

# Protecting People. Enhancing Lives.



# Welcome

Welcome to the Rentokil Initial plc Corporate Responsibility Report for 2016.

Rentokil Initial ('the Company') is the global leader in pest control and hygiene services and offers a wide range of additional services on a country or regional basis. In November 2016, the Company was voted by its peers as the 25th most admired company in Britain.

Inside this Report you'll find out more about our Corporate Responsibility ('CR') priorities and performance in 2016 and over five years.

Should you have any feedback or questions, please email:  
CSR@rentokil-initial.com

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[To see our CR policies, click here.](#)

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# 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 2016? Where have you seen the most progress?

Looking back there are four main areas I'd pick out as representing outstanding performance, not just in 2016, but over the last three years:

- **Safety** – we delivered our safest ever year in 2016 – with a further significant improvement in our safety KPIs – we are operating at consistently world class levels and looking after our colleagues better than ever. In 2016, the Lost Time Accident rate improved by 19% and Working Days Lost improved by 20%.
- **Service** – we use the Net Promoter System to measure customer satisfaction and in 2016 this improved by 4.7 points. All categories and most businesses are showing good improvements. Our core State of Service metric also improved to almost 98% (ahead of our 95% target).
- **Skills** – colleagues completed 337,785 items of online training in 2016 and we created over 300 courses and videos around topics such as sales, technical and operational best practice. In 2017 we will open a new Innovation and Training centre following a £2m investment.
- **Sustainability through innovation** – we developed new ranges of highly sustainable products – for instance, our Lumnia flying insect control range which reduces the waste burden by using LED lamps and lowers power usage by up to 50 – 60%. We also announced in 2016 a pioneering relationship with Google Cloud Solutions which will allow us to roll out our new digital PestConnect service and provide a better understanding of pest activity and the risk profile of customers' sites.

I'm also delighted that in 2016 we retained membership of the Dow Jones Sustainability World Index of leading companies for the ninth successive year, retained FTSE4Good membership and were named 25th in the list of Britain's Most Admired Companies.

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

While we have a lot to celebrate in our safety performance, not just in 2016, but over the last few years, I'll never be satisfied until we reach zero. As a result of the good progress, we can now become much more targeted in our actions with Golden Rules focused on our main risk areas such as working at height and driving for work. These 'rules' are putting renewed energy and commitment into the daily things that colleagues undertake such as driving and working with chemicals. Also we are focusing in 2017 on Safety Leadership Behaviours for first level managers, to ensure that we achieve consistently high levels of awareness and leadership on health & safety as close as possible to our frontline colleagues.

### Q. What progress have you made in 2016 in environmental management?

During 2016, our environmental performance continued to improve with both emissions and water consumption reducing year on year. At a group-level our emissions reduced by nearly 11%. Our European Workwear plants also continued to deliver improvements of 3.5% in energy efficiency and 5.6% in water consumption during the year.

However, improved environmental performance is a long-term objective for the Company and it was therefore very pleasing that we exceeded our five-year target in 2015 – to reduce emissions by 10% by 2016. The Board has now approved a new target for the Company to reduce emissions by 20% by 2020.

### Q. The Company's mission is to Protect People and Enhance Lives. How did Rentokil Initial deliver this in 2016?

Our mission is carried out professionally by our colleagues around the world every day, but in 2016 with the growing threat of the Zika virus, our mosquito



control services were in particular demand by customers such as hotels, residential apartments and major events:

- In Brazil we were appointed to undertake pest control services, including mosquito control, for the Rio Olympic and Paralympic Games. Following the successful execution of the programme, the World Health Authority invited Rentokil to participate in an international expert meeting on the control of Zika.
- Across Asia our teams continued to provide high quality mosquito control services in the fight against the threat of Dengue fever.
- In North America we were appointed by the US Centers for Disease Control and Prevention to undertake mosquito control measures and to develop local campaigns to help educate the public as required, over a two-year period.

### Q. Will BREXIT impact on your operations?

Across the globe we operate country-based sales and service teams with country management and functional support, and we move very few goods across borders. We therefore expect minimal impact on our operations, if at all.

### Q. During 2016 you acquired 41 companies. What actions do you take to ensure that these newly acquired companies match up to 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 meets the operational standards we set. 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 am determined that we not only deliver what we say, but also that we do so responsibly.

### Q. Why do you believe that supporting charities and communities is good for business?

I believe that business has a responsibility to meet the needs of all stakeholders and that includes the communities in which we operate. In 2011 we began to support a small charity called Malaria No More. It's an organisation with a very clear aim and its purpose has a natural resonance with our expertise in flying insect pest control, and we have created a strong relationship with them. Through countless different activities we've raised £126,000 for them to date. Equally, in 2016, our colleagues in India and Indonesia delivered fun and engaging lessons in the importance of basic hand hygiene to over 2,000 children and about 3,000 adults in 2016.

I'd personally like to thank our colleagues for their commitment in 2016 to serving our customers, supporting each other and helping to enhance our communities.

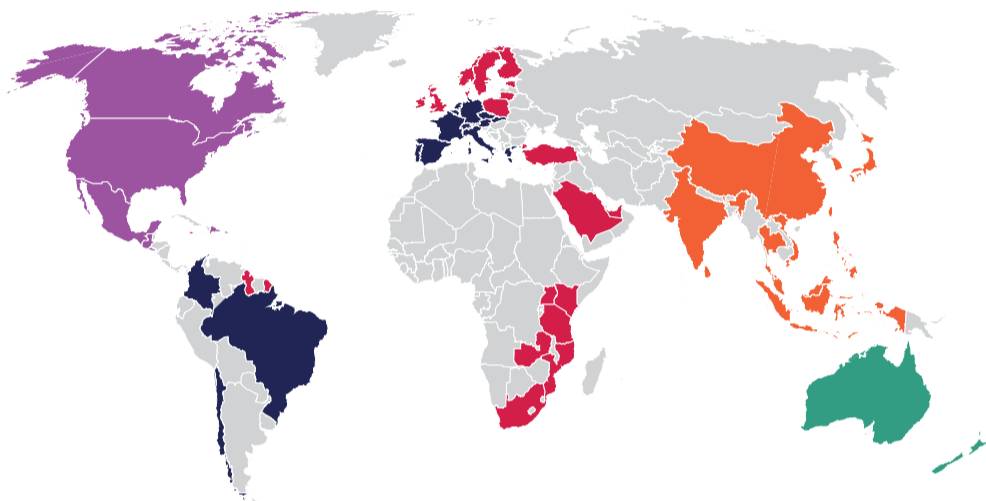
# Our Business Model

Our business model is structured into three layers. It is a focused and clear model which ensures everyone knows where their role sits within the organisation and how their performance can make a difference.

The top layer segments our business organisation into five strong Regions through which our responsible business practices are delivered.

The second layer identifies our core competencies of category leadership, expertise delivered through our people, and standard lean operations.

The third layer articulates our differentiated quadrant-based model, which is how we manage the business for profitable growth.



## Strong Regional Business

Europe  
North America  
Asia  
Pacific  
UK & Rest of World

## Business Line Leadership



Pest  
Control



Hygiene

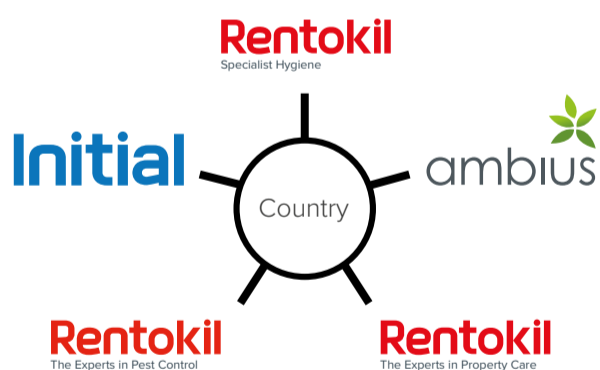


Workwear

## Our Colleagues As Experts



## Lean, Multi-Business Operations



## Six Operational Growth Levers

Digital expertise

Innovation

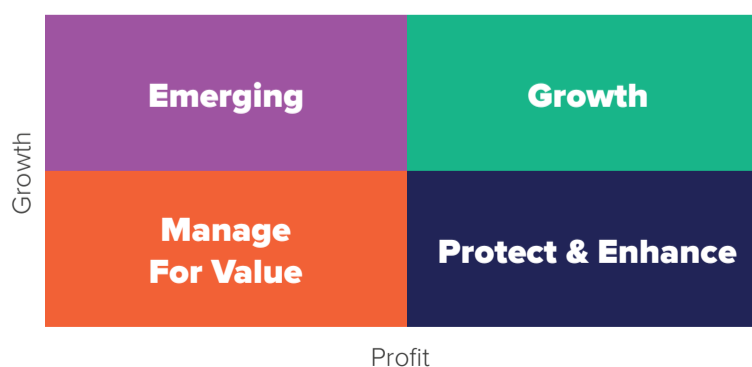
Sales effectiveness

Service efficiency & retention

Density building

Value creating M&A

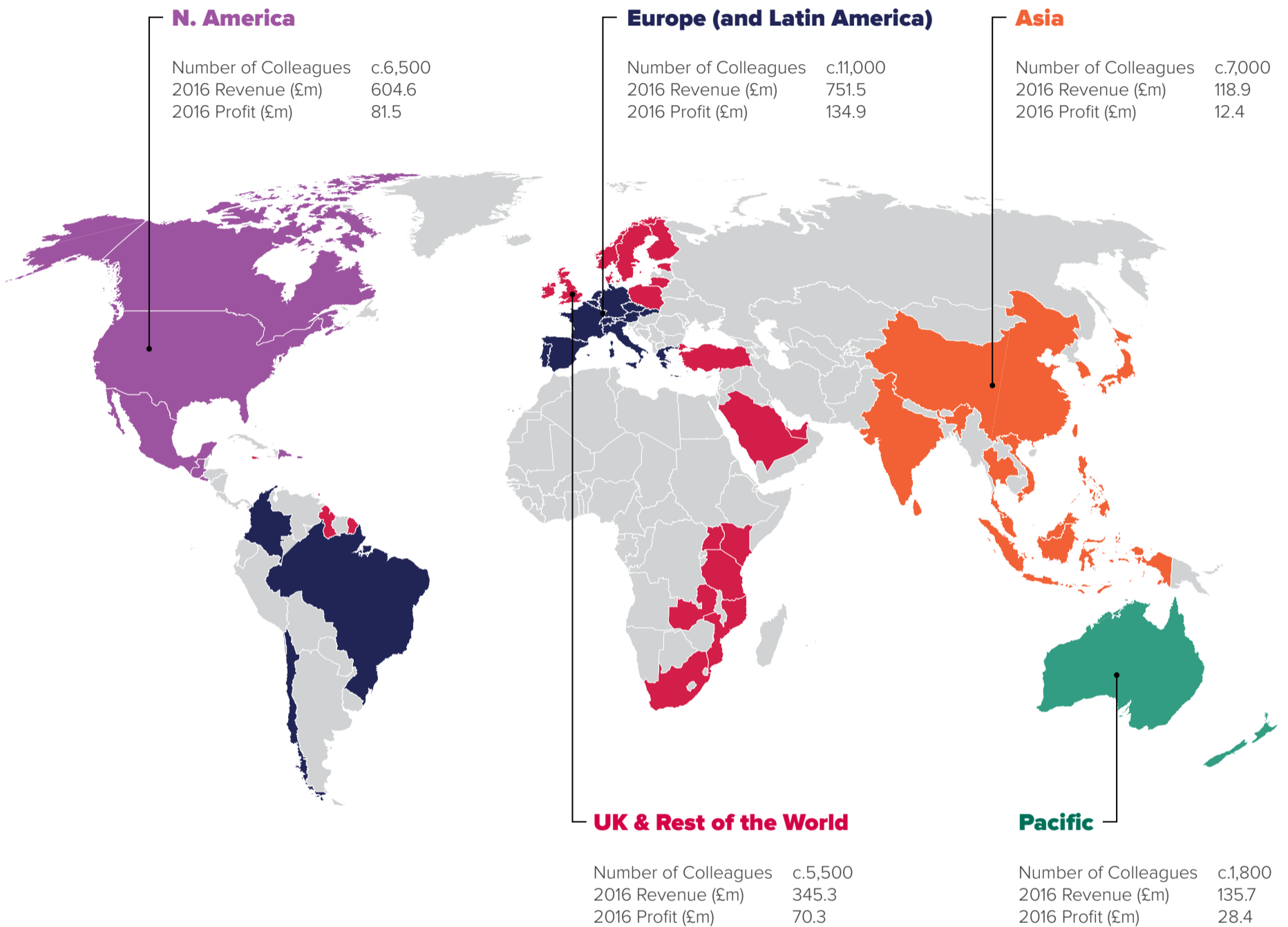
## Differential Strategies



Profit

Enhanced by focused M&A

# Our Regions & Businesses



## Rentokil

### Pest Control

The world's leading commercial pest control company. Operates in 65 countries and top three in 63 countries. Highly innovative, leading technical and scientific expertise – customers look to us for our knowledge and professionalism.

### Other businesses

The Company also provides a wide range of other services including plants, premium scenting, specialist hygiene, specialist medical, brand standards auditing and property care.

## Initial

### Hygiene

The world's leading hygiene service company. Operates in 40 countries and top three in 35 countries. High quality tailored hygiene product ranges for washrooms – across all sectors and industries.

## Initial

### Workwear

Only Workwear provider of scale across all main European markets. Long-term customer relationships. 51 laundries, c.125million washes per year, c.15m garments on rental. Focused on the quality of our products and services.

# Our Culture



## What is it like to work at Rentokil Initial?

In 2016, Rentokil Initial developed and published its Employee Value Proposition including its Mission, Vision and Values, and outlined its culture in six key points. This summarised what colleagues can expect from Rentokil Initial and what the Company expects from them.

**Service-led:** We are a service-led company that strives to meet our customers' needs at all times. We have an embedded culture of 'going the extra mile', and we're always looking for new ways to do things better. Where we find evidence that service is not as high as it should be, we tackle any problems head-on and improve the situation as quickly as possible.

**Expertise:** Expert professionalism is at the heart of our customer-focused approach. We deliver industry-leading training and invest in better ways to deliver our services. We aim to be 'Right First Time'. Nothing, however, is more important than colleague and customer safety.

**Pragmatic:** Rentokil Initial is a practical, down-to-earth, friendly place to work, where rules and systems are made clear and where dialogue is encouraged to deliver the best service for our customers. Our leaders are visible and there is ample opportunity to feed back colleagues' views, share experiences and help shape our company. We like to say 'thank you' and recognise achievements locally.

**Ethical:** We set high standards of responsible business practice, which are clearly set out in our Code of Conduct. We believe in being a company that delivers great results and does it the right way, treating colleagues, customers, suppliers and local communities with respect and honesty.

**Diverse:** We are a diverse organisation and want to extend this even further as we believe that being diverse and inclusive is not only morally right but also supports business performance by encouraging talented people to join the company, achieving greater innovation and improved results.

**Innovative:** We have a commitment to scientific advancement and innovation that sets us apart from the competition. We also have a strong pipeline of innovation and digitally-connected products. We work with Google and other innovative companies to maintain this leadership position and operate at the forefront of our industries.

## What are the Company's Mission and Vision?

### Mission

Protecting People.  
Enhancing Lives.

### Vision

To become a world-class services company, protecting people and enhancing lives through industry-leading innovations, best-in-class product and service quality, and care for our colleagues, customers and communities across the globe.

We will harness the heads, hearts and spirit of our highly trained experts, to become acknowledged as a customer service champion, universally recognised for performance excellence and doing it all at pace in the **RIGHT WAY**.

## What are the Company's Values?

Colleagues across all Regions stand behind three core values:

**Service:** Throughout the Company there is a very strong focus on delivering outstanding customer service.

**Relationships:** Building meaningful relationships – with our customers, with colleagues in other parts of the Company, and with our suppliers and other stakeholders.

**Teamwork:** We believe great things can be achieved through teamwork, respect and support. We look to collaborate across the organisation so we can leverage our collective strength and ideas.

# Our Contributions

Rentokil Initial is the global leader in Pest Control and Hygiene services, and one of the European leaders in Workwear services. The Company also offers a range of other services such as interior planting, scenting, brand standards auditing, medical waste disposal, property care and insurance, and specialist hygiene services.

Revenues in 2016 were £2.16 billion at actual exchange rates. Revenues increased by 12.6% at constant exchange rates and by 24.2% at actual exchange rates. This was driven by a combination of organic and acquisitive growth.

The Company is structured into five regions: North America, Europe, UK and Rest of World, Asia and Pacific. Each has its own dedicated management team.



## Economic contribution

Operating in over 65 countries, Rentokil Initial employed 32,150 colleagues (average number employed through 2016) (2015: 29,792).

During the year, the Company paid wages and salaries of £892.0m (2015: £680.5m) and the total cash tax paid was £35.8m (2015: £27.9m) on the reported profit before tax of £208.5m (2015: £159.0m). The Company also paid employer social security contributions on employee salaries of £129.0m (2015: £119.4m).



## Environmental contribution

Over the last five years, Rentokil Initial has reduced its energy derived emissions by nearly 19% and its water usage in its workwear plants by over 20%. Acknowledgements of the Company's corporate responsibility performance include accreditation in the Dow Jones Sustainability World Index, the STOXX® Global ESG Leaders index, the Carbon Disclosure Project, the FTSE4Good Index and the Ethibel Sustainability Index Excellence Europe.



## Social contribution

The Company's two main service brands are Rentokil and Initial. With almost two million customers worldwide the Company contributes socially by helping to 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 FTSE 350 and is fully-funded on an on-going basis. We believe we are within the top 10 percentile of IAS19 funding levels, relative to other FTSE 350 companies that have defined benefit pension scheme liabilities. The reason for such a strong position is that since 2006 the Company has paid in significant contributions of c. £350m. We also put in place an investment strategy that has protected us from the turbulence in the financial markets.

# Highlights of 2016



## Focus on Safety drives significant improvements

In 2016, Health & Safety performance continued its strong progress, with improvements in Lost Time Accidents by 19% and Working Days Lost by 20%. Since 2012, LTA has improved by 55.7% and WDL by 53.5%.

## Long term reduction in environmental impacts

Rentokil Initial reduced its greenhouse gas emissions by 10.7% in 2016. This continues a five-year trend of improvement, through the use of technology, operational efficiency initiatives and developing a culture of responsible behaviour. Since 2012 the Company has reduced its greenhouse gas emissions by 18.7%.



## New sustainable rodent control

RapidPro is a new rodenticide, made of the fastest acting bait, targeting mice. Through extensive research and testing by the Company's rodent behaviour specialists and biologists, the optimum palatability formulation has been achieved. This is both highly effective and, as an alternative to traditional Anti-Vitamin K rodenticides, does not lead to secondary poisoning of non-target species.

## Energy efficient flying insect units

Lumnia, a new range of fly killers using LED lighting rather than blue-light fluorescent tubes, achieves power reductions of 50 – 60% versus comparable units. This is the world's first commercial range using LEDs, resulting from a partnership with a leading manufacturer of LED lighting to develop a lamp specifically designed to target a broad range of flying insects.





# Highlights of 2016



## 20 million data messages sent from PestConnect units

The PestConnect range continuously monitors pest activity and automatically alerts technicians when a pest has been detected or contained. The units also send service updates such as battery life and signal strength. To date over 20 million messages have been received from units in 12 countries. This ensures faster and more targeted responses to emerging pest issues and helps technician productivity, reducing the need to drive to customers' premises as often.

## High quality training and development

In 2016, colleagues' skills development was delivered through two primary resources – the Technical Academy and U+ (online). The Technical Academy delivers accredited training to service colleagues and U+ is the in-house learning and development 'university'. In 2016 colleagues completed over 300,000 items of online training and development, and over 300 courses and videos were created in-house. Over the last five years, the graduate scheme which covers general, finance and functional management roles has recruited 200 graduates.



## Supporting our communities

Our colleagues enthusiastically support local and national charities, and the Company strives to build on this to enable multiple good causes to be supported. Rentokil Initial's charitable cash donations amounted to £171,000 in 2016 (2015: £128,000). We have also supported the charity Malaria No More for five years raising £126,000.



## Independent accreditation

Acknowledgements of the Company's corporate responsibility performance in 2016 included accreditation in the Dow Jones Sustainability World Index, the STOXX® Global ESG Leaders index, the Carbon Disclosure Project, the FTSE4Good Index and the Ethibel Sustainability Index Excellence Europe. In addition, in 2016 Rentokil Initial was voted Britain's 25th Most Admired Company, an improvement of 133 places in one year.



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



FTSE4Good

# Health and Safety

# 19%

19% improvement in Lost Time Accident Rate (2016: 0.62 vs. 0.69 target)



Golden Rules for Health and Safety to reinforce safety culture and develop operational and functional capabilities now fully implemented globally and hardwired into the Company's processes

# 20%

20% improvement in Working Days Lost Rate (2016: 15.31 vs. 17.05 target)



# 75%

All five regions and 75% of reporting units with a Lost Time Accident Rate below one



Driving at Work – new global minimum standards implemented across the Group. A suite of online learning resources was developed to support existing local driver training programmes.

### Our approach

Our health and safety approach comprises group and country programmes, focusing on operational protocols and actions taken. Underpinning policies are featured on the Company’s website, including the health and safety policy. The primary focus areas are where potential impacts are greatest, including workplace transport, working at height, occupational road risk, fumigation and machinery safety.

The Company’s Safety, Health and Environment (SHE) team comprises Group, regional and country leaders, reflecting regional cultures, legislation and operational capabilities. It establishes Company level 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 team reports to the Executive Leadership Team and at every Board meeting where it is always the first item on the agenda. The Company’s operational approach is based around OHSAS 18001, and in 2016, operations in seven countries (14% of total revenue) had formal OHSAS accreditation.

The Company completed its launch globally of its Safety Golden Rules. These are designed to foster a Company safety culture and are focused on nine main operational risks and setting global standards. For the development of this programme, the SHE team created over 270 health and safety training modules (including language variations) on the U+ online learning portal.

Regrettably there were four fatalities in incidents that occurred in 2016. Three were pedestrians involved in road accidents with the Company’s service vehicles and the fourth was a trespasser who gained access illegally to a building that was in the process of being fumigated. In addition, a North American colleague involved in a road accident in 2015 died of her injuries in 2016. To maintain colleagues’ focus on safe driving practices, the Company introduced new 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. A driver handbook, other training and reference materials were deployed globally, together with new reporting metrics.

The New Zealand business was prosecuted and fined NZ\$45,000 for failing to prove it had taken all practicable steps to prevent a colleague from contracting Hepatitis B. The Company initiated a global occupational health programme review (particularly relating to blood borne infection in the Company’s hygiene and medical businesses). This showed that many countries have appropriate occupational health procedures in place but also showed that actions need to be taken to improve working practices in emerging markets.

The Company’s 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.

### Safety performance in 2016

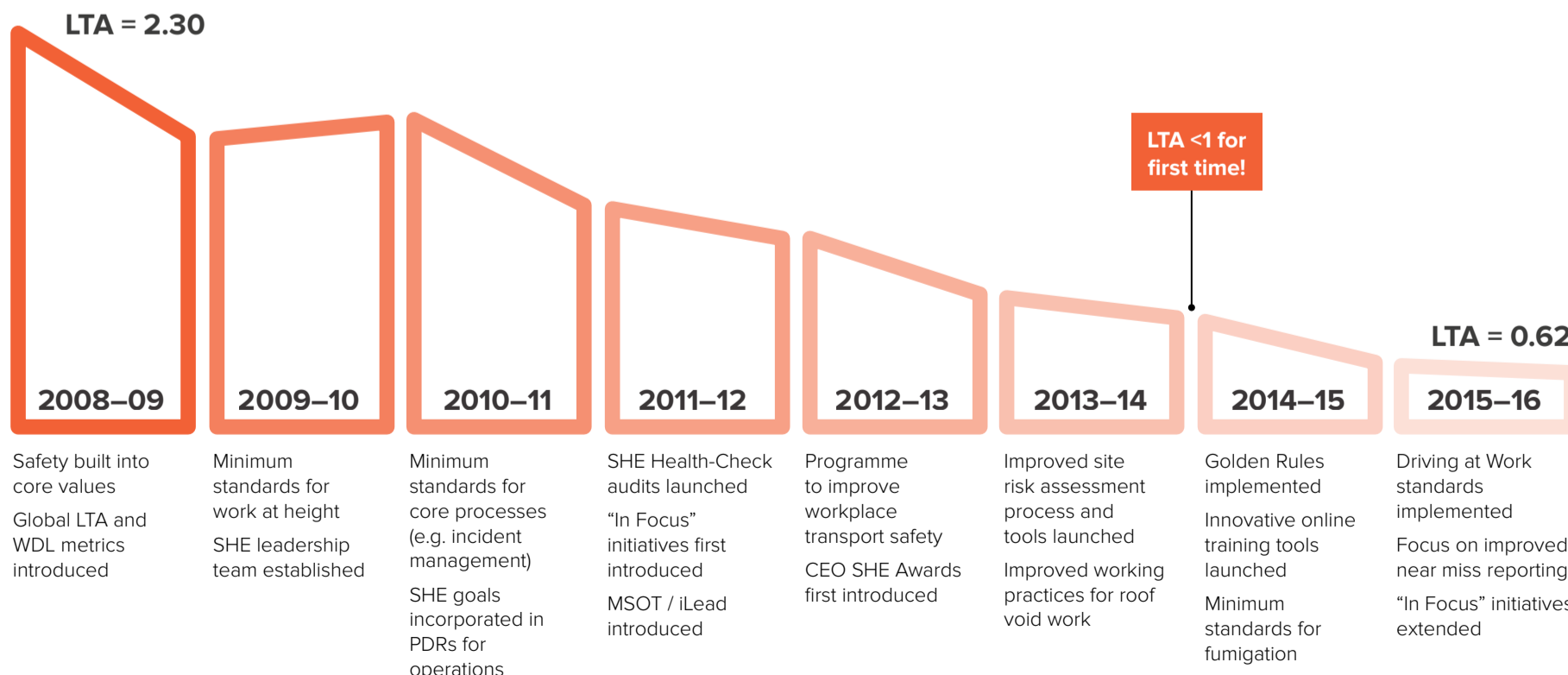
KPI	2014	2015	2016
Lost Time Accidents	0.99	0.77	0.62
Working Days Lost	27.08	19.02	15.31

- 19% improvement in Lost Time Accident Rate (2016: 0.62 vs. 0.69 target).
- 20% improvement in Working Days Lost Rate (2016: 15.31 vs. 17.05 target).

### Long term improvement in Safety

Since 2012, the LTA rate has improved by 55.7%, and the WDL rate has improved by improved by 53.5%. The strategy that has helped to deliver this significant improvement is shown graphically below.

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



## Safety – building operational capability

### Delivering essential training

Supporting the Safety Golden Rules, the SHE leadership team has produced an extensive portfolio of training courses for better management of health and safety. 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.

### Driving at Work

With approximately 17,500 vehicles and 370 million miles driven by colleagues per year, improving the safety of the Company's drivers and vehicles is a key SHE goal. New global minimum standards for 'Driving at Work' were implemented across the Group in 2016.

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:

- A core Driving at Work e-learning module which explains the key responsibilities that apply to all colleagues who drive on company business. The phased deployment of the core module commenced in H2 2016 and will be completed in Q1 2017. Currently it has been deployed to nearly 70% of colleagues who drive on company business.
- 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 driver.

In addition, a model driver handbook was introduced in H1 2016 and new collision metrics were introduced in late 2016.

To support these standards, vehicle telematics systems are used to help to improve driver behaviour and improve fuel efficiency. By the start of 2016 these systems had been fitted in approximately 2,400 vehicles. Management information includes driver safety scores and league tables as well as real-time in-cab feedback for drivers to improve their driving behaviour. This information enables managers to take appropriate action to address unsafe driving behaviours, giving priority to those at highest risk.

### Countries in Focus

The Countries in Focus initiatives were executed successfully and delivered positive results including an increased level of assurance, improved accident performance and focussed plans to deliver capability improvements and further risk mitigation through 2017.

LTA rate improvements were delivered in France, Germany, Colombia, Hong Kong, Singapore and Sweden. These results exceeded expectations in 2016. The highlights were reducing Lost Time Accidents in France Workwear, (by 38%), Germany Workwear (by 55%), Hong Kong (by 28%) and Singapore (by 79%).

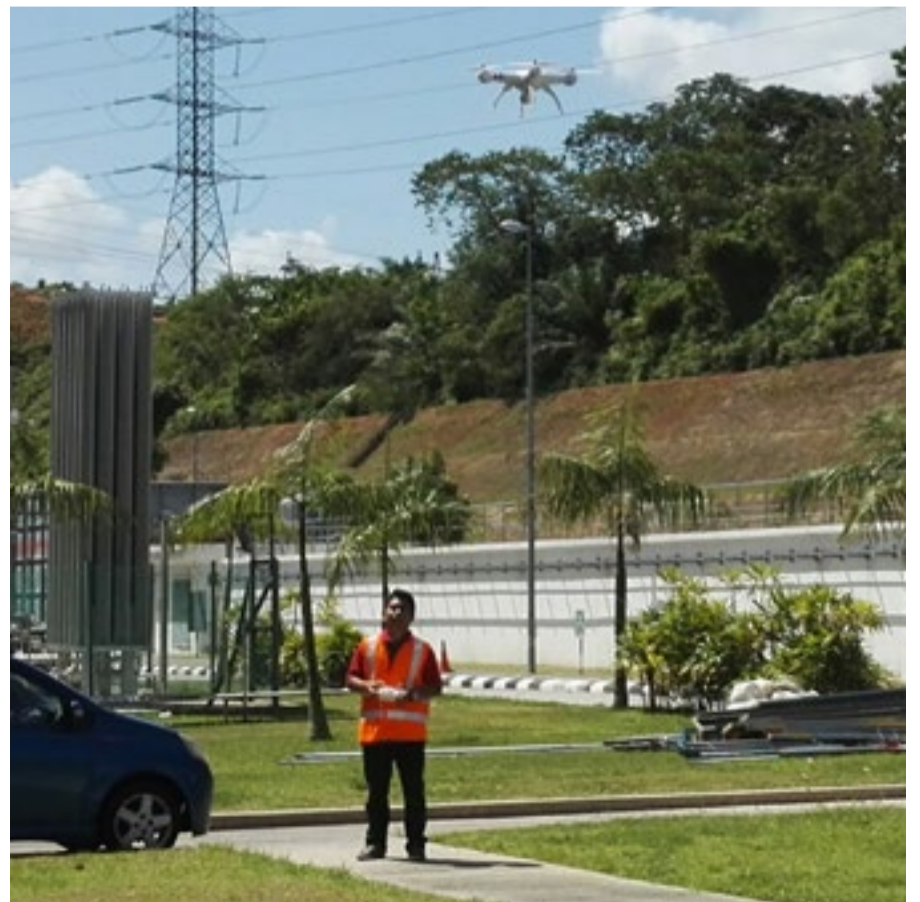
## Case study

### The Golden Rules as a stimulus for innovative thinking

The introduction of the Golden Rules stimulated new thinking amongst technicians worldwide as how best to address health and safety risks.

In Asia, Pest Control technicians identified how technology could help mitigate some of the major risks. Addressing working at height, a remote control 'crawler' was developed to inspect hard to reach roof voids and the development of a pole-mounted camera enabled the taking of ceiling images for off-site study and determination of treatments. Similarly, addressing musculo-skeletal strain risks, the development of an inspection endoscope made easier checks under machinery and avoided the need to lift heavy furniture or equipment. Lastly, introducing drones reduced the need for human access to roof tops during bird proofing surveys.

All these innovations were constructed by technicians using easily available components. They were stimulated by integrating the Golden Rules into operational business processes. These Golden Rules were effective because they made sense to colleagues at all levels – and also to customers, with contracts approaching £1 million in value being won directly as a result of the introduction of the Golden Rules.



# Workplace

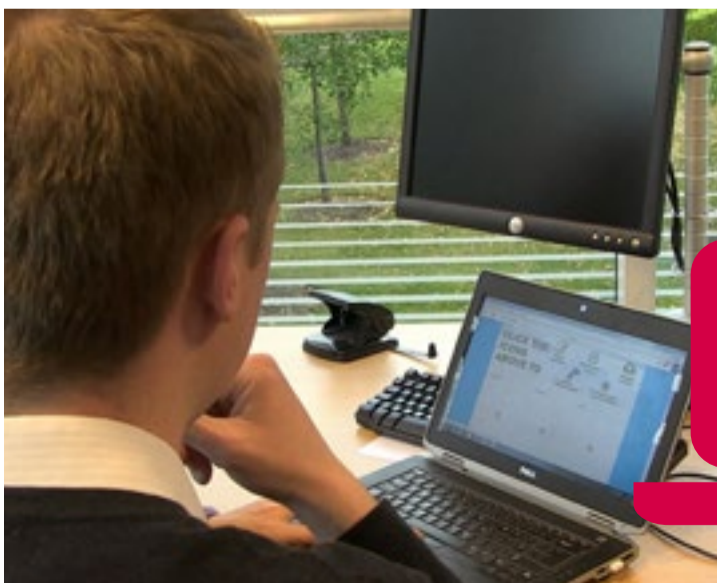


# +1%

**+1% point improvement in sales colleague retention (2015: 77%)**

# +3%

**+3% point improvement in service colleague retention (2015: 82%)**



**337,785 items of online training completed by colleagues in 2016**

## Our approach

We are committed to workplace best practices and providing equal opportunities for all colleagues. We recruit, appoint and promote based on merit, and have clear guidance in our Code of Conduct to ensure we maintain the highest standards of conduct. What we expect from colleagues and what colleagues can expect from the company is set out in the Employee Value Proposition, developed and published in 2016.

To ensure worldwide consistency, our 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.

The company's HR strategy has been developed to comprise actions focused on five key objectives. These are to:

- Create and deliver, internally and externally, an Employee Value Proposition – to attract, recruit, train and retain the right frontline staff.
- Create, articulate and embed the Company's reward philosophy.
- Develop effective and robust succession planning and leading edge development of our talent pipeline.
- Improve people data, systems, reporting, insight and processes.
- Understand, respond to and offer solutions to changing business needs.

To support this strategy, a common HR data dashboard was developed in autumn 2016 to improve people data. The HR dashboard includes a suite of HR metrics submitted by all country operations on a monthly basis to ensure improved business understanding and improve planning. These metrics cover numbers of colleagues, rates relating to retention, absence, and voluntary and involuntary turnover, together with internal promotions and external recruitment costs.

In 2016, retention rates for sales colleagues improved by 1% points and by 3% points for service colleagues.

## Learning and development

### Skills training

U+ is Rentokil Initial's award-winning in-house learning and development 'university' and has been operational for five years. It delivers programmes through various channels, including online courses via the U+ portal; face to face and team-based programmes; bespoke training modules for specific roles; and new colleagues' induction programmes.

In 2016, 337,785 items of online training were completed by colleagues and 300 new learning assets (videos, courses etc) were created covering topics such as Sales, SHE, Technical and operational best practice, all of which were developed by our in-house U+ Content Development Centre team. Also a new coaching tool was developed.

In addition, the UK operation's Technical Academy was integrated into U+, enabling its professionally accredited technical training, assessment training and field consultant support to be made available across a wider number of service colleagues.

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. The U+ team, having won the awards for Best Learning Implementation & Best Learning Team at the 2015 eLearning Awards, continued to receive acclaim with the award for Best Use of Technology in Learning award at the 2016 Global Training Journal Awards and Learning Team of the Year at the 2017 Learning Performance Institute awards.

### Apprenticeships

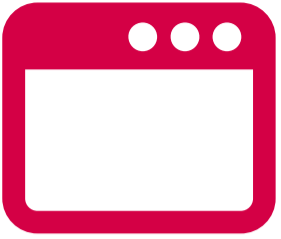
Rentokil Initial actively recruits apprentices and provides structured training for them to enter the world of work, particularly in the UK and Europe.

In the UK, Cameron Baker, who had joined the Company as an apprentice in August 2014 and works in the team responsible for U+, was chosen as a regional finalist for the UK Government's National Apprentice of the Year award from over 1,000 candidates.



**2,900 technical training days and +1,000 sales training days delivered in the UK**





On average 209,000 views per month on U+ Online by the end of 2016



302 learning assets (videos, courses etc) created by the U+ content development team



### Leadership and management development

The Company's leadership and management development programmes train over 100 employees per year across all regions and all management levels.

- The Living Leadership programme addresses the needs of experienced managers across Europe. This award-winning programme lasts six months and aims to deepen knowledge of the skills and behaviours required to lead in 'The RI Way'.
- The Company has introduced its Managing the RI Way programme, designed to provide supervisors and team leaders in their first leadership role with specific knowledge and skills to help them develop as managers, around the Company's leadership behaviours and values.
- At a senior level, Entrepreneurial Leadership offers pragmatic learning based on real Rentokil Initial business cases.
- The Leader in Me programme helps managers explore their own personal leadership styles and learn ways to maximise their impact in the business. The programme has been run in three continents in the last two years and was a finalist for Best Leadership Development Programme in the 2016 Training Journal Awards.
- In addition, employees can access tailored virtual coaching sessions around the world through the Coach In A Box programme. This revolutionary approach to coaching is being used increasingly by both employees new to people management or those experiencing other transitions into new roles.

### Graduates

Graduate recruitment and development is important in our overall management development approach. Over the last five years, our scheme which covers general management and finance management roles, has recruited 200 graduates (59 in a group-wide scheme and 141 in the UK specific scheme operating across its service lines).

Of those graduates offered posts in 2012 (subsequent to their completion of their graduate scheme), 65% were still with the Company in December 2016.

### Maintaining a responsible culture

#### Setting clear standards and policies

As part of U+, new colleagues undergo a global induction and compliance programme to ensure new recruits 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 the Company's Values, the RI Way and Promises to colleagues and customers, as well as a specific chapter around 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.

#### Developing a diverse and inclusive workforce

The Company has introduced a Diversity and Inclusion (D&I) programme to promote and foster greater gender, racial and ethnic diversity, which will ultimately lead to stronger business performance and create competitive advantage. Improving levels of diversity and inclusion will also enhance the attraction and retention of top talent, better reflect our customer base (ensuring a greater understanding), improve colleague satisfaction and develop greater depth and breadth of ideas and views in the Company, enabling greater levels of creativity and innovation.

Building the Rentokil Initial Diversity and Inclusion (D&I) programme started at the end of 2015, initially focusing on gender diversity. To date we have seen the following progress:

- **Diversity and Inclusion is now a theme in all Leadership Development Programmes** – this will feature also in the executive, operational and fast track leadership development programmes – for instance the Living Leadership programme has piloted a half day role play session on D&I with very positive feedback.
- **Female key talent colleagues are currently undertaking a coaching programme** – to improve skills and support those in transition to new roles. We have extended this offering to other groups and broadened the remit to help develop resilience and sustain breakthrough performance. Early feedback is very positive.
- **D&I video included in Group U+ Induction Module** – to ensure D&I is presented as core to the Company's values and vision.
- **Trialed two pilot diversity initiatives for general management population** – in Q2 2016 two pilots were run in the business to explore new training ideas. Firstly, a 90-minute webinar run by an external organisation and secondly a 60-minute session to bring real case studies to the table in discussion with an expert.
- **Recruitment** – the Company is committed to ensuring that recruitment agencies provide shortlists that support diversity and include proportionate numbers of female candidates for each role.
- **Graduate success** – in our UK business there has been a significant increase in female graduate recruits into front line pest control roles, after updating our recruitment site to improve female appeal. In 2016, women made up 50% of the UK graduate intake. This impacts on Team Leader roles, which are the first line management roles in the UK, with increased female representation, up from 13% to 27% over the six years that the graduate programme has now run. Furthermore, in the last 24 months, of the 27 appointments to the Team Leader role 10 (37%) were women.
- **The Employers' Pledge of Fair Employment** – signed by the Company in Singapore, indicating it is committed to fair employment practices built on an inclusive and merit based work environment.
- **Increasing women in senior management roles** – in the past year there has been an 8% increase in the proportion of females in work level five and above.

## Case study

### The use of Google Apps

The Company believes an agile, alert and informed workforce is fundamental for a sustainable business. The Company has been using Google Apps since 2015. Given the majority of colleagues operate remotely, these have enabled virtual colleague communities to be created, sharing knowledge and becoming more productive. Google Hangouts have transformed the way colleagues interact, reducing travel time as colleagues take part in video meetings from locations close to customers.

Benefits have included technicians having onsite consultations via Hangouts with their line managers, getting instant advice on difficult issues. The frontline response is that it is like having a virtual manager alongside. In 2016, colleagues sharing best practice and collaboration spent more than nine million minutes in video conference Google Hangout meetings (six million in 2015 and two million in 2014).

By improving colleagues' technical knowledge, through sharing best practice through the use of Google virtual communities, the Company is becoming a more sustainable as well as higher-performing business.

- **In the Company's top 10 markets** – (representing about 70% of all colleagues), a study showed approximately 35% of colleagues are female.
- **Women represent 25% of Board members** – The Company aims to meet the recommendation made in the final Davies Report and in the Hampton-Alexander Review on improving gender balance in FTSE leadership, which set a target of 33% female board representation by 2020. Currently, Rentokil Initial has one woman on the Executive Leadership Team and 29 in the direct reports to the Executive Leadership Team. This represents 10% and 28% respectively.<sup>1</sup>

### Supporting wellbeing

In 2016, the UK operation launched its Employee Assistance Programme. This offers support, information, advice and specialist counselling to help colleagues cope when things get tough. It is a free, confidential service that is available on-line or on the telephone at any time day or night. Colleagues can also have face to face counselling (up to six sessions per issue). The service also offers practical guidance to help colleagues stay physically and mentally healthy.

### 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 41 ex-forces colleagues in the UK and 44 in the USA.

### Speak Up

The Company operates a confidential reporting system called Speak Up which allows colleagues to raise concerns. It is available worldwide, with international free phone numbers. Details of numbers of incidents reported via Speak Up are reported in the governance section.

<sup>1</sup>'ELT Direct Reports' includes those individuals reporting to members of the Executive Leadership Team who are defined as senior managers, with responsibility for planning, directing or controlling the activities of the company, or a strategically significant part of the company. Non-managerial and administrative staff who report to the Executive Leadership Team have not been included.





# Marketplace

Winner of 'Best Internet of Things' innovation of the year for PestConnect



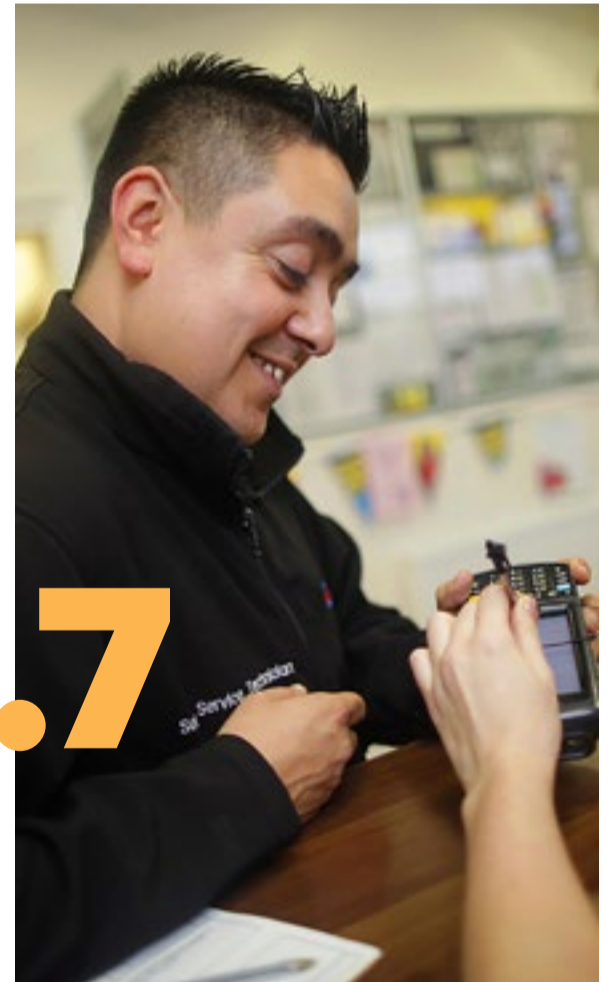
98% – high level of state of service maintained (2016 target: 95%)

# 98%



4.7 point improvement in customer satisfaction (NPS) with all categories showing good improvements

# 4.7



# 15

## 15 innovation or design patent applications in progress in 2016

### Our approach

Our primary service categories are Pest Control, Hygiene and Workwear services through the Rentokil and Initial brands. Some regions offer, as additional categories, a plants service through the Ambius brand as well as specialist medical and hygiene services. All services are route-based. In addition, in North America, Steritech Brand Standards provides food safety and operational assessments for the restaurant, grocery and supermarket, convenience store and retail store sectors. Also in North America, the Company has two Pest Control product distribution companies (Target and Residex).

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. There are common customer service and satisfaction measures and training programmes adopted globally. The Company 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. In 2016, customer satisfaction improved by 4.7 points. All categories and most businesses are showing good improvements. Our core State of Service metric also improved to almost 98% (ahead of our 95% target).

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 (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 (M&I) function works alongside country operations to coordinate development of our service offering and its marketing, building differentiation through Intellectual Property. During 2016, Rentokil Initial had 15 patent protection applications in progress. 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.

Our focus areas are Innovation, including leading digital platforms; Quality of products and services; and Product stewardship.

### Innovation

Rentokil Initial's innovation pipeline remains strong and during 2016 the Company developed further sustainable products for launch in 2017.

### RapidPro

A new faster-acting rodenticide that is the most effective bait targeting mice infestation. The new product, for use by our professional service technicians, was developed by our rodent behaviour specialists and biologists through extensive research and testing to achieve the optimum formulation for palatability and efficacy.

RapidPro is effective on mice that are resistant to traditional rodenticides and is faster acting than traditional baits – taking less than one day to work compared with up to three-four days. This leads to faster control of mice infestations, and because it is rapidly metabolised, it is the safest option of fast acting rodenticides to avoid secondary poisoning of non-target species.

Authorisations have been received for six countries in Europe including Germany, Belgium and the UK, with a further seven European country authorisations expected in early 2017.



# 0.6%

0.6% – customer retention improvement (2015: 85.2%)



Delivery of strong innovation pipeline at pace with quarterly development plan, for instance Lumnia, pictured right.



## Lumnia

This is the world's first commercial range using LEDs developed in partnership with a leading manufacturer of LED lighting to produce a lamp specifically designed to target a broad range of flying insects. 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 fluorescent tubes eliminated) and lower power consumption of 50% – 60%.

## PestConnect

In 2016, the Company announced a 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. The 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.

The new digital pest control services use connected rodent devices with embedded sensors and mobile connectivity. The units communicate with Rentokil's online 'Command Centre' and when 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 on site before they take hold, and enhances productivity by directing activity to where it is most needed. In addition, 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.

To date the Company has developed and provided connected rodent control particularly to customers in the regulated food and pharmaceutical industries, with over 25,000 digital devices running in 12 countries, sending more than 20 million individual pieces of data (including productivity alerts). One message every second is received from the field throughout day and night.

PestConnect was the winner of the 2016 'Best Internet of Things' innovation at the UK IT Awards, organised by the Chartered Institute for IT. The award was for 'the most outstanding project developing Internet of Things technologies and/or usage'.

## LCO<sub>2</sub> cleaning

Whilst Initial's workwear service typically involves washing garments with hot water, a new service has been introduced in Belgium for those garments for which this is an ineffective treatment. The new service uses liquid CO<sub>2</sub> (in a totally recycled system) with non-toxic chemicals producing high quality cleaning of specialist garments for sectors such as the emergency services, petrochemicals and food manufacturing. Initial's process enables dirt such as sand and mud to be extracted using a unique filtration system. This process also has some beneficial environmental impacts as it enables customers to avoid traditional cleaning processes using highly toxic dry cleaning chemicals such as perchlorethylene, as well as avoiding polyester micro fibres in the garment fabric contaminating the waste water, due to the totally closed system.



## Product and Service Quality

### Highest standards of customer service

In 2016, the Company's state of service delivery stood at 98%, a slight increase on prior year and ahead of the target of over 95%.

The Company also measured 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. The 2016 CVC score improved by 4.7 points with all categories showing good improvements.

### Digital tools across the customer lifecycle

Rentokil Initial's use of technology frees up colleagues to allow more time with customers. From initial contact through highly effective web channels and a digitally supported sales process, digital services, customer portals and finally through to e-billing, a series of high quality digital tools and processes are available to colleagues.

In 2016, 10,000 colleagues were 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.

The Company's 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. To date, Rentokil's myRentokil portal is available in 25 countries with over 70,000 customer registrations. In the UK, by the end of 2016, 35% of all invoices were sent by e-billing.

### Quality in Workwear

In 2015, Rentokil Initial unveiled a new programme to create market differentiation in Workwear through products and service quality. A Europe-wide ranging programme was initiated across all operations.

As a result, in 2016 customer satisfaction (Customer Voice Counts) improved in all EU categories and most EU Countries showed improvement in every quarter, indicating better service and customer service quality.

Other results from the European quality agenda included:

- Improved wash quality – meeting or beating all industry standards for whiteness/brightness and textile loss of resilience (from washing process) with 10% reduction in complaints on wash quality.
- 43 EU textiles and hygiene branches fully re-optimised using route optimisation through 2016.
- Continued deployment of the Service+ routing and scheduling system. This is now in 15 countries and 71 branches with around 1,500 service technicians on the system with Pest, Hygiene and Ambius all able to use the system. Benefits include less driving (up to 30%). Allowing more than 10% extra service time per day and better service delivery with 'on time' service.

See page 30 for commentary on the reduction in water and energy usage in 2016.

### High quality training resources for customers

The Company's myLearning, a digital learning portal for customers' own employees, has nearly 1,200 UK customers using the portal (up from 200 customers in 2015). This portal features training courses to assist customers to meet their own regulatory compliance standards, particularly in the food processing sector.

There are more than 45 customer training modules available currently, with a further 50 in the pipeline. For instance, the PestAware 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.

In 2016 a new Hospitality hub was launched, aimed at hotels, restaurants and commercial kitchens. This helps customers to train their own workforce to best practice standards in hygiene matters – a critical prevention issue for the food industry.

## Product stewardship

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 of the products. Each Rentokil operation has an Authorised Product List.

The Company actively supports organisations, such as the Universities Federation for Animal Welfare (UFAW) and the Campaign for Responsible Rodenticide Use (CRRU), to influence end users' knowledge and understanding of safe pest control.

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 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).

## Developing an industry-wide set of standards

Rentokil has been active in supporting the development of new industry professional practices and standards. The Company was instrumental in the publication of the new European Standard for pest management services (EN 16636), to improve the quality of services. It 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.

## Case study

### Igniting innovation culture across Asia

The Asia Elite Team Initiative was developed in 2016 with the aim to build and leverage an elite, cross-border team of field biologists in pest control to establish an innovation-driven culture and support the execution of innovations and service line extensions.

The 24-member team, assembled from nine countries, is organised into five pest-specific, cross-border sub-teams, ready for deployment to support high-value prospects across Asia.

In late 2016, a team focusing on Store Product Insects (SPI) was assembled and deployed to Vietnam to help secure an important contract for servicing silos in a grain milling plant.



# Environment

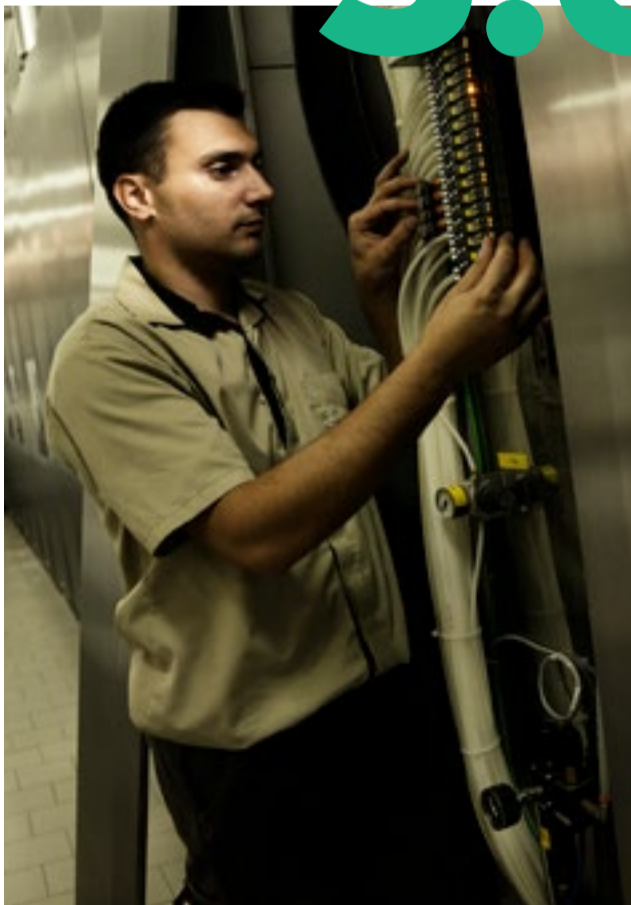


# 6.4%

6.4% improvement in vehicle fuel efficiency in 2016

5.6% reduction in water usage in 2016

# 5.6%



# 10.7%

10.7% reduction in greenhouse gas emissions in 2016

# 20%

**20% workwear water usage reduction since 2012**

# 15.9%

**15.9% workwear emissions reduced since 2012**

## Our approach

Rentokil Initial'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 and workwear processing plants' energy use.

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 and reviewed regularly by the Safety Health and Environment (SHE) leadership team whose focus is on establishing local business protocols and approaches relevant to each business. Operations in 12 countries have environmental management systems certified to ISO 14001, representing 19% of total revenue.

## Emissions target

Following the successful achievement of the Company's five-year emissions target (set in 2011) for a 10% emissions reduction (derived from property energy and vehicle fuel) the Board set a new 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, 10 country operations (representing over 85% of all the company's emissions in 2016) will set their own energy reduction targets for the period up to 2020. Over time, other country operations will be tasked with energy reduction targets.

## Environmental reporting

### Dow Jones Sustainability Index

The Company has received accreditation from the Dow Jones Sustainability World Index of leading companies for the last eight years. In 2016 it scored 67% for climate strategy and 76% for environment policy/management systems. For its submission for the 2016 Carbon Disclosure Project, the Company was ranked in the C performance band.

### 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 2015 to March 2016 and shows UK carbon emissions of 3,144 tonnes of CO<sub>2</sub>e (4,392 tonnes for 2014-2015).



## Emissions 2016

In 2016 Rentokil Initial reduced its greenhouse gas emissions by 10.7% and since 2012 the Company has reduced its emissions by 18.7%.

The Company reports on tonnes of CO<sub>2</sub>e in its annual report and accounts, using 2016 DEFRA conversion factors for fuels, gases and UK electricity, and International Energy Agency conversion factors for non UK electricity generation. The following table shows absolute emissions derived from property energy and vehicle fuels over the past five years (based on data collated from all countries in which it operates – data for the Steritech acquisition was excluded in 2015 as it was in an integration process).

The Company 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 variables such as currency, major divestments and acquisitions. The following chart shows the Company's five years' index of intensity values.

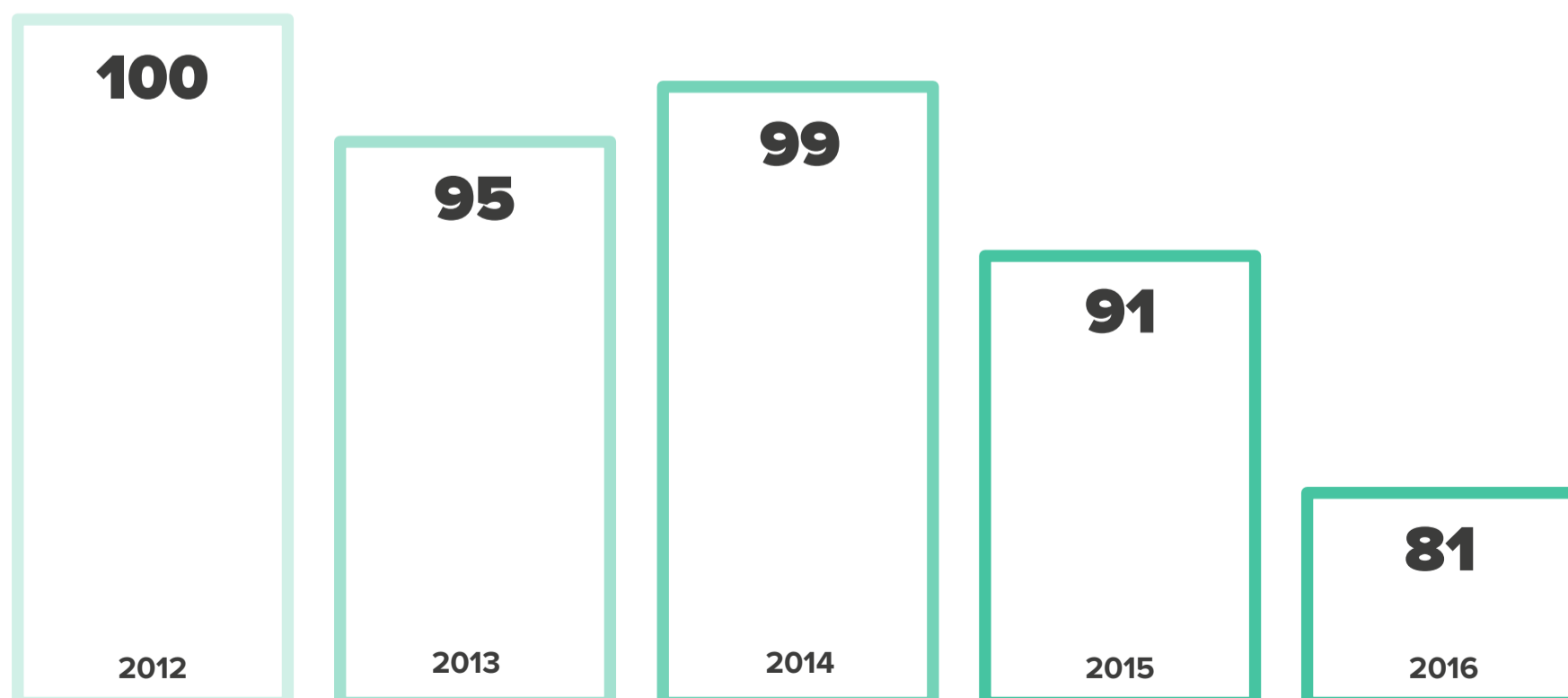
In addition, the Company reports on fugitive gas emissions. A scoping exercise in 2013-14 assessed HFCs leakages from air-conditioning and refrigeration units, confirming HFCs leakages represented less than 0.5% of the Company's total 2012 emissions. Consequently, these were and continue to be considered non – material for reporting.

However, use of Sulfuryl Fluoride has grown to become a significant contributor to the Company's emissions following North American acquisitions 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 pests like 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 2016, absolute emissions derived from use of Sulfuryl Fluoride are 720,322 tonnes (2015: 612,310 tonnes and 2014: 850,883 tonnes). Studies, such as Barnekow and Thoms, indicate there is no suitable fumigation alternative to Sulfuryl Fluoride approved by regulatory authorities.

### Absolute value of principal energy derived emissions –tonnes of CO<sub>2</sub>e

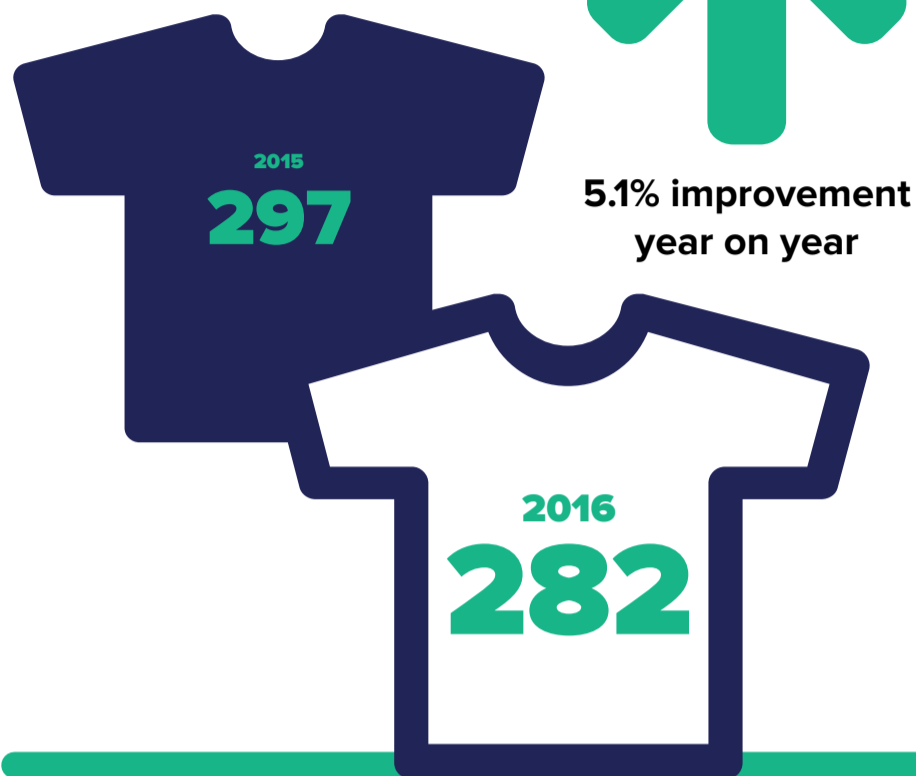
Type of scope	2012	2013	2014	2015	2016
Total scope 1	177,665	181,249	180,660	173,896	176,698
Total scope 2	26,832	24,389	26,626	21,736	20,415
Total scope 3	34,850	35,828	35,843	34,821	35,618
Total outside scope	3,025	3,288	3,297	3,353	3,581
<b>Total – all scopes &amp; outside scopes</b>	<b>242,371</b>	<b>244,755</b>	<b>246,426</b>	<b>233,806</b>	<b>236,312</b>
<b>Emissions in tonnes per £m at CER</b>	<b>148</b>	<b>141</b>	<b>145</b>	<b>135</b>	<b>120</b>

### Index of emissions – 18.7% improvement over five years

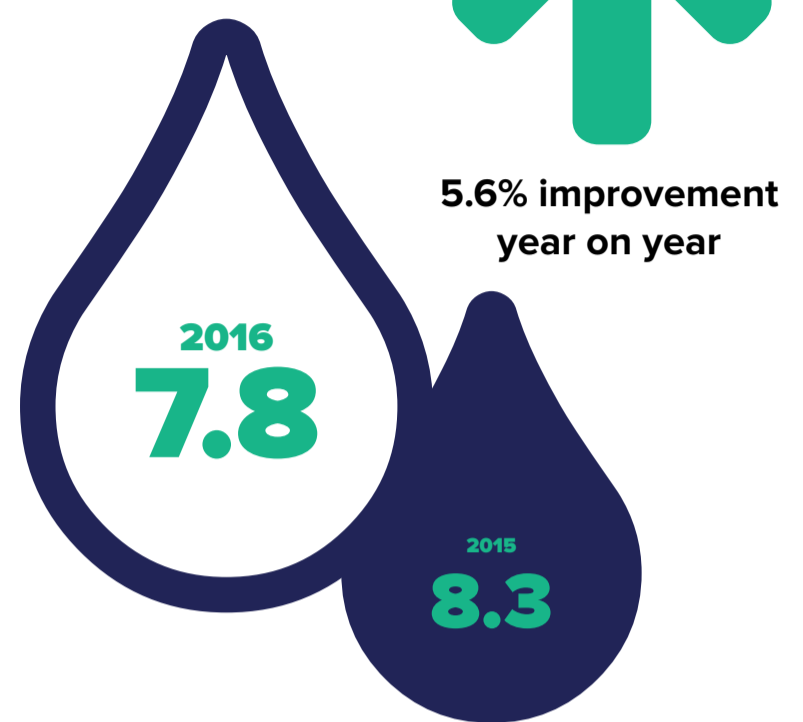




### Workwear – Kilogrammes of CO<sub>2</sub> emissions per tonne processed



### Workwear – Water usage per unit washed – litres used per kilogramme



## Environmental efficiency

The Company reports its environmental efficiency performance against five key measures:

- A carbon emissions index.
- Energy efficiency indices for property energy and vehicle fuels.
- European workwear processing plants water consumption.
- European workwear processing plants energy efficiency.
- European workwear processing plants normalised emissions.

Energy and emissions are based on consumption of property energy (particularly the European workwear processing plants which are the major consumers of property energy) and vehicle fuels (which represent 70% of total emissions).

The Company has already achieved its 2016 emissions target of a 10% improvement in emissions, normalised against revenue, at constant exchange rates. The Board has now established a 2020 target of a 20% reduction in emission (on the same basis as previously) from the beginning of 2016. As part of this target setting, the top 10 country operations have each been tasked with achieving their own 20% reduction in energy consumption. These 10 operations represent around 85% of total emissions in 2016. It is envisaged that over time, other countries will be tasked with energy reductions targets.

Our European Workwear plants continue to benefit from recent investment and delivered annual improvements of 3.5% in energy efficiency and 5.6% in water consumption in 2016, both normalised against the weight of textiles processed.

In 2016, the Company reduced its Workwear-related emissions by 5.1%. This continues a five-year trend of improvement, through the use of technology and developing responsible behaviour.

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

In 2015, out of a total weight for continental European plants of textiles processed and distributed of over 190,000 tonnes, product disposed of represented 2,800 tonnes (around 1.6%). Whilst none of the waste management processes have changed in 2016, the detergent supply contract,

initiated in 2016, has impacted with longer product lifetimes, resulting in reduced amounts of waste produced.

Of the total waste disposal in 2015, 66% was directly reused (being shipped for use in the developing world), 16% was recovered for fabric or fibre remanufacturing, 16% was used for energy recovery (through incineration by energy generating companies) and the remaining 1% was sent to landfill (none of which was textiles).

The Benelux plants have a single waste contractor (collecting both textile and other waste), and of the total waste disposal of 2,400 tonnes (including textiles), 53% went to landfill and 26% for recycling, with the remainder either being reused or reused.

## Initiatives to reduce our environmental impacts

### More efficient driving

With a global vehicle fleet of approximately 17,500 vehicles, representing an annual average business mileage of 370 million miles, vehicle emissions represented 70% of the Company's energy derived emissions (and 73% of energy costs) in 2016. The Company has introduced a range of various programmes using technology and influencing driving behaviour to deliver improved vehicle efficiency:

- **Route optimisation** – as mentioned in the marketplace section, there was continued deployment of the Service+ routing and scheduling system. Apart from direct benefits for customers there was up to 30% less distance travelled.
- **Driver telemetry** – both North America, South Africa and Europe have deployed the Trimble telemetry system. This in-cab system feeds back to drivers information about their driving behaviour. In addition, managers receive reports on driving, such as excessive speed, cornering, braking, excessive engine idling, and departures from planned routes, etc., with the opportunity to compare drivers' performance. It helps colleagues to achieve better safety and fuel consumption.

In the UK, track and trace telemetry provided several distinct benefits. As well as being able to monitor route density and route planning, with energy saving benefits, it provided also information to improve driver job related productivity (reducing driver lost time by over 50%) and to identify vehicle location to enable rapid response to urgent customer requests.



**18.7% energy derived emissions reduction since 2012**



**Strong sustainable product innovation pipeline eg Lumnia LED EFK and RapidPro**



**2016 Accreditation: Dow Jones Sustainability World Index, STOXX, Ethibel Ethisphere, CDP and FTSE4Good**

- **Vehicle selection** – the UK vehicle fleet selection criteria include fuel and emissions efficiency. The UK fleet provider's analysis shows that out of 10 customers with fleet sizes between 500 – 999 vehicles, the Company's fleet is second most efficient with 116 CO<sub>2</sub> gms per kilometre. More importantly, for vehicles on order, the fleet ranked first with an average of 105 CO<sub>2</sub> gms per kilometre.

### Delivering Workwear plant efficiency

Property energy derived emissions represented 30% of energy derived emissions in 2016. The Workwear processing plants (including cleanroom plants) represent 77% of these emissions. In 2016, CO<sub>2</sub> emissions per tonne of textiles processed amounted to 282Kgs (an improvement of 15.9% since 2012).

These plants have had over six years of investment to improve their operating efficiencies, including reducing energy. The investment focused on optimising current equipment, ensuring all plants are equipped with heat exchangers to recover heat lost and boilers are upgraded for improved efficiency, as well as installing remote monitoring equipment for proactive maintenance. There are six steam-free laundries (the first was in Sweden in 2011), operating at one third of the energy consumption of older plants. Since 2012 the plants' energy consumption per kilogramme of textiles processed has improved by 13.5%.

The investment is also targeted at reducing water consumption. For several years, the European Workwear processing plants have utilised water recovery systems, reducing water and energy consumption and delivering effluent suitable for subsequent reuse. These together with the introduction of steamless laundries have resulted in 5.6% water consumption reduction in 2016 and by 20% since 2012.

Described later in the Supply Chain section, the new Detergent Supply contract (applied in 41 laundries) took this efficiency drive to a higher level. In 2014, the Company's new supplier partnership philosophy was launched to focus on improvements in overall

effectiveness rather than costs. The holistic approach means that while there may be detergent cost increases, there would be counter balancing reductions in water and energy consumption, and improved processed textiles quality and lower levels of replacement expenditure. The benefits are in financial and environmental gains (including the substitution of toxic chemicals by other detergents) and conversion to new processing detergents in 2015-16 resulted in reduction in chemical 'boosters' e.g. acids and bleaches and reduction in water and gas consumption (on like-for-like volumes). In addition, a new LCO<sub>2</sub> washing system is being introduced in Belgium which is waterless – offering a 64% reduction in energy usage with the LCO<sub>2</sub> being constantly recycled.

### Delivering property efficiencies

Over the last three years the company 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 property locations to be merged. For more details see the case study below.

### Reduced product and operational environmental impacts

The Company's Eco-Label accredited range of soaps and washroom equipment is designed to ensure that customers have environmentally-accredited products that deliver 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 was rolled out during 2015-16, achieving 35% of all invoices by the end of 2016. The usage of approximately 210,000 pieces of stationery has been eliminated.

## Case study

### Improving co-location

Within the UK, in 2013, the strategy of co-locating services within the same office location was implemented. As a result, the UK property portfolio has been reduced by over 75 sites to an estate of 67 operational properties compared with three years ago. These share functions and services across the different business units to maximise efficiencies.

This approach has been adopted in the rest of world, either with existing services or through acquisitions. In USA, acquisitions have been integrated into the existing property portfolio, with 28 leasehold properties being disposed of in 2016 alone. The large central Ambius depots in the US are now shared with the local Pest Control operations to generate efficiencies. Similarly, in continental Europe, operations were consolidated into same locations resulting in the size of the leased estate being reduced by 7%. A similar branch approach is being introduced in new branch locations such as Surabaya in Indonesia and the Klang Valley in Malaysia.

As the Company continues its geographic density acquisition strategy this will offer more opportunities for improving property energy efficiencies.

# Supply Chain



# 100%

100% audit (on a rolling performance based cycle) of critical bespoke pest control and hygiene product suppliers



# 100%

100% audit (on a rolling performance based cycle) of critical workwear suppliers

## Our approach

Rentokil Initial's Supply Chain Management commercial strategic priorities are product quality, service delivery and delivered cost. The governance priorities include contract governance and compliance to procurement procedures, detailed in the following policies:

- Supplier Standard, revised in 2015 to cover the latest product and environmental, social and governance (ESG) issues.
- Procurement Policy, issued in 2014, setting minimum mandatory standards for procurement globally with best-practice guidelines.
- Warehouse Management and Inventory Control, issued in 2015, 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 is being 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. The Company has published its Modern Slavery Statement 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.

[Click here for the Statement.](#)

Supply Chain expenditure covers capital investment (rental equipment) and consumables. It is managed through Group Procurement for the Hygiene, Pest Control and Workwear categories. 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 Electronic Fly Killers 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 ad-hoc when quality issues arise.
- Consumables such as paper, soap and pest control chemicals, include unique products (developed for use only in the Company's equipment) and generic products (sold across the industry). All unique products are tightly controlled in product specification and supplier audits ensure compliance with international regulations. Suppliers of generic products are audited to ensure adherence to agreed quality standards against the supplier's specification.
- Textile products split into products with designs unique to the Company (e.g. workwear), and standard products (flat linen and linen towel rolls). 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.

Key corporate responsibility risk areas lie with the procurement of chemicals, electrical equipment and textiles but opportunities exist to drive sustainable practices through supplier partnerships.

The Group Procurement and Supply Chain team covers direct and indirect group procurement quality managers, in-house manufacturing and an Asia purchasing hub (identifying suppliers with innovative solutions and auditing Asian suppliers). Training, including ESG matters, is developed through U+. 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).

Group Procurement reviews annual global spend for major businesses and tracks supplier numbers by category and spend. The major category is Workwear, which represents 44% of total 2016 spend on garments and flat linen for rental. Pest Control and consumables represent 37%, while Hygiene equipment and consumables represent around 20%. There are over 1,000 suppliers of direct products, with 8% of these supplying contracts with a value over £100,000 p.a. The Company uses over 10,000 direct and indirect suppliers across the global business, most of which are low risk, smaller local contracts.



## Providing supply chain assurance

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

- **Critical Suppliers** – representing a high proportion of global category spend; supplying unique products to multiple Company markets; a long lead time to substitution if required.
- **Major Local Suppliers** – supplying a single country; representing a significant proportion of that country's category spend; identified as preferred country suppliers.
- **Minor Local Suppliers** – used tactically and ad-hoc, often at customer's specific request; representing the majority of suppliers, but a low proportion of category spend.

In 2016, the first two supplier groups constituted 120 suppliers, of which 34 are defined as critical, 86 as major local and the remainder as minor local suppliers. Critical and Major suppliers represent 75% of total direct spend and are managed by Group Procurement with regular audits. In addition, there are two in-house manufacturing units and an in-house workwear sourcing business, purchasing directly from suppliers.

## Supplier audits: Pest Control and Hygiene

Critical Supplier audits 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 supplier criticality and previous results, and varies from a one to three year audit cycle. Suppliers audited receive a Corrective Action Plan within two days of the audit and must return an initial response within two weeks. Updates on actions are requested at appropriate times, and photographs are requested to demonstrate actions taken, or revisits are carried out.

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.

In the Hygiene category, 17 of the 18 critical suppliers have been audited by the European Quality Manager, mostly medium-sized companies, manufacturing a bespoke product for the Company – the exception is Dyson, supplying branded products. In Pest Control, all critical suppliers who manufacture Rentokil branded unique products have been audited. The remainder are major international chemical companies with very stringent management and control systems e.g. BASF, Bayer and Syngenta.

## Critical Supplier Audits for Workwear

In the Workwear category, garments are supplied on a Cut, Make and Trim basis through Cawe, a workwear sourcing company acquired four years ago. Garments are also sourced from third party suppliers based in Europe on a Ready Made Goods (RMG) basis, managed by the Workwear procurement team based in each of the local markets. Flat Linen is sourced through Cawe on an RMG basis.

Cawe has been a member of Max Havelaar (FLO CERT) since 2007, and is audited externally every year to ensure that it:

- Offers disadvantaged producers and workers a fair wage, allowing them to satisfy basic needs.
- Guarantees producer and worker rights (banning child labour, slavery, forced labour etc.).
- Develops sustainable relationships throughout the supply chain.
- Promotes environmental protection.
- Offers quality products.

Cawe is also a member of YAMANA – Fibre Citoyenne, which evaluates Cawe every year to ensure commitment toward increasing sustainability, following five principles:

- Environment.
- Social.
- Societal.
- Governance.
- Consumer security.

Cawe carries out audits on its sub-contractors either by the Workwear Quality Manager, or by an independent third party – WethicA (linked to ACTE). All major Cawe suppliers have been audited at least once and are visited at least once per year by the Workwear Quality Manager and the Cawe Production Manager.

In 2016 there were six third-party suppliers that are classified as Critical Suppliers as defined previously, managed by the Workwear procurement team. These suppliers have industry-specific accreditation from organisations such as Max Havelaar, Fairtrade and Yamana.

In Workwear, sourcing ESG factors are used as a go/no-go gate rather as a weighting. If suppliers do not conform to required standards, they are not considered for selection, or discontinued once commercially possible. The last infringement was detected in 2015 in Armenia, at which time the non-compliant supplier was disqualified as a supplier.

Sources of workwear fabrics and accessories are either branded products (e.g. for yarns, zips and buttons) with international quality and environmental certifications, or products from manufacturers audited by the Workwear Quality Manager.

## Delivering safe products

Sustainability risks for critical suppliers are identified and managed by Quality Managers, whilst risks for major local suppliers are identified and managed by local procurement.

For fabric suppliers, used in workwear, the Company mitigates environmental and social risks by selecting suppliers that meet key ESG standards including:

- Fairtrade/Max Havelaar certification.
- Fibre Citoyenne.
- OEKOTEX.

OEKOTEX provides environmental assurance regarding waters used in dyeing and public safety assurance regarding chemicals used in production (including compliance to the EU's REACH directive).

Chemicals used in pesticides and fragrances are validated by the Global Science Centre (GSC), to ensure they meet public regulations such as the CE mark and REACH directive. The product specifications set by the Marketing and Innovations team and GSC take account explicitly of ESG and regulatory issues. Where legacy products do not conform to the latest European regulations they are redesigned or reformulated to ensure compliance.

## Nordic Swan and Eco Flower Labelling

In Hygiene, hand wash liquids and foams are manufactured in-house, enabling a wider range to be produced, and ensuring compliance with EU regulations, with full safety assessment and preservative efficacy data. Production is to GMP standard (Good Manufacturing Practice specified for food processing and cosmetics manufacture) and HACCAP standards. The range is eco-certified, carrying Nordic Swan and Eco Flower labelling (except anti-bacterial soaps, because of their ingredients). The manufacturer, Rentokil Initial Supplies, is certified under ISO 9001 along with its sister manufacturing company, Dudley Industries. Both businesses are subject to audit under the Supplier Standard.

The Company's paper supplies also carry the Nordic Swan and Eco Flower labelling (with the exception of product such as Scrim paper, which has a polyethylene weave). The Eco Labelling range now includes EcoClear WC & Urinal Fluid products.

## Building a sustainable supply chain

### A collaborative supply chain

Developing a collaborative supplier base is central to the Company's supply chain strategy. Within Hygiene and Pest categories, there are monthly teleconferences with key suppliers to discuss performance against agreed KPIs.

Within Workwear, stockholding arrangements with major suppliers allow the suppliers to optimise their production schedules and minimise the order lead times. This requires close liaison between suppliers and the Procurement Managers. Cawe's internal sourcing operation purchases workwear fabric directly from the manufacturers, and forwards the required quantity to its garment suppliers. This ensures direct control of the garment supply chain whilst protecting Intellectual Property and improving supply security.

Incentives for suppliers encourage and reward longer-term global partnerships. The Company is taking a more streamlined approach to European sourcing of items such as garments, washroom equipment and pest control products to maximise the procurement and supply chain synergies and provide opportunities for higher volumes to suppliers.

In-depth collaboration with chemical suppliers has been ongoing in the workwear processing area. Firstly, this involved joint customer/supplier responsibility for 'limits on amounts consumed', then secondly, collaboration moved to focus on 'optimising the consumption' of energy, chemicals, waste and water, including advice on investment, and improving processed workwear quality and life cycle. The suppliers chosen committed to capex investments to drive down energy costs, with a risk/reward approach in place for all suppliers. The results of the first year of this second phase are in the case study at the end of this section.

### Reducing supply chain transportation environmental impacts

The Company's supply chain transportation footprint stretches from product suppliers through warehouses to branches and to end-user customers. To reduce environmental impacts relating to transportation, the Company has acted on two fronts. Firstly, shipping directly from suppliers to a central European warehouse for onward shipment to branches and customers. Secondly, for more efficient shipment from branches to customers, actions include developing route and round optimisation to improve vehicle utilisation efficiencies, implementing Trimble vehicle telematics to improve driving habits, and mapping engine control units to improve fuel efficiency and decrease emissions.

## Case study

### Improved resource utilisation

The Operational Excellence and Group Procurement teams collaborated with local processing teams to develop a new detergent supplier contract for Workwear processing. The innovative approach focused on total cost of ownership where increased costs for more advanced detergent systems would be offset by resource reductions whilst delivering a higher quality of wash to customers.

A new enzyme process was introduced in a number of workwear plants, eliminating the need for boosters such as bleach which led to a better textile feel to the workwear. The flat linen laundries also benefited from an innovative new detergent system called 'Cool Chemistry'. This enabled washing at lower temperatures with a reduction in boosters which prolongs the lifetime of the textiles.

In the first year of the contract, results included:

- A reduction in bleach of 1000 tonnes, resulting in a 30% reduction in loss of textile resilience.
- Water usage reduction of 5.6% (equivalent to over 30 Olympic sized swimming pools).
- Energy usage reduction of 3.5% (equivalent to almost 700 medium sized houses annual usage).

The success of the contract demonstrates that sustainability and profitability can successfully go hand in hand.

# Charitable & Community Support



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 the Company 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).
- **Response to national disasters** – in affected communities, where colleagues live.
- **Global community support** – long-term support for specific charities including the Company's global community health programme.

The Company'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

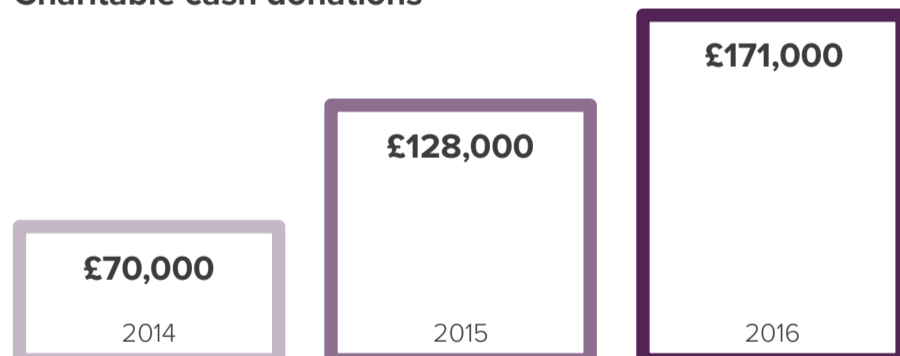
### Helping Hands

The Company has developed its Helping Hands scheme to match colleagues' charitable fund raising. There is a Helping Hands co-ordination team, with an intranet for colleagues where information can be found.

The Company's charitable cash donations (including Helping Hands donations) amounted to £171,000 in 2016 (2015: £128,000). Additional to this cash amount are value in kind donations and provision of management time, which are not included.

Local charities supported in 2016 include Age UK, Save the Children, Royal Marsden, Royal Hospital Chelsea Pensioners, Meningitis Now, Clic Sargent, Race of Life and MacMillan.

### Charitable cash donations



### Nelson Mandela Day

Every July, 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 communities and make a difference. In 2016, each branch managed its own initiatives.

In Cape Town, the sales team visited Building Blocks home for abandoned children, holding a party and playing games with the children. Other teams visited the Zandvliet frail care facility and the Douglas Murray House, an old age home, to repair equipment.

### Supporting communities in the United States

As the Company's businesses in the United States grow more significant, so too do their community activities. Steritech colleagues in North Carolina undertook a walk to raise funds for the Juvenile Diabetes Research Foundation. In California, Ambius colleagues participated in the Special Olympics held at the California State University in Long Beach. At the event, Ambius teamed up with 'Pot A Plant', a charity providing horticultural therapy for athletes. The athletes were excited that they could not only pick a plant but learn how to pot it, name it and then take it home and care for it.

### Supporting the fight against cancer

In 2016, 13 Rentokil Initial colleagues were among 3,942 cyclists who teamed up to spend four days riding across Flanders, Belgium, to raise money for Fight Against Cancer, a national cancer research charity. Events over the four days began in Mechelen each day, but travelled to a different mid-point destination – first Mol, then Tienen, Eeklo, and Torhout. Team members took turns to cycle the 125km ride back to Mechelen each day. As a real show of team support, Initial colleagues transported luggage and cycles between the various stops of the tour and came out to encourage them.

### Global Handwashing Day

Mid October is celebrated as Global Hand Washing Day. In South Africa, colleagues from Durban and Pietermaritzburg visited the Nsimbini Primary School where they talked with over 1000 children and teachers about the importance of handwashing. In Cape Town, in partnership with Yabonga (which supports disadvantaged young people impacted by HIV Aids), colleagues taught 250 children how to 'Make Handwashing a Habit' in Kyalitcha. In India, events were run in local schools and 28 colleagues from Chennai volunteered to talk in a local slum (adjacent to a canal where waste is dumped, which results in sickness). Nearly 300 children and adults were told about the importance of hand washing to hygiene. In addition to giving talks, colleagues offer supplies of hand washing materials.







## Five year donations to Malaria No More – £126,000

### Global Community Support

#### Community health education

'Better Futures', Rentokil Initial's global community health initiative, was launched in 2013 and has developed projects that have run in India, Malaysia, Indonesia and South Africa, delivering basic health and safety education to over 5,500 children.

Since its launch, over 12,500 people have participated in these education events supported by volunteer colleagues from local branches.

2016 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 1,616 children in schools (and a further 616 children in Indonesia) and communities with a further 3,453 adults taught; many in customer premises. Events were also organised for the children of Rentokil Initial's technicians.

The programme, which leverages hygiene skills and knowledge from the business, benefits from teams of local volunteers and regional support. The health education starts with basic hand washing techniques and is 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 including fire safety, water safety and electrical safety. This was piloted first for primary children in a Chennai school.

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.

#### Malaria No More

Rentokil initial has actively supported the charity Malaria No More for five years, raising £126,000 as at the end of 2016.

Colleagues have come up with many ideas to raise funds including bike rides, arduous runs, mountain climbs, bungee jumps, wearing onesies to work and cake-bakes.

The UK team also held several events throughout the year including a Race Night in Leeds, 19 school visits (Pestaurant and/or Hygiene Angels), 16 Pestaurant events including Long Eaton School Eco Day, Brunel University, Northern Bar and Restaurant Show, four Days at New Scientist Live, Didsbury Open Gardens, Shooting Stars Chase Summer Fair and several customer events all contributing to a total collection of over £33,000 in 2016.

During the year, Rentokil Initial colleagues in the UK also raised £11,000 by cycling from the head office in Camberley to Paris. Nineteen cyclists participated and completed the challenge in three days.

#### Global Handwashing Day

In October, each year Global Hand Washing Day is celebrated. In 2016, colleagues in South Africa visited primary schools to talk with over 1000 children, teachers and lunch staff about the importance of handwashing. In Cape Town, in partnership with Yabonga (which supports disadvantaged young people impacted by HIV Aids), colleagues taught 250 children how to 'Make Handwashing a Habit' in the Khayelitsha community. In India, events were run in local schools and 28 colleagues from Chennai volunteered to talk in a local slum (adjacent to a canal where waste is dumped, which results in sickness for children). Nearly 300 children and adults were told about the importance of hand washing to hygiene. In addition to giving talks, colleagues distributed supplies of hand washing materials.



## Assisting public hygiene at times of national crises

Whilst national disasters may require support for affected colleagues' families it often requires supporting customers, such as those affected by floods in Chennai in 2015, or by Dengue fever outbreaks in places like Singapore.

In 2016, the Company recognised the Zika virus posed a potential international disaster, and one that it was especially well placed to help governments address in the short term. Its work covered North and South America. In Brazil, Rentokil provided pest control including mosquito control to the 2016 Rio Olympic and Paralympic Games. In the United States, the Company was contracted over two years by the U.S. Federal Government's Centers for Disease Control and Prevention to help control the species of mosquito that could potentially carry the Zika virus across the USA. This involved deploying its local technicians, and its global specialists, and providing community outreach, surveillance and inspection, and distributing educational information.

## Helping our colleagues in Fiji

Tropical Cyclone Winston caused widespread devastation across Fiji when it struck in February 2016. Thankfully no Fijian colleagues were seriously injured but many of our colleagues' homes were severely damaged or destroyed. Although the Fijian community stepped in quickly to provide water, food and general supplies, Fijian colleagues really needed help to rebuild their homes. Colleagues from across the Pacific Region rose to the challenge by raising money through mufti days, garage sales, morning teas and barbeques – even by auctioning items donated by colleagues and suppliers. Over AUS \$17,000 was raised for Fijian colleagues so they could buy the materials they needed to rebuild their homes.



## Case study

### Providing hygiene training to community partners

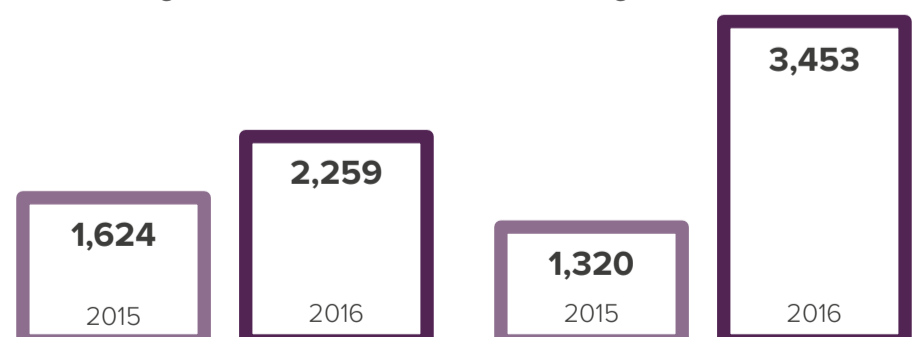
Helping communities to become more sustainable involves not only residents in local communities but as can be seen from the Community Health projects, employees from the Company's customers.

In India, following the success of taking community health projects to schools, customers approached the Company and asked if their own employees (and those of their customers) could also benefit. In summer 2016, a facilities management customer requested that employees of its own customers, including Toyota and Bosch, could receive personal hygiene and health programmes. Over 3,000 people benefited from these projects. In 2015, hygiene programmes were undertaken for employees of a food service mall customer in Chennai. Since these customer projects commenced in 2014, around 4,500 people have benefited from these programmes, and combined with projects for schools and at events, over 12,000 people have benefited since inception in 2013.

### Better Futures

Number of  
children taught

Number of  
adults taught



# CR Governance & Performance



## Our approach

The Chief Executive has board responsibility for Corporate Responsibility (CR), and the Executive Leadership Team (ELT) has authority to introduce CR approaches and review performance (in particular, health & safety). The Board reviews specific CR matters regularly and all areas at least annually. The Senior Leadership Forum of 26 senior executives meets in person at least twice per year and regularly by telephone to address key issues and ensure alignment of CR activities to the business plan.

The Company has a governance model which identifies the role of the board, 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.

Safety, Health and Environment (SHE) 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

The Company 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. A Code of Conduct training programme is included on U+ (including annual refreshers) and continues to be used to support new colleagues to understand expected standards.

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.

The Company's first statement on its approach for the avoidance of Modern Slavery is published in the Responsible Delivery section of the website. This covered its Global Procurement operations and major local suppliers.

The Company's CR performance and activities are viewed independently by a range of organisations. In 2016 it retained its membership of the Dow Jones Sustainability Index for the ninth successive year, and also retained membership of STOXX ESG Leaders Index and FTSE4Good. These indices are of importance to the Company because they inform the Company of 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, the Company operates Speak Up – a confidential reporting system allowing colleagues to raise concerns, available worldwide, with international free phone numbers. 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 16 control incidents reported in 2016 (18 in 2015). 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 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.

## Targets

Whilst the Company has had targets for certain CR activities for some time, it is introducing targets for an extended range of CR activities in 2017. These include:

- For community, £160,000 cumulative donations to Malaria No More by the end of 2017, and 2,000 children taught in 2017 under Better Futures.
- In Workplace, more than 300,000 courses undertaken in 2017, and a participation rate in excess of 75% for the Your Voice Counts Survey to be held in 2017.
- In Supply Chain, 100% audit of critical suppliers on a rolling performance based cycle (ongoing).
- 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, 2017 targets of 0.58 in Lost Time Accident rate and 13.65 in the Working Days Lost rate.

The targets will be adjusted to take account of the proposed divestment of workwear plant as part of the joint venture with CWS-boco which is still subject to regulatory approval.

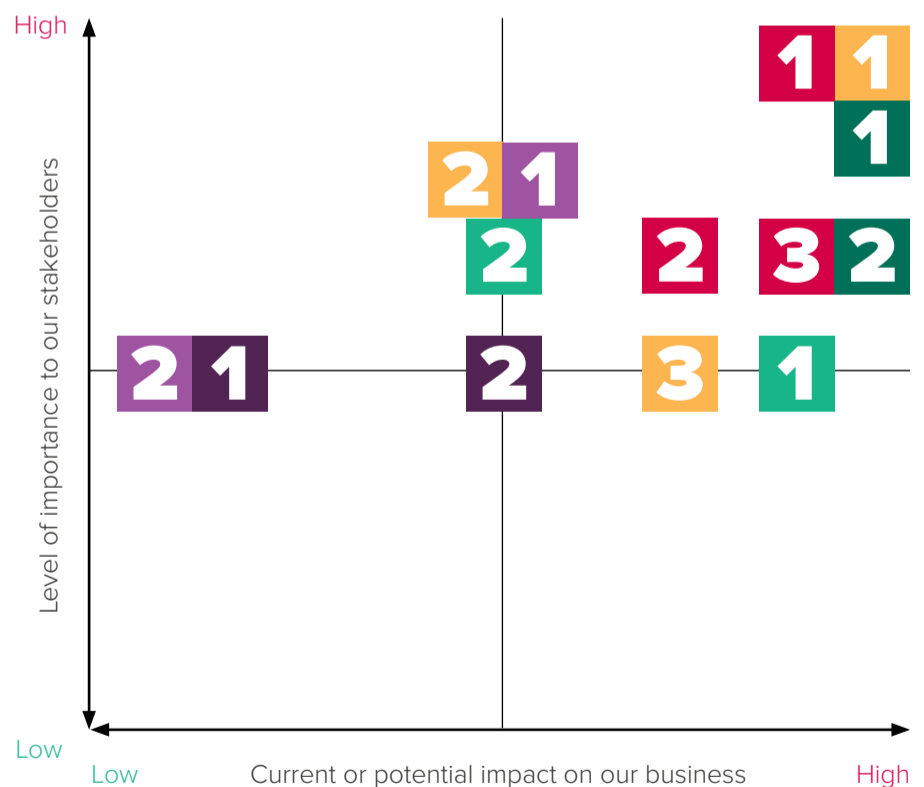
## Materiality

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.

The chart showing priorities of greatest potential importance to stakeholders is shown below.

## CR priorities

Governance	1 Code of Conduct	2 Bribery & anti-corruption policy	
Workplace	1 Health and safety	2 Talent development	3 Colleague engagement
Marketplace	1 Service delivery	2 Product stewardship	3 Product innovation
Supply chain	1 Responsible sourcing of production items	2 Local sourcing	
Environment	1 Resource management (energy, materials & water)	2 Climate change management	
Community	1 Colleague volunteering	2 Community investment	



# Performance Over Five Years

The board reviews key performance indicators covering customers and colleagues. These are published annually, both in the annual report and in this CR Report, covering two years' data. Performance against these indicators is reviewed by the executive board and in operational and functional areas. The five-year performance tables can be viewed below.

## Colleagues KPIs

Indicators	2012	2013	2014	2015	2016
'Your Voice Counts' colleague engagement survey response rate	76%	88%	Two yearly cycle	83%	Two yearly cycle
Colleague enablement	74%	74%		73%	
Colleague engagement	75%	74%		74%	
Sales colleague retention	70%	71%	71%	77%	78%
Service colleague retention	82%	79%	79%	82%	85%

## Environmental impacts – intensity values

Indicators	2012	2013	2014	2015	2016
Index of energy derived CO <sub>2</sub> emissions at CER	100	95	98	91	81
Workwear – Kilogrammes of CO <sub>2</sub> emissions per tonne processed	336	321	305	297	282
Workwear – Water usage – litres used per kilogramme of workwear washed	9.8	9.2	9.0	8.3	7.8

## Community cash donations

Indicators	2012	2013	2014	2015	2016
Community donations £000s	87	101	77	128	171

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

Type of scope	2012	2013	2014	2015	2016
Total scope 1	177,665	181,249	180,660	173,896	176,698
Total scope 2	26,832	24,389	26,626	21,736	20,415
Total scope 3	34,850	35,828	35,843	34,821	35,618
Total outside scope	3,025	3,288	3,297	3,353	3,581
<b>Total – all scopes &amp; outside scopes</b>	<b>242,371</b>	<b>244,755</b>	<b>246,426</b>	<b>233,806</b>	<b>236,312</b>

# Performance Over Five Years

## Customer data

Indicators	2012	2013	2014	2015	2016
State of Service	98%	98%	97%	97%	98%
Customer Voice Counts (CVC)	17	26	26	32.9	37.6
Customer Retention	85.3%	85.7%	84.3%	85.2%	85.8%

Note: CVC data in 2014 and 2013 included all the USA operations for the first time

## Health and Safety KPIs

Indicators	2012	2013	2014	2015	2016
Lost Time Accidents	1.37	1.11	0.99	0.77	0.62 (0.69 target)
Working Days Lost	32.89	25.41	27.08	19.02	15.31 (17.05 target)

## Operational efficiency

Indicators	2012	2013	2014	2015	2016
Index of property energy consumption – thousand KWH per £m turnover at CER	254.4	225.2	233.0	190.1	156.8
Index of vehicle energy consumption – thousand litres per £m turnover at CER	28.7	29.25	30.36	29.96	28.05
Workwear – energy consumption – KWH of energy per Kilogramme processed	1.59	1.54	1.45	1.43	1.40

## Mandatory emissions reporting – tonnes CO<sub>2</sub>e

Source of emissions	Energy derived			Fumigation derived		
	2014	2015	2016	2014	2015	2016
Direct GHG emissions (relating to the combustion of fuel and the operation of any facility)	217,863	210,485	214,374	850,884	612,310	720,322
Indirect GHG emissions (through the purchase of electricity, heat, steam or cooling)	28,564	23,321	21,938	0	0	0

# Spotlight on Sustainability

## Ten examples of sustainability in Rentokil Initial.

**Building a safety culture for our colleagues** with the introduction and application of our Safety Golden Rules.



[See Page 11](#)

**Reducing customers' environmental impacts** with the introduction of the new Lumnia energy-efficient Electronic Fly Killers.



[See Page 19](#)

**Developing a new rodenticide, RapidPro,** that is highly effective against mice which have developed resistance to traditional baits.



[See Page 18](#)

**Building the knowledge of customers' employees,** providing an online training portal for food and hospitality customers' own employees enabling them to access best practice and improve pest control and hygiene standards.



[See Page 20](#)

**Providing customers with new 24/7 monitoring** through the use of digital connectivity – our Connect services proactively alert customers about rodent issues and our Hygiene services improve hand washing compliance.



[See Page 19](#)

**Reducing our vehicle emissions** through the introduction of route optimisation and engine mapping.



[See Page 25](#)

**Providing hygiene training** to our local community partners in Asia and Africa.



[See Page 34](#)

**Optimising our resource utilisation,** by reducing chemical and water usage through our new workwear supply management contracts.



[See Page 30](#)

**Helping to protect public health at time of crises** supporting the Centers for Disease Control and Prevention to address Zika control in Puerto Rico and in the U.S.A.



[See Page 34](#)

**Improving colleagues' technical knowledge,** by sharing best practice through the use of Google hangouts with the added benefit of reducing travel.



[See Page 16](#)

Further details can be found in the relevant sections throughout this Report and details of the Company's CR performance over the past five years. [See Page 37.](#)

# Action Plan for 2017

## 1

**The Company's focus on health and safety will remain our highest priority** and the local implementation of the Safety Golden Rules to promote safety will be monitored to ensure success.

**To become a world class Employer of Choice through continued investment in training and skills development programmes** – opening a £2m innovation and training centre and additional in-house content development to drive the needs of the business at pace. We will roll out more training programmes to customers' own employees.

## 2

## 3

**High standards of customer service delivery** will be maintained and built upon with new product and service launches taking place throughout the year.

## 4

**Launch of new sustainable products and services** – we will launch new sustainable products and roll out our digital PestConnect service.

## 5

**Rentokil Initial will continue to build positions in emerging and growth markets,** 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. We will deliver what we say we will deliver and do so with respect for colleagues and customers.



