

THE RIGHT WAY: Our plan for sustainable growth



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A diverse and international supply chain is managed globally and locally.

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Colleague training, engagement and enablement levels remain above service industry norms.



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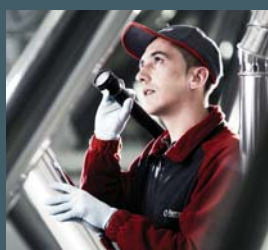
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Welcome

This is Rentokil Initial's eleventh Corporate Responsibility Report covering the year's CR activities and performance. We are committed to acting responsibly and supporting our customers in their efforts to develop responsible behaviour. Key stakeholders for this report include colleagues, customers, suppliers, the investment community and those organisations with a particular interest in responsible business practice.

Feedback

If you have any comments or questions about our CR activities, please write to:

The Company Secretary

Rentokil Initial plc, Riverbank,
Meadows Business Park,
Blackwater, Camberley,
GU17 9AB

About Rentokil Initial

Rentokil Initial is a support services company operating in over 60 countries, employing nearly 52,000 colleagues (as at December 2013), 2013 revenues were £2.3 billion at Constant Exchange Rates (including Initial Facilities, which was divested at the end of March 2014). The company provides a wide range of services, primarily to other businesses or organisations, including pest control, hygiene and workwear services. For the purposes of consistency, data in this report includes the 2013 full year performance of Initial Facilities.

Our 'local-global' organisation

In delivering our products and services, we seek to act responsibly, both locally and globally. Our businesses are organised within a regional structure, facilitating global strength with a local response that is flexible to meet customer needs and market conditions. Country management teams are responsible for a consistent approach within their local areas of operation, as well as setting and implementing corporate responsibility standards, based around common mission, vision, values, behaviours, promises and policies.

The company is managed through five geographic regions (Europe, North America, Asia, Pacific and UK & Rest of the World). These are all 'route and branch' based businesses.

Our core competencies

These are our key business drivers:

- Our people – experts at what they do
- Category leadership in pest control, hygiene and workwear
- Lean and efficient operating model

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

www.rentokil.com
www.initial.com
www.ambius.com
www.rentokil-initial.com

To review the Rentokil Initial Annual Report & Accounts for 2013, please click [here](#).

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Introduction



This is my first introduction as Chief Executive and I look forward to building on the platform that has been established, particularly in areas such as safety, skills, customer service and innovation.

Over the last few years the company has made steady operational progress as we have invested to modernise our operations. We have invested some £300 million in new systems, processes and restructuring, while also reducing company debt by £330 million. We have also enhanced the capability of our colleagues, entered new markets and built strong market positions with the support of acquisitions.

Recently, we outlined our new plan – which we call The Right Way. It is focused on ensuring that we maximise the potential of our strong regional businesses, expertise of our people, category strengths and lean operations. It is based on three areas of activity, aligned to responsible business practices and key stakeholders, which we articulate as: ‘Enabling the Right People to do the Right Things in the Right Way’.

THE RIGHT PEOPLE

The first part of the plan is about our colleagues. We aim to ensure that they are safe and highly motivated; supporting one another; acting as one team; using the best tools and receiving the best training. Rentokil Initial is a people business – we have thousands of passionate and committed colleagues around the world. As you’ll see on page 12 we have highly engaged colleagues who take pride in delivering great customer service.

Health and safety remains a key priority for the company. It is the first item on the agenda for the Board, Executive Leadership Team and other management meetings. Our performance showed continued improvement in 2013 with a reduction in lost time accidents and working days lost.

However, it is with great sadness that I report the tragic death of a colleague involving a vehicle at one of our processing plants in France. The company has fully cooperated with the relevant authorities and supported colleagues and family members.

THE RIGHT THINGS

At the heart of the plan is a focus on delivering outstanding customer service and innovation. This is about how we treat our customers – providing high levels of customer service and satisfaction, which we measure and report on (see page 14). We provide customers with better places to work or live – safer, healthier and more hygienic. This is important. We know that we mustn’t ever let them down.

In 2013, customer satisfaction, as measured independently using the net promoter system improved by 2.6 points. We also introduced a number of new product and service innovations to support our customers. These included the launch of our Signature Hygiene range which has received excellent marketplace feedback and, more recently, a new range of workwear products. Further details can be found on page 15.

THE RIGHT WAY

The Right Way is about delivering shareholder value through growth in revenue, profits and a significant uplift in free cash flow over the medium term. Our priorities include being more focused and differentiated in our

business approach. As part of The Right Way we have identified six levers to drive growth and a new differentiated growth matrix. Rather than a one size fits all approach, we’re now able to put in place different strategies for different countries, based on their growth prospects and profit characteristics. Put simply, our approach in an emerging market like Brazil will be very different to that of a challenged economy such as Greece.

In 2013 we divested of our parcel delivery business, City Link, and, in March 2014, completed the divestment of Initial Facilities. We also extended our geographical footprint with business acquisitions in the Americas, the Middle East, UK and Europe. We’re now a more focused company – five strong regions, three core categories.

The Right Way also includes being smarter in the way we use our resources and operational efficiency. I’m pleased to report that in 2013 our environmental performance continued to improve with both emissions and water consumption reducing year on year. On a like for like basis, since 2009, Rentokil Initial has decreased its total energy derived emissions by 15%. Energy has a material impact on the cost base of the company and by reducing our usage we reduce both emissions and cost. This is an example of Right Way thinking and action.

To help the plan succeed we have begun a journey towards creating a new culture based on a common set of Values and Promises to our key stakeholders. I talk about ‘One Rentokil Initial’ – one team, one plan, working together for customers and sharing best practice.

I believe our plan for sustainable profitable growth will make Rentokil Initial a better place to work, enhance the service we provide to customers and deliver appropriate returns to our shareholders. I am determined to ensure that we deliver the plan efficiently, effectively and responsibly. I look forward to updating you on our progress next year.

Andy Ransom
Chief Executive
Rentokil Initial plc

2013 Highlights



Colleague engagement and enablement

Remained steady – six percentage points ahead of the Service Industry norm

Over £100,000 donated to charities

Including £8,688 presented to both Malaria No More and WaterAid



Fewer accidents

Lost Time Accidents reduced by 13% and Working Days Lost reduced by 20%



Major commitment to training

Nearly 31,000 training hours and 11,000 courses were undertaken globally through the U+ in-house 'university'



Supporting the Philippines

Following Typhoon Yolanda, the company made financial donations and has sent over 200 hygiene kits with hand sanitizers



COHEP launched

Our new Community Orientated Health Education Programme



High customer service levels

Consistently over 98%

CO₂ emissions

3.2% reduction in energy derived emissions



Efficient European workwear plants

6.9% reduction in energy derived emissions



Reduced water usage

4.4% reduction in our European workwear plants



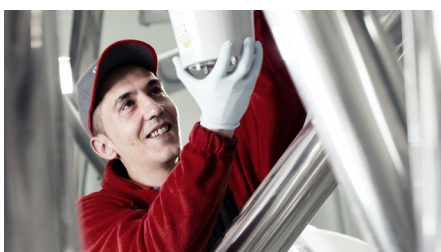
Efficient fleet

New UK vehicles deliver 6% reduction in emissions



Innovation award

New Signature hygiene range wins the Singapore President's Award for product design



World class belief in health and safety

Colleague belief that "this company takes health and safety seriously" is now above the world class High Performing norm



Improved customer satisfaction

Up by 2.6 points

Values and Promises

Our Values

- Service
- Relationships
- Teamwork

This report describes the company's corporate responsibility policies, processes, performance and examples of actions. These are set within the context of the company's Values and Promises. Our Values have remained consistent since 2008 when they were identified by colleagues. In 2013 we identified a new set of promises – to colleagues and customers – which are aligned to responsible business practices, and the company's 'Right People, Right Things, Right Way' plan.

	Our colleague promises	Our customer promises
We are safe	We ensure a safe working environment	We provide safe products rigorously tested for their efficacy
We deliver	We deliver a career that provides job satisfaction	We deliver service you can rely on
We are experts	We provide training & development to build your expertise	We provide expertise in our services and products to ensure real peace of mind
We are responsive	We listen & respond to any concerns you may have	We respond rapidly to your needs
We are candid	We ensure you have a clear role and recognise your performance in delivering it	We make honest recommendations that are right for you
We are open	We keep you informed about your company and things that may affect you	We deliver the insight & information to help you make informed decisions
We are honest	We treat you with respect and integrity	We strive to be open, honest and accurate in everything we do
We are responsible	We encourage a sustainable workplace	We make environmentally responsible decisions

Key Areas of Focus

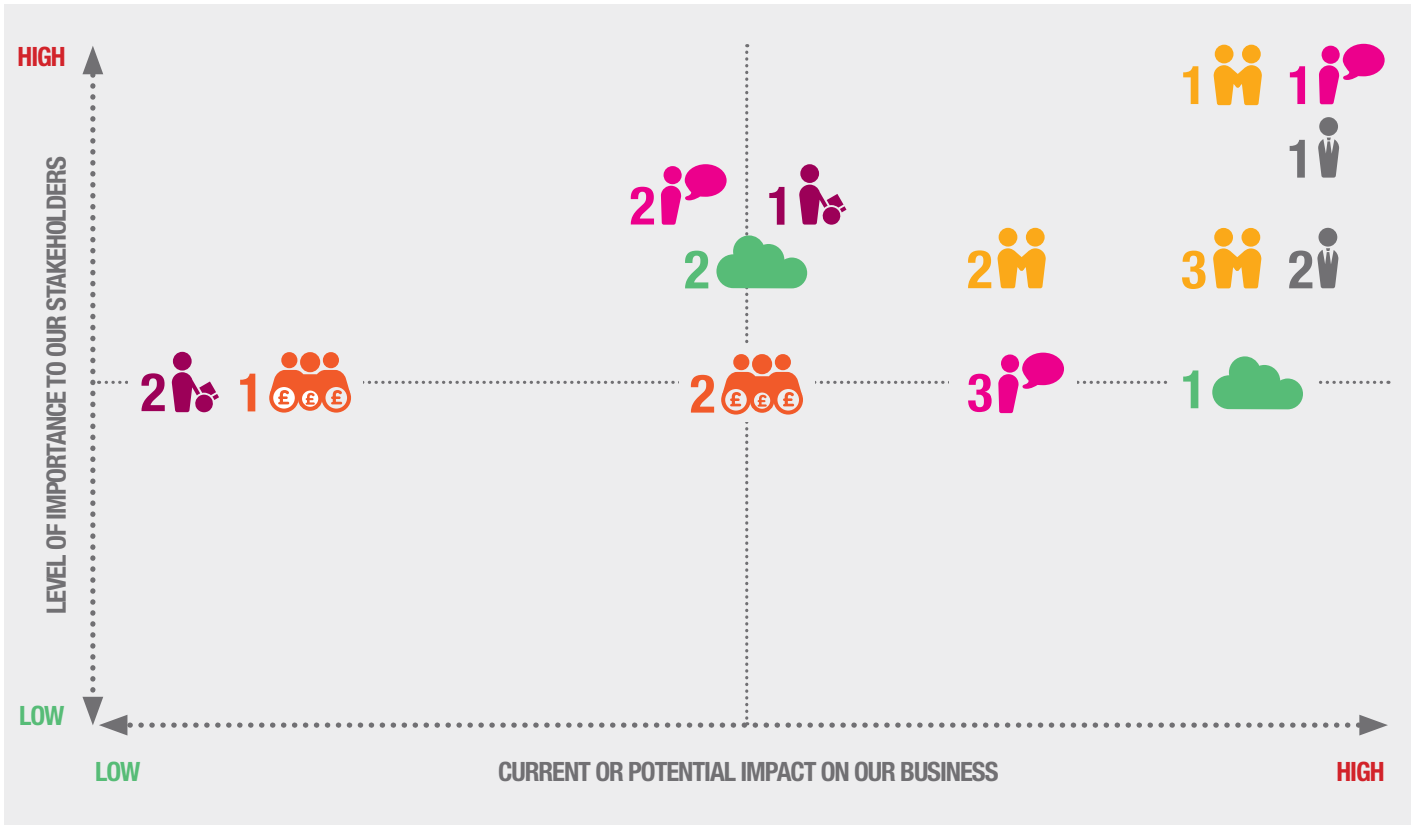
This year, we have spent time considering the materiality of our corporate responsibility impacts, and also considering the importance of each impact to the business as a whole.

This process included:

- Analysing the questions posed by our major customers when they sent us their requests for information as part of their contract tendering process.

- Considering colleagues' responses to Corporate Responsibility (CR) related questions in the Your Voice Counts colleague engagement survey.
- Reviewing the questions we received from third parties involved in CR assessment or socially responsible investment analysis.

As you can see in the chart below, the priorities of greatest potential importance to our stakeholders are health and safety and service delivery (top right).



CR priorities

	Governance 7 - 8	1	Code of Conduct	2	Bribery & anti-corruption policy
	Workplace 9 - 12	1	Health and safety	2	Talent development
				3	Colleague engagement
	Customers 13 - 17	1	Service delivery	2	Product stewardship
				3	Product innovation
	Supply chain 18 - 20	1	Responsible sourcing of production items	2	Local sourcing
	Environment 21 - 26	1	Resource management (energy, materials & water)	2	Climate change management
	Community 30 - 32	1	Colleague volunteering	2	Community investment



Governance

Ensuring the integrity of our approach requires company leadership in five Corporate Responsibility (CR) governance areas with operational adherence to policies, such as business conduct, health and safety, environment and product management.

1. Clear ownership

The Chief Executive has board responsibility for CR. The Executive Leadership Team (ELT) has authority for reviewing CR approaches and performance (in particular, discussing health & safety). The main board reviews specific CR matters regularly and, on a broader basis, at least annually.

A Safety Health and Environment (SHE) committee (including group-wide representatives) reports quarterly to the main board through the Company Secretary. Its remit includes developing Health and Safety standards with appropriate colleague training, reviewing performance (including SHE Awards) and initiating remedial activity in under-performing businesses.

In 2013, the company established a leadership forum of the senior 25 executives. This group meets in person twice per year and quarterly by telephone

to address key issues and ensure alignment of activities to the business plan.

The company has a clear functional governance model which identifies the role of central functions (best practice and governance) and country and regional teams (delivery within the framework of policies and local laws).

2. CR performance review

Key performance indicators for CR matters are published annually, and data for several years is featured in the sections within this report. Performance against these indicators is reviewed both at the ELT and in businesses and functions.

In 2012 the SHE committee established a company goal of improving emissions (derived from property energy and vehicle fuel) by 10% in 2015 compared with 2011 levels, as part of an environmental plan, which also covers waste and water.

Company targets are published for health and safety. In addition, we have internal targets for a range of other KPIs including customer satisfaction.

3. Robust policy framework

The cornerstone for the policy framework is the Code of Conduct (embracing the Code of Ethics), introduced in 2011 and reviewed annually. Available to colleagues in local languages and on the company's intranet, this articulates the standards the company



expects from colleagues. The company's internal audit reviews the implementation of the code across the business. In 2013 the company published a one-page summary of the Code in 32 languages.

The code is underpinned by a robust framework of policies, covering anti-corruption, health and safety, environmental management, people matters, relationships with customers and suppliers, involvement with communities, and external affairs and political lobbying. These are reviewed regularly to ensure they meet current good practice and legislative needs. The company's policy is that political lobbying by colleagues on behalf of the company is not permitted, although participation in submissions by trade associations is acceptable.

The company's range of policies can be viewed on its [website](#).



4. Ensuring adherence

Adherence to these Codes and policies is monitored partly through the company's Internal Audit function.

In addition, the company operates 'Speak Up' – a confidential reporting system that allows colleagues to raise concerns. This is available worldwide, with international free phone numbers. Response to any call or email from a colleague is managed by Internal Audit as an independent internal resource. A regular report on all concerns is provided to the company's audit committee. There were 17 control incidents reported in 2013 (29, 28 and 31 in 2012, 2011 and 2010 respectively). Of these, ten were reported via the Speak Up system (15 in 2012) and four incidents were referred to the Audit Committee in 2013 (two of the 2013 incidents represented a follow up on 2012 incidents – there were zero in 2011). All were investigated and satisfactorily resolved, with the initial referrers being advised of the outcomes. For 2014 the reporting requirements will be strengthened for breaches of the Code of Conduct. We hope this extension will result in an increase in the number of reports logged on the system.

To further reinforce adherence to codes and policies, a range of training is undertaken, including:

- Competition and anti-trust law – focused on managers and sales specialists, this reinforces compliance with the law and the required business behaviour. It comprises an online training programme, covering EU competition law, US anti-trust law, Latin America competition law and global competition principles and practices. By the end of 2013, 4,024 colleagues had completed this training (6,124 including City Link colleagues by the end of 2012) with a further 1,421 colleagues in process.
- Bribery and anti-corruption – this develops awareness and understanding of these issues. By the end of 2013, 2,856 colleagues had completed the training (2,643 colleagues in 2012) with a further 1,059 colleagues in process. In addition, all procurement contract templates include anti-bribery and corruption clauses.
- Code of Conduct – interactive training is now available via U+, the company's 'university'.

New training modules are being developed covering additional aspects of bribery and competition as well as information security.

In addition, procedures are in place to ensure formal compliance with operational policies. An example is Rentokil Pest Control's 'Pink Note' system, which explicitly prohibits or mandates activities, detailing the risks and relevant operational issues.

5. Regular communication and recognition

Internal communication across the group continues to focus on CR related colleague activities. It also informs colleagues about CR achievements such as membership of the Dow Jones Sustainability World Index, Carbon Disclosure Project and Business in the Community CR Index and CR-related external awards.

The company's values are reinforced through other communications channels, including:

- Incorporation of the values in the company's intranet.
- Business newsletters for colleagues which reinforce the importance of adhering to the company's values.
- Business-based recognition schemes aligned to the values.
- Training programmes that have the values integrated within them, as do Performance Development Reviews and the Your Voice Counts colleague survey.

Developments in Corporate Responsibility are reviewed at the company's European Forum, whose members are colleague representatives. ■



Creating a great place to work

In 2013, the company maintained high levels of colleague engagement and enablement, enhanced colleague safety, delivered a significant uplift in the range of training available through its U+ in-house 'university' and improved communication and recognition through the use of online tools. Activities to support colleagues are at the heart of the company's business plan, the first part of which is called 'THE RIGHT PEOPLE'.

Policies and management

Whilst the Code of Conduct provides guidance on the expectations of colleague behaviour there are a range of policies relating specifically to colleagues and people with whom they come into contact – these are available on the company's intranet and website. They include policies that relate to local laws and also those that have company-wide application, such as learning and development and human rights.

A central policy review group considers each policy on a rolling basis, evaluating against good practice and legislative requirements. This group is part of a

unified HR functional community. Local country HR directors take responsibility for policies falling under local legislation.

A key factor amongst this functional community is to share good practice consistently. To encourage this approach, the HR function has held annual awards for the past three years which recognise success. In addition, colleagues at all levels are assessed within performance development reviews which match against core competencies. In 2013 a functional governance model was established to refine the role of central functions (centres of expertise focused on governance and sharing of best practice) and local delivery.

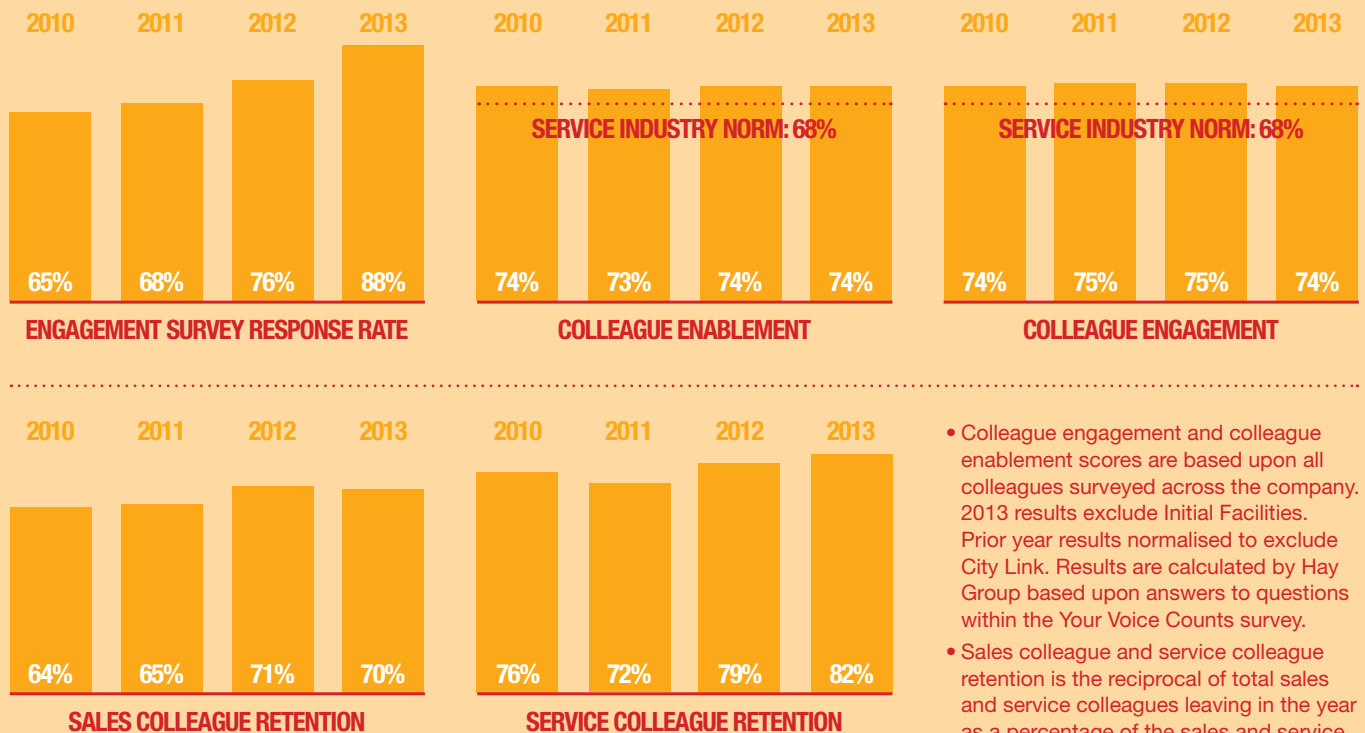
In 2013 the company launched a new intranet site with easy access to all HR policies, user-friendly Manager's Guides and 'How do I...' documents for managers, together with a standardised UK handbook. 1.8 million intranet page views took place during the year. ▶

The company's intranet had 1.8 million page views by colleagues looking for news and information

Performance indicators



Colleagues KPIs



- Colleague engagement and colleague enablement scores are based upon all colleagues surveyed across the company. 2013 results exclude Initial Facilities. Prior year results normalised to exclude City Link. Results are calculated by Hay Group based upon answers to questions within the Your Voice Counts survey.
- 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. Prior year data includes City Link data.

Our actions and initiatives

1. Learning and Development

Rentokil Initial's learning and development programmes are co-ordinated through U+, its in-house 'University', with an established governance system to ensure learning plans align to business requirements. As part of this governance, U+ has a monthly call with the global learning community to ensure the benefits of U+ are maximised in every country.

Now in its second year, it is delivering programmes, developed with proven local learning and development partners, to colleagues worldwide. Supported by local business champions, to ensure appropriate programme targeting, it operates through various channels. These include: online via the U+ portal; face to face with classroom

and team learning & development programmes; within colleague roles; and induction programmes for new colleagues.

In order to fulfil personal skills development needs, U+ supports generic learning, for instance: first line manager effectiveness, health & safety, supervisory, sales, legal, leadership and management, as well as business-specific content. In addition, the Living Leadership programme addresses the leadership development needs of key managers worldwide and includes master classes on people matters, finance, customer care and operations.

The Rentokil sales academy has developed its sales curriculum within U+, which includes professional sales training (combined with a Sales Performance Assessment).

Similarly, the Workwear and Hygiene categories have launched value propositions and a Customer Voice Counts tool utilising U+ online.

By the end of 2013, nearly 31,000 training hours were recorded globally on U+ Online, and nearly 11,000 courses were completed.

Colleagues' attitudes toward the quality of training they receive are monitored through Your Voice Counts (a colleague survey), which achieved a score five percentage points above the High Performing companies average. As recognition of the quality of U+'s approach, the company was shortlisted for Personnel Today's Award for Excellence in Learning and Development. ▶





Graduates bring pace and energy, which has been valued by all parts of the company

Martin Sawkins, Group HR Director

Graduate programme

The company's Graduate programme is in its third year. It recruits and trains key talent for our UK and European businesses, both for general and finance management roles. The first set of graduates from 2011 has now completed the two year programme. The third year's programme of 23 graduates has a wider geographic mix, with representatives from across the European Union.

The programme sits within U+ and offers a structured development pathway, combining in-role experience, training and coaching, with an existing graduate as a buddy and a senior management volunteer as a mentor. The Finance programme also includes submission for a Chartered Institute of Management Accountants qualification.

Apprenticeships

The company has extended its apprenticeship platforms. Some countries have a long heritage of apprenticeships. For instance, the company employs 15 apprentices in Germany in both operational and commercial roles. Within the UK, the importance of apprenticeships has gained new momentum with 24 colleagues having completed their apprenticeships, working on Initial Facilities' contract supporting Eurostar. This programme has been developed in conjunction with Network Rail. Another joint scheme is in operation with London Underground, targeting 'NEETs' (young people not in education, employment or training). Many in-house apprenticeship platforms build on existing academy programmes within businesses, linked to U+. In 2013, the company had nearly 100 colleagues in apprenticeships across Europe.

2. Supporting colleagues

Ensuring the benefits offered to colleagues match the market is an important means of supporting colleagues.

In the UK, the new Workplace pension scheme required auto enrolment of colleagues into the company's scheme. A major communication programme provided colleagues with easy-to-understand information about how this affected them. The company also offers colleagues the opportunity to save money when shopping through a Rentokil Initial Benefits portal, linked to many High Street brands which give discounts and special offers.

In South Africa, the company launched its employee share ownership plan – in which all employees of Rentokil Initial South Africa are members of a trust which owns a 25% share in the company. This resulted in it being awarded a Level Three B-BBEE (Broad Based Black Economic Empowerment) status. The expectation is that this plan will grow the business, benefiting all colleagues, and enabling the business to compete in a wider range of sectors. ▶

Recognition and Accreditation



Early in 2013, Rentokil Initial was named as one of Britain's Top Employers following an assessment that examined learning and development and culture management, together with employee benefits and working conditions. 'Nurturing Talent – The Initial Way' was shortlisted in the British Institute of Facilities Management awards in the Learning and Development category. Being recognised by external bodies is an important measure to assess the quality of our approach.



To support colleagues in managing their own wellbeing, in conjunction with its medical adviser, the company launched Health Matters, an online portal for information and advice on topics such as eating well, lowering cholesterol levels, exercise, and preventing aches and pains. This is accessible via the intranet and online so that colleagues' families can also benefit.

3. Engaging and enabling colleagues

Every colleague is given an opportunity to give feedback on matters such as leadership, customer focus, development and line manager performance, via a confidential survey, Your Voice Counts (YVC). Distributed globally in 38 local languages, the responses are evaluated independently by Hay Group Insight.

The results are fed back to colleagues and some 2,800 action plans are developed by managers. Managers receive a summary of their results and a presentation and action plan template directly from Hay Group. These are used to undertake YVC feedback sessions across the company. Many countries also create 'YVC Manifestos' which are signed by the management team and outline the country-wide actions being undertaken as a result of the survey. Results are also communicated to the European Forum.

In 2013, engagement and enablement remained steady and both scored significantly ahead of the Service Industry norm. There were also improvements recorded in colleagues belief in the quality of products and services, and a four-year trend in improved belief in the company's priority on health and safety resulted in the company

joining the world class High Performance norm grouping (Source: Hay Group Insight).

Results for the last four years' surveys are shown on page 10 and below.

4. Diversity

The company's policy is to recruit, appoint and promote on the merit of the individual. Of its colleagues 42% are female, and of its 365 senior managers, 20% are female, whilst females represent 9% of its board. Also, nearly 40% of colleagues on the graduate programme are female.

In the UK, the company records ethnic origin data for over 60% of colleagues. Initial Facilities has a Diversity Board which reviews diversity related policies. It identified that one of the diversity gaps is for colleagues from ethnic backgrounds moving from operative to supervisor. In these circumstances, an issue lies with colleagues' literacy and numeracy. As a consequence, in 2013, it put 63 colleagues through our Values Programme which incorporates adult literacy and numeracy, with the aim of enabling them to gain subsequent promotion. 75% of managers in the Healthcare business unit have been trained to NVQ Level Two certification in equality and diversity.

5. Communications and recognition

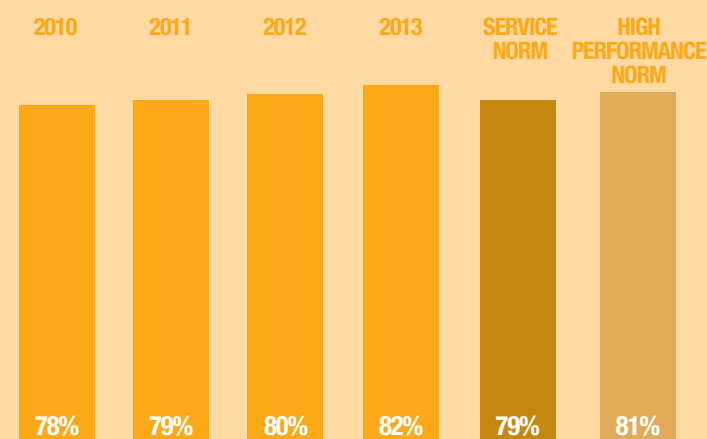
Effective communication and recognition with colleagues supports operational success. The group's intranet is a key communications channel, with 1.8 million page views during 2013. In addition, country management teams utilise numerous communications channels including newsletters, 'radio' programmes and management briefing packs.

In 2013 the company invested in an internal social media channel, Google+, which is accessed through the company's Google email platform. Initial usage of Google+ has been very encouraging as a way of enhancing interaction between colleagues and supporting operational effectiveness. The company is now one of the largest users of its G+ social media platform in the Europe, Middle East and Africa regions.

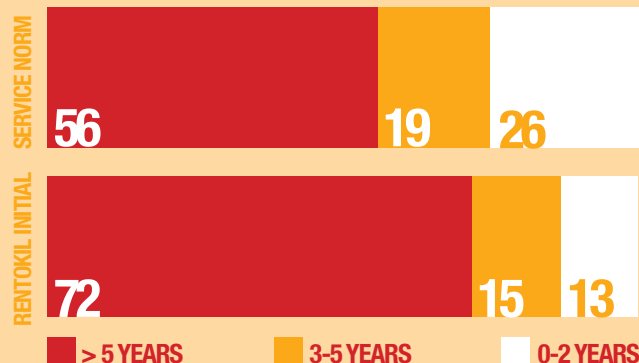
Recognition complements communications activities and happens at a global, country and local level. The basis for colleague recognition schemes is the company's values, which are integrated into its communications and recognition schemes. For instance, New Zealand's SHINE awards showcase colleagues who've gone the extra mile for customers or other colleagues. Equally important is recognition from managers and, using the new social media tools, instant 'high fives' and congratulations can be sent and shared. In Singapore, performance of the business was recognised with a family day where colleagues and their families came together to enjoy sports and games.



'Your Voice Counts' Performance



THIS COMPANY PLACES A HIGH PRIORITY ON HEALTH AND SAFETY
 % FAVOURABLE (COMPANY SCORES VERSUS GLOBAL NORMS)



Q: GIVEN YOUR CHOICE, HOW LONG ARE YOU LIKELY TO WORK FOR THIS COMPANY?

Delivering outstanding customer service and innovation



Rentokil Initial operates a range of service categories. Given their scale and reach, primary categories are pest control, hygiene and workwear services. The company also provides plants through the Ambius brand as well as specialist medical and hygiene services in certain countries. All services use a common route-based operating model. Outstanding service delivery is central to our plan for sustainable, profitable growth. We call it 'doing THE RIGHT THINGS'.

In 2013 we maintained high levels of customer service at 98%, improved customer satisfaction by 2.6 points, launched a wide range of innovative products and maintained high standards of responsible product stewardship.

Policies and management

There is a range of customer-related group policies available on the company's website, which underpin the Code of Conduct.

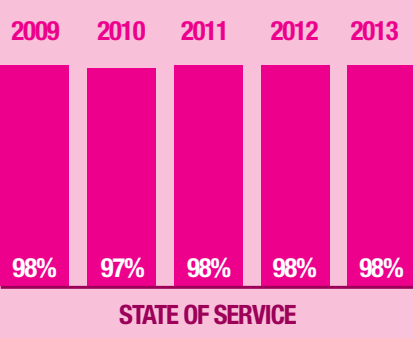
These cover service performance together with issues such as gifts, bribes and facilitation payments. These policies are reinforced with training relating to competition and anti-corruption laws.

Individually, each business develops a responsible customer approach and management process for its market. A number of businesses have their quality management systems certified to ISO 9001, including Rentokil and Initial Medical Services.

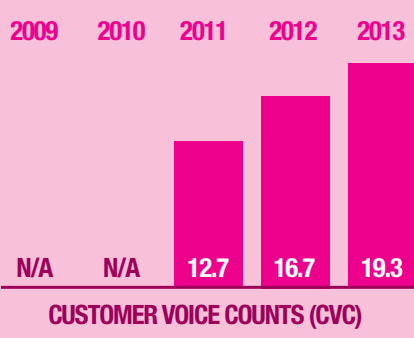
Category management takes place in those countries with greatest expertise and relevance. Primary categories are managed through category boards, while secondary categories are managed through those countries most relevant (for instance, the USA manages the plants category as it is by far the largest market).

The company measures customer advocacy and satisfaction through Customer Voice Counts (CVC), based on the Net Promoter System, as well as improvements in state of service and customer retention measures. In 2012 and 2013, around 120,000 customers were contacted through CVC (this is double the portfolio used in 2011). Performance is reviewed monthly at all levels – executive leadership team, region, country and branch level. Achievement of excellent levels of service is recognised through individual business awards and recognition programmes. ▶

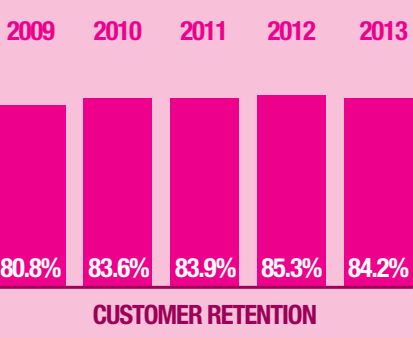
Customer KPIs



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



• 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 is the reciprocal of closing portfolio as a percentage of opening portfolio.

Our actions and initiatives

1. Delivering our customer promise

As you'll see on page 5, the company has developed a single customer promise. This builds on work carried out through 2012 and 2013 in a number of countries to enhance the internal systems and processes to enhance the customer experience.

As an example, after conducting customer research, in 2012, the company identified seven key elements of the customer experience felt to be most important to customers. In 2013 a programme was initiated with the call to action for colleagues of 'Do Something Amazing Today' – helping to inspire colleagues to go above and beyond the expectations of customers.

The company also recognises the importance to customers of providing appropriate and accessible information. Two-thirds of sales enquiries for pest control now come through the web. In 2013, there were over 160 customer websites available in local languages. The sites include practical advice, product help lines and safety sheet information relating to any chemicals used. Also, customer-specific service delivery extranets, such as Rentokil's

PestNetOnline, enable major customers to monitor service delivery, with improved reporting and monitoring, whether at multiple locations or one major site.

Ways to build great relationships with customers take many forms. For instance, Rentokil Initial in Singapore provides customers with a simple chart to help them understand the different types of mosquitoes and the significant health risks associated with each. As well as being used in workplaces, the chart is designed so that customers can take copies home for use with their families.

Of course great relationships are ultimately built on the actions of colleagues. During the year, the global organisation was proud to read about the actions of a colleague in Fiji who, while working at its international airport, found an abandoned bag containing \$10,000 in cash. Having done the right thing by handing it in, the colleague and her team were presented by the airport with awards in recognition of their honesty (pictured right) – and featured on the front page of the Fiji Times. In New Zealand, a panic call was received from a customer that had inadvertently dropped a brand-new smartphone into a Feminine Hygiene Unit. Although the premises were not due for service for two weeks, a

technician arrived quickly to help retrieve the phone and return it to its owner!

Customer recognition is also important at a business level as well as for a team, and this was the case for Initial Workwear in Germany and Initial Hygiene in Austria; both were voted by customers to be one of the top 50 customer-oriented service providers in their respective countries.





2. Innovative product and service delivery

2013 saw launches of innovative products covering all our service category.

The most significant was the Signature range (pictured above) of Initial Hygiene products offering cubicle hygiene, hand hygiene and feminine hygiene. The range has been designed to look great in customer premises; be easier to use and clean; and includes anti-bacterial surfaces. For example, the new feminine hygiene unit will harbour up to 20 times less bacteria on the lid surface. The worldwide launch required extensive end-user research (including ensuring the products met regulatory requirements in countries in which they would be offered) and product life-cycle testing. The air freshener unit was tested for nearly two million uses. Late in 2013, the company's product developers received the President's Design Award, Singapore's most significant design accolade, for the Signature range. It also won the prestigious Red Dot Award for product design. At the heart of the Signature range was a desire to support customers to improve workplace hygiene – this has been shown to positively impact employee sick days, estimated to cost European employers around €800 per employee per year, and productivity.

Initial Workwear has developed a new premium collection and two new

personal protection equipment (PPE) workwear collections to meet the needs of customers and differentiate itself from its competitors. The new premium collection is called Evolution and the new PPE collections are called 'Alpha' and 'Delta'. Drawing on market research Initial Workwear conducted in 2013, the collections have been developed by Initial Workwear's R&D department in collaboration with country marketing teams, shaped by input from end-users. Evolution includes an exclusive female range whilst Alpha and Delta are targeted at growing market segments for welding, high-visibility and multi-protection garments.

Alpha and Delta are certified against the latest EU legislation, making Initial the first company in the workwear services sector to achieve this certification. Evolution also boasts another first – it's the first collection in the industry to use a new kind of fabric, a professional version of Denim that has natural stretch and is soft of the skin yet tough and resilient.

For workwear customers, Rentokil Initial in France piloted the ID.Box in 2013, which stores up to 360 micro-chipped uniforms. Employees (including contractors) are provided with an ID badge which gives them access to clean garments in the ID.Box and records the return of uniforms for laundering. Following the successful pilot, the service is being rolled out across Europe. ▶

Trained and equipped to find 'Hygiene Hotspots'

As part of the Signature launch, Rentokil Initial developed a new training course and toolkit to equip its field sales team to help customers to identify the 'hygiene hotspots' within their premises. Utilising a number of tools including swab testing, colleagues are now able to provide a professional hygiene audit and present a full range of solutions. The company introduced a five-module training programme for this purpose, accredited by The Royal Society for Public Health.

RSPH
ROYAL SOCIETY FOR PUBLIC HEALTH
VISION, VOICE AND PRACTICE

Award-winning developments such as Living Walls



In pest control markets around the world, bird activity can lead to damage and hygiene issues affecting both people and buildings. Three new deterrent solutions have been introduced in 2013. The first is a self-adhesive tape that carries a solar-energy produced current, which deters bird landings; second, a lightweight portable net that can be triggered remotely to capture birds trapped in buildings such as shopping centres or warehouses; and finally a paste called Avigo which has a hot chilli compound to give the birds a 'hot surprise' when they take off and successfully deters them from returning.

Nappy recycling is a service often required by customers in the medical, care, retail, leisure and hospitality sectors. Previously recycling was not an option and disposal required landfill or incineration, and, from an environmental perspective, meant the resources could not be reused. Now, in both the UK and Australia, the company has formed partnerships with innovative waste recycling companies to enable them to offer an Absorbent Hygiene Waste (AHW) service. The AHW process starts by sterilising the waste, and then reclaims fibres and plastics for subsequent recycling into products such as park benches, roof tiles and pet bedding, with both cost savings and environmental benefits.

Following successful launches in South Africa, Australia and Netherlands in 2012, the company's innovative On-Site Service (OSS)

approach to servicing its feminine hygiene units was extended to include additional branches and launched in Barcelona. This service reduces vehicle miles and provides an effective service for customers. Plans are underway to introduce OSS into France and expand service in Australia.

'Project Speed' was introduced in 2013 to bring enhanced technology, including social media, to front line colleagues in the UK, based on the company's investment in Google-based IT systems and smartphones. Benefits include increasing the time spent with customers, improved service (based on customer feedback) and streamlined business processes. Through the use of Google Hangouts and Apps the company is also reducing travel costs and time. These systems and processes are being shared with other countries in 2014.

Similarly, based on the success of the company's PestNetOnline monitoring and reporting tool, a new App, called 'myRentokil' is being piloted with customers in the Netherlands which provides smartphone access. The customer benefits include improved risk management (especially for those with multiple sites), as well as being able to track pest activity, and produce bespoke management reporting.

Biophilia



In 2013, Ambius began to emphasise the importance of biophilia, based on research that shows that given the choice, people gravitate towards environments that incorporate natural features. Its innovative approach has resulted in the introduction of its 'Open Ceilings' product – a set of illuminated ceiling panels that depict a range of relaxing sky scenes that can be fitted into standard office ceilings. Launched in the Netherlands, they are now being offered to customers throughout Europe. It also continues to innovate and developments such as Living Walls continue to win customer awards.



The Global Science Centre conducts rigorous product evaluation, including worldwide field testing

3. Responsible product stewardship

Within the global pest market, the need for professional practice standards is an essential task to reassure customers and the public that the highest standards of public hygiene are being maintained. The company has been working with European Union (EU) officials and country pest control associations to develop an EU standard for professional pest control technicians. This standard is currently at public consultation stage. Assuming it receives EU approval, the next steps will be to explore how this standard will be implemented on a global basis and set new, consistent standards for pest control globally.

In pest control, a key element of product stewardship is to minimise the need for the use of potentially dangerous products. An example is the use of Entotherm which is a heat treatment that replaces traditional chemical spraying against bed bugs, moths and beetles. Similarly, Pygo is a 'smart' insecticide that breaks down in a controlled manner depending on its exposure to light, which minimises contact with non-target species. In 2013, Rentokil entered into a research and development agreement with Intrexon, an American company that is a leader in synthetic biology, with the objective of developing a new generation of highly-effective and sustainable pest control solutions.

Rentokil places great importance in developing its Authorised Product List (APL). The selection of 'which bait is best' is made at the Global Science Centre, through a rigorous evaluation procedure which includes worldwide field testing. This approach ensures unacceptable toxic products are not used, chemical compliance aspects are controlled and excessive dosage avoided. A detailed description of the reductions achieved in APLs across Rentokil's operations is provided in the Environment section.

As well as its regulatory review, the Centre works with other organisations to influence end users' knowledge and understanding of safe pest control. This includes 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.

Responsible product development within the company is an essential aspect of its working practices. These include extensive training for colleagues to ensure that chemicals, whether in pest control, hygiene or workwear, are used in the correct way. It is also focused on introducing services that offer customers safe and environmentally-friendly products. For instance, following the decision to take

in-house the manufacture of hand wash products used in the Signature range, the company has now attained inclusion in the EU's Eco Label catalogue, which is designed to help customers 'distinguish greener, more environmentally friendly, products of high quality'. The catalogue's coverage includes all of the company's EU, Caribbean and African operations.

In Workwear, similar vigilance is adhered to. The new Personal Protective Equipment (PPE) range of workwear is the first in its market to adopt the latest EU standards for PPE, giving customers greater assurance in respect of their company's health and safety liabilities. On the ecological side, an environmentally-friendly approach has been adopted in the development of its 'Fil'in' range of Polo shirts made with polyester that comes from recycled bottles. This new range is estimated to save nearly 3,000 litres of water, and over 300 kg of waste compared with 100% cotton polo shirts. Since its launch at the end of 2012, over 47,000 items from this range have been sold. For the health sector, a new collection of garments made from bamboo fibre is in development. This range will also have less impact on the environment than cotton and will offer more user comfort because of its 'breathability'. ■



Developing a responsible supply chain

As a service company, critical suppliers have been defined as those with direct impact on customer service. Examples include suppliers of materials for workwear, electrical equipment for hygiene products, as well as baits and traps for pest control. These are managed by supply chain teams either at global or region level, depending on the nature of the supply chain.

Policies and management

Within our supply chain there are three categories of suppliers, for which a risk-based approach is adopted.

- First, there are major national or international suppliers for those items in common use by businesses around the world. Their quality assurance is regarded as being of a high pedigree, with sources of independent assurance available. These include suppliers to the vehicle fleet and machinery for use in cleaning and laundries.
- Second, there are chemical and electrical component suppliers (usually also major companies) where the constituent components are reviewed by technical

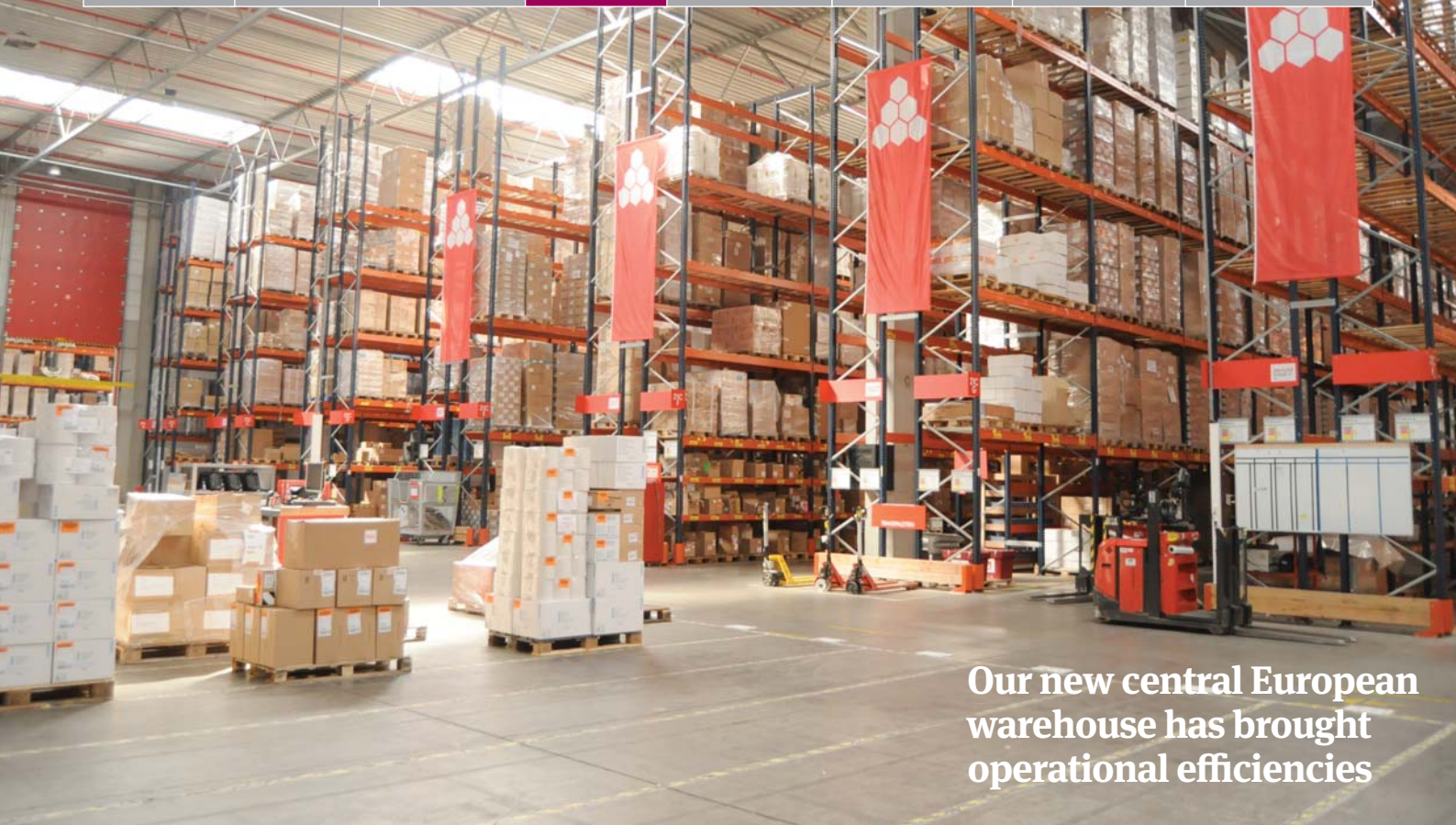
experts within Rentokil Initial to ensure compliance with international regulations, and meet accepted practices, such as the Precautionary Principle.

- Third, there are suppliers of workwear products, who are usually based in the developing world, such as cotton products for use in workwear, flat linen and autorolls. Workwear product expenditure is seen as a potential corporate responsibility risk area, and is subject to regular supplier analysis.

Direct Expenditure represents c. 48% of total spend (of which workwear expenditure represented c.30%). There are c. 9,000 direct and fleet-related vendors and the total number of suppliers, many small to medium sized,

is in excess of 10,000 (including indirect expenditure). The company is committed to working responsibly with its suppliers, in line with the company's Code of Conduct and its Human Rights policy. An efficient and effective supply chain forms an important part of The Right Way, the company's business plan to drive shareholder value.

The Code of Conduct is 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. ▶



Our new central European warehouse has brought operational efficiencies



Underpinning the Code are policies referring to our supplier relationships, available on the company's website, including our Anti-Corruption Policy, Dignity at Work and Human Rights. All supply chain contracts include anti-bribery and corruption clauses.

The priorities for our supply chain management are product quality, service delivery and product cost; all three elements need to be in place for a successful supply chain.

Contract governance and compliance to procurement procedures and good practice are the responsibility of the company's procurement team. The latter includes an Asia purchasing hub, whose role includes identifying suppliers that offer innovative product solutions and auditing them to ensure compliance. Product specifications include environmental, regulatory and social issues. Procurement practices include whole-life costing (for procurement of purchase of the vehicle fleet) and optimising technical and operational requirements (such as the supply agreement for UK office equipment that led to reductions in printers and consumables).

For all suppliers, the Rentokil Initial Supplier Management Standard covers the company's approach to supply chain management. All key suppliers are audited against this Standard. This ensures the company's suppliers have full controls in place during all stages of production and operations – which ensures consistently good-quality products are delivered and reduces the need for quality control checks at warehouses.

A key part of this process is the audit follow up. Within two days of the audit visit a full report is despatched, which includes an action list. The supplier is required to respond within two week with the action list completed, showing what actions they are going to take and by when. This is then followed up

to ensure that the commitments have been followed through. Key suppliers are then placed on audit cycle requiring an audit every year, or every two years, depending on risk.

Developing supplier capability is an important part of relationship building. Monthly teleconference calls are held with key suppliers to discuss performance against agreed KPIs and better ways of working together. In addition, supplier incentives help encourage and reward longer-term global partnership. Examples include a 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 washroom consumable 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), are now being extended across multiple countries to maximise supplier incentives and provide supply chain synergies.

In 2013 the company established a new Central European warehouse to meet the needs of the group's mainland European businesses. By consolidating stock into a central location, reductions in stock quantities and faster reaction times (including direct branch deliveries) can be achieved, resulting in improved customer service. ▶



Suppliers of branded components are selected based on their quality and environmental certifications

1. A supply chain to support our customers

As part of our customers' own supply chains, Rentokil Initial takes seriously its responsibility to support customers' own corporate responsibilities. The following examples, focused on key potential risk areas, demonstrate the company's approach to only supplying products and services which meet regulatory approvals.

Chemical and electrical suppliers

For these, the focus is on the use of product components that constitute potential hazards e.g. chemicals in pesticides and electrical components in washroom equipment. All new chemical products are validated by the Global Science Centre (GSC) to ensure they meet regulatory requirements such as the European CE mark and REACH directive. Any legacy products that do not conform to the latest CE mark regulations are either redesigned or reformulated to ensure compliance. GSC teams oversee regulatory management (in conjunction with business teams) for both pest control products and washroom products such as fragrances used in washrooms and in office receptions.

For supplier management in Hygiene and Pest Control, a European Quality Manager audits suppliers to ensure product specification compliance, as well as addressing environmental, social and governance factors.

Comprehensive audits of the manufacturing sites of all new suppliers (including all suppliers for the Signature range) are conducted and existing suppliers are audited annually.

Workwear suppliers

For these, the approach differs between the two categories – branded and non-branded products. Suppliers of branded components (e.g. for yarns, buttons and zips) are selected based on their quality and environmental certifications, and are subject to normal commercial procurement procedures. Suppliers of non-branded components are risk assessed, relating to the country of origin.

Generally speaking, lower risk suppliers are reviewed using the audit questionnaire and have a site visit if specific circumstances require it. For others, environmental and social risks are addressed by selecting fabric suppliers which meet key environmental regulations (such as Oeko-tex certification of chemicals used in the textiles production) and by choice of suppliers from countries with 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 and manufacturers are only used if Workwear management has made screening visits.

However, for developing world suppliers (e.g. Tunisia, Pakistan and China), the formal supplier evaluation process includes third party audits – both for new suppliers, and

on a regular basis subsequently – by World Ethical Audits (WethicA) and its European partner, ACTE. WethicA conducts both announced and unannounced visits and interviews workers and management. This addresses issues such as health and safety, working conditions (including the use of forced labour) and the use of chemicals in production. These suppliers are required to have Oeko-tex certification. Initial Workwear's contract includes clauses requiring compliance on environmental and social issues.

2. A supply chain to support innovation

Given the company's increasing focus on innovative products and processes, on-going supplier relationships are important to fulfil this objective. Brightwell is a long-standing UK supplier with whom the company worked to develop new components for the new Signature range of hand soap dispensers. Brightwell offered an innovative approach and comprehensively addressed the company's supply chain priorities.

Similarly the acquisition of CAWE, based in France, has resulted in greater design control and garment specification and innovation benefits have already been seen with the introduction of the Fil'in and the PPE ranges, referred to earlier. The acquisition brings significant expertise in textile buying, production and design.



Respect for the environment

Using the company's resources effectively and operating efficiently are important parts of the company's business plan, **THE RIGHT WAY**. Operational excellence and effective resource management reduce cost and improve the company's environmental impact. This is of significant importance to the company which continued to make good progress in 2013 against its long-term commitment to reduce its environmental impacts.

Energy consumption (and derived emissions) showed continued year-on-year improvement, and similar gains have been achieved in water consumption. However, the company's environmental impacts are often 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 energy and water usage in workwear processing plants; energy used by our vehicle fleet; and chemical usage as part of our services or processes.

Policies and management

Policies relating to the environment are available on the company's website. These are reviewed regularly by the Safety Health and Environment (SHE) leadership team (in place since 2010), whose focus is on establishing local business protocols and approaches that are relevant to each business's environmental impacts. For example, some businesses have had their in-house environmental management systems certified to independent standards. Those operating to ISO 14001 include Initial Medical Services (whose activities include processing contaminated waste).

In 2012, the SHE leadership team established the company's environmental plan, including a goal of improving emissions (derived from property energy and vehicle fuel) together with other environmental goals relating to waste and water. A target was set of an emissions reduction of 10% by 2016, based on the index of emissions (see page 22) derived from property and vehicle energy. The plan sets out 16 action areas to meet this target including improved operating efficiencies in the workwear processing plants, changing driver and employee behaviour, and targeting larger sites for environmental audit and management of energy suppliers.

The company publishes its emissions data in the Carbon Disclosure Project (CDP). In 2013 it completed its seventh successive CDP submission, obtaining a disclosure percentage

of 70% in the CDP Leadership Index. Full details can be found on www.cdproject.net. It also submits environmental data for publication to the Business in the Community Index and Dow Jones Sustainability Index, which placed the company in the World Index for its sector.

The company's UK operations report property-based emissions via the UK's Carbon Reduction Commitment Efficiency Scheme performance league table. This reporting excludes locations registered for Climate Change Agreements. The latest period covered is April 2012 to March 2013 and shows carbon intensity of 14.03 tonnes of CO₂e per £m of UK operational turnover, based on emissions of 13,974 tonnes of CO₂e (12.65 tonnes and 13,139 tonnes respectively for 2011-2012).

An overall reduction of 15.2% in energy derived emissions over five years and by 3% in 2013

Group environmental performance in 2013

2013 performance continued the long-term trend of improvements in the areas of largest potential impact.

Energy and emissions

The company is committed to improving energy efficiency and as a result to decrease Greenhouse Gas (GHG) emissions. Its focus is in two areas – premises including process plants and vehicle fleet (with vehicle energy representing nearly 60% of total KWH of energy used). It reports both energy efficiency and emissions in normalised measures, based on tonnes per £million of turnover at Constant Exchange Rates (CER) i.e. on a like-for-like basis year on year. All data quoted excludes City Link's performance which was sold in April 2013, both for current and prior years, but includes energy used in the newly acquired USA businesses.

Our principal emissions KPIs are reported as an index on a normalised basis in order to provide an accurate like-for-like performance comparison, removing the variables of currency and acquisitions. In 2013 the company's emissions per £m turnover at constant exchange rates reduced by 3.2%.

The five-year trend of normalised energy derived emissions shows that the company has produced an overall reduction in emissions of 15%.

Index of CO₂ emissions



Index of property energy efficiency



Index of vehicle energy efficiency



• Index of CO₂ emissions – calculated as tonnes per £m turnover – calculated on a constant exchange rate basis – excluding City Link data.

• Index of Property energy consumption – thousand kWh per £m turnover – calculated on a constant exchange rate basis – excluding City Link data.

• Index of Vehicle energy consumption – thousand litres per £m turnover – calculated on a constant exchange rate basis – excluding City Link data.



In line with the new UK-Government reporting standards, the company reports its emissions in three categories – scope 1 – all direct GHG emissions (such as natural gas and vehicle fuels); scope 2 – indirect GHG emissions through the purchase of electricity; scope 3 – GHG emissions (electricity transmission and distribution and well to tank for liquid fuels); as well as outside the scope emissions for petrol and diesel biogenics. The coverage of these emissions includes all property, plant and vehicles owned by the company. Emissions data is based upon all the company's worldwide operations. Vehicle emissions represent 64% of the company's emissions reporting.

The company's total energy derived emissions in 2013 were 261,044 tonnes compared with 261,381 tonnes in 2012, with the split between the different scopes of these principal emissions shown right.

The company reports on scope 3 emissions for activities external to our processes in respect of air travel. Business air travel data is captured for head office and UK operational managers – UK colleagues represent over 53% of the worldwide total. The figures for kilometres travelled and related CO₂ emissions are provided by our UK travel management supplier.

A scoping exercise assessing HFCs leakages from air-conditioning and refrigeration units was undertaken worldwide in 2013. This indicated that these represented less than 0.5% of the company's total 2012 emissions, and as a result these are considered non-material for reporting purposes. A similar exercise focused on PFCs. This confirmed the company did not use any chemicals whose constituents included PFCs.

Material levels of emissions were established in the use of sulfuryl fluoride in fumigation pest treatments in around ten country operations.

Sulfuryl fluoride is a relatively new gas. Its manufacturer claims it is not ozone depleting, but we are reporting emissions derived from its use because it has a global warming potential of around 5,000.

In 2013, we conducted a fumigation gases' emissions scoping exercise, and identified that the recent Rentokil USA acquisitions had led the company to become a more significant user of sulfuryl fluoride. The nature of the

use of this gas in large building fumigation contracts means we anticipate there could be some variability in fumigation gases emissions in future years. For 2013, the absolute value of emissions derived from the use of sulfuryl fluoride is 380,979 tonnes.

During 2014 we will instigate a thorough data collation of consumption of fumigation gases as well as investigating the availability of possible alternatives to sulfuryl fluoride. ▶

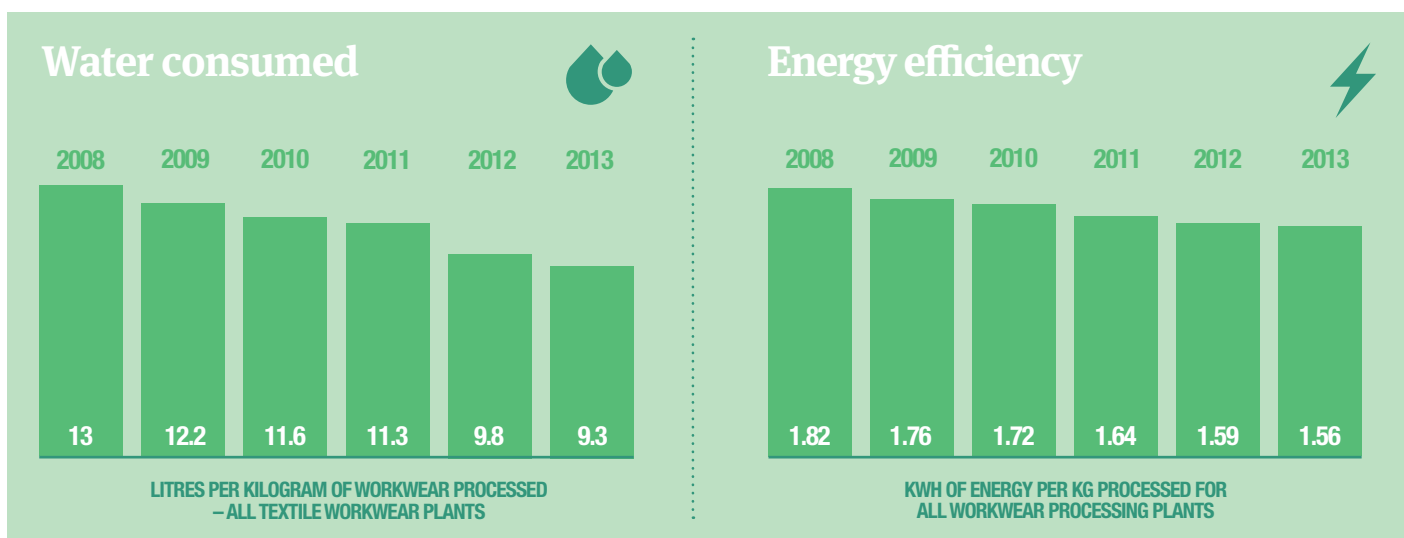
Absolute values of energy derived emissions

	2009	2010	2011	2012	2013
Total scope 1	208,290	181,991	186,020	189,833	191,231
Total scope 2	30,426	29,481	27,613	28,517	26,102
Total scope 3	42,840	37,716	38,846	39,713	40,187
Total outside scope	3,320	3,030	3,252	3,317	3,524
Total – all scopes & outside scopes	284,875	252,219	255,730	261,381	261,044

TONNES OF CO₂E

Air travel emissions





Water consumption

Water consumption in our European workwear processing plants is a key performance indicator, because of the large amounts of water used in the laundry process.

For some time these plants have utilised water recovery systems, reducing both water and energy consumption and delivering effluent suitable for subsequent reuse. In addition, as mentioned in the supply chain section, following contractual agreements relating to supply, 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. Also, steamless laundries are being introduced (currently in use in 4 plants). Steamless

processing plants operate at the lowest possible energy consumption levels.

For all the workwear processing plants, consumption fell in 2013 by 4.4% to 9.3 litres (2012 – 9.8 litres). This represents an overall reduction of 23.5% since 2009.

The chart above shows the trend in water consumption for all the workwear processing plants.

Our actions and initiatives

1. Improving energy efficiency in properties

The introduction of the company's integrated country operating model – single country management teams operating the multiple categories – has enabled a greater sharing of properties, combining branches and sharing back office processes. For instance, the UK property portfolio totals 87 properties – 47 less than August 2012 (excluding divested City Link properties). This property consolidation is a global programme and impacts on property energy efficiency, as do IT innovations, including Cloud computing, reducing the numbers of servers in each business.

Within properties, people-focused initiatives encourage behavioural change to improve energy efficiency. For instance:

- The company's new Promises – at the heart of its developing culture – include promises to 'encourage a sustainable workplace', 'make environmentally responsible decisions' and 'ensure ethical behaviour'.
- The introduction of Google as the platform for email, intranet and social media across the company, has meant that

alternative operational processes can be considered. These include Project Speed, referred to earlier, which enables the use of smartphone 'hangouts' which has reduced the amount of travel to meetings.

- The company's headquarters now use timer switches on electrical items such as coffee machines, with estimated emissions savings of nearly a tonne of CO₂e per machine.
- A new awareness programme – EcoSmart – was launched within the UK's main properties as a pilot campaign to raise awareness amongst colleagues of ways in which they can be more energy efficient, both at work and at home. Posters, postcards and stickers helped to promote the campaign.

2. Improving energy efficiency in processing plants

The workwear processing plants in Europe (60 plants in Austria, Belgium, Czech, France, Germany, the Netherlands, UK, Nordics and Poland) represent 80% by volume of the company's total property energy consumption. These processing plants are the focus for on-going innovation development in the area of energy management. Since 2008 the efficiency of the plants' energy per kg of laundry processed has improved by 14%.

In 2013, the results of a survey by ETSA (European Textiles' trade association) provided an insight into the operational efficiencies of the member companies. Internal comparison showed that Initial's major processing plants were operating at or above the industry's best practice estimates for water, energy and chemicals usage. ▶

Steam-free laundries are also in the process of being introduced (with the first in Sweden in 2011). This type of laundry operates with the lowest-possible energy consumption – roughly one third of the average for older style plants. By 2013, four laundries had been converted to this technology. Other improvements include the completion of a project in the French workwear plant at Bourg en Bresse where new remote monitoring equipment enables maintenance teams to review both energy and water consumption from one console, and spot efficiency deviations in operating processes that require immediate maintenance.

Steam-free laundries operate with the lowest possible energy consumption – roughly one third of the average for older style plants

Initial Workwear plants represent 90% of all property emissions (2012 – 82%) – and 33% for all scope 1 and 2 energy derived emissions (2012– 32%). CO₂e emissions for all of the European operations are reported in terms of kilograms of CO₂e emissions per tonne of product processed. Emissions from the workwear processing plants reduced by 6.9% in 2013 and there was an overall reduction of 20% since 2008.

3. Improving vehicle fuel efficiency

Vehicle fuel represents over 70% of the total energy bill for the company and vehicle fuel costs continue to rise. 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. These efforts commenced in UK operations and are being rolled out across all vehicle fleets, including those of the recently acquired USA pest operations.

In the last five years, vehicle energy efficiency (related to £m of revenue at CER) has improved by nearly 2% for vehicles, although 2013 showed a decline of 3% in

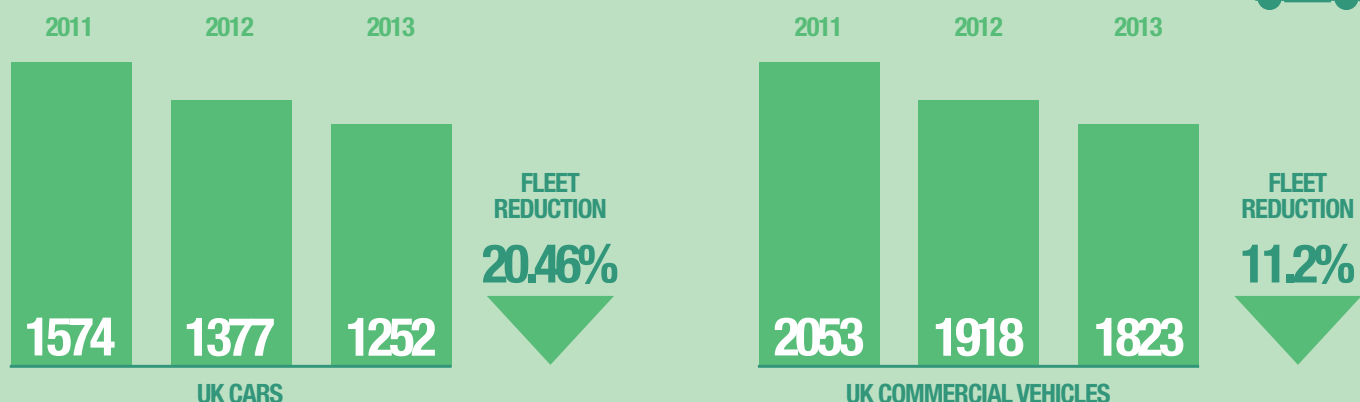
vehicle efficiency. However, the absolute increase in worldwide fuel consumption is accounted for by the USA Rentokil business, which has made a series of acquisitions during the last 12 months.

Key actions to improve vehicle energy efficiency include the use of whole-life costing (including fuel consumption) in vehicle procurement, introduction of Drive Smart for UK drivers; reducing accident numbers and improving fuel consumption; development of route optimisation systems; and introducing engine control unit technology. In addition, pro-active management of the UK car policy has led to significant reductions in fleet numbers. Between 2011 and 2013 the UK car fleet reduced by over 20% and the UK commercial fleet reduced by 11%. The UK fleet represents just under 20% of the total global fleet of 16,000 vehicles. Consideration of vehicle efficiency in the UK car fleet has resulted in average emissions per car reducing by 12% since 2011. New van ranges introduced during 2013 reflect around 6% reduction in UK emissions compared with previous vans. Similar actions to those piloted in the UK are being applied to the rest of the company's global fleet. ▶

Emissions for all workwear processing plants



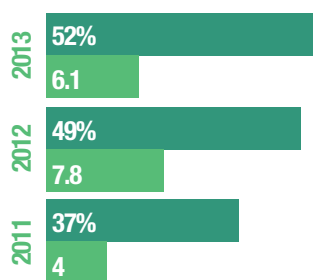
UK car and commercial vehicle fleet



Waste generated & recycled

% WASTE RECYCLED IN CEE PROCESSING PLANTS

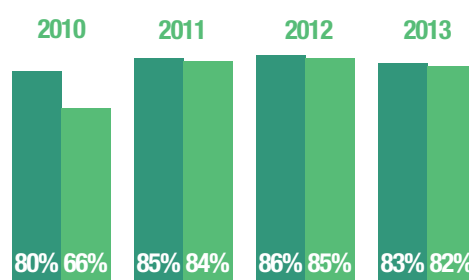
WASTE GENERATED – KGS/£000S TURNOVER IN CEE PROCESSING



Waste recycled data

AVIVA

LONDON UNDERGROUND



4. Improving materials utilisation and waste management

Much of the company's product-based services involve the reuse and repair of existing product, such as floor mats and auto towel rolls, and plastic reusable bait inserts used in pest control.

In another focus on materials utilisation, the company has looked at reducing Stock-Keeping Units (SKUs) to ensure higher stock utilisation. The pest control category has successfully reduced its Authorised Product List (APL) quite substantially. Starting in the USA, the APL reduced from 2,286 SKUs in 2008, to 1,547 and 438 in 2009 and 2010 before stabilising at about 100. This approach has now been extended across the global operations, dependent on local regulations and global product availability. As an example, across Europe, the APL has been reduced from 270 at the end of 2011 to 186 at the end of 2013. An advantage of the reduced APL is the increased effectiveness of training provided by the Rentokil Academy on a common and smaller range of service products. The company's hygiene and workwear ranges are also linked to a unified stock management system and a central European warehouse. These initiatives lead to improved stock utilisation and improved customer responsiveness. These activities impact on direct costs and materials utilisation is a constant management focus.

In the UK, Rentokil undertakes market-leading measures to ensure waste (such as packaging or unused bait) is segregated and disposed of according to EU waste directives, particularly because of the potential for hazardous waste being wrongly segregated into recycling or landfill, rather than being sent for incineration. Each branch has a waste segregation unit, undertakes training to ensure technicians accurately record and segregate waste, and has agreements in place with specialist waste management companies to remove and dispose of the waste correctly. The importance placed on accurate waste management reflects the cost to the company which varies from seven pence per kilo to £3.10 per kilo dependent on the waste segregation.

In the latest process audit by the British Pest Control Association, the auditor commented: "I was very pleased to see the company has been exceptionally diligent ... especially with regards to the management of waste. This shall hopefully form a benchmark in the industry..."

In the European workwear plants, the focus is upon the repair and reuse of garments. When these come to their end of useful life, the workwear is recycled and textiles represent about 40% of total recycling. The table above shows as an example the waste generation efficiencies of the Central and Eastern European (CEE) workwear plants.

Waste recycling tends to be higher in operations that do not have such a high level of product reuse. As an example, in Nordic operations, 67% waste recycling was achieved in 2013. However, in some countries, such as Norway and Switzerland, comparing recycling rates can be misleading, because their waste is required to be incinerated as part of municipal heating and energy schemes.

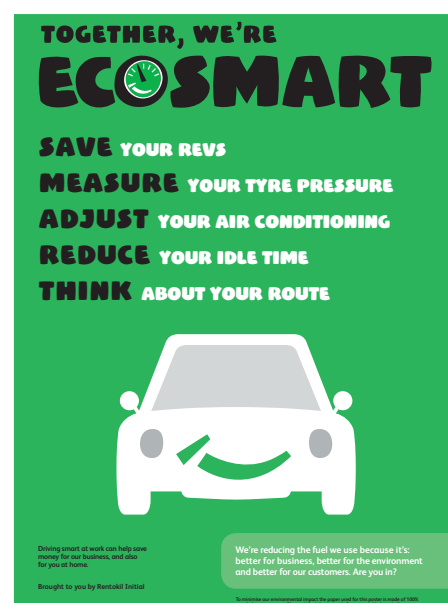
Ambius also focuses on better waste management and selects plant containers that are easy to recycle, as well as taking into consideration the extent of recycled materials used in their manufacture. The business aims to reuse all of its tropical plants – often donating them to schools, or, if not suitable, shredding them for composting.

In Initial Facilities, its larger contracts require the business to take responsibility for waste management, including provision for waste streaming and then waste segregation. Contracts with Aviva and London Underground are examples of such waste management programmes. The table above shows Initial Facilities' waste recycling performance for these contracts.

5. Developing an environmentally aware culture

Following the success of the company's 'Be a Hero, Waste Zero' campaign, it has created 'EcoSmart', an initiative designed to communicate an understanding amongst colleagues of how their actions can deliver environmental benefits. It is focused on three areas of activity – Drive Smart, Work Smart and Live Smart.

EcoSmart has been launched initially in the UK operations, and comprises a set of posters and stickers for use in the workplace. These focus on encouraging colleagues to drive more energy efficiently, as well as conserving energy in offices through measures such as switching off equipment and lights, double sided printing, switching off chargers and turning down thermostats. In addition, the Live Smart activity stream includes a range of tips that colleagues can usefully apply in their own home.



"I was very pleased to see the company has been exceptionally diligent especially with regards to the management of waste. This shall hopefully form a benchmark in the industry..."

British Pest Control Association auditor





Ensuring a healthy & safe workplace

Health and safety is the first part of the company's colleague and customer promises (see page 5), and is an important part of the company's business plan, THE RIGHT WAY. Actions comprise both central and country-level programmes, with a strong focus on operational protocols and action. The company recognises that leadership from managers at all levels – from executives to local managers – is critical for effective health and safety management.

Policies and management

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 risks – risks arising from the activities of our customers.

As with other areas of Corporate Responsibility, the Code of Conduct is the cornerstone of the company's policies relating to health and safety, and specific underpinning policies are available on the company's website, including the health and safety policy.

Direction of health and safety is set by the Safety, Health and Environment (SHE) leadership team, responsible for establishing group level policies, programmes and initiatives. It leads the implementation of group initiatives such as iLead MSOTs, Success is No Accident, SHE Health-Checks audits and the development of the group's SHE learning and development curriculum, and focuses upon developing operational and functional capability to deliver improved performances, especially priority businesses (originally 21 under-performing businesses in 2010 but now focused on five businesses). It reports monthly on health and safety matters to the Executive Leadership Team and to the company's Board at every meeting.

Regrettably there were two fatalities in 2013, which involved a company vehicle. One occurred on a company site in France, and involved a female colleague who was run over by a reversing truck. As a result of this incident, a company-wide Workplace Transport Safety (WTS) improvement programme has been initiated (see page 29). The other involved an elderly lady who was hit by one of our vehicles when crossing the road in France.

The company suffered no prosecutions for health and safety infringements.

External recognition for health and safety excellence is both important for the colleagues involved and may have commercial benefits. For example, in Trinidad & Tobago the business has acquired a two year Safe TO Work (STOW) Certification from the Energy Chamber of Trinidad and Tobago. Of those companies with STOW, less than 50% of companies receive a two year certification. This certification allows our local business to pre-qualify for work with all the country's major oil and gas companies.

Many countries have created their own SHE newsletter to better inform management and colleagues of Health and safety issues, as well as the range of solutions available to them. ▶

“It is vitally important to me that everyone goes home safe. While pleased with the improvement in performance, safety must remain our first priority”

Andy Ransom, CEO, Rentokil Initial plc



Company health and safety performance

Lost time accidents



Working days lost



Internal recognition of our improved safety culture continued to be seen through the company's Your Voice Counts colleague survey in 2013. This included specific questions relating to health and safety, and the question 'This company places a high priority on health and safety' gained one of the largest group-wide increases (+2) of all the questions in the YVC survey, achieving 82%, which places the company above the world class norm for high performing companies.

Health and safety performance in 2013

The Executive Leadership Team reviews individual businesses' health and safety performance, using its KPIs of Lost Time Accident Rate (LTA – a frequency measure) and Working Days Lost Rate (WDL – a severity measure). The table left shows the continued improvement in these two KPIs. ▶

'This company places a high priority on health and safety' gained one of the largest group-wide increases of all the questions in the YVC survey

“The company has achieved an overall reduction of 38% in lost time accidents over five years which is a great result. This success has been achieved by doing the right things in the right way – strong operational and functional leadership supported by continued capability development in relation to SHE”

Dean Wilson, Group SHE Director, Rentokil Initial

Our actions and initiatives

1. Improving workplace transport safety (WTS)

Immediately after the death of a female colleague in France, a SHE alert was sent to all businesses worldwide, with required management actions. Subsequently, minimum standards were defined for pedestrian and vehicle segregation and workplace transport safety was reviewed at all of the premises occupied by the company (approx 700). As a result, actions to improve WTS have been implemented where necessary, and progress has been closely monitored by the Executive Leadership Team. Actions taken include improved pedestrian and vehicle segregation, improved markings and signage and the enforcement of enhanced workplace transport rules. In addition, a standard vehicle specification has also been implemented for the installation of reverse assist and alert equipment on large commercial vehicles (3.5 tonnes and above).

2. Improving management capability and awareness

To achieve visible leadership and active participation by managers at all levels, Management Safety Observation Tours (MSOT) processes are being implemented worldwide in each business, using iLead – a behaviour management technique.

In order to build management capability in health and safety and create awareness at all levels, an objective was set to establish and implement a SHE learning plan and governance model for implementation through the company's university – U+. The 2013 curriculum development focuses on four priority programmes – SHE induction, risk assessment, accident investigation and working at height. A new Health and Safety section has been created in 2013 for the company's new colleague induction programme, available on U+ which all new managers and colleagues will undertake.

3. Improving risk management

By improving risk management, improved implementations of safe working procedures will arise. During 2013, the focus has been upon improving the key areas of site risk assessment, working at height, manual handling, driving and workplace transport (referred to above). For site risk assessment, a best practice process has been developed, and IT developments have been commissioned. New protocols have been developed for roof void work, to reduce risks from working at heights. DriveSmart, aimed at reducing driving-related risks and road traffic accidents and introduced first for all drivers in UK, is now being rolled out in North America and South Africa. In the European workwear business, fire reduction measures were introduced to utilise thermographic imaging and cleaning schedules. Cameras identify hot spots in electrical cabinets and reduce the risk of electrical fires.

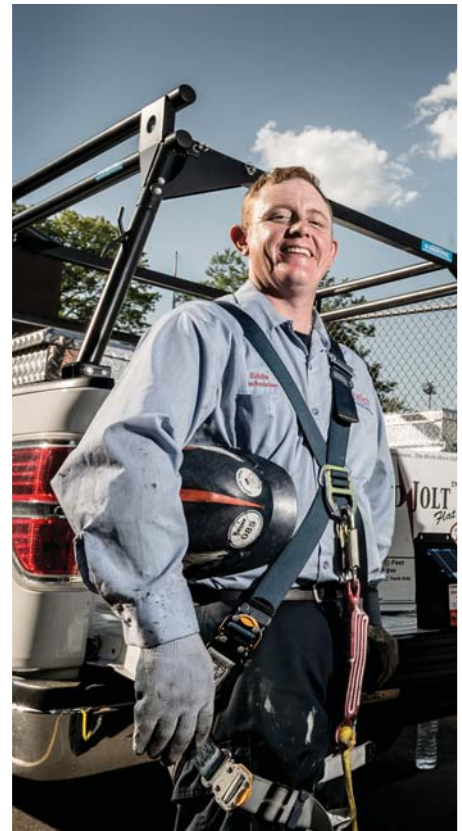
4. Measurement, reporting and Assurance

The company's Success is No Accident incident management system is an award winning UK rehabilitation scheme, which in 2012 passed its '30 year' combined saving of time injured and off work. This multi-language system was extended in 2012 to operations in Spain and Singapore, the Netherlands and Belgium, and has been rolled out in 2013 to Germany, France Pest and South Africa. This rehabilitation programme has substantially reduced the number of days lost as well as generally improving colleague relations and morale.

The SHE Health-Check auditing process (enabling businesses to measure SHE compliance) was launched in 2012 in Australia, Central and Eastern Europe (Germany, Austria and Switzerland), Nordic operations, Rentokil and Ambius UK and Rentokil France. It was rolled out in 2013 in Benelux Workwear and Hygiene Services, South Africa, France, Italy, Spain, UK Hygiene and Medical services and the UAE.

5. Assisting wellness amongst colleagues

For UK operations, as mentioned in the workplace section, the company launched Health Matters, an online portal for information and advice on topics such as eating well, lowering cholesterol levels, exercise, and preventing aches and pains. In addition, in specific businesses, provision of an occupational health nurse addressed issues such as testing lung function, blood pressure and hearing. Similarly, the South African business has a regular series of Wellness Days, which include a focus on colleagues' families, especially those that are impacted by HIV Aids.





Supporting our communities

Rentokil Initial is a global-local company, with strong local businesses and global know-how, and its approach to community relations reflects this structure and its business plan, **THE RIGHT WAY**. The company recognises the importance of community involvement and its importance to colleagues, customers and other stakeholders. We're proud to say that our colleagues are enthusiastic supporters of many charities locally, nationally and internationally, often using their core business skills and expertise.

Policies and management

The company's social and community activities consist of four areas of activity:

- Local community and charity support – often combining value in kind donations with colleagues volunteering and generating cash donations, and tends to be at a country level.
- Local community investment – usually of more significant amounts, usually at a country or region level, and likely to combine financial and business support (such as cause-related marketing) and employee volunteering.

- Global community and charity support – supporting specific charities as well as the company's new global community health programme.
- Global response to national disasters – in countries where our colleagues (and the communities in which they live) are directly affected.

A key policy is the Code of Conduct, which underpins the company's expectations of colleagues' behaviour in these matters. The company's community policy is on the company's website. In addition, the company has developed its Helping Hands scheme to match colleagues' charitable fund raising. There is a single Helping Hands team to coordinate activities and a presence on

the company intranet where information and inspiration from others can be found. Community activity is monitored (with an approval process for additional funds), has clear rules and policies and results are communicated across the company.

Where community schemes are developed by a business, colleagues' participation is important in the selection of schemes, to ensure active commitment. The company's charitable cash donations (including Helping Hands donations) amounted to £101,000 in 2013 (2012: £87,000). This was boosted in 2013 by the addition of coordinated support for two charities – Malaria No More and WaterAid. Additional are value in kind donations or provision of management time. ▶



Our actions and initiatives

1. Local communities and charity support

Across the globe, Rentokil Initial colleagues provided support and donations for local charities in 2013, including:

- In the USA, a dozen colleagues in Illinois worked at their local Shelter facility, cutting trees planting flowers, cleaning up gardens and helping clean up the outside of the facility.
- In the UK, a regional SHE and Quality manager 'slept rough' for a night raising funds for the local YMCA.
- In the Benelux, a service director completed several trail running events to raise funds for global children's charity Plan.
- Working with the East London Business Alliance, the company has offered training and work placement to unemployed individuals by providing both core skills training and on the job training as cleaners within customer contracts. Once they have completed the training, they are recommended for employment and follow the normal recruitment procedure.
- At the Woodbury Clinic in London which provides acute mental health services to patients aged over 65, a team of colleagues transformed a disused outside area into a beautiful planted seating area.

Some colleagues' volunteering involves fundraising for local charities, whilst others involve giving their time. In 2013 the UK

charities which benefited from the company's matched-giving scheme, Helping Hands, included: Acorns Children's Hospice, Barnardo's, BBC Children in Need, Breast Cancer Campaign, British Heart Foundation, British Paralympic Association, Cancer Research UK, Dementia UK, Francis House, Grimsby Cleethorpes & Humber YMCA, Leukaemia and Lymphoma Research, Livability, Macmillan, Meningitis Trust, Movember Europe, MPS, Multiple Sclerosis Society, Parkinson's UK, Peggy Dodd Centre, Phab Marathon, Prince's Trust, Red Nose Day, St. Catherine's Hospice, St. Clare's Hospice, Time 4 Children, Western Health & Social Care Trust, WheelPower, Zoe's Place Trust.

2. Local community investment

In 2013, Rentokil Initial and its colleagues supported many communities with financial and active support. Examples include:

- Rentokil Initial in Australia created a community sports initiative with total funding of A\$45,000 for 15 local children's football clubs to support the running of the clubs. The company also developed a programme with Ronald MacDonald House, a charity that provides families with sick children a place to stay while they have visits to hospitals from afar, to provide free pest control and hygiene services. The total value of the services provided was A\$82,440. Over the last seven years in Australia the business has supported Daintree, a rainforest conservation project, through colleague volunteering and cause-related marketing, supporting the

purchase of land to protect the rainforest.

- In New Zealand, colleagues continued their association with conservation projects. In the past, bait has been donated, and technicians have volunteered their time to help keep the rodent population under control at Matokohe – Limestone Island. In 2013, colleagues volunteered their time as part of the latest Kiwi release at Motutapu Island, and the business is a Founding Member of the Motutapu Circle to support the work of the Motutapu Restoration Trust.
- Also, in New Zealand, at its sales conference, colleagues were set the challenge of building bikes, unaware that the recipients, children who had suffered disadvantaged lives, were waiting with bated breath in the next room.
- In South Africa, the work of the Zenzelini Trust continues. Set up with the support of the business, the Trust is now an independent Trust for legal purposes, but funding comes from colleagues' donations, and the Trustee board includes managers of the business working voluntarily. The Trust supports colleagues that are HIV positive or suffering from AIDS-related illnesses, and the service includes the provision of monthly nutritious food parcels. Because of its change of legal status, the Trust is now able to offer similar services to those that are not employees.
- In London's Science Museum, Rentokil has been the primary supporter for the Cockroach Tour. Colleagues volunteered to provide the public with information about pests and pest control.



3. Global community and charity support

Hygiene impacts on all our brands to some extent. In 2013 Rentokil Initial launched its new Community Orientated Health Education Programme (COHEP). COHEP is focused on the provision of health education in local communities, through branch colleagues, using material, and expertise from within the company, and using a structured delivery framework and coordinating group. This programme will benefit communities suffering from a lack of hygiene knowledge and skills and engage colleagues in a significant community involvement programme. The target is to roll out this programme globally by the end of 2015.

This began with a pilot in India where colleagues visited schools and talked about the importance of hygiene. In Singapore, colleagues talked to students about the importance of cleanliness and the use of hand sanitisers, with particular regard to the dangers of Dengue disease. The business also donates support for mosquito inspection and treatment as part of the Singapore National Day, and sends mosquito education leaflets to targeted residential dengue clusters. While

in South Africa, colleagues have been offering basic hygiene talks to schools (as well as to customers' staff). The schools have been selected from previously disadvantaged areas. The talks are highly interactive and supported with posters and giveaways.

In 2013, the company also supported global charities, 'Malaria No more' and 'WaterAid'. For every colleague taking part in its global colleague survey a donation of £1 was committed to these charities. Cheques were presented for £8,688 to each charity.

4. Global response at times of natural disaster

In recent years, the company has been actively providing support to communities at times of natural disaster including response to flooding in Thailand and Indonesia, the earthquake in New Zealand and the tsunami in Japan.

In 2013, Typhoon Yolanda struck the Philippines, producing sustained high winds and a storm surge of seven metres. It created devastation to over three million families, with nearly 8,000 missing or dead. Company colleagues lived and worked amongst the affected areas. The country

team and colleagues (who made donations) provided food, personal hygiene and pest control in affected areas. In addition the local team worked in partnership with the Philippine Red Cross and ABS-CBN's Sagip Kapamilya Foundation to supply food and other basic items.

The company's response included donations and provision of over 200 hygiene kits with hand sanitizers (hygiene and sanitation is a high priority concern to prevent disease). To date, the company has also delivered over 300 packs of food items to the Philippine Red Cross along with clothes and toys. ■

For every colleague taking part in its global colleague survey a donation of £1 was committed to Malaria No More and WaterAid

malaria
NO MORE

WaterAid



Corporate Responsibility Outlook for 2014

In 2014 we will continue to focus on safety, skills and talent development, innovation, policy development and communication, and our long-term commitment to sustainability as our primary corporate responsibility activities. This follows an analysis of the key focus areas for stakeholders and the impact on the business. This is outlined on page 6. In other areas individual countries will take the lead on doing what's right in their own markets.

The year will see a significant rollout of new training and skills development programmes through our U+ 'university' and the development of an in-house content development team to drive the content needs of the business at pace. A new interactive Code of Conduct will be launched across the company. The company's focus on health and safety will remain our highest priority and a new programme to promote safety under the 'everyone goes home safe' theme will be delivered.

We anticipate customer satisfaction improving still further as a result of the company's additional focus, with clear regional businesses and common measures for customer satisfaction. The pipeline of innovations will continue to roll out, including the second phase of the Signature hygiene products.

Rentokil Initial will continue to enter new markets and is actively looking for opportunities in parts of Latin America, Africa and the Middle East. As part of the

due diligence process, the social, economic and political environment of any country in which we enter for the first time will be analysed and taken into account in our decision making.

We expect to see our levels of CO₂ emissions to continue their long-term reduction. The exit of the Initial Facilities business is unlikely to have a substantial impact as their operations generally take place on customer's own premises. We will undertake an analysis of the use of fumigation and its CO₂ impacts.