

OUR PEOPLE
DELIVERING RESPONSIBLY
AROUND THE WORLD



WELCOME

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INSIDE THIS REPORT

This is Rentokil Initial's tenth annual report of its Corporate Responsibility approach, activities and performance. Key stakeholders for this report include customers, colleagues, suppliers, the investment community and those third parties who are interested in the non-financial aspects of the company's 2012 performance.

COVER IMAGE

Perumal Subramani
Operations Manager
Chennai, India



Managing 48 customers in the past four years with a 96% state of service score is no small feat. Yet Perumal has delivered it with an exemplary level of commitment.

Introduction

A quick guide to key CR impact areas and links to the strategic themes; a letter from Alan Brown, CEO; highlights of our 2012 performance; our Corporate Responsibility Indicators.

Approach

Aligned to business strategy.

Governance

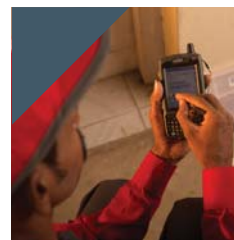
How we ensure the integrity of our CR approach.

Creating a great place to work

Our programmes for colleagues, addressing skills, training, engagement, recognition and communications.

Delivering outstanding customer service and innovation

Our services delivered to customers with improved service standards, product development and innovation.



Working responsibly with suppliers

Our supply chain programmes, addressing priority issues with textiles and pest control suppliers.



Respect for the environment

Demonstrating the ways in which we address our environmental impacts.



Ensuring a healthy and safe workplace

Our health and safety programmes and initiatives.



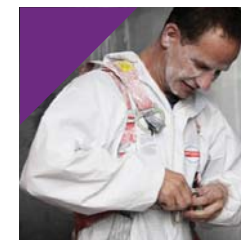
Supporting our communities

Working with our communities through volunteering programmes and community investments.



Progress and transparency

Key issues, progress, awards and feedback.



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AN INTERNATIONAL SERVICES COMPANY OPERATING IN OVER 60 COUNTRIES

Rentokil Initial plc operates across the world's major economic zones, employing over 60,000 colleagues, with revenue of £2.6 billion at constant exchange rates in 2012. The group is committed to acting responsibly with all its stakeholders and supporting its customers in their own efforts to develop responsible behaviour. The company provides a wide range of services, primarily to other businesses or organisations, including:

- Pest control
- Hygiene washroom services
- Workwear hire and laundry
- Specialist hygiene and medical waste disposal
- Cleanroom workwear
- Plants, artwork and scenting
- Total facilities management
- Parcel delivery

Quick Links

To review the Rentokil Initial Annual Report & Accounts for 2012, please click [here](#).

For further information about the group's operational activities, please select the relevant website:

www.rentokil.com

www.initial.com

www.ambius.com

www.city-link.co.uk

For further corporate information:

www.rentokil-initial.com

HIGHLIGHTS

Some of the 2012 Corporate Responsibility highlights.

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3%

reduction in CO₂ emissions across the group

2.6%

emissions reduction from European workwear plants

98%

customer satisfaction up 1.2 points and state of service steady at 98%

84.9%

customer retention increased from 83.9%

2%

property energy usage improved

14.5%

reduction in water usage

2.8%

vehicle energy usage improved

16%

reduction in Lost Time Accident rate

8,000+

development training days delivered (excluding job training)

71%

Colleague engagement score, three points above Service industry norm

25%

reduction in Working Days Lost rate

INTRODUCTION

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2012 WAS A YEAR OF SIGNIFICANT PROGRESS IN THE OPERATIONAL TRANSFORMATION OF RENTOKIL INITIAL

ALAN BROWN CEO

During the year we established the Marketing & Innovation (M&I) function to introduce consistent best practice ways of working across our international categories. As a result, greater innovation and customer focus is being brought to bear. The global M&I team also delivers our global customer satisfaction survey, Customer Voice Counts (CVC).

In 2012 we started to use our CVC methodology as one of a series of measures used to calculate colleague bonus payments. This was particularly focused on those businesses where Customer Care was unsatisfactory. As part of this focus, the measurement methodology for CVC has been industrialised across most of our organisation. This focus has driven material improvement in colleague behaviour and in handling of enquiries. It has also identified a number of areas where further investment in processes and systems are required. The 2012 CVC customer satisfaction score improved by 1.2 points.

In Pest Control we continue to demonstrate our expertise. The company rolled out an innovative Heat Treatment for eradicating bedbugs and AviGo, a new deterrent against urban bird colonies that cause much environmental damage. Both are more sustainable solutions than traditional control measures.

Our Hygiene business is being transformed through the establishment of targeted customer propositions, hygiene training for sales consultants and product development with two new ranges – Reflection and Signature – making their debuts in 2012 and 2013. Signature has undergone extensive product testing and development, working in partnership with our suppliers, to ensure it sets new standards in hygiene. For instance, an antibacterial surface has been developed which will reduce the spread of germs.

The company has transformed its operating structure. Further details of the Integrated Country Operating Model can be found in the 2012 Annual Report & Accounts


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Responsible Supply Chain management is of course very important. Initial Workwear has built the foundations of a truly European business through investing in its supply chain. We will have the capability to control the design and specification of our garment ranges, managing garment production, stocks, warehouse and delivery on a European scale by the end of 2013. In the UK, our catering business places great emphasis on supply chain accreditation. It sources fresh beef only from Red Tractor accredited suppliers. Similarly, it has achieved Marine Stewardship Council certification for 62 Primary schools in the Brighton and Hove area.

Delivery of our operational excellence strategy couldn't have happened without the commitment of our colleagues. Colleague engagement levels remain high at 71%, three percentage points above the global service industry norm, and it gives me great satisfaction as I visit our offices around the world to see for myself the determination of our colleagues to do a great job for customers and support one another.

One of my areas of particular focus is health & safety. Our overall performance has shown significant improvement in 2012 in both lost time accidents and working days lost (16% and 25% improvement over prior year respectively). Under the leadership of Mike Brown, Initial Facilities has made particularly good progress.

During 2012 we also launched U+ – our in-house 'university'. This will be the mainstay for future learning and development activities to ensure our colleagues are equipped with the skills necessary to deliver a great service, as well as building their own careers. Over 8,000 days of development training (excluding job training) were undertaken during the year and over 1,000 courses completed via U+ Online.

Since 2008, Rentokil Initial has decreased its emissions by 23%

Finally, I am pleased to report that the Group's environmental performance continues to improve with CO₂ emissions reducing by 3% and water consumption reducing by 14% during the year. Since 2008, Rentokil Initial has decreased its total emissions by 23% and property energy usage has improved by 18%. Further details can be found in the Environment section.

Our Vision is 'to be the best at what we do by doing what's right for colleagues and customers'. For me this means becoming a truly global services company offering best in class service for customers, good returns for investors, through terrific brands and a humming sales, marketing and innovation growth engine. It's about everyone being the best at what they do. Best sales. Best service technicians. Best administration. Best HR, IT, Finance. Best leaders.

I hope that this Report will help you understand how our corporate responsibility activities are integrated into our overall business strategy and delivered by our people, responsibly, around the world.

Alan Brown
CEO
Rentokil Initial plc

OUR 15 CORPORATE RESPONSIBILITY INDICATORS SHOWING PERFORMANCE OVER FIVE YEARS

CUSTOMERS

2008 2009 2010 2011 2012



STATE OF SERVICE
(%)



State of Service is the total number of service visits performed divided by the total number of visits due.



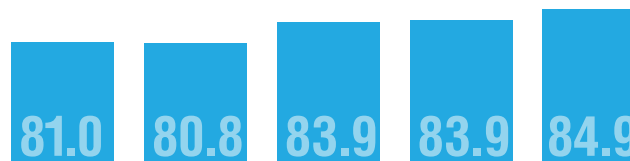
CUSTOMER VOICE COUNTS



The CVC score (based on Net Promoter System) represents the net balance of those customers promoting our service compared with those neutral or not promoting.



CUSTOMER RETENTION
(%)



Customer retention is the reciprocal of closing portfolio as a percentage of opening portfolio.

COLLEAGUES

2008 2009 2010 2011 2012

COLLEAGUE ENGAGEMENT SCORE
(%)



COLLEAGUE ENABLEMENT SCORE
(%)



Colleague engagement and colleague enablement scores are based upon all colleagues surveyed across the company. Scores are calculated by Hay Group based upon answers to questions within the annual Your Voice Counts survey.

ENGAGEMENT SURVEY RESPONSE RATE
(%)



SALES COLLEAGUE RETENTION
(%)



SERVICE COLLEAGUE RETENTION
(%)



Sales colleague and service colleague retention is the reciprocal of total sales and service colleagues leaving in the year as a percentage of the sales and service head count at the beginning of the year.

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OUR 15 CORPORATE RESPONSIBILITY INDICATORS SHOWING PERFORMANCE OVER FIVE YEARS

HEALTH & SAFETY

2008 2009 2010 2011 2012



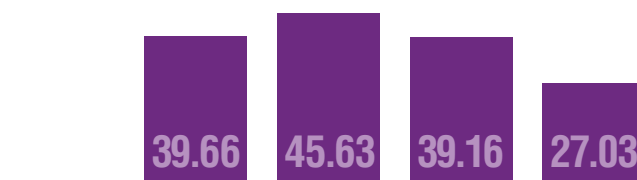
LOST TIME ACCIDENTS



Number of Lost Time Accidents (injuries and illnesses) / 100,000 hours worked. 2012 target: 1.22



WORKING DAYS LOST



Working Days Lost because of Lost Time Accidents / 100,000 hours worked. 2012 target: 30.74

COMMUNITIES

2008 2009 2010 2011 2012



COMMUNITY FINANCIAL DONATIONS £ 000S



ENVIRONMENT

2008 2009 2010 2011 2012



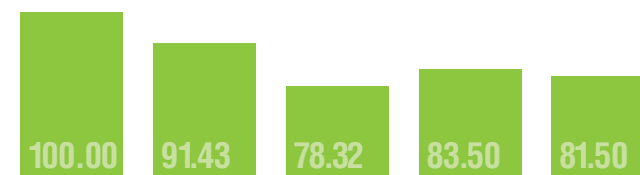
CO₂ EMISSIONS INDEX



CO₂ emissions index – calculated as kilogram per £m turnover – calculated on a constant exchange rate basis. Index shows % improvement since 2008.



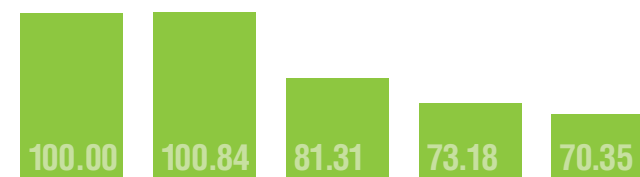
PROPERTY ENERGY CONSUMPTION INDEX



Property energy consumption – thousand kWh per £m turnover – calculated on a constant exchange rate basis. Index shows % improvement since 2008.



VEHICLE ENERGY CONSUMPTION INDEX



Vehicle energy consumption – thousand litres per £m turnover – calculated on a constant exchange rate basis. Index shows % improvement since 2008.



WATER CONSUMPTION



Water consumption – calculated as litres used per kilogramme of product processed in all European plants (actual usage showing year-on-year change).

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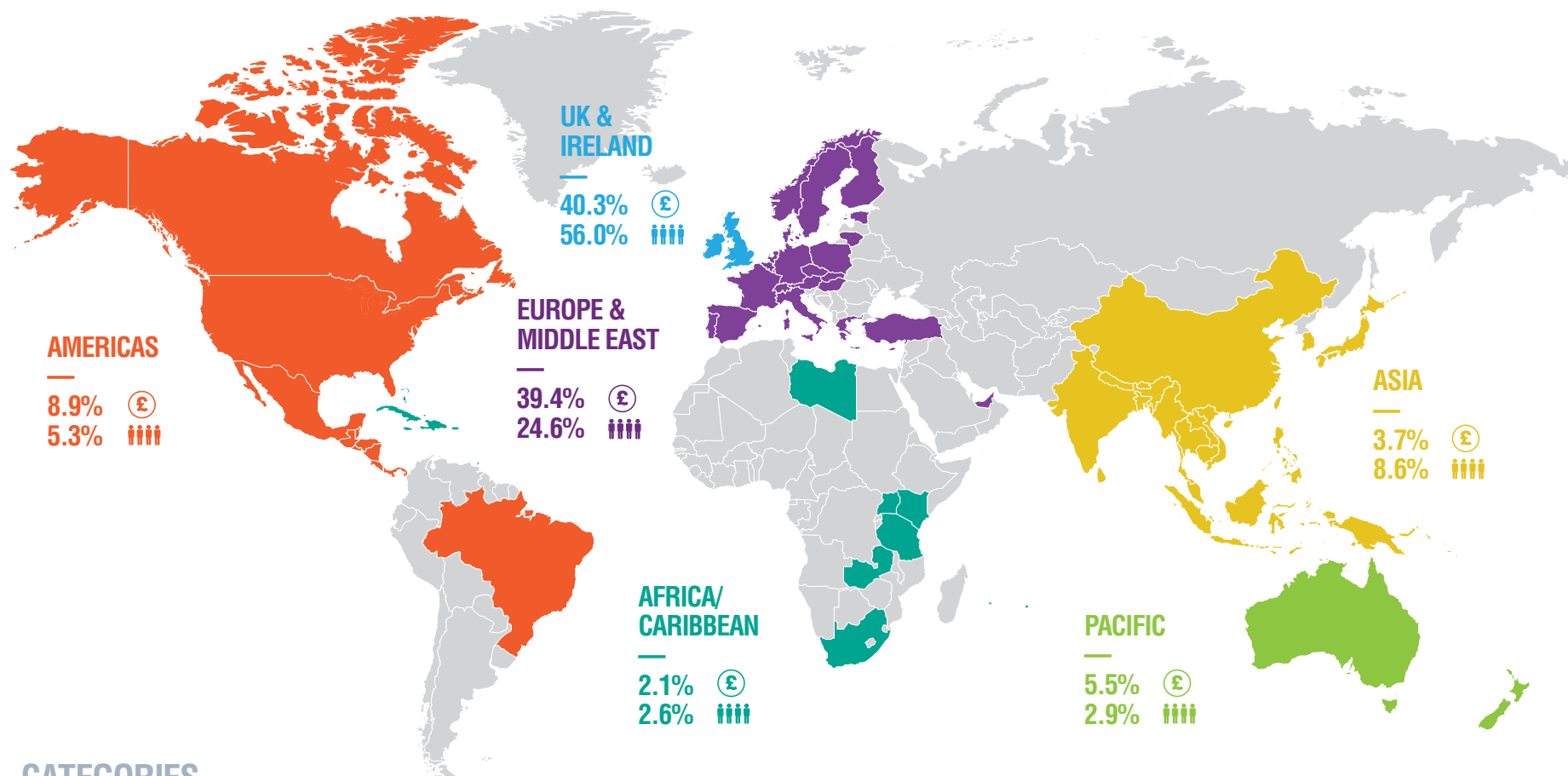
WHERE RENTOKIL INITIAL OPERATES

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KEY

£ 2012 Revenue by market (CER) %

Employees by market (actual average) %



CATEGORIES

£ 2012 Category by revenue (CER) £m

Pest control

£575m (£)

Hygiene

£534m (£)

Workwear

£449m (£)

Facilities services

£579m (£)

Interior plants

£139m (£)

Parcel delivery

£322m (£)

QUICK GUIDE

Our key impact areas and alignment with strategic themes.

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		ALIGNMENT WITH STRATEGIC THRUSTS				
	CORPORATE RESPONSIBILITY IMPACTS	SERVICE & CUSTOMER CARE	DELIVERING CAPABILITY	DELIVERING OPERATIONAL EXCELLENCE	COST EFFICIENCY & MAXIMUM CASH	SUSTAINABLE, PROFITABLE GROWTH
ENVIRONMENT	Waste management <ul style="list-style-type: none"> Reduce waste Improve materials utilisation 			▴	▴	
	Energy management <ul style="list-style-type: none"> Improve vehicles energy consumption Improve office and plants energy consumption 			▴	▴	
	CO₂ emissions <ul style="list-style-type: none"> Reduce emissions from process laundry plants Reduce emissions from property portfolio Reduce vehicle fleet emissions 		▴			
	Water usage <ul style="list-style-type: none"> Reduce water consumption in process laundry plants 			▴	▴	
WORKPLACE	Health & safety <ul style="list-style-type: none"> Reduce incidence of injuries to colleagues and the public 	▴	▴	▴		
	Colleague engagement <ul style="list-style-type: none"> Enhance engagement of all colleagues 	▴	▴			
	Colleague skills development <ul style="list-style-type: none"> Improve basic skills, technical skills and leadership skills 	▴	▴			
MARKETPLACE – CUSTOMERS	Service delivery <ul style="list-style-type: none"> Innovation Enhance service teams quality 	▴	▴			
	Product stewardship <ul style="list-style-type: none"> Improve use of products both during and after use 	▴		▴		▴
MARKETPLACE – SUPPLIERS	Responsible sourcing <ul style="list-style-type: none"> Procurement of textiles from the developing world 	▴		▴		▴
	Local and fair trade sourcing <ul style="list-style-type: none"> Meeting customers' needs for specific product ranges 	▴		▴		▴
COMMUNITY	Community investment <ul style="list-style-type: none"> Local support for communities in which we operate 					▴
	Colleague volunteering <ul style="list-style-type: none"> Linked to corporate giving 		▴			

APPROACH

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ALIGNING CORPORATE RESPONSIBILITY WITH OUR BUSINESS STRATEGY

The company's approach to Corporate Responsibility (CR) recognises both the needs of stakeholders and the business imperatives.

This report describes the company's corporate responsibility policies, processes, performance and examples of actions. However, at the outset, it is important to set these CR activities within the context of the company's main strategic thrusts (see chart on page 12).

The Rentokil Initial Way

In delivering its products and services, Rentokil Initial seeks to act responsibly, both globally and locally. Its businesses are organised within a Regional and Country structure, facilitating global strength with a local response that is flexible to market needs and conditions in over 60 countries. The Regions are responsible for a consistent approach within all their local country operations, as well as implementing appropriate strategic group direction, including corporate responsibility standards, based around the company's vision, mission and values.

The basis for establishing its required behaviours toward colleagues and stakeholders (undertaken in 2009) was a significant research project to establish its Vision, Mission and Values. Their impact is reviewed annually – in 2012, 80% of colleagues said they had “a good understanding of our values”.

Our Vision

To be the best at what we do by doing what's right for our colleagues and customers.

Our Mission

To deliver the essentials to our customers in pest control, hygiene, workwear, facilities, plants and parcels through our local network of over 1,000 branches, by our teams of experts.

80% of colleagues said they had “a good understanding of our values”

Our Values



Service

We are passionate about delivering excellent service to every customer.



Relationships

We value long lasting relationships with our colleagues and customers.



Teamwork

We work together with our colleagues to deliver great results.

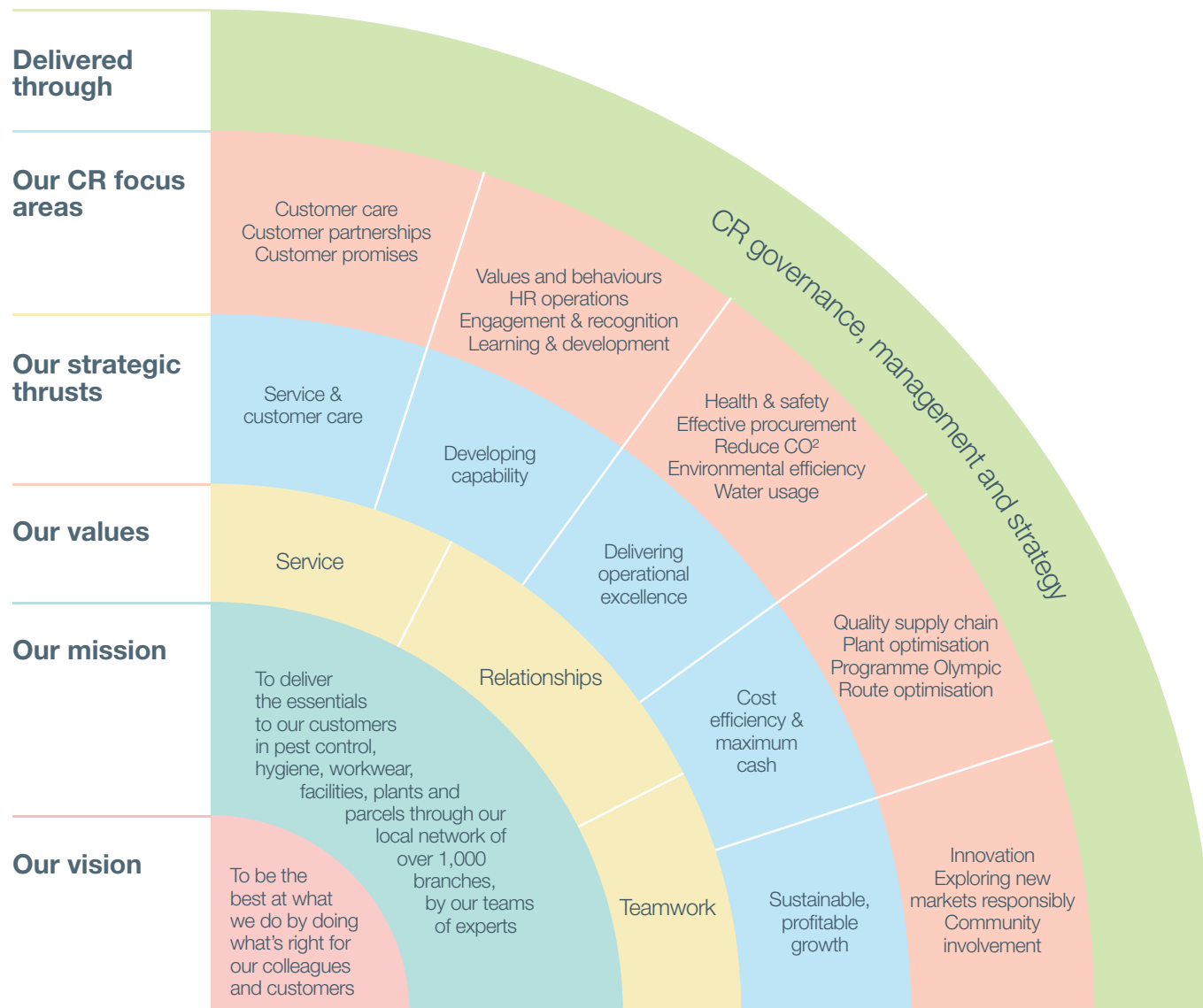
THE RENTOKIL INITIAL WAY

Our Corporate Responsibility (CR) programme is aligned to the company's five strategic thrusts.

This alignment is described as the Rentokil Initial Way.

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GOVERNANCE

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HOW WE ENSURE THE INTEGRITY OF OUR CR APPROACH

Managing the group's approach towards corporate responsibility requires operational adherence to group-wide policies in areas such as health and safety, business conduct, environment and product management, while enabling initiatives that meet the needs of individual businesses.

There are five main areas of corporate responsibility governance.

1. Clear ownership

Globally, the Chief Executive takes personal responsibility for Corporate Responsibility.

Corporate responsibility matters are discussed at every Company Executive Board meeting – health & safety is the first item on every agenda. The executive board has authority for reviewing all aspects of corporate responsibility, implementing action locally and reviewing group and operational performance. The group's main board reviews progress related to specific corporate responsibility matters on a regular basis, and on a broader basis at least once a year.

A Safety, Health and Environment (SHE) committee reports on a regular basis to the main board through the Company Secretary. This committee includes representatives from all parts of the group. Its actions include developing standard Health and Safety working methods backed up with appropriate training for our colleagues in these areas, as well as identifying under-performing businesses and initiating remedial activity with the management of these businesses. It shares good SHE practice across the group, and initiated the group's SHE Awards.

Alongside the SHE committee, in 2012, a CR group was established comprising representatives from a number of areas including company secretary, SHE, communications, finance, property, innovation and operations including energy management. This group met regularly during 2012, and addressed topics such as environmental products, reporting, and participation in external indices, the environment plan and targets. Its intention for 2013 is to focus on sharing best practice, behavioural change and delivery of the environment plan.



Initial Catering were winners in the 2012 Health & Safety Awards

2. Annual performance indicators and targets

Corporate Responsibility Indicators are outlined at the beginning of this report and published annually. These range from Health and Safety measurements to colleague engagement, carbon emissions and energy efficiency. We publish data over covering several years to enable stakeholders to view performance over time. Operationally, a balanced scorecard with clear targets is used in all Regions, Countries and Functions to plan and monitor aspects of responsible business practice on a monthly basis, structured by Colleagues, Customer and Shareholders.

In 2012, the company established a goal of improving emissions (derived from property energy and vehicle fuel) by 10% compared with 2011 levels. This goal is part of the company's Environmental Plan, which also addresses other environmental goals such as waste and water. Further details about the company's Environmental performance can be found on pages 41 and 42.

15 performance indicators have been established and details are provided over a five-year period where available. Details can be found on pages 7 and 8.



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3. Robust policy framework

There has been a robust framework of policies related to corporate responsibility for many years. These cover health and safety, environmental management, people matters, relationships with customers and suppliers and involvement with communities. They are published on the company's website.

The group introduced its anti-corruption policy to ensure that the company has appropriate systems and procedures in place to prevent bribery and corruption

They are reviewed regularly to ensure they meet current good practice and legislative needs. An example is the Code of Conduct (embracing the Code of Ethics) which was communicated in early 2011 to all colleagues in local languages. This articulated the standards the company expects from all managers and where to go for further information. The policies and the Code of Conduct were made available to all colleagues on the company's group intranet and corporate website www.rentokil-initial.com.

In 2011, the group introduced its anti-corruption policy to ensure that the company has appropriate systems and procedures in place to prevent bribery and corruption. This policy supplements the Code of Conduct to ensure appropriate ethical conduct is applied globally. It is designed to ensure appropriate steps are in place throughout the world to ensure compliance with the company's ethical standards and the law.

The group's external affairs policy (embodied in its Code of Conduct) prohibits political lobbying by colleagues, although participation in submissions by trade associations is acceptable. All external activities of this nature have to be approved and co-ordinated by the group's central communications function.

4. Systems, processes and training to ensure adherence

Adherence to these Codes and policies is monitored partly through the group's internal control framework (managed by the company's Internal Audit department as part of its review of individual businesses' operational policies and procedures).

As an additional means of ensuring colleagues are behaving the company and colleagues are behaving in a responsible manner, the company operates a 'Speak Up' system. This is a confidential reporting process that allows colleagues to raise any concerns. 'Speak Up' is available to colleagues at all locations worldwide and includes international free phone numbers. Any call or email from a colleague is translated from the local language and then managed by the Internal Audit function acting as an independent internal resource. All concerns, however resolved, are reported to the group's audit committee.



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There were 29 control incidents reported in 2012 (28 in 2011 and 31 in 2010). 11 of these incidents arose in the UK, 12 in Europe, Middle East and Africa and six in Asia Pacific. Of these, 15 were reported via the Speak Up system. Three (all in Asia Pacific) of the 29 incidents were referred to the Audit Committee in 2012 (none in 2011), although the committee gets a regular report on all control incidents reported. All these incidents were investigated and satisfactorily resolved, with the initial referrers being advised of the outcomes.

2,643 colleagues participated in training relating to anti-corruption and bribery

Adherence to the corporate responsibility approach is also achieved both through group and operational actions, particularly through training. Actions include training to:

- Develop responsible behaviour regarding competition and antitrust law, amongst managers and sales specialists. Established in 2007, the training reinforces compliance with the law and the required business behaviour. It comprises an online training programme, covering four elements including EU competition law, antitrust law and global competition principles and practices. To date, 6,124 colleagues have completed this training (2,890 by the end of 2011) with a further 3,246 colleagues currently in process. New colleagues joining the relevant functional areas undertake this course as part of their induction training.

- Develop awareness and understanding of the issues relating to bribery and anti-corruption. This was introduced in 2011. By the end of 2012, 2,643 colleagues had participated in this training (1,770 colleagues in 2011) with a further 1,068 colleagues in process. To minimise opportunities for bribery in the supply chain the procurement team has introduced contract templates with anti-bribery and corruption clauses, for use across the company's worldwide supplier base.

In addition to these training programmes, procedures are in place to ensure formal compliance with businesses' policies. An example is Rentokil Pest Control's Pink Note system. These Notes explicitly prohibit or mandate activities, detailing the risks and relevant operational issues. The notes cover issues that could harm colleagues or customers, or damage reputation or revenue.



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5. Regular communication and recognition

Internal communications across the group continue to focus on areas of Corporate Responsibility (CR) such as health & safety, colleague skills development, customer care and product stewardship. The communications programme also recognises achievements such as membership of the Dow Jones Sustainability World Index, Carbon Disclosure Project and Business in the Community CR Index. The most recent achievement was the company's inclusion in the STOXX Global ESG Leaders' indices. These communications also cover announcements about CR related external awards, as well as recognising colleagues who have gone the extra mile for other colleagues or customers.

The company's values are reinforced throughout the communications programme, for instance:

- Incorporating the Values in the company's intranet with appropriate tools provided to enable local promotion of them
- The use of newsletters to reinforce the importance of colleagues adhering to the company's values in their behaviours
- Recognition schemes which ensure alignment and reinforcement with the values
- Embedding the values by integrating them into training, Performance Development Reviews and Your Voice Counts colleague survey

Developments in Corporate Responsibility are reviewed as part of the discussions that occur at the group's European Forum. An example in May 2012 was the review of the Learning and Development programme, featuring the U+ online learning programme. This Forum comprises colleague representatives from all European businesses, including trade union representatives for those businesses where collective bargaining agreements are in place.

CARBON DISCLOSURE PROJECT

 **Dow Jones Sustainability Indexes**
Member 2010/11

CR INDEX 2012 SILVER
BUSINESS IN THE COMMUNITY

Member 2012/2013
STOXX
ESG LEADERS INDICES

CREATING A GREAT PLACE TO WORK

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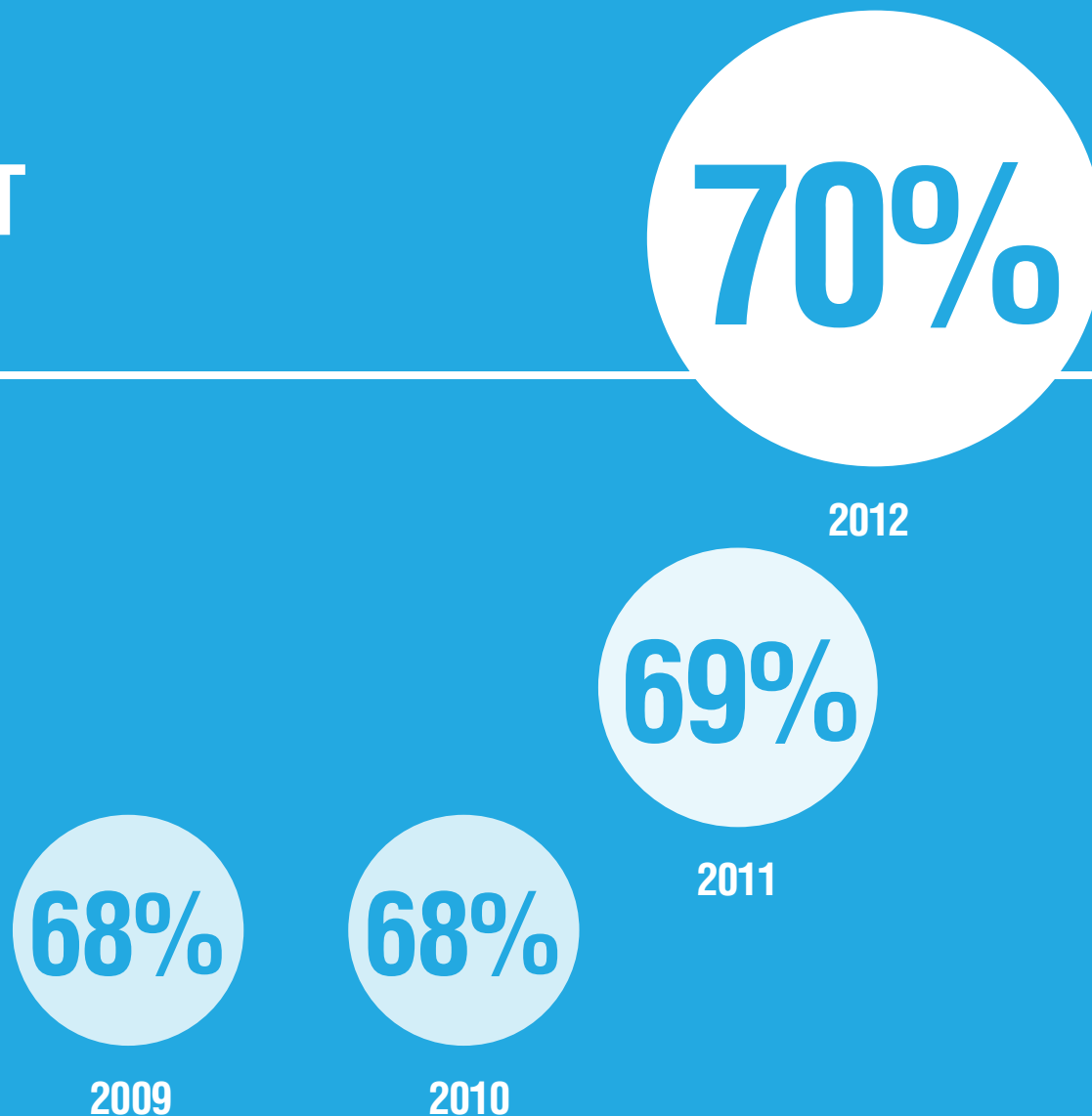
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COLLEAGUE
ENABLEMENT
SCORE

SCORES / COLLEAGUES ACROSS COMPANY
SERVICE INDUSTRY NORM: 67%

Source: Hay Group Insight



CREATING A GREAT PLACE TO WORK



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COLLEAGUE TRAINING, ENGAGEMENT AND ENABLEMENT LEVELS REMAIN ABOVE SERVICE INDUSTRY NORMS

In 2012, a wide-ranging set of HR programmes were developed and implemented across the group. The company has continued to use its Your Voice Counts (YVC) survey to ensure it listens to colleagues' opinions. Highlights include:

- U+ learning and development 'university' launched
- Over 8,000 days of development training (excluding job training) delivered
- 1,120 courses completed in U+ Online
- People Services launched
- Leadership programmes extended across all businesses
- Colleague engagement remains three percentage points above Service industry norms

- Global High Performance levels of colleague engagement in Rentokil at 78%
- Group-wide colleague enablement, shows further improvement, now just two percentage points from High Performance level

POLICIES AND MANAGEMENT

The Code of Conduct remains the cornerstone of group level policies. It includes guidance on the company's expectations of the behaviour of colleagues and their managers, based on the company's values that were identified by colleagues in 2009. Underpinning the Code are a range of policies relating specifically to colleagues and people with whom they come into contact – these are available on the company's website www.rentokil-initial.com or intranet, and include:

- Code of Ethics
- Rights of Employees
- Equal Opportunities and Diversity
- Job Security and Wealth Creation
- Code of Employee Remuneration
- Training and Employee Development
- Relationships with Customers and Suppliers

A policy review group considers each policy on a rolling basis and ensures it meets the latest in good practice and legislative requirements. This group is part of a unified HR functional community operating as a team across the group. See People Services on page 22 for further details. HR directors take responsibility for ensuring good practice is shared in a consistent manner. In 2012, the HR function ran its second annual awards to recognise achievement and the sharing of good practice.

In addition, the company commenced recording diversity data through People Services. In the UK it has ethnic origin data for over 60% of colleagues and this effort will continue throughout 2013. The gender breakdown for the UK is 54% male and 46% female. Of those in the UK that are work level 3 (operational management) and above, 32% are female. The company also has worldwide data for those managers that are work level 3 and above. These total 2,364 across the globe and 30% are female. Of the company's Graduate intake 39% are female. The company's policy is to recruit, appoint and promote on the merit of the individual.



By the end of 2012, over 8,000 days of training had been delivered and a further 1120 courses completed in U+ Online

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Within Initial Facilities, which employs the majority of the company's colleagues, the Divisional Managing Director chairs a Diversity Board which has reviewed and updated policies and procedures including equal opportunities, family friendly, recruitment and selection. It has identified that one of the gaps in moving from operative to supervisor is literacy and numeracy and has therefore put 63 colleagues through the Values programme which incorporates adult literacy and numeracy. 75% of managers in the Healthcare business unit have been trained to NVQ Level Two certification in equality and diversity.

OUR INITIATIVES

1. The new Rentokil Initial University – U+

Rentokil Initial's learning and development initiatives have progressed significantly in 2012 with a range of programmes that address the needs of all colleagues, our new recruits and leaders.

U+ is the new brand for all learning and developing activities in Rentokil Initial. It stands for quality, engagement and accreditation, and works with proven local learning and development partners. It is targeted at colleagues in all divisions worldwide and was launched in Q1 2012.

It has been established with the introduction of learning and development specialists in each division backing divisional champions to ensure appropriate programme targeting. U+ operates through a variety of channels – online via the U+ portal (utilising leading edge technology); face to face with classroom and team learning & development programmes; and within colleague roles. The programme also addresses the needs of new recruits to the company.

Given the significant size of this initiative, the U+ learning portal's roll out commenced in France, Netherlands, North America. A wide range of 'faculties' have been identified, leaders agreed and content development initiated. These include cross divisional development needs e.g. Health & Safety, Supervisory, Sales, Legal, Leadership and Management, as well as division specific content. A programme to achieve enhanced first line manager effectiveness was launched through the introduction of the Stepping into Management (SiM) programme.



Governance of U+ is a critical factor for its future success, and there are five levels. They include a team of Online Content Developers; Faculty Heads (whose focus is to establish and implement learning plans in line with business requirements); the HR Leadership Team (whose focus is to set policy and track progress); the U+ Governing Body (whose focus is to guide implementation and monitor progress against our vision); and the Company Executive Board.

Results from the company-wide Your Voice Counts colleague engagement survey indicates that colleagues' believe in the high quality training they receive (Q. 'I receive the training to do my job well') scores three percentage points above the High Performing companies average.

2. Leadership development

Almost 100 managers attended the Living Leadership programme during 2012 in the UK and South Africa, which won a Personnel Today award for excellence in Learning and Development. Following its success, the Living Leadership programme will be rolled out across the USA, Europe and Asia in 2013. The programme includes master classes on people matters, finance, customer care and operations. Management development programmes included the Executive Development Programme, Executing Strategy in Action and Leader in Me.



The 2012 intake of graduates

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3. Graduate scheme

The General Management (GM) and Finance Graduate Programme is now in its second year and aims to attract, recruit, and train key talent for our UK and European businesses, and to contribute to the development of our existing talent pool for future general management, finance and functional roles. With an intake of 15 GM Graduates in 2011 and 16 GM plus seven Finance Graduates in 2012, the Rentokil Initial graduate population has British, French, Dutch, Italian, Spanish, African, Indian, Swedish, Polish, Greek and Portuguese national representatives.

The structured development pathway offered combines key elements of in-role experience with training and coaching. GM placements give the individual broad based commercial exposure in 3 x 8 month or 4 x 6 month placements over a two year period in Commercial, Operational and Specialist functional areas. Finance roles offer finance and accounting exposure in 3 x 12 month placements over a three year period in the Shared Service Centre, Individual Business Unit and Group roles. The Finance scheme also provides full sponsorship in the industry-recognised CIMA qualification. In addition to modular management and leadership skills training the graduates have a buddy in the form of an existing graduate and are supported by a mentor, assigned from the Senior Management population.

4. Apprenticeships

The company has introduced a new apprenticeship platform. Some schemes are developed on an in house basis, whilst others have been developed in conjunction with customers. One such example is that of Transport for London. Initial Facilities has contributed to TfL's objectives by recruiting 23 "NEETs" (not in education, employment or training) as part of its support for the Greater London Authority Group's Supplier Skills Team.

Many in-house apprenticeship platforms build on existing academy programmes within businesses, such as vocational programmes in the City Link driver academy, and recognised customer service qualifications for City Link colleagues. Since inception, 300 colleagues have undertaken City Link's NVQ fork lift truck training. See page 21 for summary of City Link's Apprenticeships.

Rentokil Initial was proud to support the UK's 2012 National Apprentice of the Year awards for the second year in succession.



5. Business-specific learning and development

Rentokil has continued its progress in developing the capability of its colleagues through its Academy in the areas of Sales, Service and Customer Service whilst progressively engaging with the opportunities afforded by the introduction of online learning provision through U+ Online. The Sales and Service curriculum has developed significantly through the year in a number of key areas:

- Over 300 days of professional sales training were delivered in 2012
- Miller Heiman Strategic Selling was introduced for key account managers
- A new Sales Performance Assessment (SPA) process was introduced for 2013
- Over 400 training days for service supervisors were completed
- Online learning now provided in USA, South Africa and Nordics. Online learning embedded well in USA with almost 3,000 certifications completed
- Management development portfolio in South Africa was established across all work levels with progress made on our global Living Leadership programme



Allan Morgan, City Link Apprentice, Level 2

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Learning and development activities in **Initial Textiles & Hygiene** gathered momentum with highlights including:

- Implementation of U+ online, our new learning management system is now live in France, Germany and Netherlands. The recent launch of new value propositions and Customer Voice Counts (CVC) tool are two examples of how we are using our Leadership Management System to improve performance
- Rollout of Stepping into Management in Belgium, France and Germany
- The Aspire Business seminar for key talent across the region
- New sales Finance course

In **Asia**, highlights from 2012 included:

- Launched 'Stepping into Management' to over 400 service managers and supervisors across eight countries
- 100 senior and mid-level managers from five countries were put through the Performance Coaching Module of Asia's Country Management Development Program
- 23 senior managers invited to participate in a subsequent 1-to-1 executive coaching phase to further sharpen their coaching acumen

- Pilot launch of the China Future Leaders Programme, which attracted 290 applications from top agricultural universities. 17 short-listed candidates were put through an assessment centre, and about ten will be offered places on a two-year development programme and fast-tracked to front-line leadership positions

City Link continued to invest in capability:

- Leadership and Management – Level 3 – 50 Apprentices
- Warehouse and Distribution – Level 2 – 40 Apprentices
- Driving Good Vehicles – Level 2 – 35 Apprentices
- Customer Service training for drivers – over 1300 PAYE drivers completed Customer Service module to improve understanding of the customer promise
- Customer Care training – delivered 300 days of Customer Care induction training across a six month period (a five-day training programme that covered both technical and behavioural elements)

See case study on page 24 for training highlights in 2012 for Initial Facilities.

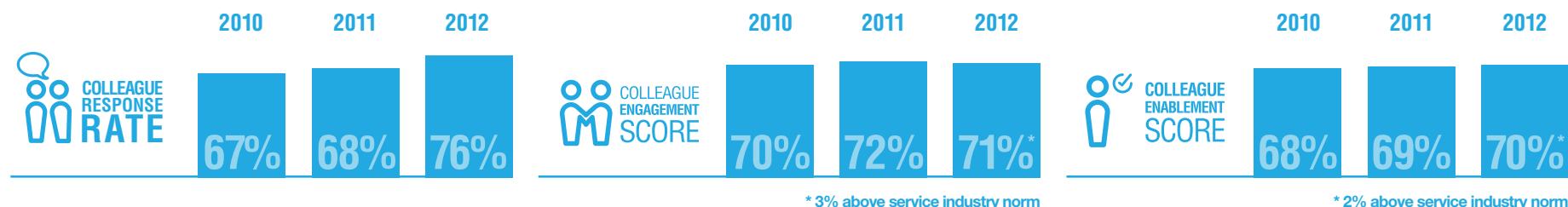
6. Skills for Life

Whilst developing advanced workplace skills is important, the company recognises the importance of building basic skills for colleagues that may not have benefited from extensive education in their youth. Within Initial Facilities, this need is much more apparent than elsewhere, and basic skills courses run under the banner of Skills for Life programmes. These include customer service, numeracy and literacy skills training.

With the introduction of U+, Skills for Life was integrated into the Rentokil Initial Values Programme. The programme is delivered either as a whole over three days, or as 'bite size' workshop sessions over several weeks meaning that it can be adapted to meet the commercial needs of the business while not adversely affecting the learning experience. A pilot of 63 colleagues saw the success rate for these basic skills courses running at 92% – significantly higher than the 60% industry average – due to the relevancy of the course work to their roles.

Following the pilot, a further 715 colleagues are waiting for the initial assessment for the literacy and numeracy course in the UK, with plans to roll out the programme in other businesses in South Africa, America and Europe.

“YOUR VOICE COUNTS” PERFORMANCE



Source: Hay Group Insight

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7. Listening to colleagues through Your Voice Counts survey

Since 2009, every colleague in Rentokil Initial has been given an opportunity to feedback every year on matters such as leadership, customer focus, development and line manager performance. This is undertaken in the confidential survey, Your Voice Counts. The results are fed back to colleagues and some 2800 action plans developed by managers. Results are also communicated to the European Forum, with representatives from all the company's European operations. The survey is distributed in 38 local languages (online and paper), and evaluated on a confidential basis by Hay Group Insight.

The results for the last three years' surveys are shown above.



8. People Services

A key focus for the HR team is to deliver high quality HR systems and processes. Following the successful implementation of the global grading and performance management programmes, the People Services function was launched to a pilot population of 2,500 colleagues in March 2012. This included introducing a 'tiered' approach to providing a centralised helpdesk, HR administration and payroll services. Its objective was to enable the HR teams to achieve smarter working by automating people processes and generate better quality management information, giving them extra time to focus on strategic priorities and make better informed decisions.

People Services has four main components;

People Services, the team which offers a shared services centre to improve processes right across the employee lifecycle and vastly improve case management and response times to the workforce;

Workday, which is a cloud based self-service human resources information system covering 'hire' to 'leavers' processes;

JobTrain, which is an e-recruitment system to ensure more cost effective hiring and candidate tracking;

Learning Management, via the U+ portal, to improve the learning and development processes.

In 2012 the People Services team handled over 23,000 cases and there were over 30,000 Workday transactions initiated by either managers or People Services. Using the UK as a blueprint, during 2013 and 2014 the aim is to continue the rollout of People Services across the 17 largest countries and initiate regional rollouts for smaller countries.

Alongside this systems approach has been the on-going review of HR policies within the UK operations. All UK policies were reviewed in 2012 including maternity and paternity; retirement; disciplinary, grievance and capability; and company cars to name a few.

In addition, user friendly Manager's Guides and 'How do I...' documents for all policy areas have been created to support our managers further. This standardised UK HR policy pack will be communicated across all operating businesses in 2013.

In 2012 the People Services team handled over 23,000 colleague enquiries...



South Africa recognised in the 2012 HR Awards



2012 award winners of the Initial Facilities' Extra Mile awards

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9. Communication, recognition and incentive

The company's values are the basis for the colleague recognition schemes that are now in place across all the company's operations. They include Initial Facilities' Extra Mile awards. In 2012 there were over 100 entries covering eight categories including Excellence in Health & Safety, Community Engagement, Outstanding Customer Experience, Lifetime Achievement and Unsung Hero. Other schemes include the SPIRIT awards in Rentokil, New Zealand's SHINE awards, Star awards in the IT function and CLASS awards in City Link. The company also presented its first awards for HR and IT as well as Health & Safety.



Effective communications with colleagues supports change and operational success. The group's intranet, which launched in 2011, continued to be developed with new sites, functionality and interactive content added. There were 1.2 million visits and 3.2 million page views during the year. All businesses have their own communication channels including dedicated newsletters, 'radio' programmes and video and social media channels linked to the Google email platform. Google+ is being piloted as a way of enhancing interaction between colleagues.

The Group's intranet had 1.2m visits and 3.3m page views during 2012

A DAY WITH A COLLEAGUE

In July 2012, colleagues in the corporate functions took part in a pilot programme where everyone spent a day with a 'frontline' colleague to gain a better appreciation of what they do.





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CASE STUDY

2012 was the training ‘year of the operative’ in Initial Facilities based on the objectives to enhance service, sales and health and safety standards.

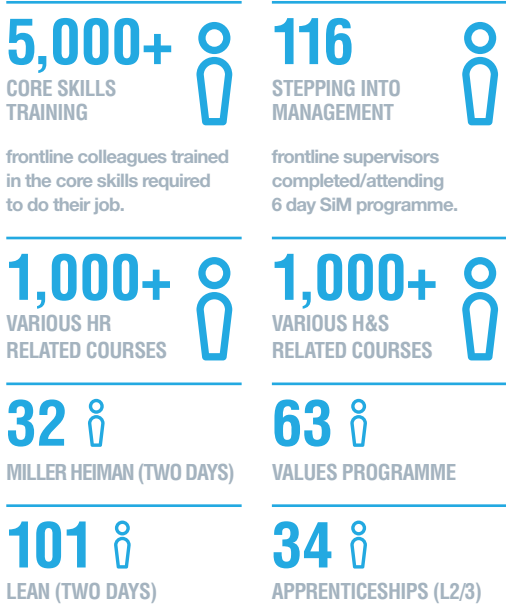
Andrew Currie, Director of Learning and Development at Initial Facilities sums up a successful year:

“Our primary focus this year has been to refresh the skills of our frontline colleagues through our Core Skills Training programme. This programme is having a great impact on standards as well as the engagement of our people. Supporting this focus on the frontline is Stepping into Management which is now being recognised as a great programme for our first line managers. It is a programme we can be genuinely proud of and we will continue to move this forward in 2013.

“Other initiatives include Miller Heiman and LEAN training which reflect the twin objectives of enhancing productivity on client sites and increasing our revenue. Both will continue in 2013. In addition the Living Leadership programme not only provided a great experience for the delegates, but also enabled them to make a strong case to the senior management team of the need for greater development of our managers as we become a total facilities management organisation.

“Finally, our commitment to improving our health and safety and people management practices is reflected in the number of days’ training delivered by the business to make this happen. Next year we remain committed to ensuring all frontline colleagues have the skills required to effectively carry out their role and so it’s the ‘year of the operative (cont.)’ in 2013.”

2012 was the training ‘year of the operative’ in Initial Facilities based on the objectives to enhance service, sales and health and safety standards



= DELEGATES

DELIVERING OUTSTANDING CUSTOMER SERVICE AND INNOVATION

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STATE OF
SERVICE

88%

2008

98%

2012

DELIVERING OUTSTANDING CUSTOMER SERVICE AND INNOVATION



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MARKETPLACE DIFFERENTIATION THROUGH SERVICE, CUSTOMER CARE AND INNOVATION

In 2012 Rentokil Initial maintained its high levels of customer service across the group, improved its customer satisfaction performance, launched its new Marketing & Innovation function with nine strategic projects and maintained the highest standards of product stewardship. The breadth and depth of initiatives under way are in line with the company's vision to become the best at what it does in every market. In the following pages further details are provided, often by customer segment.

Performance in customer service and customer care is monitored through a range of CR Indicators, and highlights in 2012 include:

- Group State of Service maintained its high level of 98%
- Customer Voice Counts (an independent measurement of customer satisfaction) showed an increased score of +1.2
- Customer retention increased to 84.9% from 83.9%

Achieving this improved performance requires both policies and management approaches and a range of initiatives to refresh our customer offering at each point of contact.

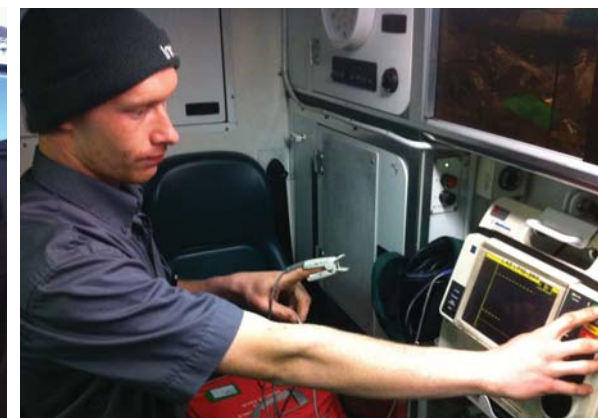
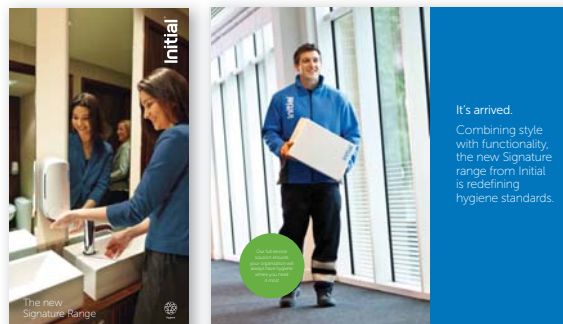
POLICIES AND MANAGEMENT

Customer related group policies are available on the company's website (Reports and Policies section) and intranet. These policies include our Code of Conduct which is overarching. The policies cover customer aspects such as service performance as well as issues such as gifts, bribes and facilitation payments. To reinforce these policies, group-wide training is provided for required behaviours relating to competition laws and anti-corruption together with a formal annual sign off of policy compliance by each business head as part of the group's internal controls process.

Each business develops appropriate responsible customer relationships, focusing at a local level on the specific needs of customers and markets. Within each business, there is a high degree of focus on customer management processes, sometimes to an externally accredited standard.

A variety of businesses have their quality management systems certified to ISO 9001, including Rentokil, Initial Medical Services and Initial Facilities – the latter covering its operations in facilities services, catering services and project management. Management of customer service is monitored through standard measures of customer service and customer satisfaction, including “Customer Voice Counts” or “CVC” (based on the Net Promoter System), State of Service and customer retention. Performance based on these measures is reviewed on a regular monthly at all levels in the company – board, country operations and branches.

Customer retention increased to 84.9% from 83.9%



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OUR INITIATIVES

1. Marketing and Innovation

In January 2012, the company launched its Marketing & Innovation (M&I) function, focused on the global categories of pest control and hygiene services. It has identified priority projects and developed a framework to help the company think more structurally about how it can grow faster and act more efficiently. Its framework decides where to prioritise resource allocation and identifies opportunities looking at pricing, density, and service and product differentiation. The function has begun to transform how the company goes to market and what customers can expect. Key programmes include:

- **On-site service (OSS)** – this pilot enables feminine hygiene equipment to be serviced on site. It was piloted in South Africa, Australia and Netherlands in 2012 and initial findings were shared with stakeholders. The company plans to expand the use of OSS in Australia and South Africa under the leadership of the local teams. See Environment section, page 40 for further details.

- **Signature** – the M&I products team have attained technical readiness on the new washroom product range for the company's Hygiene business; tooling has been built and some product lines began to come off the production line and tested in Q4 2012. End-user research together with customer interviews, took place in 2012. Launch materials, including web content and training materials were developed in conjunction with the company's U+ (learning and development) programme and global sales leadership team. Also, as part of the Signature rollout, we have developed a diagnostic toolkit as part of a structured customer survey. This new range of hygiene products will launch in 2013. See Case Study, page 33.
- **Information as a Service** – good progress was made in 2012 in developing an upgraded customer interface for the PestNetOnline extranet. A working prototype will be tested in the Netherlands in February 2013. If successful, this will be rolled out to the pest businesses in Q2 2013.

2. Hygiene in the workplace – meeting sector needs

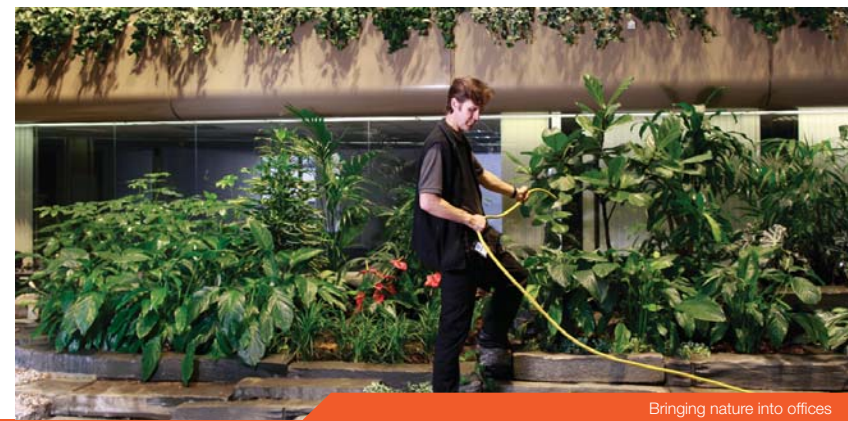
Hygiene in the workplace is a critical issue for employers given their duty of care to their employees, their own customers and visitors to their premises. Individual industry sectors require customised approaches and Rentokil Initial's sector based initiatives introduced in 2012 cover a range of workplace environments.

Healthcare

Vehicle preparation services for the London Ambulance Service are vital element to enable it to deliver its overall operational capability in providing emergency services for London. Addressing these needs in a modern and innovative manner involved Initial Facilities investing in new cleaning and monitoring technology with bespoke training programmes and the utilisation of turnaround tracking software using handheld computers and barcode scanners for inventory control together with the use of advanced nano coatings to facilitate more efficient cleaning methods. Nano coatings are also being used by Initial Facilities at University Hospital Lewisham, where it is coating toys and touch points in the Paediatric Department. Initial Facilities identified these areas where paediatric patients are often susceptible to a high risk of infection.



Controlling mosquitoes in Delhi



Bringing nature into offices

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In other healthcare establishments, Initial Facilities has introduced standardised systems for cleaning wards and other sterile patient environments. A scientific approach was used for testing, with inputs from colleagues, observers and healthcare professionals. The chosen solution was a Microfibre system which helped reduce the risk of cross infection and improved cleaning productivity.

Transport

Microfibre is also used in the transport sector. First used in Marylebone Railway station, the Microfibre floor cleaning systems and Microfibre Carts are effective mobile workstations. They carry up to four colour-coded buckets and feature separated waste compartments which encourage the recycling of waste and reduces overall water usage. The latter helps spills to be quickly cleaned and dried, improving safety for the public using the station. The colour-coding system for the Microfibre cloths helps reduce the risk of cross-contamination and enhances public hygiene.

Initial Facilities has also used its Dynamic Needs Analysis (DNA) in East Midland Trains' Sheffield Station to focus on cleaning hotspots. This required studying area usage at peak times of day. The outcomes enabled the use of non-critical activities at low-flow times and three times higher hygiene service level in critical areas with the same staffing. The DNA approach was used also on soiled seating in London Underground's carriages, previously whole coaches had to be put out of service for seat cleaning in the depot. As a result of the DNA approach, seats could be cleaned and sealed – only putting one seat out of use at a time. The approach reduced coach downtime and reduced costs for the customer.

Sporting arenas

The Rentokil team in Fiji faced an unusual challenge at the Fiji National Stadium. The stadium was undertaking a large project of replacing and sterilising the stadium soil. The chemical used for this type of work was unavailable so Rentokil set about coming up with an alternative plan. Their result involved a clever chemical delivery mechanism with an extremely cost effective means of safely and effectively transporting the ready-to-use solution. Their primary objective was to undertake the sterilisation without damaging the soil at the start of the stadium's sporting season. In India, Rentokil pest control provided fogging control of mosquitoes at the country's Premier League cricket grounds.

Offices

Research undertaken by Ambius (in conjunction with the University of Exeter) shows the correlation between the closeness to nature in an office environment and the well-being of the office workers. The challenge for Ambius was to get this research into the hands of the people that influenced office design – particularly architects and interior designers. To meet this challenge, Ambius has achieved accreditation from The Royal Institute of British Architects (RIBA) for an education programme based on its innovative Biophilia toolkit.

An online toolkit www.ambius.co.uk/biophilia provides key pointers for architects and interior designers on the techniques and tools they can use to bring nature into building design, helping to create healthier and more productive and sustainable environments in which office workers can naturally feel at ease.

Prism (Psychological Research into Identity and Space Management) is a research-based consultancy at the University of Exeter in the southwest of England, co-funded by Ambius. On-going research within Prism is aimed at continually refining the workplace model and offering a research-backed consultancy service to companies around the world.

Initial Catering serves around half million meals every week in 850 schools, and spends around £1.75m per annum on accredited poultry and meat



Ultraprotect hand gel kills 99.9% of germs



School catering only serves food sourced from accredited suppliers

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Manufacturing

One of the most demanding manufacturing environments from the hygiene perspective is that of the pharmaceutical, medical implants and micro electronic industries. In these industries, cleanroom facilities require work clothes that meet the very highest hygiene standards, because of their strictly controlled production environment which prohibits cross contamination.

In continental Europe, these industries represent a €500 million market, covering both laundry and disposable services. To meet the stringent hygiene needs of this market, Initial Cleanrooms was established as part of Initial Textiles & Hygiene. This business now has five dedicated plants operating on a pan-European basis, with an objective to be the European leader in cleanroom laundries and related services.



Education

Initial Textiles & Hygiene has entered into a four-year partnership with Byotrol plc, the developer of anti-microbial hygiene technologies, covering 16 European countries and multiple products. The company's UltraProtect products are designed to meet the needs of customer sectors where traditional alcohol-based sanitising products are in decline, such as education and medical facilities. The efficacy and residual activity of the product far exceeds current alcohol-based products. These products not only raise hygiene standards but also mitigate risk for the owners of these establishments, and the UltraProtect range of products help the division to address its customers' social and environmental needs.

Restaurants and canteens

Initial Catering is one of the largest suppliers of school catering services in the UK. For this market an assurance of local sourcing of food, produced to high standards, is often a critical requirement. This business has signed up to Red Tractor Assurance, which certifies that food used meets good standards of farming, food production, environment and animal welfare. For instance, all fresh beef products are sourced via our single supplier ABP which operates a slaughterhouse and processing plant in a single site and does not use any imported meat.

The business serves around half a million meals every week in 850 schools, and spends around £1.75 million per annum on accredited poultry and meat. Similarly, it has achieved Marine Stewardship Council certification for 62 primary and special schools in the Brighton & Hove area. Eating oily fish has been shown to improve cognition and agility in performing mental tasks and school meals guidelines mean it has to be on the menu at least once every three weeks.

As important as the sourcing of food ingredients is the quality and type of nutrition. It has been established for some time that children's nutrition can be linked to their educational performance, but further studies show that this principal can be applied in the workplace, affecting the performance and alertness of employees. Initial Catering's Nutrismart programme represents a tailored programme to engage employees in their own health and well-being. The programme can accommodate food preferences as well as intolerances. Nutritional programmes like this complement the focus on hygiene to deliver a more effective workplace for employees.





AviGo is made from 100% natural ingredients and only needs a maintenance inspection twice a year to replace any gel that may have worn off

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3. Proactive product stewardship

Product stewardship involves considering the environmental and health and safety impacts of a product (or a service) through its entire life cycle. In Rentokil Initial's case, this requires each business to consider each of the products used in its service delivery to ensure that customers (and their employees as well as their own customers or visitors) are not adversely affected through the use of these products or services. In many instances, businesses anticipate the impact of the latest legislation and have service offerings available for its customers ahead of the legislation coming into force.

Responsible product development within Rentokil is an essential aspect of its working practices. Wherever possible, Rentokil has introduced services that minimise the need for the use of potentially dangerous products. For instance:

- Rodent bait stations have been designed to be tamper resistant, to protect bait blocks, whilst enabling the target species to enter and feed freely. All rodenticide bait blocks contain Bitrex, the bitterest substance known to man, which acts as a safeguard to prevent human consumption.
- Entotherm is a heat treatment to replace traditional chemical spraying which is effective against bed bugs, moths and beetles. It is now offered as a service in 16 countries. The company has launched consistent training protocols worldwide for this service with harmonised equipment standards.
- Pygo is a 'smart' insecticide that breaks down in a controlled manner depending on its exposure to light. This means Pygo remains active longer in those dark areas where it is needed to control insects, but quickly disappears from light areas, which minimises contact with non-target species.
- In 2012, Rentokil launched a new deterrent in the fight against bird infestations. Rentokil's innovative AviGo solution is a humane, aesthetically-pleasing and effective solution to tackle unwanted colonies of pigeons, gulls and other pest birds, thanks to its special spicy ingredient. AviGo, a gel-like substance containing a small amount of chilli pepper extract, is applied on surfaces where birds are known to land, allowing the active ingredient to transfer onto their feet. When they fly away, the birds tuck their feet up which is when the chilli extract does its work. The birds experience a mild irritation which, after a few visits to the same spot, conditions them to avoid

the area altogether, dispersing the flock from the building or monument which has been treated. Large numbers of birds in urban areas can cause problems due to their fouling, which is both unsightly and a health hazard; harbouring diseases such as Ornithosis and Cryptococcosis. AviGo solves these issues naturally and humanely, and is almost invisible to the naked eye, making it an attractive alternative to other treatments such as netting or spikes. The product is made from 100% natural ingredients and only needs a maintenance inspection twice a year to replace any gel that may have worn off. The product has been developed in the US, and has been through rigorous testing to ensure its effectiveness in treating UK bird populations. During these tests, AviGo successfully diverted 100% of the bird population within seven days of being applied.



Initial Facilities' fire safety course is fully accredited

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At the forefront of this activity and legislative review is Rentokil's Global Science Centre. It has worked extensively on the EU's Biocidal Products and REACH Directives. The former resulted in the approval of its non-anticoagulant rodenticide, Alphachloralose, and product registration for its RADAR (a mouse unit which uses CO₂ rather than traditional baits) application. Both were first in their field and they demonstrate how proactive regulatory review can benefit customers. Because regulation differs across the world, the Global Science Centre works in different regulatory regimes. RADAR has recently been approved for use by US regulatory authorities.

In addition, Rentokil works with other organisations to influence end users' knowledge and understanding of safe pest control. It works with bodies such as the Universities Federation for Animal Welfare (UFAW) and the Campaign for Responsible Rodenticide Use (CRRU) which helps ensure pest control related environmental impacts are mitigated by sharing best practice and technical advice with professional users such as farmers and researchers. It was also influential in establishing the Register of Accredited Metallic Phosphide Schemes (RAMPS), whose aim is to ensure that sales of metallic phosphide products are only made available to suitably qualified persons.

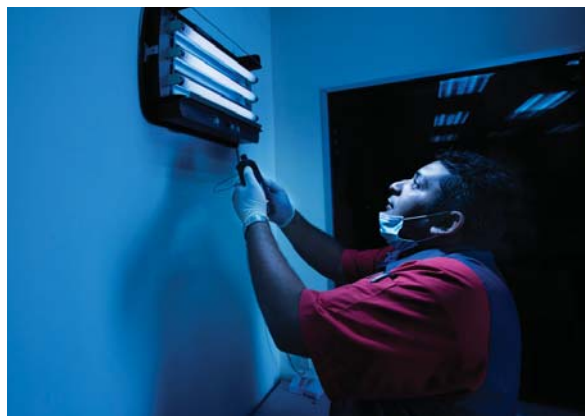
Within Rentokil, the focus is on ensuring that products available to service technician colleagues are fit for purpose and the most effective available. Rentokil has placed great importance in developing its Authorised Product List (APL). The selection of "which bait is best" is made at its Global Science Centre, through a rigorous evaluation procedure which includes field testing within its global network of technical managers. This approach ensures unacceptable toxic products are not used, chemical compliance aspects are controlled and excessive dosage avoided. APL work in the USA enabled a reduction in the use of core rodenticide and insecticide products from 2,286 Stock Keeping Units (SKUs) in 2008 to 99 in 2012. The North American experience has been applied across all of the division's worldwide operations.

Similar proactive support for customers includes the provision of Initial Fire's training course on fire safety, which is accredited by the Institute of Fire Safety.

This course helps customers meet their legal obligations whilst protecting people and property from fire related risks. The course covers issues such as the chemistry of fires, as well as addressing the important question of safety features within buildings. Initial Facilities also offers customers a water treatment course "Legionella Awareness study", as well as a technical support service to ensure treatment regimens are maintained at optimum efficiency and hygiene levels.

Service quality management can take many forms, dependent on the industry involved. For Initial Facilities, its focus has been upon "MyInitial – Quality Auditor", which is a web-based field audit system that enables rapid collection of end-user perception of service provision, such as the hygiene standards of the cleaning service.

Focus on reducing Stock-Keeping Units for core products used in the USA enabled a reduction from 2,286 units in 2008 to 99 in 2012



Servicing Luminos in Malaysia

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4. Microbiology and hygiene sciences

With the creation of the new Marketing & Innovation function in 2012, the scope and role of the Global Science Centre has been extended to encompass hygiene as well as pest activities. During the year it has built additional capability in the areas of microbiology and hygiene sciences.

The hygiene team has conducted a large systematic hygiene study of the impact of washroom services, generating over 10,000 data points from four continents. These, coupled with an extensive knowledge of sanitiser performance, underpin the On-Site Servicing pilot projects enabling quantification of service performance in the field that can be used to better inform customers.

In the Pest Control category, Rentokil has launched an improved version of its Luminos 4 industrial fly killer range globally and launched Pest Connect in Belgium and the Netherlands to provide food and pharmaceutical customers with enhanced protection from pests by introducing a 24/7/365 day environment monitoring system; this is being rolled out globally during 2013.

The science and regulatory teams have been working with the European pest control industry to enhance standards of training and have been fully involved in supporting a new CEN standard which defines requirements from a professional pest control service provider across the EU.

5. Communicating with customers

In 2012, the company introduced a number of customer and service promises to underpin performance improvement. After conducting research with customers, Rentokil identified seven key elements that customers felt most important to them. From this the Customer Promise was developed for the business, with the call to action for colleagues of 'Do Something Amazing Today' – helping inspire colleagues to deliver and to go above and beyond delivery of the Customer Promise which is known internally as Promise+.

During 2012 extensive internal communications took place in the business to build awareness of the Customer Promise including:

- Launch of Promise+ at Senior Managers Conference
- Development of communications materials in multiple languages which were utilised locally
- Collateral included: videos, magazines, team briefing materials, do something amazing today nomination cards, thank you cards and launch of an Intranet for the business

In September 2012 in its colleague survey, Your Voice Counts, 72% of Rentokil colleagues said they had a good or very good understanding of the Customer Promise.

The availability of customer websites continues to grow. In 2012, there were over 160 customer websites

available in local languages (150 in 2011). These include product help lines so that customers can easily access information about products they have purchased for their own use, such as pest control products.

In addition, customer-specific service delivery extranets, such as PestNetOnline, enable major Rentokil customers to monitor service delivery, with improved reporting and monitoring, whether at multiple locations or one major location. This addresses many of our customers' needs, including regulatory reporting requirements.

6. Customer Voice Counts

In 2012 we started to use our Customer Voice Counts (CVC) methodology as one of a series of measures used to calculate colleague bonus payments. This was particularly focused on those businesses where Customer Care is unsatisfactory. As part of this focus, the measurement methodology for CVC has been industrialised across most of our organisation, City Link being an exception for the time being.

This focus has driven material improvement in colleague behaviour and in handling of inquiries. It has also identified a number of areas where further investment in processes and systems is required. Customer Care continues to be high priority across the Group.

The group CVC score for 2012 shows an improvement of +1.2 (Q4 2012 vs Q4 2011).


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CASE STUDY

Development of Signature Hygiene Range

In 2012, Rentokil Initial researched, developed, designed and tested its new range of hygiene products, called Signature, for launch in 2013. Following extensive research amongst customers and end users, the new range is ideally suited to a wide range of sectors and environments.

The full range will feature 32 units across hand hygiene, cubicle hygiene, waste management and air hygiene. Products include linen towel cabinet, folded paper towel dispenser, soap dispenser, no touch feminine hygiene unit, nappy waste bin and air fresh spray. They will be sold as part of the company's fully serviced solution.

Each unit features a new clean and rounded design and made of materials which have been built to exacting standards. For instance the air freshener unit was tested for 1,971,000 operations and soap dispenser for 101,000 operations. An antibacterial surface helps to reduce the spread of germs.

However, Signature represents more than a product launch. The company will introduce a new customer segmented selling approach, with clear sector targets and new selling tools and training. It features a six-step journey towards offering customers improved hygiene from customer engagement to solutions and financial benefits. Training will focus on providing customers with a fully structured hygiene survey using diagnostic service tools.

The full Signature Hygiene range will feature 32 units across hand hygiene, cubicle hygiene, waste management and air hygiene



WORKING RESPONSIBLY WITH SUPPLIERS

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PRODUCT QUALITY

SERVICE DELIVERY

PRODUCT COST



WORKING RESPONSIBLY WITH SUPPLIERS



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A DIVERSE AND INTERNATIONAL SUPPLY CHAIN IS MANAGED GLOBALLY AND LOCALLY

Rentokil Initial's supply chain procurement can be divided into three categories. Firstly, there are those items in common use by organisations around the world. These are usually sourced from major international suppliers, whose quality assurance is regarded as being of a high pedigree, with sources of independent assurance available. These companies include suppliers to the vehicle fleet, IT equipment, and machinery for use in cleaning and laundries. Secondly, there are chemical and electrical component suppliers (usually also part of major international companies) where the constituent components are reviewed by technical experts within Rentokil Initial to ensure compliance with international regulations, as well meeting accepted practices, such as the objectives of the Precautionary Principle. These suppliers provide chemicals for products such as rodenticides, air freshener fragrances and cleaning chemicals, as well as electrical components used within washroom equipment. Thirdly, there are suppliers of workwear products, who are usually based in the developing world, such as cotton products for use in autorolls.

Highlights of the supply chain programmes in 2012 include:

- Development of central European warehouse
- Identification of new global suppliers and development of new hygiene range
- Better sourcing of garments following the acquisition of CAWE
- Single chemical supplier for European workwear laundries

POLICIES AND MANAGEMENT

Due to the wide diversity of the company's supply chain, many of the policies are specific to divisions. Nevertheless, the Code of Conduct remains the cornerstone of group level policies, and includes guidance on relationships with business partners. This addresses matters such as the company's code of ethics, its approach to anti-bribery and corruption and its respect for suppliers' contracts. Underpinning the Code are policies relating specifically to relationships with suppliers – these are available on the company's corporate website and include:

- Anti-Corruption Policy
- Code of Ethics
- Customers and Suppliers
- Dignity at Work

Across the group, all supply chain contracts include anti-bribery and corruption clauses.

OUR INITIATIVES

The top priorities of Rentokil Initial's Supply Chain management strategy are product quality, service delivery and product cost, which are managed by Supply Chain with Marketing & Innovation. Other priorities include contract governance and compliance to procurement procedures and good practice across the Group. These are the responsibility of the Group Procurement team.

Group procurement includes an Asia purchasing hub, which is also proactive in identifying suppliers that offer innovative solutions relevant to individual categories. The product specifications set by the Marketing and Innovation team take account explicitly of environmental, regulatory and social issues.



The company has made significant progress in fleet management.



There were around 9,000 direct and fleet related vendors and the total number of vendors was in excess of 10,000 suppliers including indirect expenditure

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In line with this thinking are procurement practices and analyses such as whole-life costing (when considering the purchase of vehicles for the company's fleet) and optimising technical and operational requirements (such as developing the supply agreement for UK office equipment to take into account the Green IT initiative, leading to reductions in requirements for printers and consumables).

1. Spend analysis

A detailed analysis of spend in the key categories of direct, indirect and fleet is in progress within Group Procurement, as part of a programme to consolidate suppliers and products across the business. Also introduced in 2012 was a global chart of accounts. This will improve the categorisation of the direct expenditure, which previously was analysed only by supplier. Direct spend represents c.48% of total expenditure (of which workwear expenditure represented c.30%). Workwear product expenditure was seen as a potential corporate responsibility risk area, and is the subject of regular supplier analysis (described later). Overall, there were around 9,000 direct and fleet related vendors and the total number of vendors was in excess of 10,000 suppliers including indirect expenditure.

2. Management of critical suppliers

As a service company, critical suppliers have been defined as those with direct impact on customer service. Examples include suppliers of garments, insecticide, washroom and cleaning equipment. These are managed by Supply Chain teams either at European or country level, depending on the nature of the supply chain.

For textiles products, critical suppliers are those from developing world countries, especially where manufacture involves tertiary suppliers. The workwear supply chain generally avoids such suppliers, but, as necessary, uses third party assessors to review social and environmental risks.

Rentokil Initial represents a significant part of the revenue base for very few of its suppliers, although this may be different for those suppliers of specific textile products. There are a limited number of European tier 1 suppliers that supply multiple markets. The majority of suppliers are tier 1 (i.e. primary supply) suppliers that provide product at a regional and a country level.

3. Customer-specified suppliers

Rentokil Initial takes seriously its responsibility to source from small or medium sized (SME) companies where possible. Eden, the school catering business uses SME suppliers to support its initiative to purchase locally for perishable produce. Elsewhere in Initial Facilities, small local window cleaning contractors are used to support geographic service delivery.

4. Supply Chain training

The company's online Supply Chain Academy (sourced from Accenture) provides online training to all supply chain team members around the world, with courses available in six languages. This helps ensure consistency of procurement standards for all procurement teams, underpinning the group's procurement strategy. This training features training modules on Environmental, Social and Governance (ESG) issues relevant to procurement processes and decisions, including topics such as "Sustainability in Suppliers" and "Procurement Best Practices".



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5. Management of chemical and electrical suppliers

In these supply categories, the focus is on the use of product components that constitute potential hazards e.g. chemicals in pesticides and electrical components in washroom equipment.

For the purchase of chemicals for use in pesticides and in fragrances, all new products are validated by the Global Science Centre (GSC) to ensure they meet regulatory requirements such as the European CE mark and REACH directive. A number of legacy products have been identified that do not conform to the latest CE mark regulations and these are either being redesigned or reformulated to ensure compliance. The product specifications take account explicitly of environmental, regulatory and social issues. Regulatory management in both Rentokil and Ambius is undertaken jointly by the GSC and procurement departments to specify the products to be used, and their constituent ingredients. GSC teams oversee regulatory management for both pest control products and hygiene products such as fragrances used in washrooms and in office receptions.

For Hygiene and Pest Control, a European Quality Manager has been appointed, whose role includes the audit of suppliers to ensure that robust systems are in place which will guarantee compliance of products to specifications on an on-going basis. Comprehensive audits of the manufacturing sites of all new suppliers are conducted and existing suppliers are audited annually. The European Quality Manager scores each supplier against a variety of factors, including ESG elements using the Rentokil Initial Supplier management standard. This manager's performance appraisal includes aspects such as lower quality defects, formalising contracts in existing suppliers and the establishment of a robust consumer complaints system (with a target of outstanding complaints to be followed up within a week).

6. Management of textile suppliers

Suppliers of textile related components to Initial comprise two categories – branded and non-branded products.

Suppliers of branded components (e.g. for yarns – Coats and Ackerman; and for zips and buttons – YKK and Brun) are selected because they are known

to have quality and environmental certifications, and as such are subject only to normal commercial procurement procedures.

For non-branded components, the procurement approach is based on risk and will depend on the country of origin of the components. Generally speaking, non-critical suppliers are reviewed using the audit questionnaire and will have a site visit if specific circumstances require it.

However, for some workwear, the issues of environmental and social risks have been addressed by the selection of fabric suppliers that meet key environmental regulations (such as Oeko-tex certification) and by the choice of suppliers from countries where there are no known issues. As an example, Eastern European suppliers are regularly visited and reviewed by the supply chain team to ensure there are no social issues arising in their manufacturing sites and the adopted approach is to only use manufacturers which have been the subject of screening visits by management teams.



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For suppliers from developing world countries there is a formal process including third party audit of textile manufacturers – both as a new supplier, and subsequently during the process of the supply relationship. This process is designed particularly to address issues such as working conditions and the use of chemicals in production, especially amongst suppliers manufacturing in the developing world. In this respect, Initial's contract includes clauses requiring compliance on environmental and social issues. There are higher levels of supplier involvement to address key issues, such as those for health and safety, working conditions and forced labour. Supplier screening is undertaken for these suppliers by World Ethical Audits (WethicA) – now linked to ACTE. WethicA conducts both announced and unannounced visits and interviews workers on site, as well as the site management. These suppliers are required to have OEKOTEX certification, which certifies the chemicals used in the textiles production.



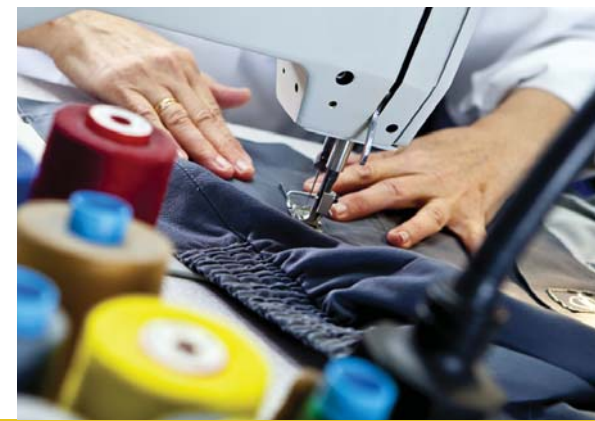
7. Supply chain developments

Innovation

Rentokil Initial is committed to offering its customers innovative solutions to their needs. This is managed by the Marketing and Innovation team, working with suppliers. One example is Brightwell (a long-standing UK supplier), with whom the company worked to develop new components for hand soap dispensers, as part of the development of Signature, a new Hygiene range. Brightwell was selected because of its innovative approach and also because it addressed the company's supply chain priorities in a comprehensive manner. Of particular importance was its innovative component development, with the ability to work within a worldwide supply chain for this new range of products. For instance, the enhanced module on the feminine hygiene unit (above), whose operating life has been increased to 190,000 applications – a threefold increase – together with an improved operating temperature range.

Central European warehouse

In addition to product innovation, process innovations are also occurring within the supply chain. In 2012 a central European warehouse was established to meet the needs of the group's mainland European businesses. Consolidation of stock into a single central location will enable the reduction of the quantity of stock held and as well as offering faster reaction to spikes in demand, resulting in improved customer service. Stock will be delivered directly to branches from the central warehouse. As well as enhanced customer service, this initiative will result in annual savings of £2 million p.a. due to lower cost distribution, and lower cost of stock management. This development has been enhanced with the acquisition of CAWE which will result in greater control of the design and specification of workwear ranges. It will also result in improved management of textile planning, stocks, warehousing and delivery on a European level rather than country level by the end of 2013.



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Building synergistic relationships with suppliers

Capacity building with suppliers is becoming an important aspect of supply chain developments, with benefits to both Rentokil Initial and its suppliers.

Within Rentokil and Initial Hygiene, there are monthly teleconference calls with key suppliers to discuss their performance against agreed supply chain CR Indicators. There are also regular reviews. The intention of these reviews is to introduce corrective actions to rectify any issues satisfactorily from both perspectives. Examples include underwriting supplies of aerosol nozzles to enable product development improvement to be achieved, collaborating in customer seminars on behalf of Workday, the supplier of the HR management information system, and participating in collaboration with Zurich, the main insurance provider, in loss control seminars.

In addition to these relationship developments, incentives for suppliers have been introduced to encourage and reward a longer-term global partnership. The Group is now taking a more prescriptive approach to European sourcing of items such as garments, washroom equipment and pest control products to maximise the procurement synergies and provide opportunities for higher volumes to suppliers. Examples of these include the three-year deal with Ecolab, the detergent supplier, to supply all laundries across Europe; a European paper deal which harmonises the paper range across Europe; and all UK janitorial products integrated from four suppliers to one. In addition, supply contracts for bespoke items such as garments and washroom equipment (which are already on a three to five year contract term), are now being extended across multiple countries to maximise supplier incentives and provide supply chain synergies.

The partnership with Ecolab is of significance. The quality of laundering is determined by the interdependent combination of the quantities of detergent, energy and water used, in association with the mechanical action of the laundry equipment. An objective to reduce the energy consumption is likely to lead to increased consumption of water or detergent. With this new partnership, the supplier is jointly responsible for the washing quality and also for the water and energy consumptions. As part of the partnership they will propose energy savings projects and if these projects are agreed, the supplier will have a shared responsibility for the business's laundry quality together with its energy, water and detergent consumption.

RESPECT FOR THE ENVIRONMENT

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CO₂ EMISSIONS INDEX

INDEX SHOWING % IMPROVEMENT OVER FIVE YEARS FROM 2008 BASE

76.8%

2012

79.1%

2011

79.6%

2010

95.4%

2009

100%

2008

RESPECT FOR THE ENVIRONMENT

During 2012, emissions fell by almost 3% and water usage improved by 14.5%

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SUSTAINED ENVIRONMENTAL PERFORMANCE IMPROVEMENT OVER FIVE YEARS

In 2012, Rentokil Initial continued its five-year improvement in environmental performance having now decreased its emissions by almost a quarter since 2008. The company has set a new target, new environment action plan and introduced a new environment governance group.

Our environmental performance in 2012:

- CO₂ emissions fell by 3% at Constant Exchange Rates (CER)
- Water usage reduced by 14.5%
- Property energy usage improved by 2% at CER
- Vehicle energy usage improved by 2.8% at CER
- Emissions reduced by 2.6% for European laundry processing plants

Our environmental performance over five years:

- CO₂ emissions fell by 23.2% at CER
- Water usage reduced by 27%
- Property energy usage improved by 18.5% at CER
- Vehicle energy usage improved by 29.7% at CER
- Emissions reduced by 15% for European laundry processing plants

In some areas, the company's environmental impacts are relatively limited. For example, as much of the group's service delivery is on customers' premises, our property environmental impact overall is relatively limited. As a consequence, our focus is on those specific areas where the company's potential impact is regarded to be of greater significance. These include:

- Use of energy in laundry processing plants and greenhouses
- Use of water in laundry plants and greenhouses
- Use of energy by our vehicle fleet
- Chemicals used as part of our services or processes

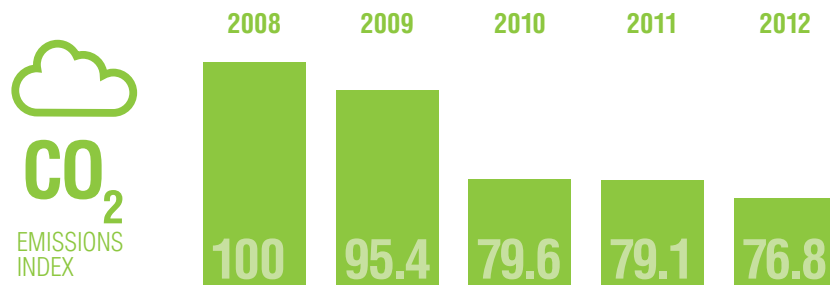
POLICIES AND MANAGEMENT

The group's policies relating to the environment are to be found on the corporate website www.rentokil-initial.com. They cover:

- The Code of Conduct
- Customers and suppliers
- Environmental policy
- SHE Management requirements

A Safety, Health and Environment (SHE) committee has been in place since 2010. In 2012, a CR governance group was established (comprising representatives from a number of areas including company secretary, SHE, communications, finance, property, innovation and operations including energy management). Its focus for 2013 is on sharing best practice, behaviour change and delivery of the environment plan.

Whilst the impacts for environmental management may vary significantly between different divisions (and hence the focus is on establishing divisional protocols and local business approaches), in late 2012 the company established an environmental plan which included a goal of improving emissions (derived from property energy and vehicle fuel) together with other environmental goals relating to waste and water.



Index of normalised emissions (excluding scope 3 emissions) – tonnes per £m revenue at CER
Index shows % improvement over five years from a base 2008 year

**23.2% reduction
in emissions
over five years**

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In addition, where relevant to their business and market needs, some businesses have in-house environmental management systems certified to independent standards. Those operating to ISO 14001 – an independent and external standard – include Initial Facilities and Initial Medical Services (whose activities include processing contaminated waste).

TARGETS

Recently, the company executive board set a target of a reduction in emissions of 10% by 2016, derived from property and vehicle energy and based on a tonnes per £million revenue basis (in line with the reporting for the UK's CRC and the Carbon Disclosure Project), compared with our 2011 levels (at CER). This target will be reviewed annually with particular focus on the actions and operational developments of our major operations (representing over 80% of our property and vehicle energy consumption).

The company's Environment Plan sets out 16 action areas to meet this target including improved operating efficiencies in the workwear processing plants, changing driver and employee behaviour, as well as targeting the largest sites for environmental audit and management of energy suppliers.

GROUP ENVIRONMENTAL PERFORMANCE IN 2012

The company's aim is to decrease Greenhouse Gas (GHG) emissions in two areas – its premises and process plants, and its vehicle fleet. The company reports its emissions in two categories – scope 1 – all direct GHG emissions (such as natural gas and vehicle fuels) – and scope 2 – indirect GHG emissions through the purchase of electricity.

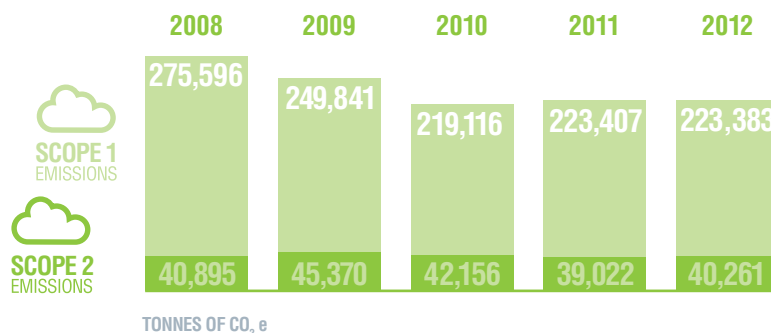
Rentokil Initial's principal emissions CR Indicator is normalised CO₂ emissions, based on tonnes per £million of turnover (in line with the reporting for the UK's CRC and the Carbon Disclosure Project). In 2012 its emissions per £million turnover at constant exchange rates, i.e. on a like for like basis year on year, reduced by 3%. All normalised emissions and energy data is reported as an index based on Constant Exchange Rates to provide a more accurate picture of the company's performance in these areas (removing the impact of currency exchange rate changes).

The five-year trend of normalised emissions (excluding scope three emissions in the conversion factors used) shows that the company has produced an overall reduction in emissions of 23.2% based on CER. Normalised emissions for 2012 were 103.55 tonnes per £million of revenue at CER.

Rentokil Initial's total CO₂ emissions in 2012 were 263,644 tonnes compared with 262,429 tonnes in 2011, reported on a total company basis. The company's total emissions data is based upon operations representing over 98% of colleagues. Emissions reporting covers all energy used in company-owned property and all fuel used by the worldwide fleet of vehicles. Vehicle emissions represent 61% of the company's emissions reporting.

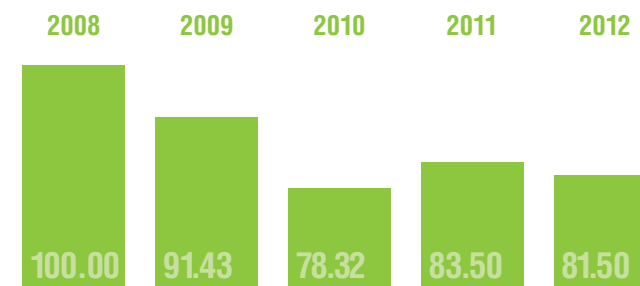
The company does not report on GHG emissions that have occurred as a result of leakages of gases such as HFCs or PFCs. However, it is currently scoping these emissions with a view to publishing them in 2013. The expectation is that the only sources of such emissions within the group will be from air conditioning and refrigeration units (of which there are relatively few, given the nature of the group's mobile services and its use of small branch depot operations).

The company publishes its emissions data in the Carbon Disclosure Project (CDP). In 2012 it completed its sixth successive CDP submission, obtaining a disclosure percentage of 74% in the CDP Leadership Index, above the CDP Supply Chain average (48% in 2011) and amongst the top 20 companies in the industrial sector. Full details can be found on www.cdproject.net.



PROPERTY
ENERGY
CONSUMPTION

INDEX



Property energy consumption – calculated on a constant exchange rate basis. Index shows % improvement over five years from a 2008 base year.

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The graph above shows the company's intended CDP reporting for 2012 for scope 1 (derived directly as a result of energy combustion) and scope 2 (consumed through indirect combustion) emissions.

The group does not report on scope 3 emissions (derived from activities external to our processes), with the exception of air travel. Business air travel data is captured for the group's head office and UK operational managers – UK colleagues represent over 50% of worldwide employees. In 2012, 12,150,189 kilometres were travelled with a related CO₂ tonnes of emissions of 1,511. The figures for kilometres travelled and related CO₂ emissions are provided by our UK travel management supplier.

In addition to reporting publicly via CDP, UK operations also report their property energy and emissions data via the UK's Carbon Reduction Commitment Efficiency Scheme performance league table. This reporting excludes those UK locations that are registered for Climate Change Agreements. The period covered is different to the company's financial reporting and the data reported for April 2011 to March 2012 shows a carbon intensity of 12.65 tonnes of CO₂e per £million of UK operational turnover, based on emissions of 13,139 tonnes of CO₂e (14.85 tonnes and 15,278 tonnes respectively for 2010-2011).

OUR INITIATIVES

1. Improving energy efficiency

Vehicle fuel represents around 77% of the total energy bill for the company and, compared with 2011, the global cost per unit for petrol and diesel rose by 4% (excluding taxes such as VAT). Consequently, the company's efforts on energy usage have focused on how vehicle utilisation can be optimised as well as how its property portfolio can be more effectively utilised.

Over the last five years **vehicle energy efficiency** (related to £million of revenue at CER) has improved by 29.7% for vehicles, with an improvement of 2.8% in 2012. Key actions included:

- A focus on whole-life costing in company vehicle procurement which includes the fuel consumption element. As a result of this, much of the worldwide vehicle fleet is moving from petrol to diesel.
- Introduction of Drive Smart to 6,000 drivers in UK reducing the number of accidents and improving fuel consumption through better driving behaviour. Drive Smart continued to support drivers and new employees through online assessments and e-learning together with further training, assessments and support for drivers at higher risk.

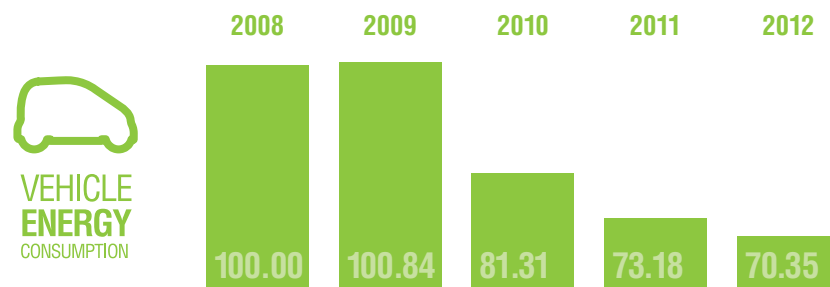
- Development of route optimisation systems to improve the efficiency of service delivery route planning
- Introduction of engine control unit technology to reduce fuel consumption

Further details follow (see Fleet efficiency).

Over the last five years **property energy efficiency** has improved by 18.5%, with property-related energy usage improving by 2% in 2012. Key actions included:

- Consolidations in the company's property portfolio – many businesses now share office space with other businesses. In the UK, 29 leasehold properties and two freehold properties were disposed of and removed from the portfolio in 2012.
- IT innovations, including "Cloud" computing, inaugurating four global data centres, which resulted in reducing the numbers of servers and printers in each business.
- On-going investment in the Workwear processing plants has resulted in improved energy efficiencies over the past four years.

Further details follow (see Property efficiency).



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Vehicle energy consumption – calculated on a constant exchange rate basis. Index shows % improvement over five years from a 2008 base year.

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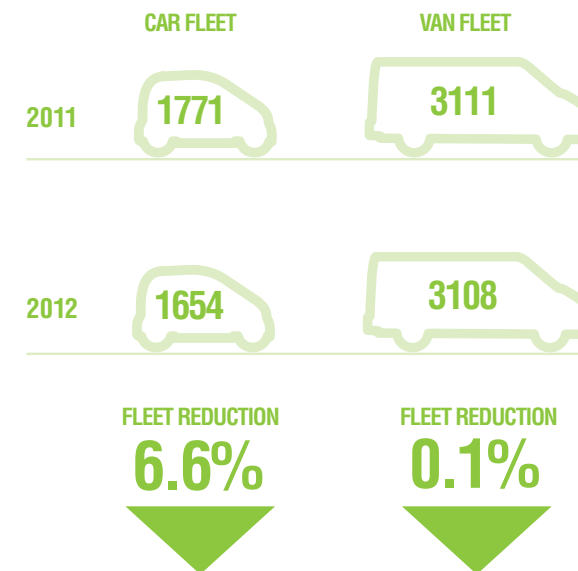
2. Fleet efficiency

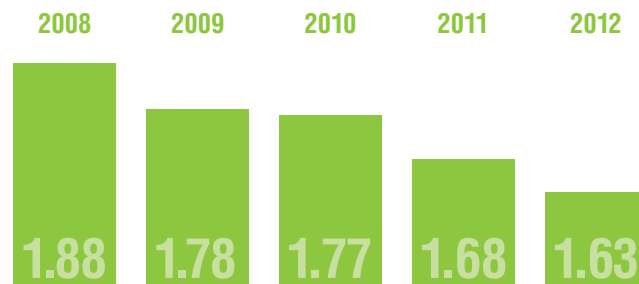
Car and van fuel efficiency is a major focus for the company. Our approach is to continue to enhance 'clean car' fleet options, manage the adoption of our car policy, introduce new technological advancements such as re-mapping the Engine Control Units and Telematics, and enhancing driver behaviour and awareness.

Pro-active management of the company's UK car policy recycles all spare cars for new starters and no vehicle movements are authorised without board approval. Cars are brought back to British Vehicle Rental and Leasing Association condition standards and distributed back into the business. The policy introduction uncovered up to 70 cars across various sites in the UK that were used only on an ad-hoc basis. These were reallocated internally with a significant reduction in the UK car fleet, as can be seen from the figures opposite.

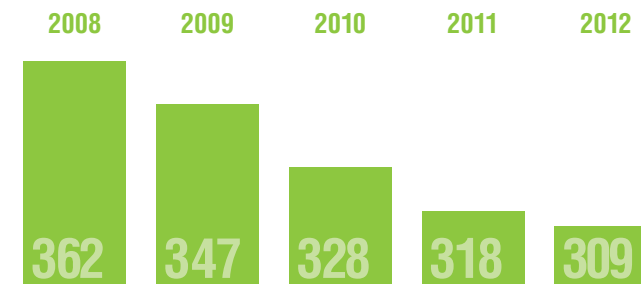
It should be noted that due to a number of business acquisitions through 2011 and 2012, 83 commercial vehicles were added to the fleet. Throughout 2012 the total fleet has been reduced by around 80 vans.

Car eligibility has seen much focus with a strict policy around minimum business mileages. In Q4 2012 Rentokil Initial changed its car policy and moved the minimum business mileage from 8,000 to 10,000 miles for non-essential job needs. This move will reduce further the overall number of company cars during 2013. Similarly, pro-active UK car policy management from 2011 to 2012 relating to the available vehicle choices has seen average fuel consumption improve by nearly 4% from 2011 to 2012. This approach, combined with the introduction of the whole life cost selection process has also led to a reduction in the average car fleet emissions by 12.5%, and the new cars added to the UK car fleet in 2012 are showing reductions of 6% compared with those added in 2011.





kWh energy per Kg of laundry processed in European Workwear plants.



Kg of CO₂ emissions per tonne processed in European Workwear plants.

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The initiative to introduce Engine Control Unit re-mapping within the UK van fleet (trialled in 2012 with 1,800 vans) has seen significant improvements in fuel consumption, ranging from around 16% for a large Transit to over 36% for a small van. These improvements have also improved the average CO₂ emissions from the UK van fleet.

In 2011 the company launched three pilots to enhance route and round optimisation – within City Link, UK Pest Control and Initial Textiles & Hygiene. As an example, Initial Textiles & Hygiene's services are delivered across Europe by in excess of 2,000 vehicles and drivers from a network of about 80 branches. The interval of visits to customers and product varies, creating a very complex planning situation. In the past, the planning of service routes was done by each branch itself. The introduction of route planning and route sequencing technology within the vehicle fleet led to savings of up to 8% on the miles travelled and enhanced management information.

After piloting the Route Optimisation tools, the company's European business defined a programme in 2012 to use that experience and capability to extend the routing projects to the company's other European businesses.

Before starting these projects, business scenarios were developed and analysed to find the best and most efficient way to organise service delivery in the different countries. The results of the scenario analysis (showing significantly improved route planning) are now used for Strategic Routing Plans. In France, a project has started to improve despatching capabilities with a tool to improve the daily planning in the branches, sequencing the routes based on the latest service changes. This approach enables improved route planning during bank holidays or driver illness.

3. Property efficiency

Within property related energy consumption, the major workwear processing plants in Europe (around 60 plants in Austria, Belgium, Czech, France, Germany and the Netherlands), represent 83% by volume and 61% by value of the total property energy consumption. These plants are the focus for on-going innovation development in the area of energy management. Improvement in energy efficiency since 2008 is shown above. Since 2008 the efficiency of the plants (kWh energy per Kg of laundry processed) has improved by 13%.

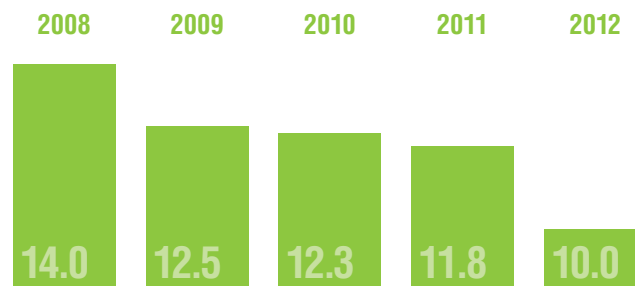
In Sweden, the company's first steam free laundry was introduced in 2011. The laundry operates with the lowest possible energy consumption and is roughly one third that of the average for the major continental plants referred to above.

In 2012, two more laundries were converted to this technology in The Netherlands and Sweden. The laundry in Lingen, Germany, has been converted using similar technology to decentralise the steam generation to a local generator at the point of use which maximises its conversion efficiency and minimises losses.

4. Workwear processing plant emissions

For Initial key impacts are energy and water consumption. As a result, the company reports on CO₂ emissions for its European workwear operations. Emissions from these plants are reported in terms of kilogrammes of CO₂ emissions per tonne of product processed.

Initial continues its improvements in workwear processing plants' energy usage, representing 62% of all property emissions (2011 – 61%) – and 35% for all scope 1 and 2 emissions (2011– 39%). The chart above shows the trend over five years for the major continental European laundry processing plants. Emissions reduced by 2.6% in 2012 and there was an overall reduction of 15% since 2008.



Water consumed – litres per Kg of workwear processed – European processing plants.

Water consumption has fallen by 27% over the last five years

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Other plants operate in the UK and the Nordic region, (representing about 10% of the volumes processed in the major plants). For these operations, emissions were 239 kilogrammes of CO₂ emissions per tonne of product processed. This is about 77% of the average achieved in the major plants, the difference due to the much simpler product combinations (the Nordic plant services only mats) and that these plants are newer, with more up to date processing equipment (which is being introduced into all plants).

5. Improving water consumption

For some time our Workwear plants have utilised water recovery systems, which reduce both water and energy consumption. These systems deliver effluent suitable for reuse in subsequent processes.

As mentioned in the supply chain section, as a result of contractual agreements relating to chemicals supply, there is now a single supplier for all the major continental plants. The result is that the same washing detergents and chemicals are used throughout all plants. Water, energy and chemical consumption are controlled jointly with the supplier who is responsible for all consumption improvements. All plants are audited with the supplier, with a focus on water and energy consumption.

Equipment suppliers review boiler water treatment systems to ensure boiler efficiency is maintained at the highest levels.

The company plans to expand the roll out of the steam-less laundry strategy (this technology is currently used in 5 out of the 63 plants). Steam-less processing plants operate at the lowest possible energy consumption levels.

In line with energy and emissions, water consumption is measured on kilogrammes of textiles washed in processing plants. For the major European plants, consumption fell in 2012 by 14.5% to 10 litres (2011 – a reduction of 4.6% and 11.8 litres). This represents an overall reduction of 27% since 2008.

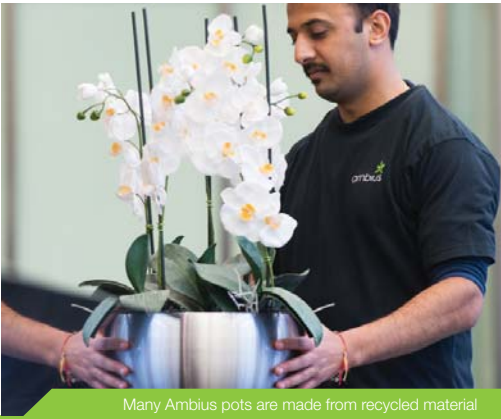
The chart above shows the trend in water consumption for the major continental plants. The UK plants perform at roughly 70% the consumption of the older European plant, benefiting from newer processing equipment and differing product mixes. Its performance was 6.68 litres per kilogram of laundry washed for 2012 (6.23 for 2011) representing a change in product mix washed.

6. Improving materials utilisation

Much of the company's product based services involve the reusing of existing product. Examples include the provision of floor mats and auto towel rolls, which are constantly reused, and repaired, if appropriate. Rentokil has introduced its plastic reusable bait insert, replacing the previous cardboard inserts. The impact of this change was both to improve the cost efficiency of these bait boxes, and to eliminate the need for incineration of waste inserts because of toxic residues.

The company has focused on reducing the number of Stock-Keeping Units (SKU) to reduce the amount of waste arising. This ensures higher utilisation of stock, and avoids scrapping of out-of-date or under-utilised stock.

Rentokil's reduction in the size of its Authorised Product List (APL) also achieves this objective. An added advantage of the APL is the increased effectiveness of the Rentokil Academy which can now train technicians to understand the most effective chemical products, ensure bait is used in the correct quantities, and avoid waste product being left in situ.

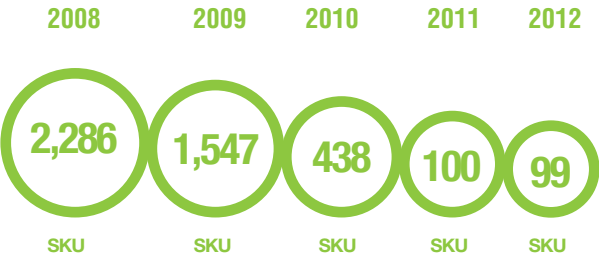


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Rentokil's success in reducing the size of its APL has been substantial. Starting in the USA, that country's APL of core rodenticide and insecticide products reduced from 2,286 SKUs in 2008 to 99 SKUs in 2012 (based on like for like operations, excluding acquisitions). This approach has now been extended across all of Rentokil's global operations. Barriers to further reductions include a mix of regulatory matters, global availability of products and customer-specific requirements.

Initial has also been focused on reducing the SKUs, resulting in a reduction from 2,300 to less than 800 SKUs, excluding new products. This activity has been combined with initiatives to manage stock through one common system across Europe and to create a central warehousing facility for Europe. This will ensure that stock can be distributed more efficiently across Europe and will result in improved responsiveness to customer demand.

A measure of the cost efficiency of materials management is the amount of waste generated. The following shows the waste generation efficiency of key UK operations.

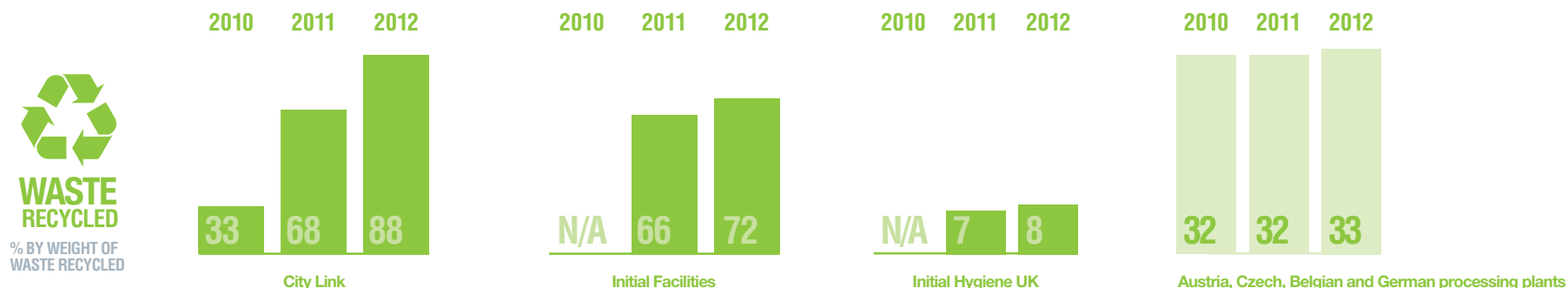


Rentokil USA's success in reducing the number of Stock-Keeping Units of core products on its Authorised Product List (based on like for like operations).

7. Improving waste management

Resource disposal at the end of the useful life of the resource involves one of three forms of disposal – recycling, landfill disposal or incineration disposal, with decreasing levels of cost efficiency as the process moves away from recycling. When waste is generated, the company's focus is to recycle the waste wherever possible – although obviously for businesses like Initial Medical Services, the presence of contaminated fluids means this is not generally an option.

Ambius has been particularly focused on ensuring better waste management. Containers are made from a variety of materials, each with different environmental profiles. Research carried out in the Netherlands on plant containers reviewed both their manufacture and end-of-life disposal and recycling. As a result, it is selecting plant containers that are easy to recycle, as well as taking into consideration the extent of recycled materials used in their manufacture. The business aims to reuse all its tropical plants – often donating them to schools, or, if not suitable, shredding them for composting.



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Examples of the waste recycling performance for a variety of UK businesses are given above.

The chart above-right compares the waste recycling of some of the workwear processing plants. These already have a high degree of re-use and repair of materials, and as a consequence, waste generated is less likely to be suitable for recycling.

8. Helping customers – improve their energy efficiency

In addition to managing the company's own energy consumption more efficiently, facilities management services provided by Initial Facilities include an energy management service for customers. Its energy offering is branded iCarbon.

Within the energy management offering is a four-stage process comprising due diligence, identifying waste, developing and delivering plans such as preventive maintenance and a process involving monitoring and management. The last stage includes having a proactive approach regarding occupancy changes, operating hours and space configuration.

The objectives of this process are both to reduce a customer's carbon footprint and also to lower their facility operating costs. Additional services include CRC advice, risk managed energy procurement and energy audits.

In addition, Initial Facilities offers its web-based OneView Utility Management Platform, to enable customers to benefit from a graphically-rich report of energy consumption, energy cost and carbon emissions, utilising the customer's energy smart meters. The platform can provide both group level and individual site reporting and can assist in delivering performance improvement by offering performance league tables across a range of variables.

9. Helping customers – improve their waste management

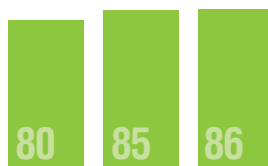
Initial Facilities supports its major facilities services customers by assisting them in their own waste management. Its transport business, Initial Transport Services, has been innovative in helping its rail customer, First Capital Connect, address the issue of food waste in a trial involving ten stations. Wormeries have been introduced to convert food waste into a bio-rich, high quality compost and concentrated liquid feed. Its customer's staff will use the fertiliser to feed plants and trees around the stations.

Such services arise typically where customers have introduced longer-term contracts. These enable more customised service delivery to be developed, as well as offering the opportunity for investment by both parties to change the scope of the service – other examples include:

- Aviva, in partnership with Initial Facilities, set an objective to reduce landfill. In 2008, this began by segregating the waste at source, with the removal of all under desk bins and the implementation of 6,500 bespoke centralised bins across all UK Aviva locations, which were then distributed to a local mixed recycling facility (MRF). In 2010 85% recycling rate (from 3,915 tonnes of waste) was achieved across the Aviva estate. In 2011, new methods for food waste and residual landfill were introduced, such as composting and bio-fuel. These are predicted to further decrease landfill to zero within the next two years. Highlighting these achievements, Initial Facilities and Aviva won Recycling Award 2011 – Best Partnership Project for Recycling. At the end of 2012, it posted an overall Diversion from Landfill rate of 95% of all waste removed by Initial from Aviva's buildings. It has utilised new and more efficient MRF's as they have become available. It has undertaken full waste reviews and implemented changes.

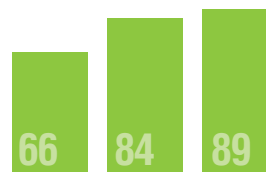


2010 2011 2012



Initial Facilities – Aviva

2010 2011 2012



Initial Facilities – TfL



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- At Festival Place Shopping Centre in Basingstoke, Initial Facilities has achieved “zero landfill” status with all non-recyclable waste going to a waste-to-energy plant which powers 100 homes in Basingstoke. Through sales of the valuable recycled materials, waste management at the centre is now cost-neutral. Festival Place takes in additional cardboard waste from the adjacent shopping centre and is investigating the introduction of a waste to water system in 2013 that will increase the onsite recycling rates by a minimum of 15%. Festival Place has been awarded five prestigious Green Apple Awards and Green Hero Award for helping others to help the environment and national recycling awards. It achieved the national Recycling Star Gold Award 2012 for the third successive year.



- Initial Facilities provides soft facilities management services for eight London Underground lines. The partnership with Transport for London utilises a better understanding of train running times and passenger usage patterns to reduce inefficiencies. Service improvements have been achieved with mystery shopper scores for train and station cleanliness improving by 15%, and a 20% reduction in depot graffiti.

The improvement in recycling achieved in these two contracts is shown above.

As well as focusing on waste management at these large site contracts, Initial Facilities provides support for smaller and medium sized customers to improve their waste management. In cleaning public access areas of the transport sector, the use of Microfibre Floor Cleaning Systems and Microfibre Carts (shown above) have encouraged improved waste recycling (with up to four colour coded waste bins on the Carts), as well reducing overall water usage with the Microfibre Mop Pads. The business's Lean approach features both

an analysis of the ‘Current State’ and the ‘Future State’ to eliminate unnecessary waste and the provision of equipment designed to aid that achievement. Examples of the benefits of the Lean approach from the business's Cheltenham Hospital contract included eliminating bin runs where, for the majority of the time, empty bin bags were being replaced.

In 2012, Initial Facilities sought to improve the sustainability of refuse sacks used on its customers' premises, where it provided cleaning services. To address this concern it approached bpi.recycled products, Europe's largest manufacturer of refuse and recycling sacks. bpi.recycled products developed new refuse sacks tailored specifically to Initial Facilities' needs. These sacks employ the latest in down gauging technology to offer all the strength and performance of conventional refuse sacks but from a thinner thickness of polythene film. The ultimate result is less material consumption, less cost and less waste. In addition, because of the tailored approach, Initial Facilities was able to rationalise its range of refuse sacks and improve sustainability.



The On-Site Service pilot team in South Africa

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CASE STUDY

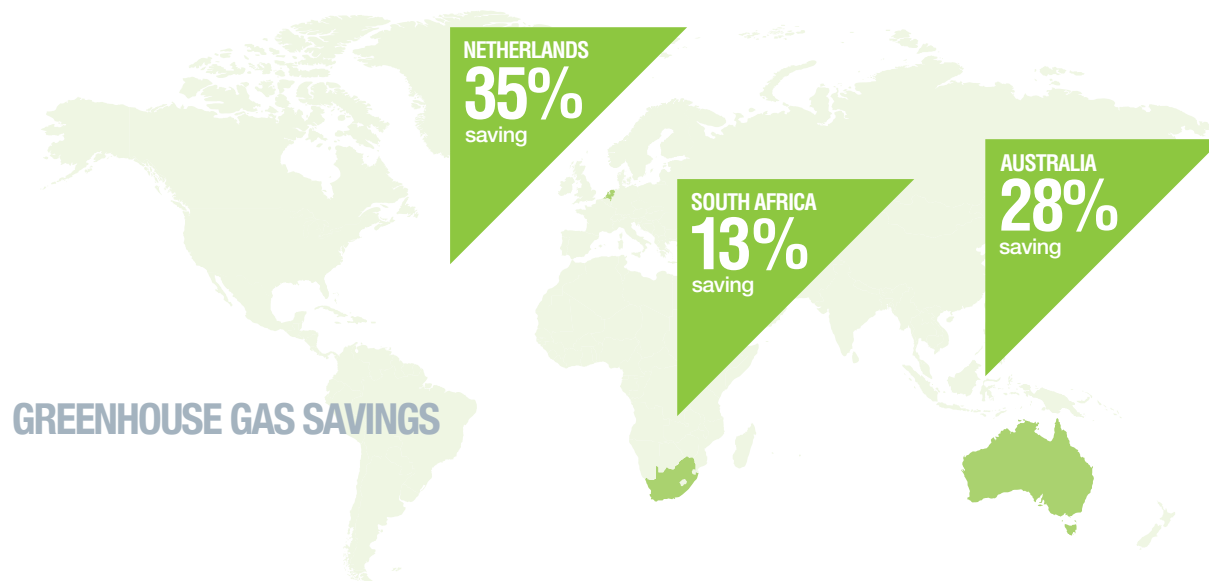
Service innovation to reduce environmental impacts

The On-Site Service (OSS) hypothesis is “we can operate a safer feminine hygiene unit service for our colleagues, improve service and minimize disruption for our customers, increase operating efficiency and improve our sustainability, all whilst raising hygiene standards.” In 2012, the OSS project which ran for nine months and encompassed three pilot markets in South Africa, Australia and the Netherlands. One of the main attractions of OSS over the current feminine hygiene unit (FHU) wash model was the potential energy reductions including, transportation, water and electricity.

The Carbon Trust was commissioned to undertake an independent carbon footprint study pre and post OSS. The findings were very positive with the following reductions of Greenhouse Gas emissions noted by the Trust:

- Australia – 28% saving
- Netherlands – 35% saving
- South Africa – 13% saving

The global OSS project team has been working hard to reduce the pilot service’s carbon footprint. Key focus was placed on minimising waste and reducing water consumption. The next stage of the pilot is to achieve independent certification from The Carbon Trust.



ENSURING A HEALTHY AND SAFE WORKPLACE

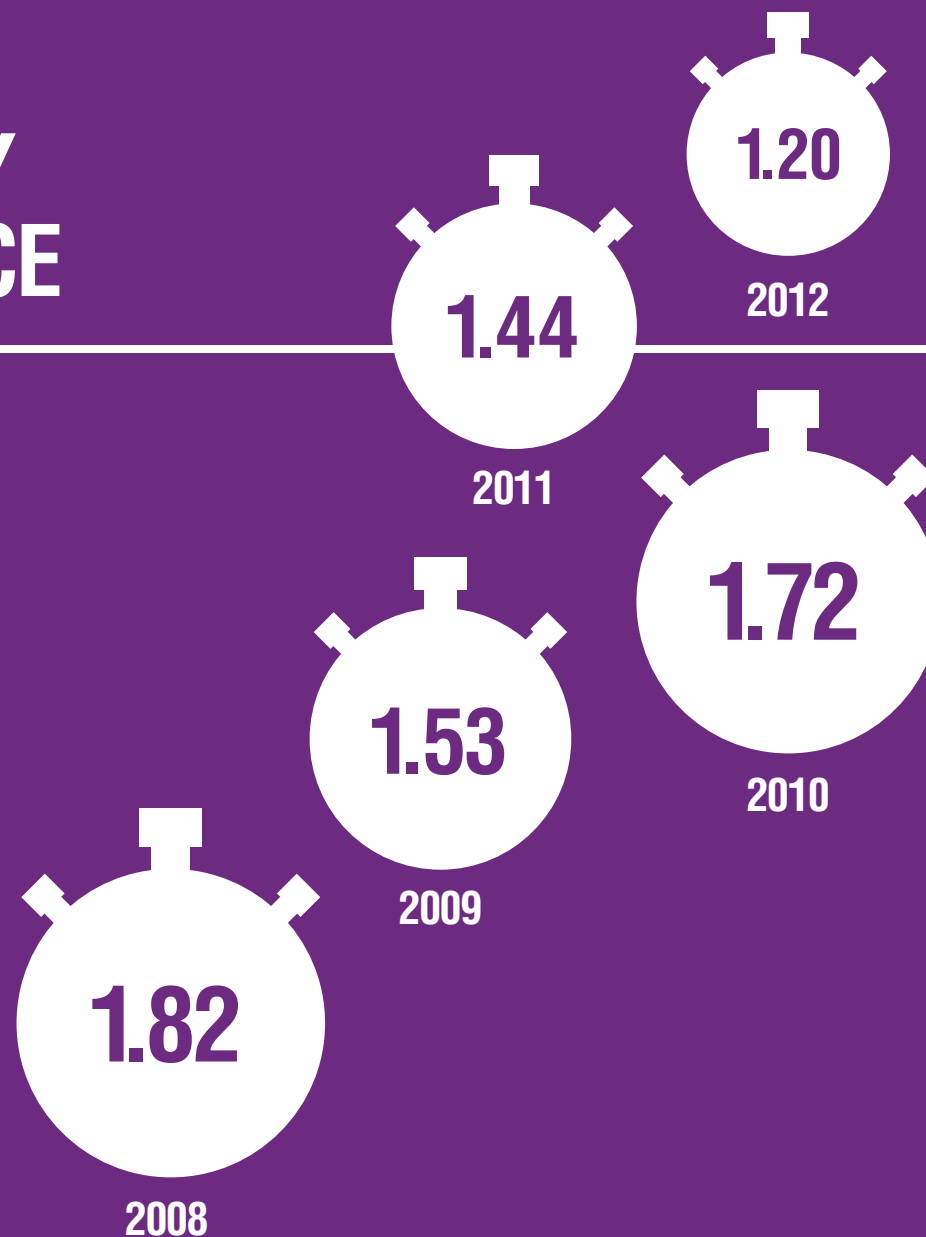
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LOST TIME ACCIDENTS

ACCIDENTS / 100,000 HOURS WORKED



ENSURING A HEALTHY AND SAFE WORKPLACE



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FOCUSED PLANS LEAD TO FURTHER IMPROVEMENT IN PERFORMANCE

As with the environment, health and safety actions comprise a mix of group, divisional and local programmes and initiatives. There is a strong focus on establishing business protocols and approaches. As a consequence, whilst there is strong central direction, country-level operational management are critical in providing effective leadership for health and safety and for initiating specific business priorities and actions.

In 2012 the Lost Time Accident rate reduced by 16% and Working Days Lost rate reduced by 25%

Highlights of our health and safety achievements in 2012 include:

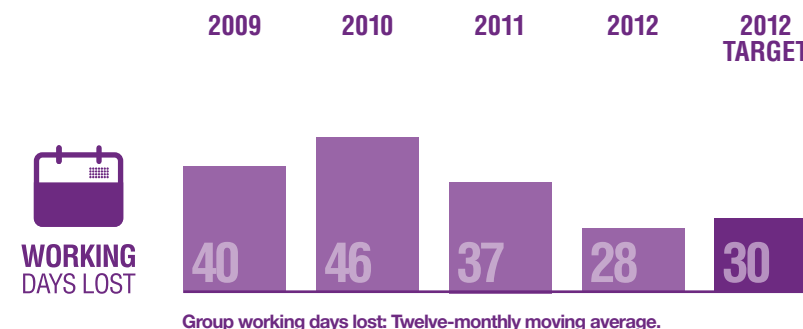
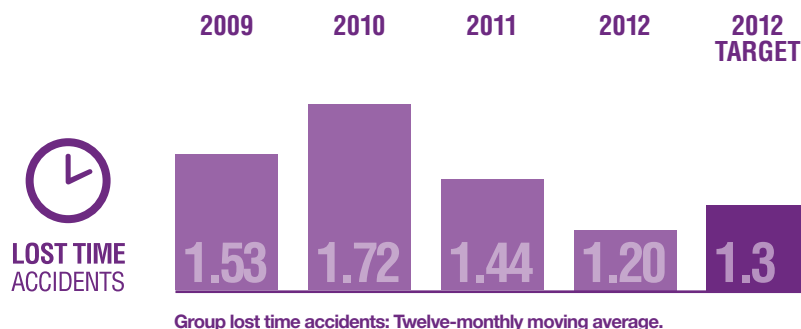
- Significant health and safety performance improvement – Lost Time Accident rate reduced by 16% and Working Days Lost rate reduced by 25%.
- Improved health and safety culture score (Your Voice Counts survey). The health and safety score improved by 1% against the Company Norm and was +2% against the Service Industry Norm and +3% above the Global Industry Norm.
- Continued external recognition. Rentokil Specialist Hygiene and Initial Facilities were awarded Gold Medal Awards by RoSPA following their sixth successive Gold Award performance. City Link received its fourth consecutive Gold Award.
- Implementation of iLead Management Safety Observation Tours to enable managers to visibly demonstrate their personal commitment to health and safety and improve colleague engagement at all levels.

- Development and implementation of standard SHE training underway via the group's U+ programme.
- Extended the rollout of Success Is No Accident, the group's incident management system, to Belgium and Netherlands Textiles & Hygiene Services, Singapore and Spain.
- Launched the Safety, Health and Environment (SHE) Health-Check auditing process in Initial Facilities UK, Australia, Central and Eastern European Textiles & Hygiene Services (includes Germany, Austria and Switzerland), Rentokil and Ambius UK, Rentokil France and City Link.

The primary health and safety focus areas are where the company's potential impact is regarded to be of greater significance. These areas include:

- Slips, trips and falls on the same level
- Working at height
- Road traffic incidents
- Manual handling
- Customer-specific activity risks





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POLICIES AND MANAGEMENT

The group's policies relating to the environment are to be found on the corporate website www.rentokil-initial.com. They cover:

- Health and safety policy
- The Code of Conduct
- Health and Safety management requirements

Direction of health and safety in the company is through its Safety Health and Environment (SHE) board. This has been in place since 2009. It has responsibility for establishing group level policies, programmes and initiatives. The committee is chaired by the Head of Group Safety, Health and Environment. The board reports on health and safety matters on a monthly basis to the Company Executive Board and quarterly to the company's PLC Board.

It reviews health and safety performance regularly on a business by business basis. The company has focused for many years on its Lost Time Accident Rate (LTA – a frequency measure) and introduced its Working Days Lost Rate (WDL – a severity measure) as a formal CR Indicator from 2011 onwards.

In 2010 the Safety, Health and Environment (SHE) board focused on 21 priority businesses, but with improved group-wide performance in both LTA and WDL rates, the number of priority businesses was reduced to five in 2011. These were subject to close scrutiny in terms of the action plans in place and delivery against the targets in these plans. This priority list of five businesses was retained for 2012, although, with the exception of City Link, all have improved significantly year on year.

In addition, the SHE board regularly reviews the performance of group initiated programmes such as iLead MSOTs, Success is No Accident, SHE Health-Checks and Drive Smart. Health and safety actions at group level focus upon improving health and safety performance, developing operational and functional capability, and introducing programmes and initiatives that improve the process for managing and monitoring health and safety.

2012 PERFORMANCE

Health and safety performance continues to improve across the Group. As can be seen from the moving average charts below, the group's performance has improved significantly during 2012, and has met and exceeded the 2012 targets for both the Lost Time Accident (LTA) and Working Days Lost (WDL) rates. In 2012, the LTA rate reduced by 16% and WDL rate reduced by 25%.

Individual businesses have received external recognition for health and safety excellence. Rentokil Specialist Hygiene and Initial Facilities were awarded Gold Medals by RoSPA following their sixth successive Gold Award performance. City Link received its fourth consecutive Gold Award.

Regrettably there were three fatalities in 2012, two of which involved a company vehicle. In one incident an elderly lady collapsed and fell under the wheels of a City Link van, which was stationary at the time – police action is not being taken against the driver. In the second incident, involving a City Link HGV, the driver was killed in a road traffic accident on a motorway, with no other vehicles involved in the accident. The third incident involved a Rentokil technician in the USA who sustained fatal injuries by being hit by a HGV that was reversing into a loading dock area of a distribution warehouse whilst he was servicing external bait stations. In both these last two incidents, investigations have been carried out to identify learning opportunities and these have been shared and are being implemented, as necessary, across the group.

The company faced one prosecution for the fall of a window cleaning colleague through a fragile skylight on a shopping centre's roof. The company was fined £65,000. A related prosecution is being made against the shopping centre's managing agent.



Success is no accident

When at work, if you...

- have an accident
- witness an accident to a work colleague
- have a near miss incident

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0800 358 1528

The multilingual incident management system enables effective reporting and investigation

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OUR INITIATIVES

1. Improving performance

Actions in this area included:

- Regular Safety, Health and Environment (SHE) management reviews with the 'Big Five' priority business units, which represented over 50% of the total lost time accidents and working days lost across the group in 2010 and 2011 and had unsatisfactory LTA and WDL rates. These reviews include monitoring implementation of agreed action plans. Excellent progress has been achieved in three of the priority businesses with their LTA and WDL rates significantly improving, both year-on-year and against their 2012 targets. A fourth business achieved its 2012 WDL target but narrowly missed its LTA target in 2012. The fifth business, City Link, suffered increased LTA and WDL rates in 2012 although the frequency of manual handling injuries and falls from vehicles reduced by approximately 45% following new manual handling and driver training from September onwards.
- The company's Success is no Accident incident management system and award winning UK rehabilitation scheme, introduced in 2007, passed its '30 year' combined saving of time injured and off work in 2011. The multilingual incident management system enables business units to implement effective incident reporting and investigation processes and to measure and analyse incident causation consistently using a standard methodology. Due to its success, the roll-out of the incident management system was extended in 2012 to operations in Spain and Singapore and Initial Textiles & Hygiene operations in Netherlands and Belgium. The UK rehabilitation scheme involves providing quick and efficient rehabilitative support for colleagues off work as a result of a work related illness or injury to enable them to recover as quickly as practically possible. This rehabilitation programme has substantially reduced the number of days lost as well as generally improving employee relations and morale.
- The SHE Health-Check auditing process was launched in Initial Facilities UK, Australia, Central and Eastern European Textiles & Hygiene Services (includes Germany, Austria and Switzerland), Rentokil and Ambius UK, Rentokil France and City Link. The process enables all business units to proactively measure SHE compliance and performance.

2. Capability development programmes and initiatives

Key to the success of the health and safety programmes is developing the operational and functional capability within the operations to ensure there is both awareness and understanding of the key actions required for an effective health and safety programme. This is especially relevant for senior operational managers, who have to lead by example.

Previous initiatives included running Safety, Health and Environment (SHE) workshops for all senior management in Initial Facilities and Pacific businesses, and for SHE managers and co-ordinators in Asia; producing task/risk based safety videos for integration into training programmes and colleague briefings; and introducing a SHE intranet site to improve good practice sharing. The intranet site was launched in 2012. With the introduction of U+ the SHE capability agenda is being integrated to ensure it is part of the U+ training programme.



BACK-TRACK™



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In addition, the company continued to develop its organisational capability and focus on improved risk management through the development of standard processes and methodologies for core processes and key risks.

Actions in this area included:

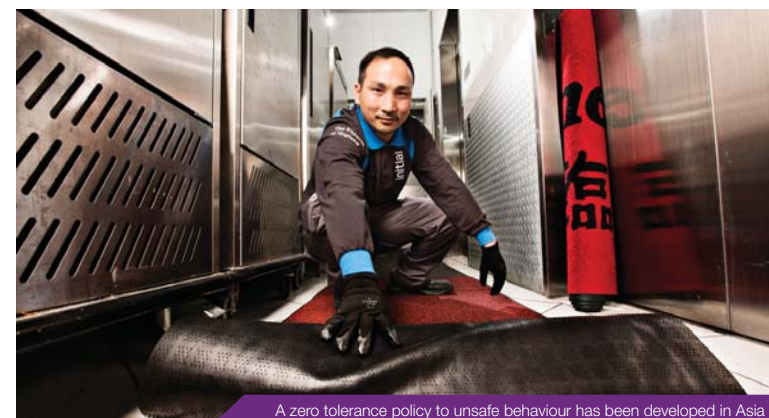
- **iLead** – phased implementation of iLead Management Safety Observation Tours to enable managers to visibly demonstrate their personal commitment to health and safety and engage with colleagues at all levels.
- **Training** – standard SHE training development and implementation underway via the group's U+ programme. This includes the development of a standard SHE Induction video as part of U+ company Induction project.
- **Eco-smart** – an Eco-smart campaign (designed to increase colleague environmental awareness) was developed.
- **Working at Height** – specification of standard risk controls and equipment provision for core activities such as working in roof voids.

- **Back-Track** – following the success of the Back-Track motion sensitive device within Initial Facilities, the device was trialled across different activities in Australia Pink Hygiene, City Link, Belgium and France Textiles & Hygiene Services. This innovative device alerts colleagues to poor posture and lifting technique which could lead to workplace back injuries and enables managers to implement targeted interventions to reduce manual handling risk. Feedback was very positive, with many users commenting how the device has alerted them to unsafe leaning and stooping positions.
- **Drive Smart** – continued implementation of the company's Drive Smart programme which covers all 6,000 UK drivers and is aimed at reducing driving-related risks and road traffic accidents. The programme consists of a suite of online assessments and e-learning solutions which enable the company and the drivers themselves to implement targeted interventions to reduce risk. It also ensures drivers are eligible to drive through regular automatic licence checks. The programme was extended to the Ambius operations in North America in 2012.

3. Business-led initiatives

Local actions reflect specific operational needs. They include e-learning programmes in Initial Catering, Wellness Days in South Africa and Don't Look Away in City Link. Particular focus is on improving behavioural aspects that are pertinent to each business's environment:

- Textiles and Hygiene introduced a Safety, Health and Environment (SHE) community consisting of professional SHE managers from across Europe. The community created a SHE Charter signed by all the members which promises to deliver the best solutions to reduce accidents and work days lost. In 2012 the team delivered four initiatives. These were – accident investigation and MSOT training to Senior Management, Safe Intervention for Tunnel Washers and a Winter safety campaign. An additional initiative saw the introduction of fire reduction measures utilising thermographic imaging and cleaning schedules for all laundries. Thermographic cameras are utilised to identify hot spots in our electrical cabinets and reduce the risk of electrical fires. The efforts of the team resulted in a LTA rate reduction of 15% and a WDL rate reduction of 24%.



A zero tolerance policy to unsafe behaviour has been developed in Asia

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- In 2012, City Link introduced Pristine Manual Handling training to reduce manual handling risks and associated injuries. 68 Depot Managers attended Manager Briefing Sessions and 165 Team Managers received train the trainer training. In addition, a total of 1,045 colleagues have undertaken the Elite Manual Handling training between September and December 2012 – during which time there was a 41% decrease in manual handling injuries.
- City Link continued with Don't Look Away, designed to make colleagues more aware of potential hazard and unsafe working conditions, and encourage the reporting of near miss incidents. In 2012 it launched a Don't Look Away safety poster campaign aimed at colleagues' children, which are also being displayed on some vehicles. To further reinforce the message, hazard reporting targets are being issued to Depot Managers each month.
- The Asian operations have developed a Zero Tolerance policy, aimed developing a safety culture by eliminating a number of unsafe behaviours among colleagues on own work premises and whilst at work in public or customers' premises. It serves to protect colleagues as well as customers and public members who may be affected by their work activities. The policy also serves to minimise common issues as well as lost time, particularly from incidents relating to vehicles incidents, slips, trips and falls.
- The New Zealand business participated in 'Drop, Cover and Hold'. This was designed to raise awareness around the correct action to take in case of an earthquake, and was introduced by the New Zealand government following lessons learned as a result of the Christchurch earthquake.
- Initial Facilities, which had seen continued improvement during 2012, had benefited from the launch in 2011 of its Leadership Coaching and Behavioural Safety training programme. The course was developed to instil the ethos that health and safety is the number one priority for all managers, who must engage effectively with colleagues when attending customer sites. In 2011 the 80 senior managers were trained, in 2012, all Level 3 management teams were trained with 244 managers attending.
- Rentokil launched its 'Safe by Instinct' campaign across its Nordic, North America, Caribbean and Africa regions. Training materials developed for this campaign incorporated ideas captured from frontline colleagues, including a last-minute risk assessment process for colleagues called Start / Stop as well as the 'iLead' behavioural management technique.

In City Link over 1,000 colleagues undertook the Elite Manual Handling training course leading to a 41% decrease in manual handling injuries


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CASE STUDY

In 2012, for the first time, Rentokil Initial held worldwide safety, health and environment awards to recognise improved performance, share best practice and inspire other businesses.

The awards recognised the achievements of six business units who improved their health and safety performance through effective leadership; the deployment of effective management processes / tools; and increased colleague awareness and capability. These actions delivered improved health and safety where it matters, on the front line.

The overall winner was Initial Catering, which was acclaimed for its health and safety capability and cultural maturity, developed over the last four years, and also because it increased its focus on 'active' leadership through the implementation of 'Director's Tours', behavioural safety through the implementation of iLead, and finding new and innovative ways to reduce risk.

The other finalists were:

- Pink Hygiene, Australia
- Textiles & Hygiene Services, Germany
- Commercial Cleaning Services, UK
- Pest Control, UK
- Rentokil Initial, South Africa



Initial Catering was the overall winner, which was acclaimed for its health and safety capability and cultural maturity, developed over the last four years...

SUPPORTING OUR COMMUNITIES

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SUPPORTING OUR COMMUNITIES



Colleagues raising money for charity from Kilimanjaro to Auckland

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USING OUR RESOURCES TO SUPPORT LOCAL COMMUNITIES

The company recognises the importance of demonstrating social and community leadership both as a responsible company and to secure the goodwill of key stakeholders in the countries in which it operates. These stakeholders include colleagues that are contributing to their own valued causes, as well as stakeholders such as local authorities and governments. They also include the families of our colleagues that are affected by natural disaster.

For our internal stakeholders, our social support demonstrates that the company values colleagues both in their place of work and in the activities in which they are involved when not in work. Often their out of work activities can add both to the impact of the company in the community and also to their skills and expertise that can benefit their workplace activities.

The company's social and community leadership activities consist of three approaches. The first is **charitable cash donations**, which tends to be made at a group or regional level.

The second is **community support**, often a combination of value in kind donations with colleagues volunteering and generating cash donations, and tends to be undertaken at a country level. Community support can also involve providing support for colleagues and their families adversely affected by natural disasters. The third is **community investment**, usually of more significant amounts, usually at a country or regional level) and likely to be a combination of financial support, business support (such as cause-related marketing) and employee volunteering.

Colleagues' active participation is particularly important when schemes are selected for support. This selection usually relates to where a local business operates and where colleagues live and work, and ensures the active commitment and participation of colleagues in the scheme.

POLICIES AND MANAGEMENT

Developing social and community leadership is a focus in many spheres in which the company operates. A key policy is the Code of Conduct, which underpins the company's expectations of colleagues' responsible business behaviour. The company's policies relating to the community are to be found on the corporate website www.rentokil-initial.com.

They cover:

- Community involvement
- The Code of Conduct

In addition, the company has begun to add greater governance around its community relations programme with the development of Helping Hands. This is a scheme to match colleagues' own fund raising for charities and causes of their choice. The programme delivers a single Helping Hands team to coordinate activities (with local representatives), tracks and monitors community activity (with an approval process to seek additional funds), offers clear rules (available to all on the company's intranet) and has greater communication to colleagues of the programme and results. The first Helping Hands supported activities took place in 2011 and was further developed in 2012.

In 2012, Rentokil Initial's charitable donations amounted to £87,000. This amount excludes any assessment of value in kind donations or provision of management time but it includes donations made as part of the group's matched giving scheme.





UK colleagues grew moustaches to raise money for Movember.



Distributing blankets to children in India

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OUR INITIATIVES

1. Supporting local charities

In 2012 colleagues' efforts, which were supported by the company's matched giving scheme, helped many charities including: Movember, Children in Need, Garden House Hospice, Malaria No More, Cancer Research, Woking Hospice, Sport Relief, British Lung Foundation, Zoe's Place, Time 4 Children, Marie Curie Cancer Care, Royal British Legion, Francis House, Leukaemia, Sussex Snow Drop Trust, Walk the Walk, Royal Manchester Children's Hospital, British Heart Foundation, The Christie Charity, The Meningitis Trust, Make-A-Wish, Bobath Scotland, Children on the Edge, Acorns Children's Hospice Trust, Scottish Huntington's Association, MacMillan Cancer Support, Combat Stress, The Christie, Help a Capital Child, Textile Benevolent Association, Whizz-Kidz, Clic Sargent Cancer, Breast Cancer Campaign and Promise Dreams Walk.

During the year, £14,452 was donated to Malaria No More as a result of high levels of participation in the Your Voice Counts colleague survey in Rentokil, together with fund raising by a colleague who ran in the London Marathon and the Rentokil Initial Graduates who undertook a variety of activities.

2. Colleague volunteering

In Malaysia, the Ray of Hope is a social project, whose objective is to bring hope and train people aged 7-20 years old with learning disabilities. Sixty Rentokil colleagues from Ipoh volunteered to teach the trainees how to wash their hands properly while stressing the importance of practising good personal hygiene. The trainees were also taught about the dangers of dengue fever and the need to keep their residential areas clean. To add to the fun for the trainees a drawing contest was held and the winners received fridge magnets. At the end of the programme, the colleagues conducted a gotong-royong (essentially a concept of mutual aid) with their pest control inspection around the centre's premises.

An Initial Facilities cleaner from Essex in UK wanted to give something back to the charity that had supported him and his mother when he was a young child. Suffering from dyspraxia, a developmental co-ordination disorder, Ian Humm raised over £3,500 for the Dyspraxia Foundation, by cycling 420 kilometres through Death Valley in California. Not only had the charity supported Ian and his mother, it had also helped him to gain work experience as a cleaner for Initial Facilities, eventually leading to his permanent job with the business.

3. Providing community support

In India, the Guindy Labour Colony High School in Chennai, set up in 1964, caters for 450 children who all live below the poverty line and live in the nearby slum dwelling area. Management from the Rentokil India operation visited the school to donate blankets and talcum powder to the students. In addition, the business donates a full mosquito vector control program for the school as well as the slum area. The business believes its role in providing essential hygiene services in India will continue to grow as the company expands to other cities and regions of the country and that there will be other community projects such as in Guindy.

The New Zealand business has been a long-term supporter of the Friends of Matakohoe – Limestone Island, having been invited in the first instance to visit by the country's Department of Conservation. The island is owned by a Maori tribe and has interesting cultural stories associated with it, as well as being an important nature reserve for flora and fauna. The business provides both an annual cash donation and a regular, free-of-charge pest control service.

Rentokil made donations to Malaria No More for every questionnaire completed by its colleagues and donated nearly £8,000 in 2011 and £14,452 in 2012



Charity Ball for Zenzeleni in South Africa



Protecting the rainforest in Australia

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The Embo Self-Help Project in Kwa-Zulu-Natal, South Africa, assists the local community to feed and fund itself. Ambius donates plants stock returned from clients that cannot be resold. The project resuscitates the plants and nurses them back to life before reselling it back to the South African business at a percentage of the new cost. The proceeds received helps to fund the project and to develop the community's plant nursery skills.

Also in South Africa, the business is supporting James House, a privately run orphanage for abused and abandoned children. This support includes grants and ad hoc assistance on services, as well as funding the education (since primary school) of one youngster and offering him mentoring support.

Initial Facilities also supported a recent community day organised by First Capital Connect to give two Bedfordshire railway stations a garden makeover. This involved a major clean-up operation with the cutting of overgrown trees and clearance of weeds and debris from garden areas. Once complete, the volunteers then planted more than £750 worth of shrubs, flowers and plants to brighten up the embankments and other garden beds at each station. Initial Facilities colleagues participated in the makeover alongside these from other organisations, and the company supplied all the equipment for the volunteers to use.

Several businesses have used cause related marketing techniques to achieve business objectives with both internal and external audiences. Rentokil made donations to Malaria No More for every Your Voice Counts questionnaire completed by its colleagues and donated nearly £8,000 in 2011 and £14,452 in 2012. City Link had a similar initiative, although in this case, the donations (over £3,000) went to the business's charity of the year, Make-A-Wish Foundation.

4. Rainforest Rescue

The Australian business has been a sponsor of Rainforest Rescue's Daintree Buy Back and Protect Forever Project since 2006. The business has donated a total of A\$123,000 which has contributed to the purchase of nine of the project's 15 properties, helping to protect and preserve 24,600 square metres of the Daintree Rainforest. Widely acknowledged by scientists as the oldest tropical rainforest in the world (over 135 million years old) the Rainforest is of exceptionally high biodiversity and conservation value. Of the 19 most primitive plant families worldwide, 12 are to be found in Daintree.

As the first major corporate sponsor of Rainforest Rescue, the Australian business has contributed significantly to the success of the project. The investment has gone beyond cash donations, and includes development of cause-related marketing programmes for Rainforest Rescue as well as the introduction of workplace giving connected to the project.

ZENZELENI TRUST

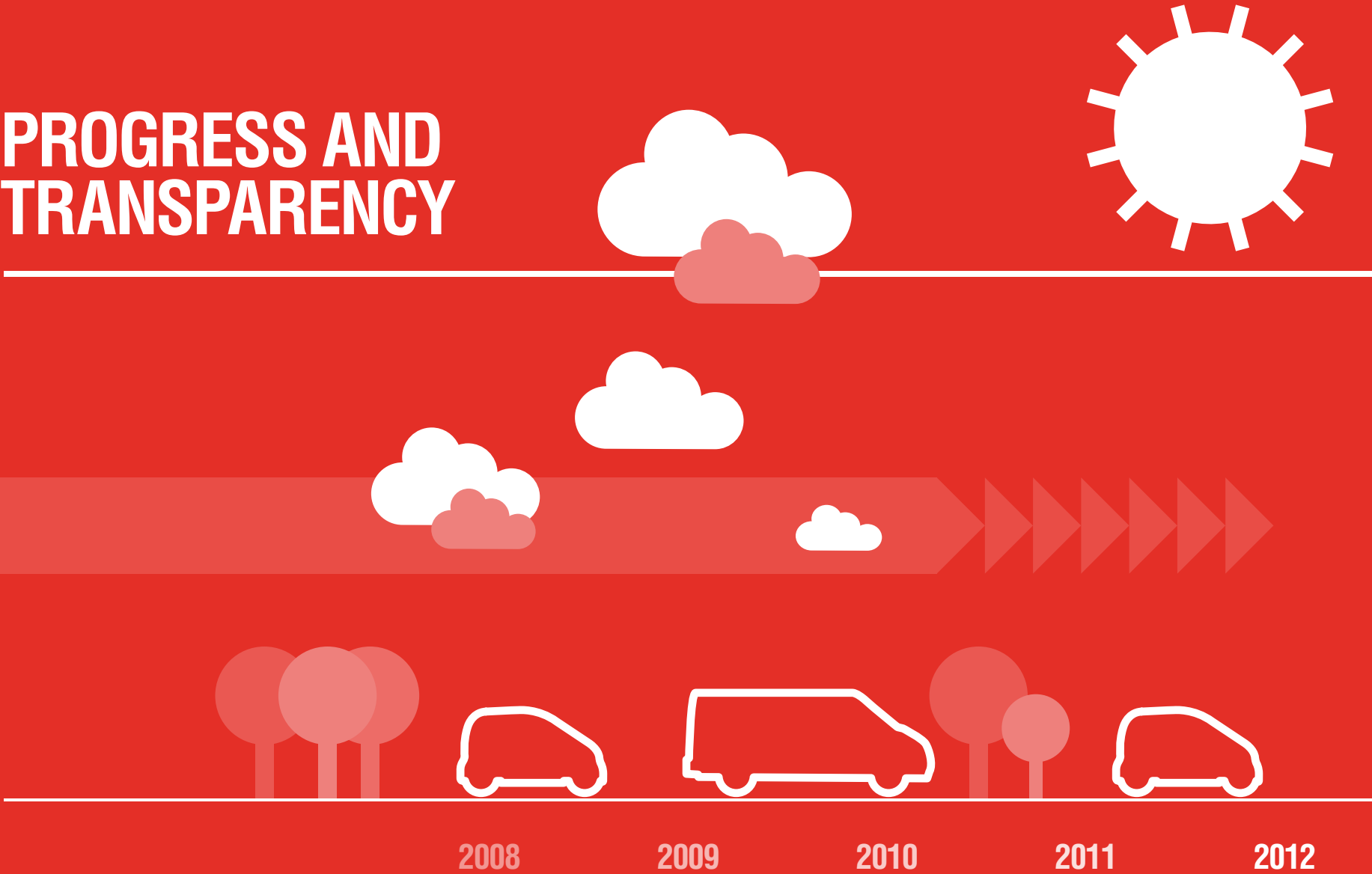
In South Africa, the Zenzeleni Trust continues to be successful in assisting colleagues with HIV/AIDS related illness who are already on medication by subsidising them with nutritious food parcels. It is currently assisting thirteen people consisting of both colleagues and external recipients (identified by their relatives that are colleagues). Funding includes monthly contributions from colleagues, as well as initiatives such as Charity Balls. Initially supported by the business, the fund has recently been registered as an independent Trust fund, managing its own resources and funding in line with legislative requirements. In 2012 colleagues took part in Movember in the UK and donated £500 to Zenzeleni trust.



PROGRESS AND TRANSPARENCY

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MAKING PROGRESS IN 2012

Key Corporate Responsibility challenges we faced in 2012 with a summary of action taken

AREA	IDENTIFIED LONG TERM CHALLENGES	PROGRESS IN 2012
HEALTH AND SAFETY	Continue to improve the group's health and safety performance and further strengthen the SHE culture across the group by: <ul style="list-style-type: none"> Increasing visible leadership on health and safety and enhancing colleague engagement Building organisational and individual health and safety capability Improving management of key risks such as working at height and occupational driving Improved measurement and reporting; and recognition and sharing of best practice 	iLead Management Safety Observation Tours implemented. Standard SHE training development and implementation underway via the group's U+ programme with particular focus on induction, leadership, risk assessment and accident investigation. Continued implementation of the Drive Smart programme which covers all 6,000 UK drivers - extended to Ambius drivers in USA in 2012. Preferred telematics suppliers selected following extensive process involving global stakeholders. Successful telematics trials undertaken in North America and France Textiles and Hygiene. Launched the SHE Health-Check auditing process in Initial Facilities UK, Australia, Central and Eastern European Textiles & Hygiene Services (includes Germany, Austria and Switzerland), Rentokil and Ambius UK, Rentokil France and City Link. Success Is No Accident implemented in Benelux, Spain and Singapore. Group SHE awards implemented and 6 business units recognised for their health and safety performance.
ENVIRONMENT	Reduce our CO ₂ emissions and water consumption	Continued to reduce CO ₂ emissions (by 3%) and water usage (by 14.5%) through the implementation of local initiatives to drive performance improvement (including extension of European laundry stream-free operation)
	Improve route and round optimisation	Rolled out best practice from route optimisation pilots. Now standard practice in Germany following a successful pilot and being rolled out elsewhere in Europe.
	Maintain highly effective product stewardship in areas such as rodenticides and insecticides	Continued to reduce stock-keeping units and effective implementation of authorised product list ahead of new product launches in 2013. The Global Science Centre continued to develop new non-chemical solutions and maintain close analysis of customer needs.
MARKETPLACE	Differentiate the company through proactive Customer Care which 'delights and even surprises customers' Improve customer satisfaction through Customer Voice Counts (the group's survey of customer satisfaction) process	Following the successful introduction of customer care initiatives in City Link, the company began to roll out best practice across the group, including call centre technology and organisation Achieved 98% state of service CVC was bonusable across the management population and customer satisfaction and likelihood of recommendation increased 1.2 point improvement in CVC score
	Build innovation capability across the group	Introduced a new innovation and marketing function in 2012, operating centrally, to deliver innovations for customers, drive best practice and consistent governance across the group
	Take a responsible approach to new market development, acquisition activity and operations in developing countries	Continued to take a responsible approach to acquisition activity. The company made a number of acquisitions including Western in the USA to give the company coast to coast coverage in North America.
	Procurement activities with consistent quality, and consistency of governance	Standard procurement model was introduced with European warehouse and using expertise through CAWE acquisition Launched first Hygiene range from Asia sourcing hub – Reflection range was launched in 2012 and Signature developed for launch in 2013
WORKPLACE	Maintain high levels of colleague skills development Build management capability and pipeline Enhance colleague engagement through recognition and incentives Improve the efficiency of HR operations	The U+ Rentokil Initial 'university' was launched to coordinate all L&D activity Over 8,000 days of development training (excluding job training) delivered (ahead of 6,000 days target) Graduate scheme was expanded to include Finance specific scheme People Services was launched and begun to roll out
COMMUNITY	Increase positive impact of local community support activities within the Helping Hands governance framework for 'permission to operate' in key communities	Helping Hands scheme now available to all on the intranet Continued to offer support through local initiatives to local charities such as Rainforest Rescue in Australia Maintained support colleagues and customers in countries with recent history of environmental disaster
GOVERNANCE	Enhance the understanding of ethical behaviours across the company	Continued to focus on embedding Code of Conduct with development of new single page summary

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OUR FOCUS FOR 2013

AREA

FOCUS FOR 2013

HEALTH AND SAFETY	Continue to improve the group's health and safety performance and further strengthen the safety first culture across the group by:
	<ul style="list-style-type: none"> • Increasing visible leadership on health and safety and enhancing colleague engagement • Building organisational and individual health and safety capability • Improving management of key risks such as working at height and occupational driving • Improved measurement and reporting; and recognition and sharing of best practice
ENVIRONMENT	Reduce our CO ₂ emissions and water consumption in line with the company's action plan and 2016 target
	Launch a new Eco behaviour campaign
	Improve route and round optimisation
MARKETPLACE	Maintain highly effective product stewardship in areas such as rodenticides and insecticides
	Differentiate the company through proactive Customer Care
	Improve customer satisfaction through Customer Voice Counts (the group's survey of customer satisfaction) process
	Build innovation capability across the group and launch the company's new Hygiene range
WORKPLACE	Take a responsible approach to new market development, acquisition activity and operations in developing countries
	Deliver procurement activities with consistent quality, and consistency of governance
	Roll out and develop U+ to:
	<ul style="list-style-type: none"> • Maintain high levels of colleague skills development • Build management capability and pipeline • Enhance colleague engagement through recognition and incentives • Improve the efficiency of HR operations through People Services • 2013 target of 2,000 U+ Courses (up from 1100 in 2012) and 6,000 days of development training
COMMUNITY	Maintain colleague engagement at above global service industry norm rate
	Roll out new Integrated Country Operating Model
GOVERNANCE	Develop Category Boards and build 'one best way' approach to operations
	Increase positive impact of local community support activities through matched giving scheme
GOVERNANCE	Enhance the understanding of ethical behaviours across the company and enhance communication of Code of Conduct to frontline colleagues

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FEEDBACK

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In this report we have described how our corporate responsibility approaches are delivering significantly improved impacts and how they link to the strategic thrusts we have established across the company. We have also described how our individual businesses have made progress, particularly in health and safety, colleague training and environmental performance.

As we continue to implement the company's strategic plan we will constantly consider our corporate responsibility impacts and how these should be addressed to ensure we have responsible and sustainable practices throughout the company. A continuing priority is to ensure our Code of Conduct, together with our revised corporate policies, are embedded throughout the company. We have also set environmental targets for the company, and we will report further in our next report.

I hope you have found our 2012 Corporate Responsibility Report informative and would welcome your views on this or our approach to corporate responsibility in general.

ALAN BROWN
CHIEF EXECUTIVE, WITH BOARD RESPONSIBILITY
FOR CORPORATE RESPONSIBILITY

If you have any comments or questions
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