the graph shows the total emissions for 2006 for all European textiles plants, including the smaller plants in Austria, the Czech Republic and Spain.



As with CO₂ emissions, previous years' water usage measurement has been derived from the textiles laundry plants, based on verifiable data. Between 2000 and 2005 a 14% improvement in water usage was recorded across all major textiles plants. In 2006, a further 5.7% year on year improvement was achieved.

The following graph shows data from previous years, together with comparable three year data for major European plants – France, Germany, Belgium and the Netherlands. Also shown is the combined water usage of all European textiles plants (including Austria, Spain and the Czech Republic). A significant reduction in 2006 arose as a result of the closure of the UK laundry plants.



TOWARDS BEST PRACTICE

Efficient energy and water use has always been important for textiles laundry plants. However, in 2006 our European textiles operations began to take a more radical approach to improvement in environmental impact.

Initial Textiles Services is building a new industrial laundry complex in Lokeren, Belgium. With an investment of €15,300,000 – the largest investment ever made in a textiles laundry plant by Rentokil Initial. The complex will consist of the

laundry, together with warehousing, dispatching and administrative areas.

A key focus for the new operation is water usage. In particular, the laundry plant will have an environmentally friendly water treatment installation, using a membrane bio reactor, to permit the reuse of up to 50% of pumped water.



The company is also supporting customers to reduce water usage. For instance, in December 2006 the company acquired Enviro-Fresh – an innovative company which has developed a product for urinals called SaniSleeve which, together with its EnviroFlush system, reduces flush water usage by up to 90%.

MARKETPLACE INITIATIVES

The responsibility for relationships with customers and suppliers is now largely the responsibility of individual businesses. The company has developed Good Practice Guides to support them in their dealings with their customers and suppliers.

One of the company's most significant responsibilities is product stewardship, particularly related to pest control products. In 2005/2006, an authorised products list was produced for all businesses, followed by information on product training and directions, with a requirement to produce labels and instructions in the local language. This was complemented in 2006 by the businesses recording and auditing product use and product disposal together with packaging waste classification. More details of this activity are included in the "Towards Best Practice" box below.

Within company procurement activity, about 30% of purchased products and services are bought or co-ordinated centrally, with regular supplier assessments including social, environmental and ethical issues. In 2006, the company introduced a Supplier Code of Conduct to help our supply chain understand what is expected.

COMMUNITY INITIATIVES

Rentokil Initial regards its responsibilities to the communities in which it operates and its employees live as particularly important.

An extensive range of activities took place in 2006, including:

- In **Indonesia**, employees and the company provided support to help those affected by the Java earthquake, including improving hygiene and sanitation in the area.
- In **Singapore**, the business has continued its support for the ongoing drive to fight Dengue Fever.
- In **Hong Kong**, the business was proclaimed *Caring Company 2005/06* for its participation in community services.
- In **France**, the Tropical Plants business continued its support for "Les Enfants de la Terre", a charity that helps disadvantaged children.
- In the **USA**, the Tropical Plants business worked with New York's ProjectFIND, a non-profit organization dedicated to helping older adults in New York City, to establish the Grassroots Senior Healing Programme.

The company's support for community investments includes a programme to support rainforest conservation in Australia, support for the Safer London Foundation in the UK and our HIV/AIDS programme in South Africa.

In another section of this report, the company declares the amount of charity donations. It should be noted that this figure does not take into account provision of gifts in kind or of employee and management support.

TOWARDS BEST PRACTICE

Product stewardship is rightly receiving increasing attention from governments and NGOs. It addresses the impact of a product's lifecycle – including issues such as labelling to ensure safe customer use and the elimination of hazardous materials – which may have effects beyond the product's direct purpose.

The pest control business is at the forefront of its business sector in respect of product stewardship and has been influential in guiding the industry down responsible routes.

• Rentokil was highly influential in a new scheme regarding the management of one of the most hazardous compounds in use in the industry - phosphine gas. The scheme – the Register of Authorised Metallic Phosphide Stockists – restricts the availability of metallic phosphide fumigant gases to correctly trained personnel with managed access to this material through approved distributors.

- In the UK it helped establish a campaign to encourage responsible rodenticide use, known as the Campaign for the Responsible Use of Rodenticides. This is intended to reduce the incidents of secondary poisoning to wildlife due to consumption of treated rodents by other animals.
- In addition, the business has also restricted the potential misuse of chloralose baits against wildlife by reformulating and re-packaging the product. Previous products were phased out during 2006.

