

# Rentokil Initial

Protecting People. Enhancing Lives.

Corporate Responsibility  
Report 2017



## Putting Our Values Into Action



# Welcome

## Welcome to the Rentokil Initial plc Corporate Responsibility Report for 2017.

A member of FTSE100, Rentokil Initial (“the Company”) is the global leader in commercial pest control and hygiene services and offers a wide range of additional services on a country or regional basis.

In 2017, Rentokil Initial received The Queen’s Award for Enterprise – International Trade; was awarded the title of Britain’s Most Admired Company for Business Support Services in the Management Today awards; and achieved a highly creditable 7th in the survey of Britain’s Best Company Workplaces by Glassdoor. We also retained our membership of the Dow Jones Sustainability World Index of leading companies - we are proud to have been included in this index every year since 2005.

Inside this Report you’ll find out more about our Corporate Responsibility (“CR”) priorities and performance in 2017 and over the past five years.

2017 was a year of great progress in many aspects of our CR agenda as we continue our journey towards establishing ourselves as a world-class services company and employer of choice.

Should you have any feedback or questions, please email:  
**[CSR@rentokil-initial.com](mailto:CSR@rentokil-initial.com)**



### Cover Image

In 2017 colleagues across India, Indonesia, Malaysia and South Africa undertook programmes to educate children and adults into the importance of good hand hygiene. Throughout this Report are other examples of how we put our values into action.

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### CR Policies

Our CR policies are available on our [website](#).



# Putting our Values into Action



## Safety First

Over the last five years, Rentokil Initial has enhanced its safety performance significantly with both the Lost Time Accident Rate (LTA) and Working Days Lost (WDL) metrics improving by around 50%. This performance continued in 2017 with an 8% improvement in LTA and a 28% improvement in WDL rates.

See page 17 for details.





# Putting our Values into Action



## Highly Motivated Colleagues

In 2017, as part of our programme to become a world-class employer of choice, Rentokil Initial undertook a confidential survey of all colleagues called Your Voice Counts. For the first time, both colleague engagement and colleague enablement were within the High Performing norm level of world-leading companies.

The results showed the Company's culture is characterised by highly motivated colleagues, interesting work that makes good use of colleagues' skills, innovation, being open to finding better ways of working, and that colleagues feel they have the tools they need to get the job done.

In 2017, Rentokil Initial was voted the 7th best company workplace in Britain, in a league table of 700,000 companies produced by independent review site Glassdoor, analysing reviews by current and former employees.

**See page 21 for details.**





# Putting our Values into Action



## A Diverse Workplace

In many respects, Rentokil Initial is by its nature a highly diverse workplace with colleagues operating in 70 countries across different cultures, and employed based on merit regardless of race, belief, age or educational attainment. We value equality and inclusion, and are committed to treating all colleagues with fairness, dignity and respect.

Our annual UK Gender Pay Gap Report showed a gender pay gap of -2% for hourly pay – which accounts for the majority of colleagues - versus the UK's average gender pay gap that stands at 9.1%, according to the Office for National Statistics (October 2017). 95% of colleagues globally do not believe there are any differences in opportunity for women or men at Rentokil Initial, according to the Your Voice Counts survey (see page 23).

In 2017, we also achieved our target to meet the recommendation made in the final Davies Review and in the Hampton-Alexander Review, which set a target of 33% female Board representation by 2020, ahead of schedule. The Company achieved this target in 2017, and now has three women on the Board out of nine Board directors. We have also increased the gender balance across our senior management population.

See page 26 for details.





# Putting our Values into Action

## Supporting Malaria No More

Since 2011, Rentokil initial has supported a small UK charity with, as its name suggests, a big ambition - Malaria No More. It costs about £1 to provide mosquito nets to save lives.

To date our colleagues have raised almost £180,000. In 2017, colleagues literally went to new heights – with charity parachute jumps, bike rides and marathon runs. Rentokil's Pestaurant 'bush tucker trial' style contest visited locations, including many schools, challenging people to eat a range of edible insects.

See page 49 for details.





# Putting our Values into Action

## Leading in Innovation for Customers

Innovation is in Rentokil's 'DNA' and underpins our brand positioning as 'the experts in pest control'. We continue to bring to market new innovations to meet the needs of our customers. Our innovation pipeline remains strong with over 70 active innovation projects, 20% up on 2016, and a record number of applications - 10 international and over 20 EU patent applications underway.

2017 launches included three high-quality products:

1. **Lumnia** - the first range of insect light traps to use LED lighting to reduce power consumption by up to 60%, compared to traditional units (below).
2. **RapidPro** - a powerful new substance to control mouse infestations.
3. **PestConnect** - an Internet-of-Things 24/7 monitoring device enabling more effective control of rodents (right).

See page 30 for details.





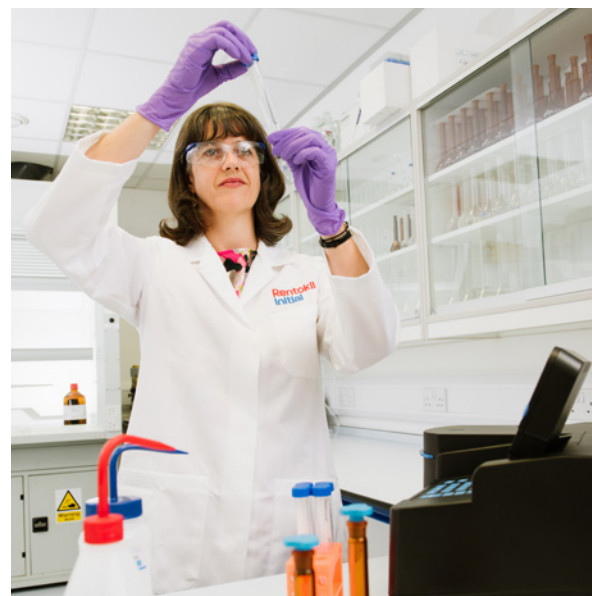
# Putting our Values into Action



## The Power Centre

Rentokil Initial's new science, innovation and training centre was opened in 2017 and strengthens the Company's technical capabilities significantly. The Power Centre includes extensive insect laboratories, five pest product test rooms, three training rooms accommodating over 60 people, and seven simulated on-site locations, training colleagues in areas such as a supermarket, hotel bedroom, commercial kitchen, office and loft space.

The Power Centre was named in honour of Stewart Power our Chief Marketing Officer who sadly passed away in 2017. We were honoured that The Power Centre was opened by Stewart's family. A poignant moment for everyone attending.





# Questions and Answers



**Andy Ransom,**  
Chief Executive of  
Rentokil Initial plc.

## Q. What pleased you most about the responsible business practices in the Company during 2017?

Looking back there are four main areas I'd pick out as representing outstanding performance, not just in 2017, but over the last three years:

- **We delivered our safest ever year in 2017** - with a further significant improvement in our safety KPIs - we are operating consistently at world class levels and looking after our colleagues better than ever. The Lost Time Accident rate improved by 8% in 2017 and Working Days Lost improved by 28% (year on year).
- **Colleagues are highly motivated and enabled** – in 2017 we undertook an all-colleague survey which showed that after several years of focus, for the first time, the levels of both colleague engagement and enablement are above the world-class High Performance norm (as measured by Korn Ferry Hay Group).
- **Leadership in innovation** – we launched several industry-leading products including PestConnect, RadidPro and Lumnia (a range of flying insect light traps which reduce the waste burden by using LED lamps and lowers power consumption by up to 60% in comparison to traditional units).

- **Launch of The Power Centre** – in 2017 we opened our new science, innovation and training centre following a £2m investment. This outstanding new facility will deliver a strong pipeline of new innovations and the best technical training in the industry.

I'm also delighted that in 2017 we retained membership of the Dow Jones Sustainability World Index of leading companies (having been a member since 2005), retained FTSE4Good membership and were named Britain's Most Admired Business Support Services Company.

Finally, it was a great honour to be awarded The Queen's Award for Enterprise – International Trade. This prestigious business award reflects the commitment of our colleagues and excellent progress we've made in growing our business - particularly in Pest Control and Hygiene - across 70 countries.

## Q. How much further can you take the improvements?

Our journey continues. While we have travelled a long way over the last five years, I genuinely believe that we have so much more to go for – both from a business perspective and in terms of our responsible practices.

For instance, our Pest Control and Hygiene businesses operate in attractive, growing markets; we continue to build our presence through a highly effective acquisition programme; and we have multiple opportunities to enhance the quality of the existing business, increasing colleague and customer retention, utilising digital tools and processes, and enhancing the skills of our colleagues.

Our Mission is to protect people and enhance lives. It is a responsibility that we take seriously every day across our 70 countries.

## Q. What progress have you made in 2017 in environmental management?

During 2017, our environmental performance continued to improve. During the year our greenhouse gas emissions intensity reduced by 1.6% and we remain on track to meet or exceed our five year target to reduce emissions by 20% by 2020. Our energy derived emissions have reduced by 21% since 2013.

## Q. The public health risks from the threat of mosquitoes remains high. What is Rentokil doing to help control vector borne diseases?

The increasing threat to public health from mosquito-borne diseases such as the Zika virus, West Nile virus, yellow fever, Malaria



# Questions and Answers

“Our Mission is to protect people and enhance lives. It is a responsibility that we take seriously every day across our 70 countries.”



and Dengue fever was widely reported in 2017. At Rentokil Initial we announced two major steps forward as we became the global leaders in mosquito control, building on critical work for the US Federal Government and Rio 2016 Olympics.

Firstly, we announced the purchase of Vector Disease Acquisition - North America's leading vector control company. This business has a highly experienced team of experts. Its capabilities include an aerial division with 14 aircraft operating out of four airports.

Secondly, we announced plans to establish a new global centre of excellence for mosquito control. This new working group will bring together our experts from around the world to consolidate and share best practice, support the innovation agenda, target new propositions particularly for public sector contracts, and pursue new control technologies.

I'd also like to pay tribute to those colleagues who have undertaken important mosquito control work around the world in recent years from Asia (where Dengue fever remains a significant threat) to the Caribbean, Latin America, Africa and other tropical regions.

**Q. During 2017 you acquired 41 companies. What actions do you take to ensure these operations match up your own standards for responsible practices?**

We take due diligence very seriously and have an experienced team of merger and acquisition professionals. Their job is to ensure that we get not only the right deal to create shareholder value but that any company we acquire or create a joint venture with, meets the standards that we set as soon as possible after we acquire them.

In the case of the joint venture with Haniel, creating a leader in the European Workwear and Hygiene market is clearly in the best long-term interests of colleagues, the Company and our customers, and I was determined that we would deliver the agreement that we set out to do, and do so respectfully. While in India, our agreement with PCI brought together around 7,000 colleagues from two high-quality businesses and I was delighted to read the report of our Indian colleagues' high levels of motivation (amongst the highest in the company), measured by the Your Voice Counts survey only a few months after the joint venture was delivered.

**Q. Do you believe that supporting charities is good for business?**

Yes. I believe that business has a responsibility to meet the needs of all stakeholders and that includes the communities in which we operate and charities we and our colleagues support. Malaria No More is a charity that we have supported since 2011 and to date we have raised £180,000 for this important cause that has a natural resonance with our company. Equally, in 2017, our colleagues in India and Indonesia delivered fun and engaging lessons in the importance of basic hygiene to over 1,100 children and about 2,000 adults.

I'd personally like to thank our colleagues for their commitment in 2017 to serving our customers, supporting each other and helping to enhance our communities.

During the year we received a great deal of external recognition (shown on the following page) and this is down to the hard work and commitment of our colleagues across the globe.

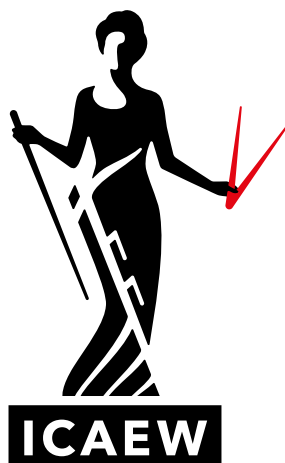


# Independent Accreditation and Recognition

During 2017, Rentokil Initial was recognised across the globe in areas such as service excellence, colleague training and development, workplace culture, international trade and mergers and acquisitions. Here are some of our awards.



FTSE4Good



**THE QUEEN'S AWARDS  
FOR ENTERPRISE:  
INTERNATIONAL TRADE  
2017**



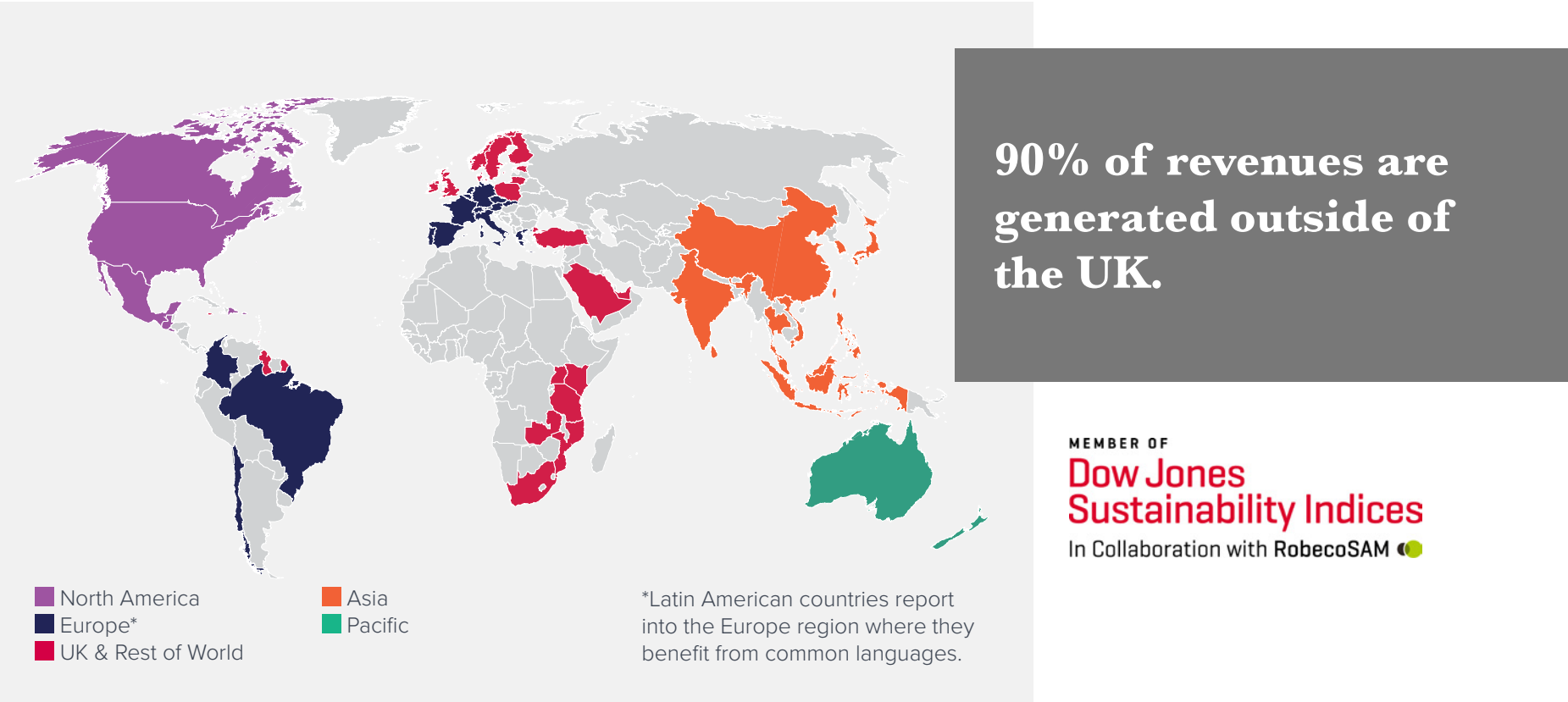
glassdoor

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM





# Company Overview



Rentokil Initial is the global leader in commercial pest control and hygiene services. The Company also offers a range of other services such as interior planting, scenting, brand standards auditing, medical waste disposal, workwear services, property care and insurance, and specialist hygiene services.

Ongoing Revenues in 2017 were £2.1 billion at constant exchange rates (an increase of 14.5% (CER) over 2016. This was driven by a combination of organic and acquisitive growth (including expansion in 24 countries).

90% of revenues are generated outside of the UK.

We are structured into five regions: North America, Europe, UK and Rest of World, Asia and Pacific. Each has its own dedicated management team. At a country level, operations are managed by local teams, focused on delivering outstanding service to customers.

## Economic contribution

Operating in 70 countries, Rentokil Initial employed an average of 36,036 colleagues in 2017 (2016: 32,150).

During the year, Rentokil Initial paid wages and salaries of £991.8m (2016: £892.0m) and the total cash tax paid was £40.1m (2016: £35.8m) on the reported profit before tax of £713.6m (2016: £208.5m). Employer social security contributions on employee salaries amounted to £136.6m (2016: £129.0m).

## Social contribution

Our two main service brands are Rentokil and Initial. With almost two million customers worldwide Rentokil Initial contributes socially to help improve public health, through protecting people from the dangers of pest-borne disease, protecting property from the damage caused by pests and reducing the risks of poor hygiene or injury in the workplace.

The Rentokil Initial Pension Scheme is one of the strongest in the FTSE350 and is fully-funded on an ongoing basis. We believe we are within the top 5% in terms of accounting funding position, relative to other FTSE350 and FTSE100 companies that have defined benefit pension scheme liabilities.

## Environmental contribution

Over the last five years, Rentokil Initial has reduced its energy and fuel derived emissions by over 21% and its water usage in its Workwear plants in France by over 11% (excluding European Workwear operations divested to CWS-boco during 2017).

Acknowledgements of the Company's corporate responsibility performance include accreditation in the Dow Jones Sustainability World Index, the Carbon Disclosure Project, the FTSE4Good Index, the Ethibel Sustainability Index Excellence Europe and the Open Corporation 2017 ranking in which the Company was placed in the top ten of global corporations.

2017 ongoing revenues and profits by category

	Pest Control	Hygiene	Protect & Enhance
Group Revenue	64%	19%	17%
Group Operating Profit	69%	20%	11%
Revenue	£1,328.4m	£402.5m	£362.1m
Profit	£239.8m	£71.4m	£37.3m



# Our Workplace Culture Model

Our ambition is to be both a world-class service company and an employer of choice, therefore our culture is critical to our success. Across our different businesses, our people share our mission, values and culture.

**Our Mission.** What we're here to do.

**Protecting People. Enhancing Lives.**

**Our Values.** The core things that underpin everything we do.

## Service

We are passionate about delivering excellent service to every customer.

## Relationships

We value long lasting relationships with our colleagues and customers.

## Teamwork

Our business is all about great teamwork – getting it right for our colleagues and customers.

**Our Culture.** What it's actually like to work with and at Rentokil Initial.

## Customer Focused

Firstly, we're a service company. We strive to meet our customers needs and our people go the extra mile to do so. We work hard to support our customers and each other. When things go wrong we put them right.

## Commercial

We employ smart people who help the company grow profitably by making good decisions that benefit our customers. We constantly seek out new opportunities for growth and ways to work more effectively.

## Diverse

We want our workforce to reflect the diverse customers we serve. We value everyone's talents and abilities and strive to attract, recruit and retain the best people from the widest possible pool of talent.

## Down To Earth

We don't like big egos. People who succeed with us are friendly, comfortable in their own skin, straightforward, constantly seeking to improve, open to new ideas and experiences and acknowledge the contribution of others.

## Innovative

We use the latest advancements to build an innovation pipeline that sets us apart from the competition. We embrace digital technologies that help us create new products and increase our efficiency.

**Our Measures.** How we make sure our culture is working.

## World Class Service Company

E.g. Customer Satisfaction, NPS, Trustpilot, Customer Retention

## World Class Employer of Choice

E.g. Customer Retention, Your Voice Counts, Employer Brand (e.g. Glassdoor), Diversity



# Our Business Model

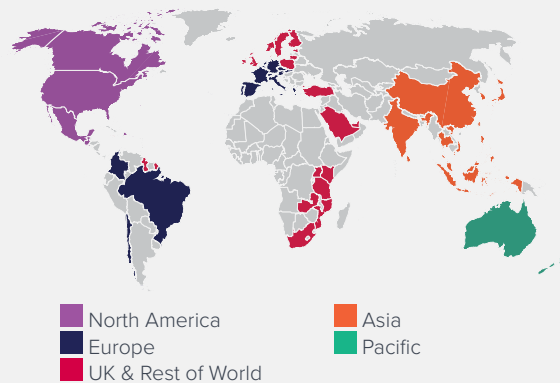
Following the significant progress achieved over the last 4 years, in 2017 Rentokil Initial evolved its business model to reflect the greater focus on Pest Control and Hygiene (now c.90% of group profits) and the financial model to compound growth, while retaining its five strong regional businesses, with a focus on colleague expertise, standard lean operations and leadership in innovation and digital. The Company operates over 1,800 local service teams covering 90% of global GDP and 90 of the world's 100 largest cities.

## Our Business Model

### Market-Leading Businesses

Pest Control	Differentiated IRR	
Focus: Growth and Emerging Markets	Growth	13%+
	Emerging	15%+
Hygiene		
Focus: Operational excellence		15% – 20%
Protect and Enhance		
Focus: Retention and enhancing profitability		15% – 20%

### Multi-local Operations across the globe



Over 1800 local services teams covering:

- 90% global GDP
- 90/100 largest cities
- c. 90% of revenues outside the UK

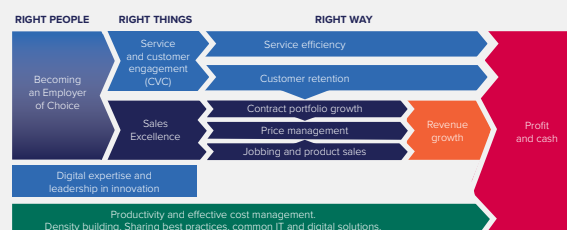
### Leadership in digital and Innovation



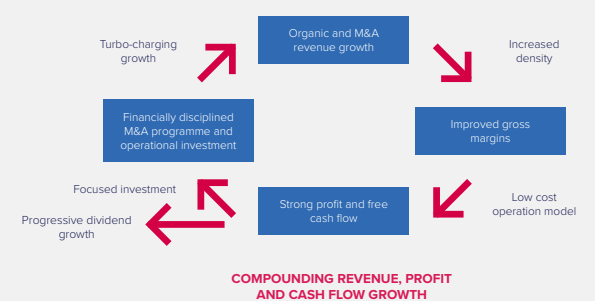
### Expertise of our People



### Consistent and Efficient Operational Model



### Financial Model to Compound Growth



### Medium-Term Financial Guidance

Ongoing Revenue growth: **5-8%**

Ongoing Profit growth: **c.10%**

Free Cash Flow Conversion: **c.90%**

Further details of our Business Model can be found in our 2017 Annual Report and also on our [website](#).



# UN Sustainable Development Goals

For Rentokil Initial, sustainability means helping our colleagues to have safe and fulfilling work lives, supporting our customers by developing and delivering products and services responsibly, and benefitting the environment in which we work by ensuring we act in the most effective manner. The following table shows examples of our actions to support sustainability and also identifies how these align to the UN’s Sustainable Development Goals.

The beneficiaries	Our actions	How they assist sustainability	Supporting the UN’s Sustainable Development Goals
Our customers	Introducing modular Airfresh units	Replace aerosol-based air fresheners in the UK	Climate action
	New Lumnia flying insect control	Reduces the waste burden by using LED lamps and lowers power usage by up to 50 - 60%	Responsible Consumption and Production
	Nordic Swan and Eco Flower labelling for hand wash liquids and foams	Eco-certified production to GMP (Good Manufacturing Practice standard for food processing and cosmetics manufacture) and HACCAP standards.	
	Nordic Swan and Eco Flower labelling for EcoClear WC & Urinal Fluid products	Less water consumption and more hygienic washrooms	
	New digital PestConnect with Google Cloud Solutions	Provides a better understanding of pest activity and the risk profile of customers’ sites	Good Health and Well-being
	Hygiene Connect	Improving handwashing compliance through the use of sensors in the washroom which combine results and present a compliance percentage for users to see on display units	
	myLearning	Digital learning portal for customers’ own employees, to meet their own regulatory compliance standards, particularly in the food processing sector.	
	RapidPro	Effective on mice that are resistant to traditional rodenticides and is faster acting than traditional baits - the safest option to avoid the risk of secondary poisoning of non-target species.	Life on Land
Our colleagues	Safety Golden Rules and Safety Leadership Behaviours	Building a safety culture within the company	Good Health and Well-being
	Technical training and development of U+ materials	Improving colleagues’ technical knowledge through sharing best practice	Quality Education
	Gender diversity initiative	Developing programmes to improve gender diversity and equality at all levels	Gender Equality
Our environment	Introducing route optimisation and engine mapping	Reducing our vehicle emissions	Climate Action
	Reducing chemical and water usage	Optimising resource utilisation, through our workwear supply management contracts	Responsible Consumption and Production

Further details can be found in the relevant sections throughout this Report.



# Health and Safety



# 8%

improvement in Lost Time Accident  
Rate (2017: 0.58 vs. 0.58 target).

# 28%

improvement in Working Days Lost  
Rate (2017: 11.65 vs. 13.65 target).



All five Regions with a Lost  
Time Accident Rate below 1.



Safety Leadership Behaviours  
launched in 2017 to establish positive  
behaviour amongst team leaders,  
supervisors and branch managers.





Our approach

Rentokil Initial’s health and safety approach comprises company-wide and country programmes, focusing on operational protocols and actions taken. Underpinning policies, featured on Rentokil Initial’s website, include the health and safety policy. The primary focus areas are where potential impacts are greatest, including workplace transport, working at height, fumigation and machinery safety.

Our Safety, Health and Environment (SHE) team is made up of group, regional and country leaders, reflecting regional cultures, legislation and operational capabilities. It establishes Companywide policies, programmes, learning and development and SHE initiatives. It also reviews businesses through the Countries in Focus programme that targets specific countries with unsatisfactory or deteriorating performance, or that are in the process of integration following acquisition or undergoing reorganization.

The SHE team reports to the Executive Leadership Team and to every Board meeting, where safety is always the first item on the agenda.

The operational approach is based around OHSAS 18001, and in 2017, operations in 9 countries (12.6% of total revenue) have formal OHSAS accreditation.

In 2017, Rentokil Initial continued to focus on its new Safety Golden Rules. Designed to foster a safety culture, they focus on the nine main operational risks with global standards. Supporting this programme, over 270 health and safety training modules (including language variations) were developed on the U+ online learning portal.

In 2017 a new set of Safety Leadership Behaviours was launched across the Company aimed at Level 2 and 3 colleagues - team leaders, supervisors and branch managers close to the frontline.

Safety is a core part of all acquisition integration programmes.

Safety performance in 2017

In 2017, Rentokil Initial delivered another year of good overall performance in safety with Lost Time Accident Rate (LTA) and Working Days Lost Rate (WDL) improving by 8% and 28% respectively, meeting or exceeding the year’s targets. Across the Company’s regional businesses there were good performances:

- Pacific: Excellent performance, delivered lowest regional LTA rate at 0.33 (an improvement of 64%).
- Europe: WDL improved by 30% and LTA by 2%. There were some outstanding performances across the Region, including Belgium, Portugal and UK Manufacturing, all reporting zero LTAs.

“In 2017, Rentokil Initial continued to focus on its new Safety Golden Rules. Designed to foster a safety culture, they target the nine main operational risks with global standards.”

Dean Wilson, SHE Director

Health and safety Indicators	2017	2016	2015	2014	2013
Lost Time Accidents*	0.58 (0.58 target)	0.63	0.76	1.00	1.12
Working Days Lost**	11.65 (14.40 target)	16.14	19.59	28.99	26.11

\* Lost Time Accidents – Work-related injury or illness to a colleague which results in them being absent from work for one day / shift or more per 100,000 hours worked across the company.  
\*\* Working Days Lost – Lost Time Accidents / 100,000 hours worked.



## Major incidents

Regrettably there were three fatal incidents in 2017, four in 2016 and two in 2015 – nearly all being road traffic incidents. In 2017, two involved collisions between our vehicles and pedestrians in the US and Indonesia, and one in Vietnam involving a motorcyclist. In the US, an Ambius service vehicle collided with pedestrians waiting for a bus in Chicago, one of whom later died, and a second was seriously injured. Our driver has been dismissed and he is subject to criminal prosecution for driving offences, as well as civil claims from the injured party and the family of the deceased. The legal processes are ongoing. No action has been taken against the Company. In Vietnam, a motorcyclist travelling in the same direction on a congested road collided with a Company service vehicle. The investigation in Vietnam showed the driver failed to keep a safe distance and the emergency services were not called (the motorcyclist said he did not require assistance, which the service team did not challenge). As a result of the investigation, the driver has been dismissed. In Indonesia, one of our technicians collided with a pedestrian in the middle of the road; the investigation showed that he had been exceeding the speed limit. A corrective action plan has been agreed with the Vietnam and Indonesia country operations, and the Asia region’s management. This included reinforcing the Driving at Work minimum standards. These minimum management standards are built on the three pillars of safe driver, safe vehicle and safe journey, and cover driver behaviour, vehicle standards and maintenance and work scheduling.

The Company is facing one ongoing prosecution in France as a result of a fatal accident in 2013 but did not suffer any prosecutions or fines related to health and safety in 2017.

## Long-term focus on Safety

Our health and safety performance has continually improved for Lost Time Accidents (LTA) and Working Days Lost (WDL). Particular effort is placed on the integration of acquired businesses to

ensure they adopt the same standards for health and safety.

Since 2013, the LTA rate has improved by 48%, and the WDL rate has improved by improved by 55%. The strategy that has helped to deliver this significant improvement is shown graphically below.

## Safety Leadership Behaviours

Across the Company operational managers perform a critical role to ensure that everyone goes home safe at the end of their working day. What managers think, say and do, and the way they lead their teams sends a powerful message to colleagues about how seriously they should take health and safety. This helps influence their behaviour and determine whether or not their work will be carried out safely.

To achieve this goal, a new set of Safety Leadership Behaviours (SLBs) were deployed in 2017, aimed at this important group of managers. These SLBs set clear management expectations and articulate the positive behaviours which must be practiced together with the negative behaviours which must be avoided.

To support the implementation, a series of short videos were produced showcasing some of these managers in action - demonstrating their commitment and explaining how they practice our SLBs. It was an ambitious initiative which involved contributions from over 50 managers around the Company.

Operational managers also have access to a self-assessment form that enables them to evaluate their own behaviours against these new SLBs and identify if there are any areas for improvement and development.

### Deployment in Latin America

Rentokil Initial operates in a number of Latin American countries including Brazil, Chile and Colombia. In each country the new SLBs were

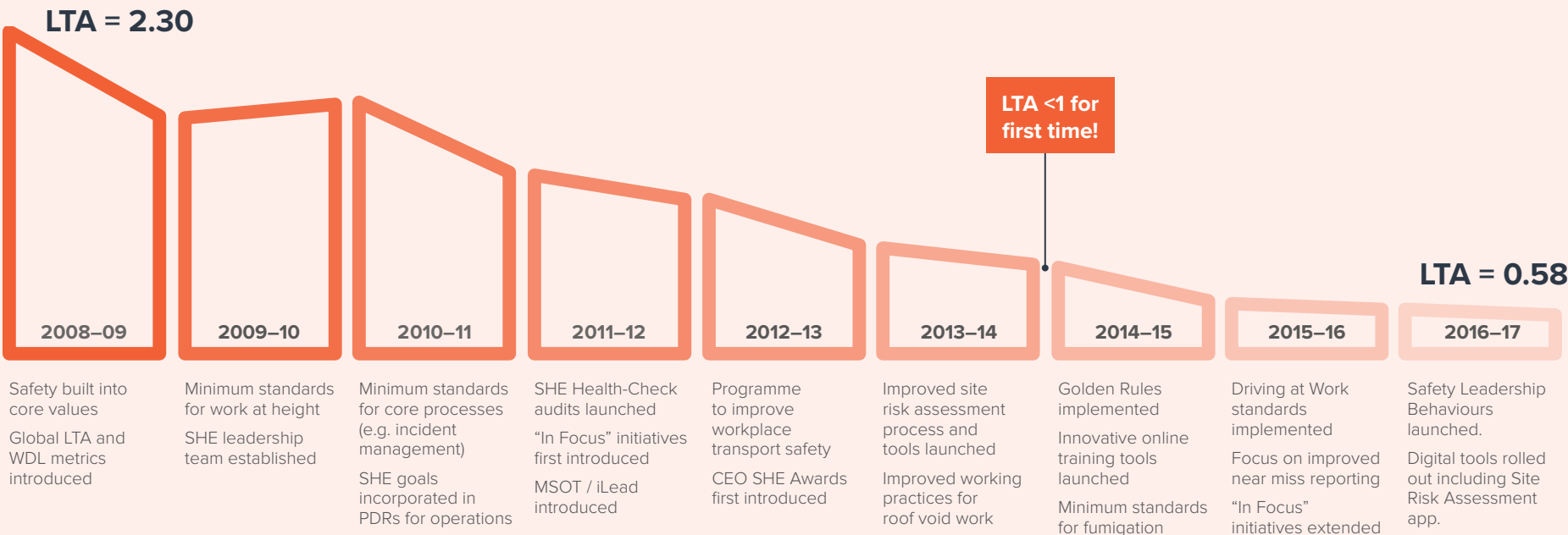
deployed with high-impact events with country leaders and managers leading the sessions. Each session was launched by the country General Manager and closely facilitated by Regional and Country SHE Managers. They ran for 2.5 hours requiring participation by everyone in attendance, using paper and video resources in the session format. The SLBs were discussed in mini workshops, identifying the benefits to colleagues, customers and the business. These workshops also helped to identify a wider range of SHE-related opportunities for improvement. Nearly 100% of leaders attended from across the region.

## Safety training

Supporting the SHE capability development, the SHE leadership team has produced an extensive portfolio of training courses for better management of health and safety which are available through the Company’s U+ platform. These include:

- **Dealing with major risks**
  - Driving at work
  - Vehicle inspection
  - Motorcycle safety
  - Thermal fogging
  - Working with explosive atmospheres
  - Safe working in roof voids
  - Ladder safety
  - Working at Height
  - Workplace transport safety
- **Improving effectiveness of critical risk control procedures**
  - Risk assessment
  - Success Is No Accident – Incident Management
  - Near miss reporting
  - SHE Health Check audit system

### Long-term improvement in Lost Time Accident (LTA) performance and key initiatives





## Driving at Work

As a route-based company - with approximately 17,500 vehicles and an estimated 350 million miles driven per annum - focusing on safe driving is a key SHE goal. New 'Minimum Standards for Driving at Work' have been implemented across the Company. These standards have increased focus on driver safety and are delivering improved driver and vehicle management. In support of these standards, a suite of new online learning resources was developed to support existing local driver training programmes. These resources include:

- **Vehicle Inspection** - a three-part video which highlights the importance of vehicle inspections and demonstrates what items should be checked on a daily, weekly and monthly basis.
- **Motorcycle Safety** - a video which explains the key responsibilities for any colleague who rides a motorcycle at work and provides a range of best practice tips on how to become a safer rider.

A model driver handbook and collision metrics have been rolled out. In addition, vehicle telematics systems have been fitted to approximately 4,000 vehicles to help improve driver behaviour and improve fuel efficiency. We have also tested driver behaviour apps and mobile blocking technology which we expect to deploy in 2018 in several lead markets.

## Visible leadership in Asia

In Asia, the leadership team took the importance of visible leadership on safety to a new level in 2017 with Management Safety Observation Tours (MSOT) being undertaken by everyone including the Regional Managing Director. The Regional executive team undertakes the programme every six months and the country leaders every quarter.

MSOT is included in the Region's leaders' annual performance review objectives. The scheme demonstrates commitment, helps to build a strong safety-first culture, and instils and reinforces safe behaviours. Examples of observations included the senior team in the field checking vehicles with the drivers to ensure the vehicle passes all criteria such as wear on tyres and gaps in cargo hold partitions. Action is taken immediately on any concerns identified.

## Manual Handling Training in Pacific

Often as part of the job of technicians in Pest Control, Hygiene and Plants, colleagues are required to lift and handle heavy goods. As part of the programme to prevent injuries at work, the SHE Pacific Region team introduced a range of practical training programmes in 2017 to improve manual handling. This was developed in partnership with a specialist external partner. The programme covered all manual handling work and created an understanding of the importance of moving correctly throughout the working day. Colleagues were demonstrated the correct way to perform basic movements like balancing, reaching, twisting, lifting, carrying, pushing, pulling and gripping. One-on-one interaction with the external coach ensured colleagues were aware of what behaviours they need to change once they left the training room. Colleagues were provided with a coaching kit to support implementation and follow-up, and Manual Handling incidents pre and post training were reviewed to determine the impact of the programme. As a result, a training module was developed on U+ for incorporation in the Company's induction programme.

## Managing risks associated with blood borne infections

In New Zealand in 2016, the operation was fined for failing to prove it had taken all practicable steps to prevent a colleague from contracting Hepatitis B. This highlighted the importance of implementing effective arrangements for managing and maintaining accurate records relating to the risks associated with blood-borne infections.

An evaluation in other Hygiene and Medical businesses covered vaccination programmes, record keeping and current working practices (provision of PPE, training etc.). This found that many countries already have occupational health procedures in place which offer vaccinations to colleagues who are at risk from needle stick injuries. However, it also showed that working practices vary across the Company with some smaller countries not having a vaccination programme in place and others where record keeping could be improved.

In late 2016, a SHE alert was issued to communicate the key learning points from the prosecution in New Zealand, particularly the importance of good record keeping (in New Zealand the colleague had declined the offer of vaccination, but no record had been kept).

As a result, in 2017, action was taken to implement a suitable vaccination programme in smaller countries, adopting existing best company practices in relation to training and the provision of PPE and work equipment This work continues in 2018.

These actions extended beyond current occupational health procedures, but the Company believes safe working practices are essential to prevent exposure to blood borne infections.

## Reducing needle stick injuries in the UK

As an unfortunate feature of modern society, the Company's UK Hygiene business is seeing an increase in the disposal of used hypodermic needles in sanitary and nappy disposal units serviced by colleagues. These needles pose a significant risk of blood borne disease if anyone is subjected to skin contact. In 2017 the UK Hygiene business introduced a new awareness programme to protect colleagues with a new operational procedure called 'See it - Stop it' and personal protection equipment.

This involved sharing information at branch meetings and the senior leadership roadshow and the production of a powerful new video. Featuring three colleagues using their own words, the video showed the personal impact on them and their families of a needle stick injury.

Vaccinations are available to all technicians in Hygiene service and sales roles. Arrangements are in place with local NHS walk-in clinics and on-site treatment options for all Hygiene

branches. Participation in the programme has steadily increased following the release of the awareness video.

The new 'See it, Stop It' procedure is to quarantine the unit; inform the customer about the issue; provide a replacement unit and give the customer information sheets and contact details for a specialist needle removal company.

To ensure colleagues' personal protection, needle stick-resistant trousers are mandatory for all Hygiene technicians as are needle stick resistant gloves when carrying out work with feminine hygiene and nappy units. While at the branch, heavy-duty aprons and 'grabbers' are used to move the units and bags.





# Workplace



# 4%

point improvement in colleague engagement and enablement vs. 2015. Now at High Performance norm for the first time.

# 2.5m

c.2.5 million items of online training completed (2016: 337,785).

# 9,200

technical training days delivered in the UK (2016: 2,900).



No pay gap exists in the UK (0% mean and -2% median).



## Glassdoor reviews of Rentokil Initial 2017



4.3/5

Glassdoor average: 3.3/5



“In 2017, Rentokil Initial was 7th in the list of Britain’s Best Workplaces, according to independent reviews on Glassdoor, which covers c. 700,000 companies.”

Vanessa Evans, Group HR Director

## Our approach

Rentokil Initial is committed to workplace best practices and providing equal opportunities for all colleagues. It recruits, appoints and promotes based on merit, and has clear guidance in its Code of Conduct to ensure it maintains the highest standards of conduct.

What we expect from colleagues and what colleagues can expect from the Company is set out in its Employee Value Proposition, first published in 2016 and updated in 2017.

To ensure worldwide consistency, the global HR functional community is responsible for developing company-wide workplace policies – available to colleagues via the intranet and corporate website. Global policies are evaluated against best practice, while Regional and Country HR Directors take responsibility for policies falling under local legislation.

### Focus areas

Rentokil Initial is committed to becoming a world-class Employer of Choice and a strategy has been developed focused on six key objectives. These are to:

- Develop effective and robust succession planning and leading-edge development of our talent pipeline, taking into account the importance of diversity
- Improve short-term retention through the Focus 365 programme
- Create and deliver, internally and externally, an Employee Value Proposition to attract, recruit, train and retain committed frontline staff

- Improve people data, systems, reporting, insight and processes
- Understand, respond to and offer solutions to changing business needs
- Create, articulate and embed the Company’s reward philosophy

To support this strategy, a common Employer of Choice data dashboard was introduced in 2017. This includes a suite of HR metrics measured by all country operations on a monthly basis to ensure improved business understanding and improve planning, with a focus on three priorities – recruitment, retention and line manager capability.

These metrics cover applicants per vacancy, time to hire, internal promotions, external recruitment costs, gender profile, numbers of colleagues and use of contractors, and rates relating to retention, absence, and voluntary and involuntary turnover.

For 2018, targets have been established based on the dashboard, with short-term retention a particular focus given the potential for value creation.

## Workplace culture

In 2017, Rentokil Initial was selected as the 7th best workplace in Britain. It was also judged 8th best overall for workplace culture. The awards focused on the workplace culture and leadership development and was the result of research conducted by professional management body, the Chartered Management Institute, and job site, Glassdoor, based on reviews by present and former colleagues.

Part of the engagement programme with colleagues includes the Your Voice Counts global colleague survey and colleague forum meetings with colleague representatives, including the European Works Council.

The Company communicates with its colleagues via several channels including its global magazine which is distributed via email, the intranet and locally printed copies in six languages, the extensive use of its intranet (3.4 million views in 2017) and internal social media where around a thousand communities share information and news, as well as recognising achievements.

In person, branch meetings take place regularly across the business and this is another opportunity for communications to be shared. ‘Town hall’ meetings for departments are another regular feature as well as annual conferences at country and regional level.

See page 14 for the Company’s Workplace Culture model.



Focus 365

Rentokil Initial has a culture of long service - 55% of colleagues have worked for the Company for more than 5 years with 14% having served for more than 20 years, based on responses from the YVC survey. Nevertheless, each year the Company recruits more than 10% of its headcount. This is in addition to those people who join each year through acquisitions - in 2017 the Company acquired 41 companies.

During the year, Focus 365 was launched, designed to enhance short-term retention through enhanced recruitment, induction and local management focus. The programme is measured through a standard KPI dashboard presented at the monthly regional management meetings with the Chief Executive.

To improve recruitment and induction, a number of tools were developed in 2017. For instance, new colleagues are surveyed after 30 days, 60 days and 90 days to ensure a smooth start to their career with the Company. A new psychometric tool has been tested in South Africa to ensure those people joining match the characteristics of best performing colleagues, and a new online presence has been developed for launch in Q1 2018 which will enhance the understanding of Rentokil Initial and key roles before candidates apply.

Learning and development

As part of the Company’s ambition to be both a world-class employer of choice, the Company invests significant focus and resources globally in the learning and development of colleagues and managers.

Skills development

A key focus of the learning and development activity is to support and equip colleagues around the world to develop the skills they need to outperform in their roles. To enable this, the Company’s award-winning online learning system ‘U+’ is the key platform for supporting colleague development and is now available in 26 languages across the businesses.

In 2017, U+ has continued to go from strength to strength and the use of the platform has grown across the business by 55% with an average of over 25,000 content views per week. In 2017, colleagues accessed over 2.5 million courses, videos and assessments through U+. This included the new Corporate Compliance curriculum, which in 2017 was rolled out globally to all managers.

The Company has continued to drive the use of mobile technology to support development and, in 2017, 25% of content views through U+ took place on mobile devices - an increase from 15% in 2016.

Use of online learning is supplemented with a range of programmes around the world aimed at building the key skills colleagues need to succeed. For example, the European Sales Academy programme has been in place for over 3 years and plays a critical role in developing the commercial skills required to drive growth in this region. In Asia, the Functional and Technical Excellence programmes have been instrumental in building our capability across the region in sales, service and customer care.

Your Voice Counts

Introduced globally in 2010, the Your Voice Counts colleague survey is undertaken biennially to provide every colleague across 70 countries a confidential opportunity to provide feedback on workplace culture, leadership, customer focus, development and line manager performance.

In 2017, a new record response rate of 87% was achieved, well above average according to Korn Ferry Hay Group (KFHG) the survey provider.

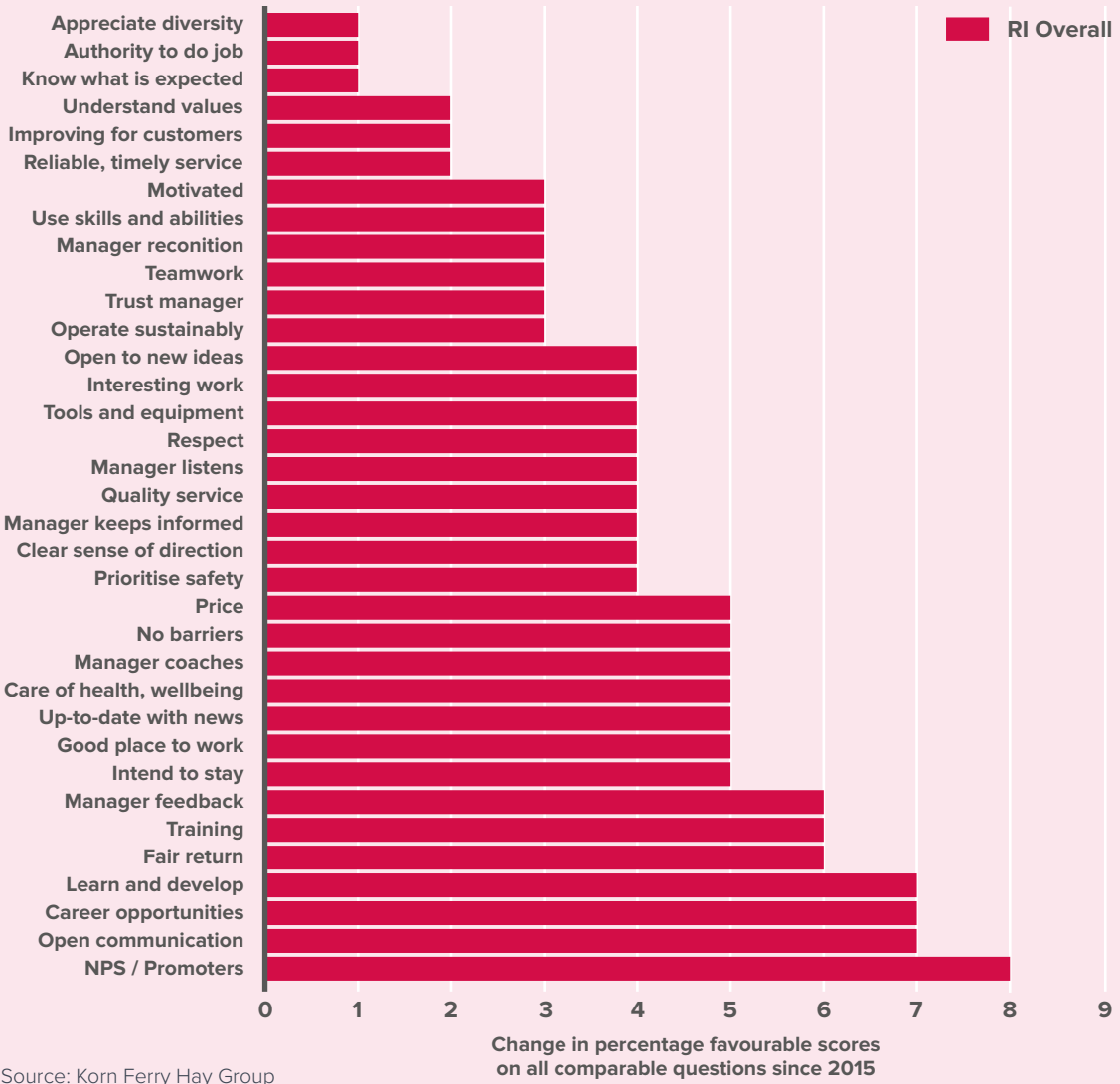
Responses were evaluated independently by KFHG and results fed back to colleagues with more than 2,000 local action plans developed by managers.

Above the world-class High Performance norms

The results from the 2017 survey showed very strong colleague engagement and colleague enablement levels which, for the first time, were both above the global KFHG High Performance norms. Other areas of particular strength were:

Question Area	High Performance norm
Company is open to new ideas	19 points above
Finding better ways to meet customer needs	17 points above
Company is innovative in developing products	13 points above
Motivation of colleagues	7 points above
Loyalty	8 points above
My job makes good use of my skills	9 points above
My job provides interesting work	6 points above
Clear link between performance and pay	6 points above

Improvements in colleague experience since 2015





U+ has a governance system to ensure learning plans align to business requirements. Its global learning and development community ensures U+ benefits are maximised in every country, while an in-house content development team ensures fresh content is available to match precisely to Company and colleague requirements. It can monitor and report in detail on training completion rates, supporting strong governance and compliance standards, and quick and effective global roll-outs of training modules.

Around 700 items of digital learning have been developed by the in-house content team - including Pest Control and Hygiene technical, Compliance, Health and Safety and Induction programmes. At the same time more than 900 items of training have been created and uploaded by users globally - including systems and technical training.

An analysis of active users of U+ showed they had 18% greater product knowledge, 4.2% higher revenues and significantly more positive attitudes towards the business than non-users, as recorded in YVC.

Technical skills training

In the UK, the Technical Academy is integrated within U+, offering professionally accredited technical training, assessment training and field consultant support to a wider range of service colleagues. 9,200 technical training days were delivered in 2017.

For Rentokil, there is a 3 level induction programme for new recruits, representing 46 days training in the first year (equivalent to nearly £6,000 of the first year’s salary spent on learning and development, excluding training costs). For existing technicians, seven days are spent each year on learning and development

(representing nearly £900 of salary per person, excluding training costs).

To assess the effectiveness of training, in the USA there is an Annual Competency Exam as part of the Continuing Education programme for Pest Specialists (this is the fourth year this has been in place). All Pest Specialists are expected to sit the exam, regardless of career level. The Annual Competency Exam provides insight in terms of how individual specialists, and districts regard training and also how to recognise potential talent or provide additional support.

Apprenticeships

The Company actively recruits apprentices and provides structured training for them to enter the world of work, particularly in the UK and Europe. In the UK, there are nearly 120 apprentices with the majority employed in Pest Control. It utilises Arch Apprentices in the UK, to provide a third party infrastructure to broaden the pool of apprentices that is available for recruitment.

Pipeline of future leaders

In 2017, the Company rolled out a new targeted approach to talent management and development in order to ensure it has the leaders needed for the future to deliver its strategy and ensure continued high performance.

It has established a number of global and regional talent pools comprising over 100 individuals whom the Company believes have the leadership potential to take on significantly bigger roles in the future. Individuals within these talent pools receive intensive and accelerated development designed around their individual needs:

- The global Executive pool is comprised of individuals with the potential to take on the most senior leadership roles in the Company;

- The global Managing Director pool includes individuals with the potential to lead businesses around the world;
- The global fast-track pool is comprised of individuals currently in more junior management / individual contributor roles who have the potential to be senior leaders of the future.

At least once per year, the succession plans are reviewed by the Executive Board and the Board. 70% of the successors for Executive Leadership Team and Senior Leadership Forum roles are now included in one of the talent pools with a significant investment and focus being put into their career development.

Developing world-class managers

In 2017, the global leadership and management development curriculum was refreshed to ensure managers at all levels have the capability to lead high performing teams.

The content of the award-winning Living Leadership programme (running since 2011) was refreshed in 2017 to focus on developing the skills for driving high performance and building the commercial acumen of managers.

The Managing the RI Way programme is deployed around the world to provide supervisors and team leaders (many of whom are in their first line-management role) with the skills and knowledge they need to manage their teams effectively.

Managing the Matrix is a highly experiential programme aimed at supporting colleagues working in functional roles in driving change, managing complexity, influencing and delivering innovation. So far, in 2017 this programme has been rolled out to 90 colleagues across the Group Marketing and Innovation function.







The Commercial Leadership programme is designed to help managers build an improved understanding of the financial and commercial levers that drive business performance. This programme has been delivered across the global talent pools and to leaders in the UK business.

The Managing High Performance programme involves a series of interactive workshops, currently being rolled out globally, to help leaders hold effective performance coaching, goal setting and development conversations with their teams to both increase engagement and deliver business results.

The Company is already seeing benefits from this increased emphasis on talent development. The focus on developing leadership and management capability across the Company has seen an increase in the YVC engagement survey results around the questions relating to the quality of line managers, which now benchmark significantly above the norm for high performing organisations.

**Graduates**

Graduate recruitment and development is important to the overall management development approach. Over the last five years, the UK scheme which covers general management and finance management roles, has recruited 200 graduates. Roles include Field Biologist, Digital Marketing Assistant, Finance, Key Account Manager, Surveyor, Team Leader and Technician. In 2018, a new graduate programme will be launched that will create career paths in key functions such as Finance, HR and Marketing & Innovation.

**European Works Council**

The longest standing meeting with colleague representatives is the European Works Council (EWC). Held every year, it includes representatives from the 19 country operations across the European Union, and subjects for discussion include the Company’s pan-European performance and future plans as well as corporate responsibility matters. As appropriate the Council’s agenda will include discussions on major changes to pan-European operations. As well as discussions with the EWC, the Company meets or exceeds, where possible, its obligations regarding dialogue with its country-level Social Partners.

This was the case with the joint venture with Haniel that occurred in 2017. As well as discussions with the EWC the Company met or exceeded its responsibilities with country works councils, for instance, receiving a recommendation for the joint venture from the Works Council in Belgium. Similarly, a major consultation took place in France with unions, works councils and health & safety committees in connection with the disposal of eight laundries in September.

**Speak Up**

Rentokil Initial operates a confidential reporting system called Speak Up which allows colleagues to raise concerns. It is available worldwide, with international free phone numbers and an email address. Details of numbers of incidents reported via Speak Up are reported in the Governance section on page 52.

**Employing colleagues from the Armed Forces**

Rentokil Initial in the UK is a signatory of the Armed Forces Covenant and offers an ex-military recruitment programme. The Company’s career transition partnership has recruited 31 ex-forces colleagues in the UK.

**Full and part time working**

Given the very specialist job requirements, especially for service colleagues, as well as the extensive training provided via U+, the employment profile of colleagues is heavily weighted towards full time employment. As an example, in the UK, including both operations and group functions, 92% of colleagues are employed on full time contracts.

**Maintaining a Responsible Workplace Culture**

**Setting clear standards and policies**

New colleagues undergo a global induction and compliance programme via U+ to ensure they achieve the highest standards of professionalism and conduct and are embedded in the Company’s culture.

Available in local languages, the interactive programme includes an Induction module, which features sections on Rentokil Initial’s values, the RI Way and promises to colleagues and customers, as well as a specific section about local information, allowing country specific



personalisation. In addition, there are four compliance modules covering the Code of Conduct, Anti-Bribery and Corruption, Competition Law and Securing Information & Protecting Privacy. These were revised and updated, using the in-house Content Development Centre, in October 2017, to provide a more Company-specific, mobile device-compatible curriculum, to increase efficiency of delivery to a predominantly route-based workforce (colleagues can complete short modules during breaks in their day when on the road, without needing to be pulled in to branches for classroom-based training sessions).

Fostering a diverse and inclusive culture

A key strategic aim of the Company is to be recognised as a world-class Employer of Choice that is able to attract, recruit and retain the best people from the widest possible pool of talent. Therefore, it is committed to creating a diverse and inclusive working environment for all colleagues through at all times striving to be an organisation that values everyone’s talents and abilities and where diversity is encouraged.

The Company wants its workforce to reflect the diverse nature of the business environment and markets in which it operates and the customers that are served. It strongly believes a more diverse and inclusive workforce will boost its financial performance, enhance its reputation, support innovation and increase colleague engagement. In 2016, the Company established a diversity programme to promote and foster greater diversity levels, to deliver stronger business performance and create competitive advantage.

In 2017, it introduced a separate Board Diversity Policy and significantly revised and updated its Group Diversity and Inclusion Policy for the start of 2018 to ensure an even greater focus on this area and to drive the right actions to deliver improvements on diversity and inclusion in all forms.

Having strengthened the focus on diversity, progress has been achieved throughout 2017 in a number of areas.

The new Board Diversity Policy reaffirms the Company’s commitment to meeting the recommendation made in the final Davies Review and in the Hampton-Alexander Review on improving gender balance in FTSE leadership, which set a target of 33% female Board representation by 2020.

The Company achieved this target in 2017, with three females out of nine Board directors. The Board further meets the recommendation of the Parker Review on improving the ethnic diversity of boards, with the recruitment of a BME background director (Linda Yueh) in November, ahead of the 2020 target.

The new Company Diversity and Inclusion Policy explicitly outlines and makes public the Company’s commitment to improving the gender mix of its senior management team (representing direct reports to the Executive Leadership Team, excluding non-managerial, administrative and support staff). In 2017 female leaders represented 27% of the senior management population (24% in 2016). The percentage of women in the Executive Leadership Team remained unchanged at 10%.

To further support the focus on improving the gender balance of the senior management population, work is being undertaken to enhance the pipeline of future female senior leaders. Global succession plans feature a number of female candidates and there is a focus on developing female leaders of the future. For example, the current Corporate Graduate Scheme comprises 56% female participants and the global fast-track programme, aimed at developing individuals in junior management roles who have the potential to move into senior leadership positions, includes 40% female participants.

In keeping with the Company’s desire to attract and recruit the best people from the widest possible pool of talent, it has committed to work only with executive search firms who have signed up to The Enhanced Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. Any search firm engaged to assist the Company in identifying candidates is specifically directed to include a diverse range of candidates.

Pay data shows that across the UK business, no pay gap exists between male and female employees (0% mean and -2% median). This is supported by the most recent Your Voice Counts survey, which showed that globally 95% of colleagues believe that we do not preclude male or female colleagues from having equal opportunities to succeed.

In addition to gender, in a number of areas of diversity, such as national origin, the Company has a strong track record that underlines its commitment to creating a workforce that reflects the diverse nature of the markets in which it operates and its customers.

Fact file

Gender global profile (% of females in post):

- Board: 33%
- Senior managers: 27%
- Total workforce: 27%

Gender pay gap (based on UK colleagues):

- Mean pay gap: 0%
- Median pay gap: -2%

Full details of the Company’s gender pay gap information can be found on the [website](#).





## Supporting wellbeing

In 2017, the UK operation launched its new Employee Assistance Programme. This offers colleagues support, information, advice and specialist counselling covering legal and financial matters, medical concerns, family issues, consumer rights and relationship issues. It is a free, confidential service that is available online or on the telephone at any time day or night. The service also offers practical guidance to help colleagues stay physically and mentally healthy. In addition, managers can also access support and guidance to help them with their role and guidance on how to approach difficult conversations with colleagues and how to encourage a colleague to self-refer to this support service.

In France, where there is a legal requirement to record numbers of colleagues with disabilities, 5.4% of the workforce have some form of disability. There are extensive programmes to ensure their specific needs are accommodated to ensure they are effective and comfortable in their workplace.



### Rajesh & Suresh (pictured above and left)

Rajesh Solanki and Suresh Saidane are entokil Initial technicians at our Vadodara branch in Gujarat. Challenging their disability to speak and hear through dedication and hard work, they have become the technicians of choice for their customers.

Rajesh is an expert in Termite treatment and handles some of the major B2B customers for Rentokil India. Suresh is an expert in both Termite and Cockroach treatments in the residential sector. While delivering the service they write down recommendations on a piece of paper and use hand signals help customers to understand. Most of their regular customers communicate back with Rajesh and Suresh through writing and in the case of any difficulty their service supervisor, who is also able to communicate in sign language, is available for clarification.

## Taking a responsible approach to acquisitions and divestments

In February 2017, Rentokil Initial became the largest pest control company in India by creating a joint venture between its existing operations in India and PCI Pest Control. The joint venture, owned 57% by the Company, operates from over 250 locations and employs 7,000 colleagues. Given the country's climate, demand for higher standards of hygiene and growing middle classes, this business has significant growth prospects.

Shortly after the agreement was in place, the Board visited India to underline the business's importance, to meet with customers and engage with colleagues. In September 2017, seven months after the agreement was implemented, the Your Voice Counts survey was undertaken

which found that over 90% of colleagues in the new venture were proud to work for Rentokil Initial and would recommend it as a good place to work.

Also, in 2017, Rentokil Initial established a joint venture in Europe with Haniel. This combined both companies' workwear and hygiene operations in 17 European countries through an innovative agreement to drive shareholder value creation and build a European business with the scale to succeed in highly competitive markets. Approximately 2,500 colleagues transferred to the new joint venture from Rentokil Initial following the conclusion of detailed discussions and consultation with works councils in each country.





# Marketplace



# 97.8%

high level of state of service  
maintained (2017 target: 95%).

# 20%

increase in innovation pipeline.

# 100k

c. 100,000 users of  
myRentokil in 30 markets.





“Since 2015, the Company’s capital expenditure on research and development has increased by around 18%.”

Gary Booker, Marketing, Innovation and Strategy Officer

### Our approach

The primary service categories are in Pest Control and Hygiene services for commercial customers through the Rentokil and Initial brands. Both businesses are global leaders in their respective fields. Some regions offer additional service categories, such as an interior plants service through the Ambius brand as well as medical, property care and specialist hygiene services. All operations are route-based enabling technology and know-how to be shared, while the point of service remains focused on expertise within the speciality.

In North America, the Company has two Pest Control product distribution companies (Target and Residex), while Steritech Brand Standards (acquired in 2015) provides food safety and operational assessments for the restaurant, grocery and supermarket, convenience store, and retail store sectors. In 2017, we also acquired North America’s largest provider of vector control services to join forces with existing operations and expertise for example on mosquito control, for the US Federal Government and Rio 2016 Olympics.

A range of customer-related policies determine consistent delivery of service standards. Company-wide policies and training relate also to competition and anti-corruption laws including gifts, bribes and facilitation payments, as well as insider trading, IT security and data privacy.

There are also common customer service and satisfaction measures and training programmes adopted globally. Rentokil Initial uses its Customer Voice Counts (based on the Net Promoter System) to assess customer satisfaction with its products and services. All operations are required to

undertake this programme, and for newly acquired businesses it is an important aspect of their integration into the Company. Over 110,000 calls were made to customers in 2017 asking them to score on a ten point scale the service they receive from the Company.

Each country operation develops an approach to responsible customer management appropriate to its market. Rentokil and Initial Medical Services have their quality management systems certified to ISO 9001, as do the Workwear cleanroom processing plants in France (also certified to ISO 146441-1, meeting pharmaceutical customer requirements). The Company’s two UK manufacturing sites – Rentokil Initial Supplies and Dudley Industries - are SEDEX registered, enabling customers to manage ethical and responsible supply chain practices.

The central Marketing and Innovation function works alongside country operations to coordinate development of the Company’s service offering and its marketing, building differentiation through Intellectual Property. Programmes are governed through Category Boards consisting of senior operational and functional colleagues, chaired by the Chief Executive. The Company invests in innovation and service improvements to exceed customers’ expectations. Work is undertaken in-house, and in partnership with expert third party organisations including universities.

### Focus areas

The Company’s focus areas are: Innovation, digital platforms; quality of products and services; and product stewardship and regulation.

### Innovation pipeline

Rentokil Initial’s innovation pipeline remains strong with an increase of 20% more innovation year on year. Since 2015, the Company’s capital expenditure on research and development has increased by around 18%.

To optimise the effectiveness of product development, during the year the Company opened The Power Centre (named after Stewart Power, Chief Marketing Officer, who died from cancer in 2017). The Power Centre combines the Global Science Centre with its main technical training centre. In the latter, rooms are laid out exactly as they may be in customers’ environments, including a hotel bedroom, a food production area, and a room where physical violence has occurred (requiring cleaning by the Specialist Hygiene teams). This combination ensures not only that technicians can be trained on ‘real life’ scenarios but also that new products can be tested in the same environments.



## Innovations in 2017

Innovations in 2017 included:

### Lumnia

The world’s first commercial range of insect light traps to use LEDs was developed in partnership with a leading manufacturer of LED lighting to produce a lamp specifically designed to target a broad range of flying insects. It has now been launched in 31 countries.

In addition to the benefits of using LEDs, the unit has different lighting settings to suit the specific requirements of a customer location, with an active lighting mode that adapts its output according to the ambient lighting levels on customers’ premises. Its high effectiveness is coupled with a reduced waste burden (with no fluorescent tubes) and a reduced power consumption of up to 60% in comparison to traditional units.

As with all Rentokil products a full set of competitor products was tested to ensure that Lumnia’s performance claims could be fully backed up by science-based evidence.

Further product development is now underway using second-generation LED lamps and an extension of the range.

### RapidPro

A new faster-acting rodenticide that is the most effective bait targeting mice infestation.

The new product, for use by professional service technicians, was developed by the Company’s rodent behaviour specialists and biologists through extensive research and testing to achieve the optimum formulation for palatability and efficacy. RapidPro is effective on mice resistant to traditional rodenticides and is faster acting than traditional baits - taking less than 1 day to work compared with up to 3-4 days. This leads to faster control of mice infestations. Because it is rapidly metabolised, it is also the safest option to avoid the risk of secondary poisoning of non-target species. To date, authorisations for its use have been received for all European countries except Portugal.



### PestConnect

Rentokil Initial is working in collaboration with Google Cloud Solutions, PA Consulting Group and other best-in-class partners, to develop ‘next generation’ services to offer customers new levels of proactive risk management against the threat of pest infestation. This collaboration brings together Rentokil’s pest control expertise, Google’s core infrastructure, and PA’s expertise in the use of the Internet of Things and the Cloud Platform.

PestConnect is a new digital pest control service using connected devices with embedded sensors and mobile connectivity. When a pest such as a rodent is caught, the technician is automatically alerted while customers are kept informed through myRentokil, the industry’s leading online portal. This allows a rapid response to emerging problems onsite before they take hold and enhances productivity by directing activity to where it is most needed. The devices provide continuous status information such as the quality of the mobile signal and battery life. Overall, this enables a more effective and efficient pest control service.

In 2017, further product development took place to extend the reach of PestConnect devices fourfold resulting in improved operational efficiency for customers with large sites. To date, PestConnect has been deployed in more than 10 countries with over 50,000 connected devices in the field.

Working in hand with PestConnect is the Company’s online Command Centre, launched in 2017. This internal tool visualises the Company’s Internet of Things estate of devices in the field to enable it to drill down into data from all countries to a single country, customer site and individual connected device.

For each device, the Company has sight of its location in a customer’s premises (via a floorplan) and can view its current real-time status as well as its entire history (catch history, signal, battery, preparations used and service record). Over time, through the use of the Google Cloud platform and QlikSense technologies, the Company will use ‘big data’ analysis to identify patterns and trends, enabling local teams to optimise the service provided. It has already started to use this data to support its innovation agenda - providing a deep insight into pest behaviours in real customer situations.

FASTER,  
BETTER  
MOUSE  
CONTROL

Get your business back to normal - fast.



Rentokil







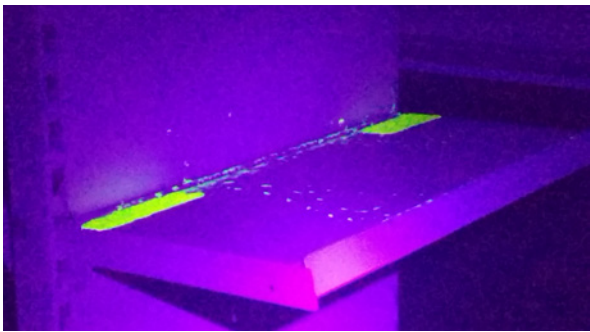
New tracking gel on test at The Power Centre

Heat treatment

Heat treatment is a highly effective means of tackling insect infestation. The Rentokil team has developed the next generation of heat pods, designed to be lightweight, easy-to-use, low-cost and less labour intensive with six heating panels using nano pulse technology. The product is safely managed by a Bluetooth connected tablet for simultaneous management of several pods.

Tracking gel

Often being able to track pest movement is vital to being able to deal with infestations effectively. In 2017 Rentokil launched a new tracking gel which the technician ‘paints’ onto possible migratory areas – including more difficult to view areas such as rafters – and then views the tracks using ultra violet light torch. This product allows for more accurate placement of traps and proofing, and a visible aid to understand the scale of an infestation.



High performance, odour-neutralising air care for an enhanced washroom experience



Hygiene developments

New Air Care products have been added to the portfolio - ECOBreeze and GENIE were launched globally. Also, the latest version of the Hygiene website was launched with 21 new pages with 69 pieces of content that drove a 34% increase in visits. Additions to the Signature range included a 17.5L female hygiene unit and a Horizontal Toilet Roll, as well as improved design for the Air Fresh Fan.

Product and Service Quality

Training for customers

myLearning is the Company’s online learning portal designed to offer easy to access relevant interactive courses and videos for customers. There are over 4,000 customers using the portal (up from 1,200 customers in 2016). This portal features training courses to assist customers to meet their own regulatory compliance standards, particularly in the food retail and food processing sector. Modules are available 24/7 and the system is accessible via PC, laptop or tablet.

The Company’s in-house development team is continuing to develop a range of sector-specific eLearning content with more than 50 customer training modules available currently and more in the pipeline for 2018. For instance, the PestAwareness courses include Bedbug Awareness - training for hotel owners and managers - and general Pest Awareness training for small business owners. Some are already available in multiple languages.

While meeting the needs of industries such as hospitality, myLearning Bed Bug training is now available in Polish as well as English and includes personalised certificates, to provide due diligence. A Hospitality hub, aimed at hotels, restaurants and commercial kitchens, helps customers to train their own workforce to best practice standards in hygiene matters – a critical prevention issue for the food industry. A new series of modules covering Pest Basics was launched in the USA to provide continuing education credits for our Target Speciality Products’ customers.





Taking the content to schools

As a spin-off from myLearning, the Company in 2017 also developed a bespoke online curriculum for school pupils in the UK. Available through the portal, these eLearning courses and videos align to the UK education standards. Over 50 UK schools are accessing this learning.

Digital expertise

Innovative use of technology allows the Company to operate more efficiently and frees colleagues to spend more time with customers. High quality digital tools and processes are available to colleagues including initial contact through effective web channels, a digitally supported sales process, digital services, customer portals and e-billing.

Across the world, the Company operates websites that provide customers with product and service information and practical advice. In 2017, the Rentokil web platform received over 15million sessions – over 40% up on prior year. The Company’s “my” series of customer portals - myRentokil, myInitial, myAmbius - provide easy access to key information for customers such as audit reporting, eBilling, myLearning integration, LiveChat and myAdmin functionality. Sixteen new deployments of these portals were launched in 2017, and there are now c. 100,000 users. The Company’s ambition is to have all commercial Pest Control customers with myRentokil by the end of 2019 – providing them with greater transparency of service and access to information.

The majority of colleagues are now smartphone enabled. Technicians use Google Hangouts to consult with colleagues and enable rapid advice on customers’ difficult issues. The use of the Speed Mapper App (developed in-house) allows technicians to check key customer locations and their service level agreements. It reduces drive time, and improves customer service levels, enabling an extra call a day. The Speed Reporter App (also developed in-house) provides technicians with ‘pre-written’ text. They can produce reports as they tour sites, emailing them to the customer before leaving and improving service quality. In 2017, the Service Quality Audit (SQA) app was introduced in North America as a part of Customer Service Quality Programme (CSQP). This enables technicians conducting field audits, servicing the customer using the SQA app on a tablet.

Customer service

In 2017, Rentokil Initial’s state of service delivery stood at 97.8%, a slight increase on prior year and ahead of the target of over 95%. The Company also measures customer satisfaction through its Customer Voice Counts (CVC) survey. Performance is reviewed quarterly at all management levels and is a key customer measure for the company. In 2017, customer satisfaction was in line with that achieved in 2016 (an NPS score of 42).

Independent reviews of service

In the UK, Trustpilot provides customers with an independent forum to review customer service. At the end of 2017, UK businesses had over 3,000 reviews, with each business rated great or excellent (score of over 9.0 out of 10).

TRUSTPILOT



Rentokil Pest Control UK  
Reviews (674) • Excellent  
★★★★★



Rentokil Specialist Hygiene  
Reviews (467) • Excellent  
★★★★★



Peter Cox  
Reviews (598) • Excellent  
★★★★★



Rentokil Property Care  
Reviews (287) • Excellent  
★★★★★



Initial Washroom Hygiene UK  
Reviews (1,142) • Excellent  
★★★★★



Initial Medical  
Reviews (178) • Excellent  
★★★★★



Product stewardship and regulation

Safe use of the Company’s products is a major consideration in developing new services. Training and safety information sheets are available online for each product.

The regulatory focus continues to be to support new product developments in achieving regulatory approval in the major Pest Control markets and the ongoing support for existing professional and consumer rodenticides and insecticides under the European Biocidal Products Regulation. In 2017 Rapid Pro was launched across our European territories, the renewal process for Bromadiolone and Difenacoum based products was supported and the development of a new range of consumer rodenticides has been submitted for regulatory approval. In 2017, the European Parliament voted to extend the scope of the EU Carcinogens and Mutagens Directive to include reprotoxic substances. This led to the decision to reclassify rodenticides as reprotoxins.

The Company continues to participate in trade associations and industry bodies to support regulatory policy and has played a central role in the CRRU (Campaign for Responsible Rodenticide Use) organisation in the development and implementation of rodenticide stewardship in the UK.

Where practical, products are changed to maintain a reduction in environmental impact. Examples include the Lumnia fly killer and the introduction of Modular Airfresh units replacing aerosol-based air fresheners in the UK. The Company buys industrial mats from Milliken for a number of its European operations. These mats use nylon from Econyl which is 100% regenerated from waste materials such as fishing nets. Similarly, for packaging used in the Company’s manufacturing operations, a pallet liners project involved reducing the thickness of the paper sheets to store products, leading to Ireductions in materials used.

The Company does not use any substances included on the Stockholm Convention on Persistent Organic Pollutants (POPs) list. It



fully supports removal from use of hazardous chemicals. Its activities focus on urban pest control (rather than use of agricultural pesticides). Urban pest control is highly targeted, minimising contamination of the ecosystem. It uses only registered products, assessed and approved by regulatory authorities for safe use. Whilst the hand wash products manufactured by the Company contain surfactants derived from palm oil or palm kernel oil, all the raw materials are sourced from chemical companies such as BASF and SASOL (through local distributors) with declarations stating the raw materials have been sourced from members of the Roundtable on Sustainable Palm Oil (RSPO).

Rentokil’s products such as AutoGate and AutoGate Connect have been specifically designed to limit the impact of toxic baiting on non-target species. Rentokil Initial Supplies has developed smaller rodent monitoring blocks (RodentAlert) which are easier to use and produce less waste. RapidPro, a Chloralose-based mouse bait serves to reduce anticoagulant rodenticide usage across the Company’s operations.

Each Rentokil operation has an Authorised Product List - as well as determining the procedures for using products like chemicals, this list also includes procedures for using equipment like drones and laser pens. In June this year, the Regulatory team completed the production of over 1,400 Classification, Labelling and Packaging (CLP) Safety Data Sheets in a wide variety of languages and uploaded them on to the brands’ website to comply with the EU’s REACH deadline for the CLP regulations.

Intellectual Property

During 2017, good progress was made to protect the Company’s innovations:

- 10 Patent Cooperation Treaty (International) patent applications in progress
- 24 European applications made for AutoGate and Bed Bug monitor
- International patent applications were granted in Singapore and Europe for Bed Bug monitor
- 3 new EU design applications were made

Setting industry-wide standards

Rentokil has been active in supporting the development of new industry professional practices and standards. It was instrumental in the publication of the new European Standard for pest management services (EN 16636), to improve the quality of services. This contains clear requirements and guidance for service providers to ensure they deliver high-quality professional services while minimising risks to human health and any negative environmental impacts. Providers seeking accreditation to the standard require assessment before joining and then at subsequent 18 month intervals.

Rentokil is actively involved with a number of trade associations including BPCA, CRRU, BACS and Cefic. It has played a lead role in the set-up of the UK product stewardship programmes for anticoagulant rodenticides (led by CRRU),

to change pest control behaviour for rodent control in the sectors where widespread use of rodenticide occurred by users who were not professional pest controllers. This programme is well underway and the impact of the measures that have been put in place will start to be seen.

In 2017, Rentokil announced a strategic partnership with BRC Global Standards to help customers mitigate their risks throughout the food industry. It involves ongoing collaboration and development of new initiatives including the creation and adoption of new products, services, industry best practice and Standards. For three years Rentokil Initial has also been a major sponsor of the Global Food Safety Initiative where food industry companies can meet to share best practice on food safety, including pest control.



# Environment



# 21%

emissions reduction since 2013.

# 11%

improvement in vehicle  
fuel efficiency since 2013.



Sustainable product innovation  
pipeline e.g. Lumnia LED insect  
light trap range and RapidPro.



2017 Accreditation: Dow Jones  
Sustainability World Index, Ethibel  
Sustainability index, CDP and  
FTSE4Good.





MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

### Our approach

The Company’s environmental focus is to ensure more efficient resource usage to reduce environmental impacts (including emissions, water and energy consumption). The principal emissions are derived from vehicle fuel consumption.

In 2017, the Workwear plants and associated Hygiene operations in 10 European countries joined with CWS-boco to create a new business with scale to compete in highly competitive European markets (with the Company retaining an 18% stake). The reduction in emissions and water usage in these workwear plants has been a major focus for the business over the last nine years and this has resulted in reductions to the end of 2016 of 25% in emissions and 36% in water usage since 2008. As a result of this transaction, the Company’s overall emissions fell by 15% (based on 2016 data).

Also in 2017, Rentokil initial in France divested 8 laundries, mainly flat linen, which operated primarily in the healthcare sector.

Water and emissions reporting continues on a consistent basis for the remaining Workwear plants in France and the Hygiene mats processing plants in the UK. Global emissions reporting on a five year basis now excludes those country operations that are part of the CWS-boco JV to ensure consistent reporting.

Accountability for environmental matters lies with country management teams, given differing operational requirements in each country and service categories. However, where common

practices exist globally, such as vehicle management, accountability for developing environmental responsibility for initiatives lies with the Operational Excellence team.

Responsibility for product development-related environmental initiatives lies with category teams within the Marketing & Innovation function and responsibility for supplier-related environmental initiatives lies with Group Procurement and Supply Chain.

Policies relating to the environment are company-wide. Reviewed regularly by the Safety, Health and Environment leadership team, its focus is on establishing local business protocols and approaches relevant to each business. Operations in 11 countries have environmental management systems certified to ISO 14001, representing 13.3% of total revenue.

There were no fines, penalties or settlements reported in 2017 involving the Company in relation to environmental incidents.

“

The Board has set a new target to reduce emissions by 20% by the end of 2020.

”

Daragh Fagan, Company Secretary

### Emissions target

Following the successful achievement of the Company’s five-year emissions target (set in 2011) for a 10% emissions reduction by 2016 (derived from property energy and vehicle fuel) the Board set a new five year emissions target for 2020. This represents a 20% reduction in emissions from the beginning of 2016 (based on the Company’s index of emissions normalised against revenues at constant exchange rates).

Under this new target, 11 country operations (representing over 81% of all the Company’s emissions in 2017) are setting their own energy reduction targets for the period up to 2020. Over time, other country operations (including newly acquired operations) will be tasked with energy reduction targets.





## Environmental reporting

The Company has received accreditation and membership of the Dow Jones Sustainability World Index of leading companies since 2005. In 2017 it scored 63% for climate strategy and 76% for environment policy/management systems. For its submission for the 2017 Carbon Disclosure Project, the Company was ranked in the C performance band. Rentokil initial is also a member of the FTSE4Good.

### Carbon Reduction Commitment

The Company’s UK operations report property-based emissions via the Carbon Reduction Commitment Efficiency Scheme. This reporting excludes locations registered for Climate Change Agreements. The latest period covered is April 2016 to March 2017 and shows UK carbon emissions of 2,344 tonnes of CO<sub>2</sub>e (3,144 tonnes for 2015-2016).

## Environmental efficiency

Rentokil Initial reports its environmental efficiency performance against the following measures:

- a carbon emissions index (below);
- energy efficiency indices for property energy and vehicle fuels (below);
- Workwear and Hygiene processing plants - water consumption; energy efficiency; and normalised emissions (next page).

## Emissions 2017

Rentokil Initial reports on tonnes of CO<sub>2</sub>e in its annual report and accounts, using 2017 DEFRA conversion factors for fuels, gases and UK electricity, and International Energy Agency conversion factors for non-UK electricity generation.

Rentokil Initial also reports on the intensity value of its emissions, relating emissions values to its activity levels – in this case at constant exchange rates to provide accurate like-for-like performance comparison, removing currency variations. The table (below) shows the five-year index of intensity values and a 1.6% improvement in 2017.

In 2017, the Company’s absolute greenhouse gas property and fuel-derived emissions (excluding those country operations divested into the joint venture) increased by 11%, while Ongoing Revenues increased by 14.5%. The table (below) shows absolute emissions (split by scopes) derived from property energy and vehicle fuels over the past five years (based on data collated from all the countries in which the Company operates – data for the Steritech acquisition was excluded in 2015 as it was then in an integration process).

In addition, Rentokil Initial reports on fugitive gas emissions. A scoping exercise in 2013-14 assessed HFCs leakages from air-conditioning and refrigeration units, confirming HFCs leakages represented less than 0.5% of the Company’s

total 2012 emissions. Consequently, these were and continue to be considered non-material for reporting.

The use of Sulfuryl Fluoride has grown to become a more significant contributor to Rentokil Initial’s emissions following organic and acquisitive growth in North American operations in past years. This gas is a substitute for Methyl Bromide, banned under the Montreal Protocol because of its ozone depleting properties (although its carbon emissions are dramatically lower than Sulfuryl Fluoride). The gas is used in large fumigation contracts against highly destructive pests such as termites. Consequently, there are year-on-year variabilities in emissions, and in 2016, a major contributor was the acquisition in USA of a business that specialises in structural fumigation of entire buildings.

For 2017, absolute emissions derived from use of Sulfuryl Fluoride are 481,390 tonnes (2016: 720,322 tonnes; 2015: 612,310 tonnes; and 2014: 850,883 tonnes), which indicates the variability in customer demand. Studies, such as Barnekow and Thoms, indicate there is no suitable fumigation alternative to Sulfuryl Fluoride approved currently by regulatory authorities. However, the Company’s Innovation team is actively looking into alternatives to Sulfuryl Fluoride with chemical manufacturers, but with no conclusions as yet.

### Emissions, energy and fuel efficiency – intensity values

Indicators	2017	2016	2015	2014	2013
Index of energy and fuel derived CO <sub>2</sub> e emissions per £m turnover at CER*	78.7	80.0	88.7	98.6	100.0
Index of property energy consumption - thousand KWH per £m turnover at CER	57.55	65.18	77.98	104.01	100.0
Index of vehicle energy consumption - thousand litres per £m turnover at CER	89.12	88.25	94.15	95.64	100.0

### Absolute values of energy and fuel derived emissions – tonnes of CO<sub>2</sub>e

Type of scope	2017	2016	2015	2014	2013
Total scope 1	166287	151164	145947	149578	148033
Total scope 2	17239	14331	15337	20076	17684
Total scope 3	40953	36436	34777	35203	34971
Total outside scope	3887	3405	3178	3032	3063
<b>Total - all scopes &amp; outside scopes</b>	<b>228366</b>	<b>205337</b>	<b>199238</b>	<b>207889</b>	<b>203751</b>

\* Index of CO<sub>2</sub> emissions – calculated as an index of kilograms per £m turnover on a constant exchange rate basis, providing an accurate like-for-like performance comparison, removing the variables of currency and divestments and acquisitions.



Textile plants indicators	2017	2016	2015	2014	2013
Kilogrammes of CO <sub>2</sub> emissions per tonne processed	259.75	271.11	286.66	294.58	306.81
Water usage per unit washed – litres used per kilogramme	7.69	7.56	7.88	8.35	8.62

### Processing Plants

In 2017, the Workwear plants in France and Hygiene (mats) plants in the UK reduced their emissions by 4.2% (see chart). This continues a five-year trend of improvement, through the use of technology and developing responsible behaviour, including collaboration with suppliers in a joint approach to managing energy as well as waste and detergent consumption.

In France, of the total water consumed in the washing processes, 78% came from ground sources such as boreholes, with the remainder from supplies provided by municipal utilities, whilst in the UK, 100% is sourced from utilities. The water intensity indicator rose by 1.7% in 2017, largely due to product mix changes, although since 2013, this indicator has improved by nearly 11%

### Initiatives to reduce our environmental impacts

#### Waste reduction: Hygiene product recycling in Europe

In addition to improving energy and water consumption efficiencies in the Workwear plants in France, there is also a focus on waste management.

In the French Workwear plants, there is a rigorous waste separation programme. Ordinary industrial waste and reformed textile waste are sent to landfill, whilst some of this waste can be recovered for remanufacturing or reuse, as can cardboard, paper and clothes hangers, together with wooden pallets, plastics, lamps and ink cartridges. Some ordinary industrial waste and reformed textile waste are also sent for incineration and or used for energy recovery (depending upon facilities at individual plants). The table below shows the percentage of waste by each destination, and the overall waste volumes, based on data from 18 French workwear plants, with total waste being 1,685 tonnes in 2017 and 1,474 tonnes in 2016.

In another waste management initiative in France and Italy, an initiative is underway to substantially reduce the metal and plastic waste burden within our Hygiene washroom business. This involves establishing facilities to refurbish dispensers rather than buy new units.

The French Hygiene business commenced refurbishing returned dispensers in 2017, at a rate of about 25,000 per annum, operating out of 3 locations, with a fourth to be opened in 2018. On average about 51% of dispensers are suitable for refurbishment. The business will start to refurbish electrical product such as Air Hand Dryers and Electronic Fly Killers in 2018. A similar operation has been opened by the Italian Hygiene business, although at about one sixth the size of that in France, and achieving on average about 31% refurbishment.



France workwear plants - destination of waste %

Destination of waste	2017	2016
Sent to landfill	23%	36%
Recovered for remanufacturing	19%	25%
Reused	27%	22%
Used for energy recovery	9%	7%
Incineration	23%	10%
Total waste in Kgs	1,685,152	1,474,214



More efficient driving

With a global vehicle fleet of approximately 17,500 vehicles following the 41 acquisitions in 2017, vehicle emissions represented 83% of the Company’s energy derived emissions in 2017 with this increase from 68% in 2013 being due largely to expansion in its Pest Control businesses, which are route-based and vehicle-intensive, as well as the reduction in workwear processing energy usage following the creation of the European joint venture with CWS-boco.

Rentokil Initial has introduced a range of various programmes including using technology and influencing driving behaviour to deliver improved vehicle efficiency.

These include the continued implementation of route optimisation software. In 2017 there was continued focus on improving route optimisation through acquisitions close to existing locations, smarter selling and deployment of new technologies such as Service+ routing and scheduling system. In addition, both North America, South Africa and Europe have deployed the Trimble driver telemetry system. This in-cab system feeds back to drivers information about their driving behaviour, helping colleagues to achieve better safety and fuel consumption.

More efficient fleet

Over the last four years, the UK fleet size has increased given the growth of the business from 2,033 vehicles (cars and commercial vans) in 2014 to 2,418 vehicles in 2017, but the proactive choice of more efficient vehicles has meant that the amount of CO<sub>2</sub> per km driven has been reduced. Car emissions reduced from 113g per km in 2014 to 102 in 2017 and commercial vehicle emissions from 166g per km in 2014 to 162 in 2017.

In the UK, from 2018 the Company’s core fleet choice list will be focused to achieve a sub 110 g/km list with continued focus and aim on further reduction to deliver business benefit and lower benefit in kind tax payments for colleagues. Rentokil Initial remains ‘class leading’ on the Company’s leasing partner’s benchmark peer group. The combination of introducing more efficient fleet and more efficient driving initiatives has resulted in an improvement in vehicle fuel efficiency of nearly 11% over the past five years – see table (page 36).

Delivering property efficiencies

Over the last three years, Rentokil Initial has consolidated its property portfolio through co-location, resulting in improved property energy efficiency. In addition, improvements in operational geographic density have been achieved through focusing its acquisition strategy on businesses operating in the same areas, enabling co-location. This programme continued across the Company in 2017 with particular emphasis on integrating the newly-acquired businesses in the USA and the separation of the retained Rentokil Initial operations in Europe from the CWS-boco joint venture after the transaction.

The impact of the Company’s initiatives to co-locate operations, including integrating businesses acquired in the same areas has resulted in an improvement in energy property efficiency of over 40% over the past five years – see table on page 36.

Reduced product and operational environmental impacts

The Company’s Eco-Label accredited range of soaps and washroom equipment is designed to ensure customers have environmentally-accredited products delivering reduced environmental impacts. Recently it gained Eco-Label accreditation for its Eco-Clear urinals solution that combines a water management device and patented urinal sleeve that contains bio-enzymes penetrating uric acid, salt and scale, preventing build-ups and eliminating foul odours. The specially designed water manager enables up to 90% water saving without affecting urinal hygiene levels.

In UK operations, electronic invoicing began to be rolled out during 2016, achieving 40% of all invoices by the end of 2017 (35% in 2016). Also, launched in 2017, in New Zealand and Australia, myPA allows paperless administration for sales colleagues.

UK fleet data

	2014	2017
Vehicles	2033	2418
Car emissions per km	113g	102g
Commercial vehicle emissions per km	166g	162g

Digitalisation in Indonesia

With over 10,000 smartphone-enabled employees, Rentokil Initial has begun to introduce a series of Apps - Field Service and Field Sales – that are used by the technicians to record the service visit e.g. start time, services performed, customer recommendations, customer signature and end time. The global deployment is underway and is expected to complete in Hygiene and reach c. 50% of technicians Pest Control in 2018.

In Asia, the Company has c.65,000 digital customers and over c.1,200 technicians trained and enabled with ServiceTrak. In Indonesia, the Hygiene business has been transformed into a paperless, efficient, digital business.

Rentokil Initial Indonesia started to digitalise the business in 2015 through pilot implementation of ServiceTrak in Hygiene. By the end of 2017, the Indonesian operation has successfully equipped all 300 Hygiene technician with smartphones and the ServiceTrak App, and will continue to equip another 1,000 Pest Control technicians with ServiceTrak in 2018.

The ServiceTrak App is automatically linked with the Company’s back office systems and customer portal (mylnitial) for a seamless, paperless customer experience.

Its deployment has improved Hygiene technicians’ productivity by c. 10%, reducing resouces deployed and lowering costs which the operation has committed to benefit and enhance the Better Future community health initiative in 11 provinces in 2018.





# Supply Chain



# 92%

of critical suppliers of Hygiene products audited on a four-year rolling performance-based cycle.

# 87%

of critical suppliers of Pest Control products audited on a four-year rolling performance cycle.





### Our approach

The three key elements of Rentokil Initial’s Supply Chain Management are product quality, service delivery and delivered cost. These are delivered through the robust implementation of the following governance procedures:

- Rentokil Initial Supplier Standard - which specifies the standards of product quality, factory governance and delivery performance as well as adherence to environmental, social and governance standards;
- Procurement Policy - setting minimum mandatory standards for procurement globally with best-practice guidelines with standard templates for supplier contracts; and
- Warehouse Management and Inventory Control - covering minimum mandatory standards and best-practice guidelines for the receipt, storage and despatch of products, from technicians’ vans to national warehouses.

The Supplier Standard covers all company-wide procurement managed by the Group Procurement Team and has been phased in by local operations. There are also supply chain related policies, including the Anti-Corruption, Dignity at Work and Human Rights policies.

All supply chain contracts include anti-bribery and corruption clauses. Rentokil Initial has published its Modern Slavery Statement (available on its [website](#)) in accordance with the requirements of the UK’s Modern Slavery Act 2015. This statement covers policies, contractual practices and due diligence processes undertaken in its Supply Chain management.

The Company achieved tier 5 (the top 30) in the assessment of the actions reported in FTSE100 companies’ Modern Slavery Statements by the Business and Human Rights Centre.

Supply Chain expenditure covers capital investment (rental equipment) and consumables. It is managed through the Group Procurement team in the three strategic categories of Pest Control, Hygiene, and Protect & Enhance. The latter includes the global Ambius business, Textiles in France and UK Property Care. Smaller purchases are managed at a local level. There are four main routes for product supply:

- Unique hardware and equipment - including Hygiene products such as feminine hygiene units and soap dispensers, and Pest Control products such as Insect Lights Traps and tamper-resistant bait boxes. The Company sets the design and specification, validated by the Global Science Centre to ensure compliance with international regulations. Suppliers are regularly audited by approved Factory Auditors against the Supplier Standard.
- Branded equipment - sourced from world standard reputable manufacturers e.g. Dyson hand dryers and Bayer/BASF pesticides. These suppliers are audited on an ad-hoc basis when quality issues arise.
- Consumables such as paper, soap and pest control chemicals - including unique products which have been developed for use only in the Company’s equipment and generic products which are sold across the industry. All products are tightly monitored, and supplier audits are conducted to ensure compliance with international regulations, quality standards and performance specifications.
- Textile products - split into products for Initial Textiles in France (garments and flat linen) and standard products for Hygiene (linen towel rolls and mats). These products are often sourced from the developing world. A high degree of compliance auditing by internal and external auditors ensures adherence to ethical standards.

“The Company achieved tier 5 (the top 30) in the assessment of the actions reported in FTSE100 companies’ Modern Slavery Statements by the Business and Human Rights Centre.”

Brian Webb, Procurement Director

Key corporate responsibility risk areas lie with the procurement of textiles from low-cost countries, the compliance of electrical equipment to global standards and the application of chemicals in the pest control business. Opportunities exist to drive sustainable practices and improvements through supplier partnerships and robust in-house operating procedures.

The Group Procurement and Supply Chain Team is responsible for direct and indirect group procurement, product quality and service delivery, and in-house manufacturing facilities. Training, including environmental, social and governance matters, is developed through U+ and rolled out across the Company. Performance appraisals for the quality managers include criteria such as lower quality defects, and the global consumer complaints system (targeting outstanding complaints to be followed up within a week).

68% of direct spend is in the Pest Control category, which is dominated by the North American business which makes up 58% of the total. Hygiene equipment and consumables make up a further 17% of the direct spend. The remaining 13% is in the Protect & Enhance category, which now includes Workwear, which is significantly lower than last year following the implementation of the joint venture with CWS-boco.



## Classification to focus on Critical Suppliers

The Group Procurement Team reviews annual global spend for major businesses and tracks supplier numbers by category and spend. There are two in-house factories in the UK which manufacture hardware and consumables products for the global business and an in-house workwear company which supplies garments and flat linen to France. These internal suppliers provide c.6% of the direct products to the Company (by value).

Direct external suppliers are classified into three groups, on a risk-based approach:

- **Critical Suppliers** - defined as those supplying unique products to multiple Company markets which have a long lead time to substitution if required. They account for 33% of the direct spend although they make up only 2% of the total number of suppliers
- **Major Local Suppliers** - specific to individual countries but represent a significant proportion of each country's category spend and have been identified as preferred country suppliers. These suppliers account for an additional 39% of the spend, and 4% of the number of suppliers
- **Tactical and Minor Local Suppliers** - used on an ad-hoc basis, often at customer's specific request. This category includes 93% of suppliers but makes up only 16% of the direct spend.

## Supplier audits

Detailed audits of Critical Suppliers are conducted by the European Quality Manager, against the Company's Supplier Standard. This includes all potential new suppliers' manufacturing sites, and subsequent existing suppliers. Audit frequency is risk based, considering the criticality of the product, the risk profile of the country of manufacture and the previous audit results, and varies from a one to four-year audit cycle. Suppliers receive a Corrective Action Plan within two days of the audit and must return an initial response within two weeks. Major non-compliances require immediate correction, and updates on other actions are followed up at the appropriate times with photographic evidence of actions taken, or revisits carried out if required.

Major Local Suppliers are audited by regional Quality Managers (trained by the Global Product Quality Manager). These audits are carried out against the Supplier Standard. Non-critical major suppliers are reviewed using the audit questionnaire but without a site visit unless required in specific circumstances.

### Pest Control Products

The major spend in Pest Control is on rodenticides, insecticides and various preparations used to control the multiple varieties of pests encountered around the world. Most of these are branded chemical preparations that are manufactured by global chemical supply companies such as BASF and Bayer. The Rentokil Initial Supplies (RIS) factory in the UK manufactures specialised rodenticides and other preparations which provide a competitive edge over the market, for example the new RapidPro rodenticide.

This category includes the procurement of hardware and equipment such as rodent bait boxes, electronic light traps and bird protection devices. These are designed and developed by the Company's Marketing and Innovation Team and sourced externally from specialised suppliers or manufactured in-house where this offers a competitive advantage.

All critical suppliers who manufacture Rentokil branded unique products are audited on the four-year cycle. The global chemical companies who supply their own brand of preparations are not included in the audit cycle as they have their own highly stringent management and control systems and are subject to a high level of Corporate Responsibility (CR) scrutiny in their own right. If an issue regarding product quality, service delivery or CR non-compliance is raised, a specific audit would be conducted at the specific factory involved.

### Hygiene products

Hygiene covers both washroom equipment such as soap dispensers and feminine hygiene units and consumables such as soap and paper. The majority of the hygiene equipment is designed in-house and manufactured by external suppliers under the Initial brand in Europe and Asia. Liquid consumables for these dispensers are manufactured at the RIS factory, while sourcing of paper products is from certificated suppliers which are optimised by global location.

In the Hygiene category, 22 of the 24 critical suppliers have been audited by the European Quality Manager. These are mostly medium-sized companies who are manufacturing bespoke products to Rentokil initial specifications for the Company. The two exceptions in this category are Dyson and Duracell, whose products are used with their own branding.

### Protect and Enhance Category

The major elements of this category are the Textiles business in France, the global Ambius business and Property Care in the UK. The products purchased for Property Care are mainly local detergents and cleaning materials bought from minor local suppliers.

### Textiles in France

Garments are supplied on a Cut, Make and Trim (CMT) basis through Cawe, the Company's in-house workwear sourcing company. Garments are also sourced from third party suppliers based in Europe and Asia as Ready Made Goods (RMG), and flat linen is sourced through Cawe on an RMG basis from Asia and North Africa.

There are three external suppliers in this category which are still considered to be Critical Suppliers, although these will be downgraded in 2018 when the supply to the joint venture decreases further. These suppliers have industry-specific accreditation from organisations such as Max Havelaar, Fairtrade and Yamana.

Cawe has been certified by Max Havelaar (FLO CERT) since 2007 to Fairtrade standards and is a member of YAMANA - Fibre Citoyenne, which evaluates Cawe every year to ensure commitment









# CHARITABLE AND COMMUNITY SUPPORT



## 16,000

Better Futures - since its launch, over 16,000 people participated in hand hygiene awareness events.

## £180k

Malaria No More - actively supported for five years, raising £180,000 as at the end of 2017.



Disaster relief – providing support following 2017 hurricanes devastating the Caribbean, Puerto Rico and Florida.





“The Company’s charitable cash donations (including Helping Hands) amounted to **£213,000 in 2017** (2016: **£171,000**).”

Andy Ransom, Chief Executive

## Our approach

Rentokil Initial focuses on developing strong local businesses supported by global know-how, and its approach to community relations reflects this structure. The Company recognises the importance of community involvement to colleagues as well as other stakeholders. Colleagues are enthusiastic supporters of local and national charities, and it strives to build on this enthusiasm. Its social and community activities consist of three areas:

- Local community support and investment at a country or region level (with more significant amounts, likely to combine financial and business support with volunteering and value in kind donations).
- Global community support providing long-term support for specific charities including the Company’s global community health programme.
- Response to national disasters supporting affected communities, where colleagues live.

Rentokil Initial’s Community Policy covers all operations, but the choice of where to commit financial and colleagues support is determined locally, often with colleagues’ participation. Community activity is monitored (with an approval process for additional funds), has clear rules and policies and results are communicated across the Company.

## Local community support

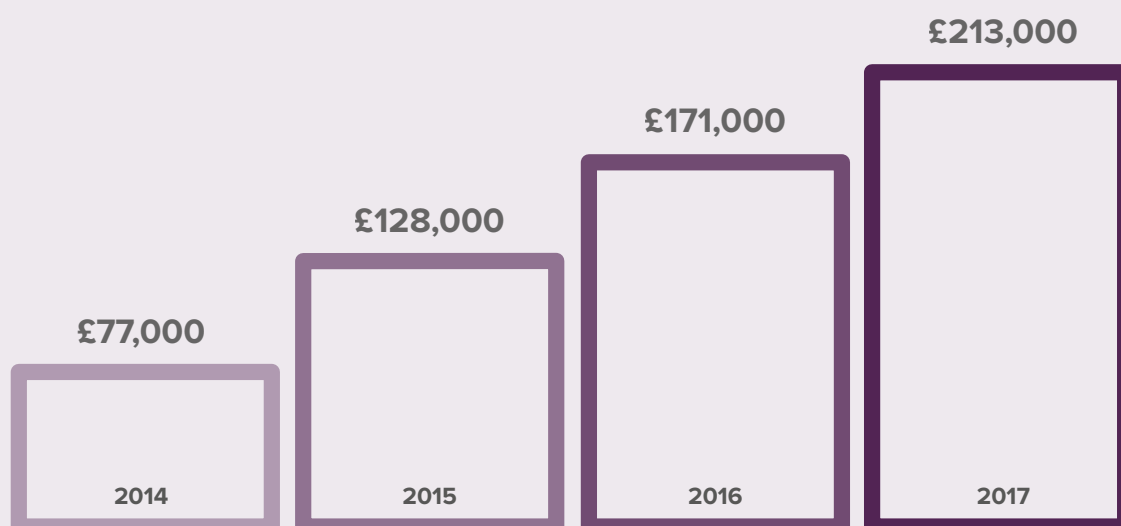
### Helping Hands

Rentokil Initial has developed its Helping Hands scheme to match colleagues’ charitable fund raising, with a co-ordination team, and an intranet for colleagues where information can be found.

In 2017, the Company’s charitable cash donations (including Helping Hands) amounted to £213,000 (2016: £171,000). Additional to this cash amount are value in kind donations and provision of management time, which are not included, as well as those donations made through colleagues’ own efforts. The very high 87% global response rate to Your Voice Counts resulted in the Company contributing over £28,500 shared between Malaria No More and Better Futures.

Local charities supported in 2017 include Forest Row Sports Ground Association, London Legal Support Trust, Cystic Fibrosis Trust, Friends of Chernobyl Children, Dogs for good, Rockinghorse, The Children’s Trust, Diabetes UK, CreateArts.org.uk, NSPCC, The Artemis Charitable Foundation, Wakefield Hospice, Cancer Research UK, Leukaemia Foundation of Australia, MacMillan Cancer Support and Movember. See examples on the following three pages.

### Charitable cash donations





In Australia, Claudia Guevara took part in 'The World's Greatest Shave' to raise funds for the Leukaemia Foundation. Her AUS\$5,740 was augmented by £500 from the Helping Hands scheme (below).



In Kenya, 20 colleagues walked 21 kilometres in aid of the Mater Cardiac Programme to help treat children, especially those from poor socio-economic backgrounds, with heart conditions (below).

Sixteen Trinidad colleagues participated in Scotiabank's Women Against Breast Cancer 'Every Stride Empowers' 5 km run to raise funds for various hospices, cancer treatments and bring awareness to cancer in women (above).

Petra Belohoubkova ran 3 miles in Brighton to raise £150 for the NSPCC (below).



In Australia, a Brisbane branch manager was locked in the store cupboard until a bail of \$1,000 was to donate to Movember (right).

Richard Balchin ran the Brighton marathon and raised over £900 for Cystic Fibrosis (far right).





### Local volunteering activities

Colleagues' volunteering plays an important part in the Company's overall community support. These activities included ten graduates volunteering to improve the gardens of a care home in Farnham for people with disabilities (below).



Nine colleagues (above) undertook a gruelling 66-mile mountainous route from Preston to Morley in Leeds in

the north of England to raise funds for Diabetes UK in memory of Rentokil Technician Mark McNulty.



To celebrate Dr Seuss's birthday North American colleagues volunteered to share their joy of reading with the children from Thompson Child Family Focus, an organisation that works to improve the well-being of at-risk children and their families in the Charlotte area. Steritech has been providing support and sponsorship to them for several years (below).



In Baltimore, Ehrlich held a Pestaurant event near the city's Inner Harbour area. More than 450 passers-by participated in the event, in which Ehrlich teamed up with local caterer Eleven Courses to offer up dishes such as Maryland Mealworm Crabcakes, June Beetle Encrusted Croquettes, Fried Cricket Crostini,

and White Chocolate Grasshopper Bark. As part of the event, Ehrlich made a donation to the Maryland Food Bank on behalf of everyone who participated, delivering a cheque for \$5,000 to support the organisation which provides more than 37 million meals annually to food insecure citizens in the state (above).





Supporting communities

In Kenya, Oasis for Orphans focuses on 110,000 orphans in six counties in south west Kenya. Rentokil Initial is supporting it by providing free pest control including bed bug treatments to the care centres run by Oasis.

In South Africa, colleagues from Cape Town helped make a success of the first Rentokil Initial sponsored Yabonga Youth Programme Mini Olympics (left). In partnership with the City of Cape Town sports team, 240 young people from seven support centres participated on the day in games such as three sticks, netball, tug-of-war, and egg and spoon races.



In Australia and New Zealand, Rentokil Initial supports Ronald McDonald House, a charity that provides accommodation for families to stay close to their ill children in hospital. In 2017, the charity celebrated the Company's long-term support with over raised to date A\$300,000 and the value of goods and services provided in 2017 of over A\$87,000.



Hand washing across South Africa

In 2017 colleagues in South Africa celebrated their 50th company anniversary on Global Handwashing Day by washing over 50,000 hands. Partnering with 61 Primary schools across the country, the format was simple: deliver a short talk to the children about the importance of good hand hygiene and how best to wash their hands, and then invite them up to wash their hands. Once the children had washed their hands properly they were given a sticker and a colouring-in page to remind them how to wash their hands properly (right).

Nelson Mandela Day

In July, every year, colleagues across South Africa donate 67 minutes of their time – one minute for every year of Mandela's public service – to go out into their local communities and make a difference. Community projects include gardening, painting and tidying.







## Global Community Support

### Better Futures

Better Futures is Rentokil Initial's global community health initiative. It was launched in 2013 and has developed projects in India, Malaysia, Indonesia and South Africa to deliver basic health and safety education.

Since its launch in 2013, over 16,000 people have participated in these education events supported by volunteer colleagues from local branches.

2017 was a busy year for the programme with events run across India and Indonesia in particular. In India alone, the programme organised events attended by 1,113 children in schools (and a further 280 children in Indonesia) and communities with a further 2,014 adults taught, many in customer premises. Events were also organised for the children of the Company's technicians.

The programme, which leverages hygiene skills and knowledge from the business, benefits from local volunteers and regional support. The health education starts with basic hand washing techniques, delivered in schools, orphanages and in the wider community, sharing health knowledge in wider family circles. In India, the topics have been extended to cover home safety measures covering fire safety, water safety, and electrical safety, piloted first for primary children in a Chennai school. To improve the quality of these educational programmes a series of teaching modules with animation software was launched, using various media platforms.

In addition to the focus on school children, personal hygiene programmes have been run for employees at a Chennai food service mall, and for the Company's technicians and all their families at Thiruporu. The Indian team also participated in a Bangalore street-cleaning campaign – I Change My Street – focusing on hygiene for older generations

– as well as participating in an educational fair in Bangalore, attended by over 1,000 school children.

Better Futures has grown in its scope following the acquisition in 2017 of PCI in India. Events covered included a clean-up drive of Chennai beach where over 50 volunteers from both companies were involved. Other programmes include teaching toilet etiquette and personal safety to primary school children (often from slum districts).

In the Philippines, the Company chose Makati Gospel Church New Life Christian Academy for its Adopt-a-School hygiene programme, to educate Philippine communities about personal and environmental hygiene. The programme complements the goals of World Toilet Day, an initiative of the United Nations General Assembly. Its declaration is in line with the Sustainable Development Goals that include a target to ensure everyone has access to a safely managed household toilet by 2030.







### Malaria No More

The Company has actively supported the charity Malaria No More (MNM) for five years, raising £180,000 by the end of 2017. Colleagues have come up with many ideas to raise funds including bike rides, arduous runs, mountain climbs, bungee jumps, race nights and cake-bakes. Also, Lex, the Company's long-term fleet management supplier, made a donation to MNM of £10,000 in order to mark its 10-year partnership.

Fundraising initiatives during 2017 included customer promotions, pledging £1 for each new customer signing up for online reporting tools (myInitial, myMedical) and for existing customers completing e-surveys. In addition, six colleagues took part in the 100km Run to the Stones challenge in July, raising over £5,542 in the process for MNM. Following a challenge laid down by the Executive Director of MNM, colleagues with the Executive Director joined in a 'Triple Challenge' involving a cycle ride of 60 miles to Salisbury airfield, a sponsored 10,000ft Skydive, followed by eating a

Giant Water Bug – the largest item on the Rentokil Pestaurant menu - raising over £6,164 for MNM. Also, Rentokil volunteers have presented to 1,442 children (aged between 4 and 16 years) and visited 12 different schools across England, Scotland and Wales. For every mile clocked-up on the tour (nearly 2,000 miles), the Company donated £1 to MNM.

During 2017, Rentokil UK welcomed broadcaster and malaria survivor, and the charity's Special Ambassador, Charlie Webster (pictured below), to its offices to speak to colleagues about her fight against malaria, which she contracted while travelling to Brazil for the Olympic Games. In addition, Rentokil supported MNM's participation in the World Health Organisation's launch of its World Malaria Report, at which the Company's Chief Executive took part in a special panel session at the House of Commons to put the business case for eradicating malaria. He also became a Patron of Malaria No More UK.

**malaria**  
**NO MORE**  
united kingdom

Since 2010 Malaria No More UK has helped inspire funding of over £4 billion for the global malaria campaign. It considers malaria prevention is one of the best buys in public health, returning £36 to society for every £1 invested.







## Supporting public hygiene at times of national crises

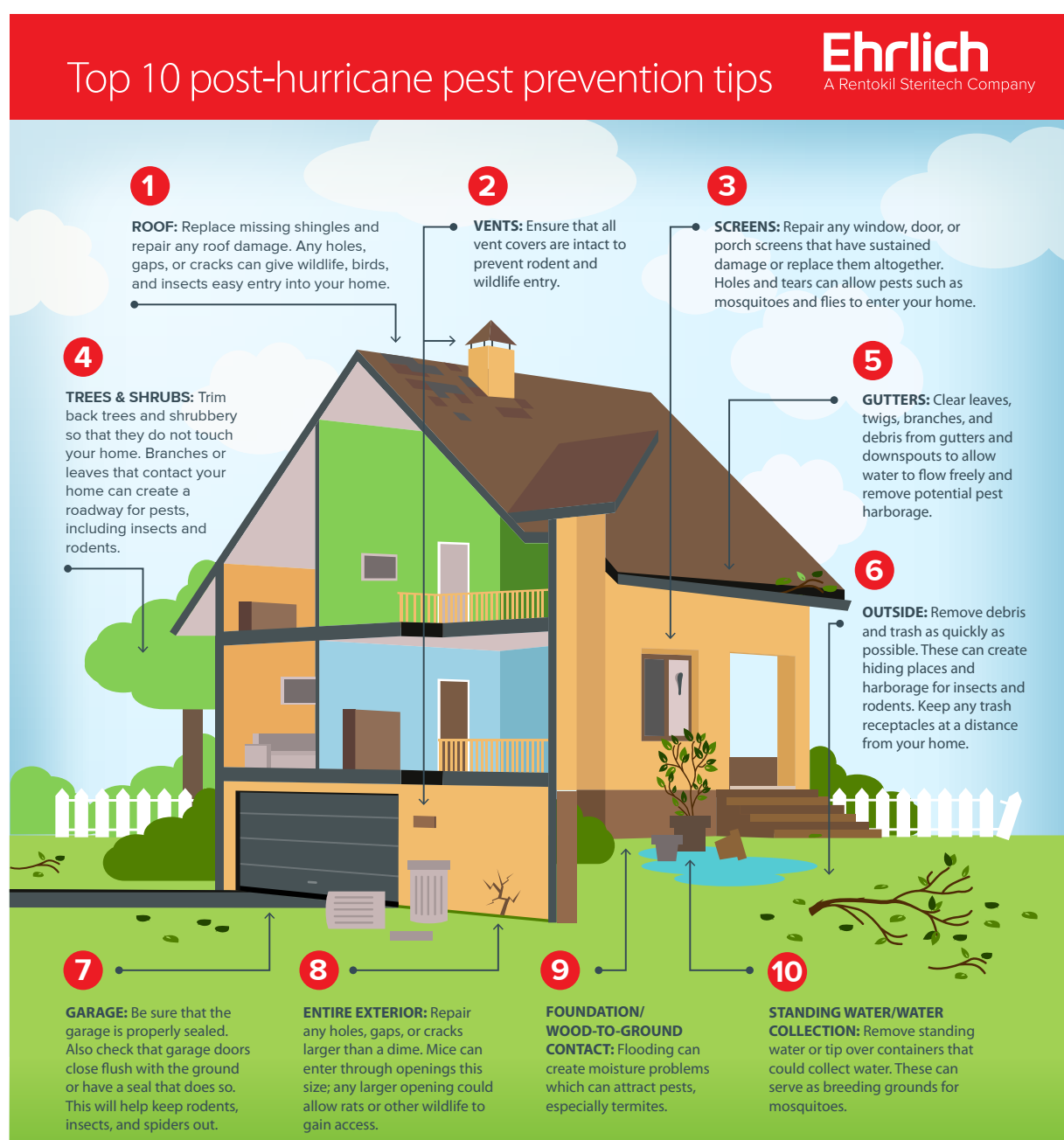
### Helping colleagues in the Caribbean and USA following the hurricanes

The world was shocked by the devastation caused by three hurricanes affecting the Caribbean, Puerto Rico and Florida in autumn 2017. Their impact on the Company's operations in the region included power outages, communications failure and a lack of water supply. Customers were affected as well as colleagues who lost their homes. The management teams in each region set up a dedicated resource as the contact person for affected colleagues and their families. Support included helping colleagues with salary continuation, obtaining medical care and getting access to loans to pay for repairs and expenses. In Texas, colleagues not affected donated excess vacation days to a 'pool', so that colleagues who needed time off could take it without losing pay.

In addition, colleagues were encouraged to donate to the Red Cross and other relief organisations (the Company made a corporate donation to the Red Cross Disaster Relief Fund to help hurricane victims). Colleagues in Barbados banded together to donate cases of bottled water for the relief effort for Dominica and contributed US\$1,000 to their Government's relief fund.

In the USA, Hurricane Irma had significant impact on the tropical plants industry in Florida. To help these growers, Ambius, the USA's largest interior landscaping organisation, made a foundational donation to a recovery fund established by industry broker Morning Dew Tropical Plants. In addition, it is expediting payment of all invoices to growers based in Florida, regardless of due date, to help increase available cash flow for recovery efforts.

Suppliers in the areas affected also contributed to the Company's own rescue efforts including providing safety shoes that the Florida Rentokil branch distributed to local farm workers associated with the Redland Christian Migrant Association. After the hurricane, disease-carrying mosquitoes were predicted to be a serious



concern. Ehrlich colleagues banded together to hand out 700 bottles of free insect repellent to residents and educate them on the danger of mosquito-borne disease.

Hurricane Harvey brought unprecedented flooding to Houston, displacing many residents and causing extensive damage. To help support the community, Presto-X donated 5 percent of its profit from sales

made in September and October to the Houston Food Bank to support ongoing, local, charitable initiatives.

For both Ambius and Pest customers affected by the hurricanes, the Company sent out an email with an extensive list of Hurricane Recovery Tips (based on corporate expertise in both Pest and food safety to compile these tips).



## Joining forces in India to make a difference

Forty Rentokil PCI colleagues came together in June 2017 to participate in an annual event organised by the Chennai Trekking Club to clean up a 20km stretch of Chennai coastline. They joined over 6,000 volunteers from 150 organisations to collect over 50 tonnes of garbage, separating it into recyclable and non-recyclable waste. The focus this year was on plastic and 23kg was picked up, preventing contamination to local sea life.

Not only did colleagues feel great about doing their bit for the environment, The team also enjoyed the opportunity of getting to know each other in an informal setting.





# Corporate Responsibility Governance

## Our approach

Rentokil Initial's strong pedigree in overall governance was demonstrated by being ranked 17th of all FTSE100 companies in the Institute of Director's Good Governance Index for 2017, in the first year since the Company rejoined the FTSE100 index.

This governance approach covers its Corporate Responsibility (CR) activities. The Chief Executive has board responsibility for CR, and the Executive Leadership Team has authority to introduce CR approaches and review performance (in particular, health & safety and the environment). The Board reviews specific CR matters regularly and all areas at least annually. The Senior Leadership Forum of the 25 most senior executives meets in person at least three times per year and monthly by telephone to address key issues and ensure alignment of CR activities to the business plan.

Rentokil Initial's governance model identifies the roles of the Board, executive management, functions (determining best practice and governance) and country and regional teams (delivery within the framework of policies and local laws). The Company's risk management process includes consideration of material CR issues, with appropriate detailed investigation by Internal Audit, and a Group Risk Committee which meets quarterly to review current but also emerging risks in the business and the external environment.

Safety, Health and Environment performance is reported to each meeting of the Board through the Company Secretary, with a specific environmental review annually. Its remit includes developing Health and Safety standards with appropriate colleague training, reviewing performance and initiating remedial activity in under-performing businesses.

## The CR policy framework

Rentokil Initial has a robust policy framework for each of the CR areas, covering:

- Anti-corruption and bribery
- Health and safety
- Environmental management
- People matters
- Human rights
- Modern Slavery
- Relationships with customers and suppliers
- Community involvement
- External affairs and political lobbying

These are available on the Company's [website](#). They are reviewed regularly to ensure they meet current good practice and legislative needs. Political lobbying by colleagues on behalf of the

Company is not permitted, although participation in submissions to governments by trade associations is acceptable.

The cornerstone of this policy framework is the Code of Conduct. First introduced in 2011, the latest edition was published in 2016. Available to colleagues in local languages and on the intranet, it articulates the standards expected from colleagues. The Code of Conduct training programme includes annual refreshers for existing colleagues and helps to support new colleagues to understand expected standards. As an example, in Australia, New Zealand and Fiji, Code of Conduct Training was undertaken face to face with 1,759 colleagues - over 95% of the workforce.

There is also an annual Letter of Assurance process, required to be signed by all senior management to confirm they comply personally with key corporate policies and the Code of Conduct, and that the colleagues for whom they are responsible are aware of and understand what is required of them.

Rentokil Initial's statement on its approach for the avoidance of Modern Slavery is published on the [website](#). This covers its Global Procurement operations and major local suppliers.

In 2017, Rentokil Initial retained its membership of the Dow Jones Sustainability Index for the eleventh year, and also retained membership of STOXX ESG Leaders Index and FTSE4Good. These indices are of importance to the Company because they inform its current CR issues and provide a comparison of its performance in this area against other business services companies.

## Adhering to the policies

Adherence to these policies is monitored partly through the Company's Internal Audit team, including the review of the Code of Conduct implementation.

Also, it operates Speak Up – a confidential reporting system allowing colleagues to raise concerns, available worldwide, with international free phone number and email address. Response to any call or email from a colleague is managed by Internal Audit as an independent resource. A regular report on all concerns is provided to the Company's Audit Committee. There were 17 control incidents reported in 2017 (16 in 2016). The majority of such reports tend to be HR-related incidents. All were investigated and satisfactorily resolved, with initial referrers being advised of outcomes.

In order to reinforce policy adherence, mandatory core compliance training for all colleagues is undertaken by online U+ training modules (updated in 2017, see page 24) in the following:

- Competition law
- Bribery and anti-corruption
- Code of Conduct
- Securing Information and Protecting Privacy

Operational policy procedures strengthen formal compliance. An example is Rentokil's 'Pink Note' system, explicitly prohibiting or mandating activities relating to the use of chemical products, detailing the risks and relevant operational issues. Two additional Pink Notes were added in 2017, including one on the use of equipment such as drones.

In addition, there were no incidents reported in 2017 of human rights violations involving the Company, nor were there any fines, penalties or settlements reported in 2017 involving the company in relation to corruption incidents.

## Targets

Whilst the Company has had targets for certain CR activities for some time, it also publishes an extended range of CR targets. These include:

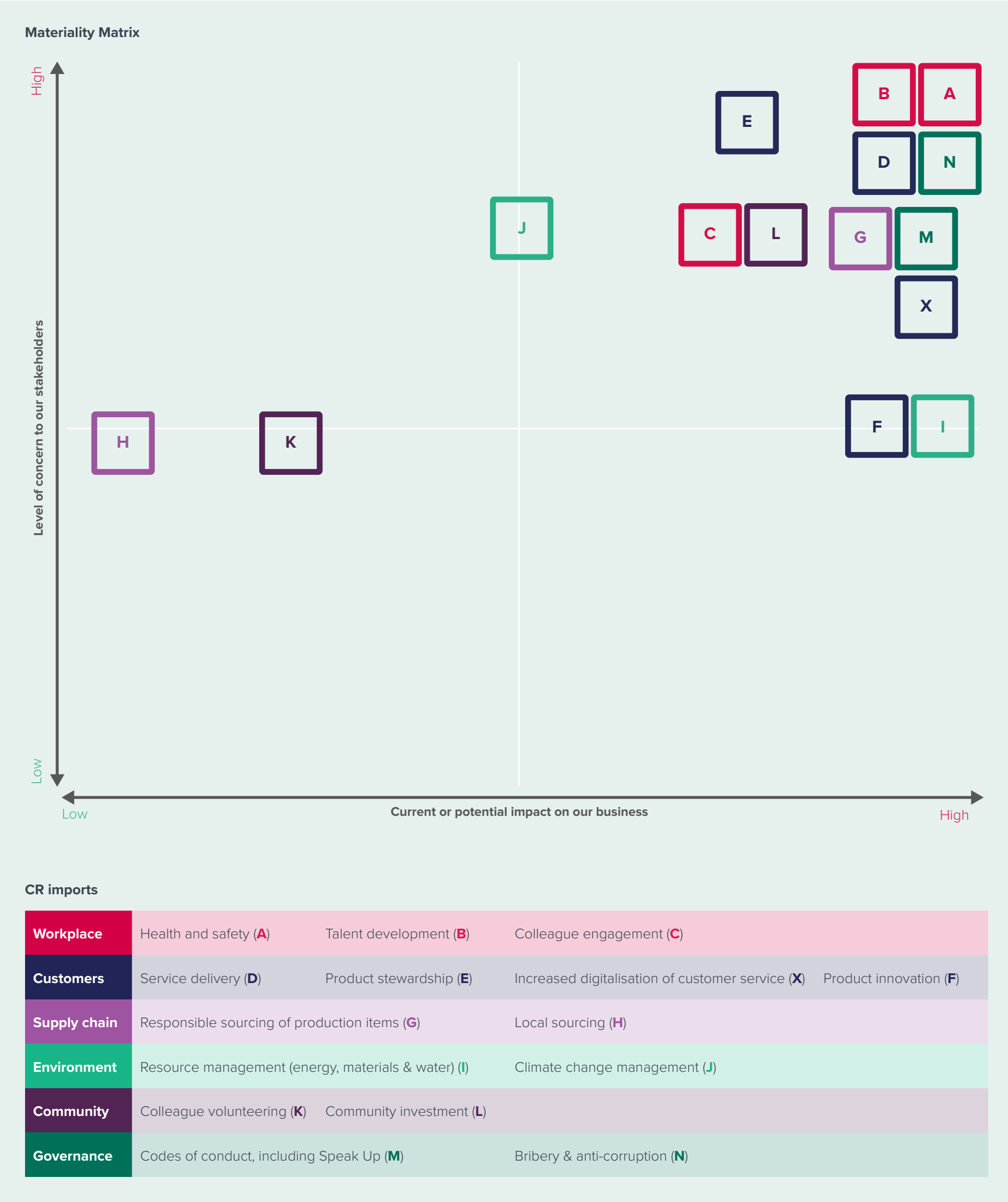
- For community, £200,000 cumulative donations to Malaria No More by the end of 2019, and 2,000 adults and children taught in 2018 under Better Futures.
- In Workplace, more than 500,000 courses undertaken, videos and content views on U+ in 2018 and 2019.
- In Service, deliver a State of Service above 95% in 2018.
- In the Environment, by the end of 2020, a reduction of 20% in the intensity rate of emissions, compared with the 2015 year end.
- In Health and Safety, a 7% reduction in both Lost Time Accident rate and Working Days Lost rate in 2018.

## Materiality

The Company considers the materiality of its Corporate Responsibility impacts and the importance of each impact to the business as a whole. This process includes analysing questions posed by major customers in contract tendering processes; reviewing colleagues' responses to Corporate Responsibility related questions in Your Voice Counts; and reviewing questions received from socially responsible investment third parties.

Its materiality matrix was reviewed in 2017 in the light of the divestment of major workwear facilities in its European countries (excluding France), and the increasing digitalisation of the business operations. The revised chart showing priorities of greatest potential importance to stakeholders is shown on the next page.







PERFORMANCE OVER FIVE YEARS

The Board reviews key performance indicators covering corporate responsibility. These are published annually, both in the annual report (covering two years’ data) and in this CR Report. Performance against these indicators is reviewed at Executive board and operational and functional levels. The five-year performance tables can be viewed below. Relevant data has been adjusted to remove those businesses which joined the joint venture with CWS-boco in 2017.

Colleagues KPIs

Indicators	2017	2016	2015	2014	2013
“Your Voice Counts”colleague engagement survey response rate	87%	On a two yearly cycle	83%	Moved to a two yearly cycle	88%
Colleague enablement	78%		74%		74%
Colleague engagement	77%		73%		74%
Sales colleague retention	82%	79%	77%	73%	71%
Service colleague retention	84%	84%	82%	82%	79%

Customer data

Indicators	2017	2016	2015	2014	2013
State of Service	98%	98%	97%	97%	98%
Customer Voice Counts (NPS)	42	42	38	33	n/a
Customer Retention	85.7%	84.9%	85.2%	84.2%	85.7%

Health and Safety KPIs

Indicators	2017	2016	2015	2014	2013
Lost Time Accidents	0.58 (0.58 target)	0.63	0.76	1.00	1.12
Working Days Lost	11.65 (14.40 target)	16.14	19.59	28.99	26.11

Community cash donations

Indicators	2017	2016	2015	2014	2013
Community donations £000s	213	171	128	77	101

Energy and fuel efficiency - intensity values

Indicators	2017	2016	2015	2014	2013
Index of energy and fuel derived CO <sub>2</sub> emissions per £m turnover at CER	78.7	80.0	88.7	98.6	100.0
Textiles plants* - Kilogrammes of CO <sub>2</sub> emissions per tonne processed	259.75	271.11	286.66	294.58	306.81
Textiles plants - Water usage per unit washed – litres used per kilogramme	7.69	7.56	7.88	8.35	8.62

\* Workwear in France and Hygiene (mats) processing the UK



Absolute values of energy and fuel derived emissions – tonnes of CO<sub>2</sub>e

Type of scope	2017	2016	2015	2014	2013
Total scope 1	166287	151164	145947	149578	148033
Total scope 2	17239	14331	15337	20076	17684
Total scope 3	40953	36436	34777	35203	34971
Total outside scope	3887	3405	3178	3032	3063
<b>Total - all scopes &amp; outside scopes</b>	<b>228366</b>	<b>205337</b>	<b>199238</b>	<b>207889</b>	<b>203751</b>

Mandatory emissions reporting - tonnes CO<sub>2</sub>e

Source of emissions	2017	Energy derived 2016	2015	2017	Fumigation derived 2016	2015
Direct GHG emissions (relating to the combustion of fuel and the operation of any facility)	209493	189766	182622	481390	720322	612310
Indirect GHG emissions (through the purchase of electricity, heat, steam or cooling)	18873	15571	16616	0	0	0

Energy and fuel efficiency – intensity values

Indicators	2017	2016	2015	2014	2013
Index of property energy consumption - thousand KWH per £m turnover at CER	57.55	65.18	77.98	104.01	100.00
Index of vehicle energy consumption - thousand litres per £m turnover at CER	89.12	88.25	94.15	95.64	100.00
Textiles plants - energy consumption - KWH of energy per Kilogramme processed	1.36	1.41	1.46	1.49	1.55



# What's Next on the Agenda?

# 1

Safety will remain a key priority, as the Company builds on the improvements of previous years, and will roll out and embed safety leadership behaviours through the country management teams.

# 2

High standards of customer service delivery will be maintained and built upon with new product and service launches taking place throughout the year. The roll out of new digital products and service will continue.

# 3

Improving colleague retention, and especially short-term retention (0-12 months), is a key focus for 2018, and will see all Regions putting clear targets and actions plans in place to address this area.

# 4

Learning, development and career progression are also critical to employee engagement and building the pipeline of talent needed for future business success. In 2018 there are plans to further build skill in managing performance, goal setting and development planning as well as continuing to support Global and Regional Talent pool participants through individual and group development interventions. The Company aims to produce over 400 new learning courses, videos and materials.

# 5

The Company continues its organisational commitment to diversity and inclusion, and in 2018 looks to further build on the achievements of 33% female Board membership and 27% female senior manager representation.

# 6

It will continue to enhance the digital and innovation pipeline to provide customers with new products and services to meet their needs and will implement a global mosquito centre of excellence.

# 7

The Company will continue to build positions in emerging and growth markets in Pest Control and will actively look for opportunities in parts of Asia, Latin America, Africa and the Middle East. It will continue to seek acquisitions to build density and productivity. The Company will deliver what it says it will deliver and do so with respect for colleagues and customers.

# 8

It will continue to support Better Futures, the programme to educate local communities in emerging markets about the importance of hygiene, and support Malaria No More.





**Rentokil Initial is a growing and responsible business, dedicated to protecting people and enhancing lives in the 70 countries in which it operates.**

### **Summary**

- Delivered our safest ever year in 2017.
- Colleagues are highly motivated, trained and enabled, as measured independently.
- Leadership in innovation and digital.
- New sustainable products and services such as Lumnia.
- Excellent service quality rating on TrustPilot.
- Energy derived emissions have reduced by 21% since 2013.
- On track to meet or exceed our five year target to reduce greenhouse gas emissions by 20% by 2020.
- New global centre of excellence for mosquito control.
- Raised £180,000 for the charity Malaria No More to date.
- Colleagues in India and Indonesia delivered engaging lessons in the importance of basic hygiene to over 1,100 children and about 2,000 adults in 2017.
- Membership of the Dow Jones Sustainability World Index of leading companies and FTSE4Good
- Named Britain's Most Admired Business Support Services Company in 2017.
- Received The Queen's Award for Enterprise – International Trade.