

Rentokil Initial

Protecting People. Enhancing Lives.



A world of innovation

Rentokil Initial plc
Annual Report 2019



About us

Protecting people. Enhancing lives.

At Rentokil Initial we protect people and enhance lives around the world from the dangers of pest-borne disease and the risks of poor hygiene. We enhance lives with services that protect the health and wellbeing of people, and the reputation of our customers' brands.

Strategic Report



We performed strongly in 2019 with our highest level of organic growth in 15 years, driven by our growing presence in higher growth markets, enhanced customer retention and our strong innovation programme.

Andy Ransom
Chief Executive

- 2 Our Business at a Glance
- 4 Q&A with Andy Ransom, Chief Executive
- 6 Our 'Big Six' Challenges
- 8 Reasons to Invest



Customer and regulatory requirements are leading to an increasing use of innovative, non-toxic solutions in pest control.

[Find out more on page 10](#)

12 Key Performance Indicators

- 12 Colleagues
- 13 Customers
- 14 Shareholders



myLearning is Rentokil's unique online, e-learning Pest Awareness training platform accessible via PC, tablet and smartphone.

[Find out more on page 16](#)

18 Our Business Model

- 20 Our Culture
- 22 Our Stakeholders



Our Lumnia fly control unit is the world's first to use energy efficient LEDs to transmit UV light in the capture of flies.

[Find out more on page 24](#)

26 Pest Control

- 26 Industry, market and customers
- 27 Global growth drivers
- 27 2019 performance review
- 28 Strategic priorities



We are digitally remastering our frontline service provision to enhance customer service and productivity.

[Find out more on page 32](#)

34 Hygiene

- 34 Industry, market and customers
- 35 Global growth drivers
- 36 Strategic priorities
- 37 2019 performance review

39 Protect & Enhance

- 39 Introduction
- 39 2019 performance review
- 41 Spotlight on Ambius



We are proud to work with collaborative partners who bring specialist expertise to our innovation projects.

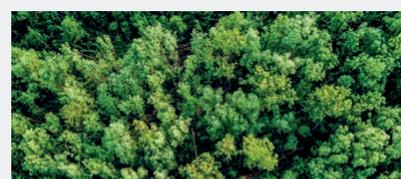
[Find out more on page 42](#)

44 Responsible Business

- 44 Key sustainability priority areas
- 52 Section 172(1) statement
- 53 Governance, trust and transparency
- 54 Non-financial information statement

55 Risks and Uncertainties

60 Viability Statement



We are using unclaimed dividends to launch a fund – called Rentokil Initial Cares – to support good causes around the world.

[Find out more on page 50](#)

[+ The Financial Review on pages 118 to 121 forms part of the Strategic Report](#)

We are using QR codes throughout this document for you to use via your smartphone. Just scan the code to access richer video content.



Corporate Governance



The business has performed well through the clarity of its strategic execution and the enthusiasm and delivery focus of our colleagues. The Board remains highly engaged in all aspects of the business and will continue to work with the leadership team to help ensure future success for all our stakeholders.

Richard Solomons
Chairman

- 62** Chairman's Introduction to Governance
- 64** Board of Directors
- 66** Executive Leadership Team
- 68** Corporate Governance Report
- 81** Audit Committee Report
- 88** Nomination Committee Report
- 92** Directors' Remuneration Report
- 112** Independent Auditor's Report

Financial Statements



We've had another very good year in 2019, with our financial results once again ahead of our three medium-term targets of revenue, profit and cash.

Jeremy Townsend
Chief Financial Officer

- 118** Financial Review
- 122** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 123** Consolidated Balance Sheet
- 124** Consolidated Statement of Changes in Equity
- 125** Consolidated Cash Flow Statement
- 126** Notes to the Financial Statements
- 165** Related Undertakings
- 171** Five-Year Summary
- 172** Parent Company Balance Sheet
- 173** Parent Company Statement of Changes in Equity
- 174** Notes to the Parent Company Accounts

Other Information

- 179** Directors' Report
- 182** Additional Shareholder Information
- 184** Glossary

Financial performance

Ongoing Revenue (at CER) 

£2,644.5m +8.6%

Organic Revenue growth

+4.5% (2018: 3.7%)

Revenue (at AER)

£2,714.4m +9.8%

Ongoing Operating Profit (at CER) 

£365.5m +10.5%

Profit before tax (at AER)

£338.5m +£452.6m

Free Cash Flow (at AER) 

£250.7m 98.6%
Free Cash Flow conversion

2019 full-year dividend

5.15p +15.2%

 KPIs, see more on page 12

Alternative Performance Measures

This Annual Report includes certain financial performance measures which are not GAAP measures as defined under International Financial Reporting Standards (IFRS). These include Ongoing Revenue, Ongoing Operating Profit, Adjusted Profit Before Tax and Free Cash Flow. Management believes these measures provide valuable additional information for users of the financial statements in order to understand the underlying trading performance. Ongoing Revenue and Ongoing Operating Profit measures represent the performance of the continuing operations of the Group (including acquisitions) after removing the effect of disposed or closed businesses. Ongoing Profit and Adjusted Profit Before Tax exclude certain items that could distort the underlying trading performance. Ongoing Revenue and Ongoing Operating Profit are presented at CER unless otherwise stated. An explanation of the measures used along with reconciliation to the nearest IFRS measures is provided in Section E – Alternative Performance Measures on pages 160 to 164.

Our Business at a Glance

Global reach. Local focus.

Rentokil Initial is a global leader in the provision of route-based services which protect people and enhance lives, everywhere. We operate in 90 of the world's 100 leading cities – from Los Angeles to Amsterdam, and Singapore to Auckland. Our core services are pest control and hygiene and we offer a range of smaller specialist services including plants, property care and workwear. We are a multi-local business operating in 81 countries around the world, employing around 43,000 people in 2019.

Pest Control



Rentokil Pest Control is the world's leading international commercial pest control service provider, offering the highest levels of risk management, reassurance and responsiveness to customers.

Operating in 81 countries.

Ongoing Revenue (CER)



£1,700.1m +10.8%

 Find out more on page 26

Hygiene



Initial Hygiene is the world's leading commercial hygiene services provider offering services including the provision and maintenance of products such as air fresheners, sanitisers, feminine hygiene units, hand dryers, paper and linen towel dispensers, soap dispensers and floor protection mats.

Operating in 46 countries.

Ongoing Revenue (CER)



£546.8m +5.8%

 Find out more on page 34

Protect & Enhance



Rentokil Initial offers a range of other route-based services to meet customer needs in plants, workwear, property care, medical and specialist hygiene services.

Operates across four businesses.

Ongoing Revenue (CER)



£397.6m +3.5%

 Find out more on page 39

Revenue figures above and overleaf are at constant exchange rates (CER) and represent Ongoing Revenue from continuing operations and exclude revenue from businesses disposed and closed but include revenue from acquisitions.

Our purpose

Our purpose is to protect people and enhance lives, everywhere. We protect people from the dangers of pest-borne disease and the risks of poor hygiene. We enhance lives with services that protect the health and wellbeing of people and the reputation of our customers' brands.

Rising standards of public health, stricter food safety regulation and the need to comply with workplace safety regulations are driving demand for our service expertise.

As a business we also create value for our shareholders through our economic success.

Our culture

Our culture is characterised as customer focused, commercial, diverse, down to earth and innovative. We have small teams of highly engaged colleagues, trained and incentivised to deliver world-class service. Our business is relentlessly focused from frontline to boardroom on how to keep improving, innovating and executing our strategy, whether through learning and development, the roll-out of innovations or the introduction of industry-leading digital tools.

 Find out more on page 20

Our values

Three core things underpin everything we do.

Service

We are passionate about delivering excellent customer service to every customer, on time and as promised.

Relationships

We value long-lasting relationships with our colleagues and customers and keep them informed about changes that affect them. We listen and act upon people's needs and concerns and are honest and straightforward in our conversations with them.

Teamwork

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

Revenue by region

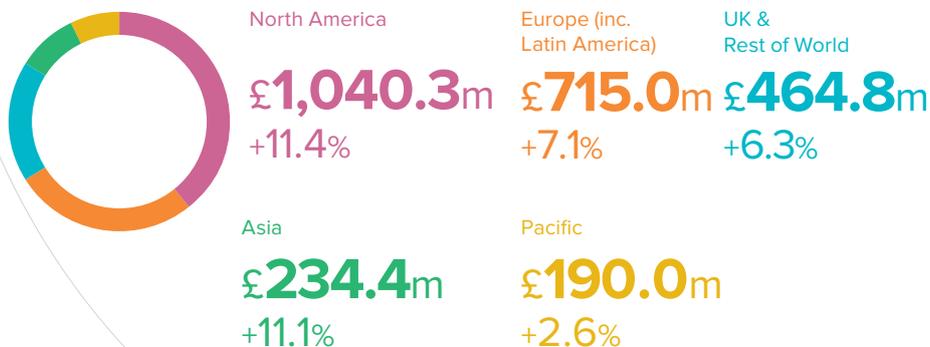


c.90%
service coverage
of global GDP

1,800+
local service teams

81
countries of
operation, including
new market entries
into Uruguay, Jordan
and Sri Lanka

**90 out
of 100**
of the world's leading
cities covered by
our operations



£m	North America	Europe (inc. Latin America)	UK & Rest of World	Asia	Pacific	Total
Pest Control	949.0	288.3	217.6	161.0	84.2	1,700.1
Hygiene	–	192.7	191.5	71.3	91.3	546.8
Protect & Enhance	91.3	234.0	55.7	2.1	14.5	397.6
Total	1,040.3	715.0	464.8	234.4	190.0	2,644.5

Our RIGHT WAY plan

Our **RIGHT WAY** plan divides our business into five geographic regions and three core categories, all operating on a low-cost, single-country operating structure. Since 2014, we have consistently implemented an effective strategy at pace and this has delivered consistent progress against our financial targets.

We are a strong and focused business, operating in higher growth markets, with improving levels of organic growth, reduced capital intensity, high levels of cash generation and a proven and successful M&A capability.

Q&A with Andy Ransom, Chief Executive

Innovation is embedded within our culture



Innovation is part of our culture. It's not just a function, nor just product development, but a way of thinking. All our colleagues are encouraged and empowered to improve and enhance our business performance by innovating. At Rentokil Initial, it's everyone's responsibility.

Andy Ransom
Chief Executive



Q The Company has performed very well again in 2019. What are your highlights for the year?

A The first highlight, a topic always first on our agenda, was our health and safety performance. We recorded our best ever Lost Time Accidents performance at 0.53, and also achieved our five-year target of reducing our emissions by 20% a full year early.

Next, our Organic Revenue growth. At 4.5%, it is the highest rate of annual growth we have seen in 15 years. It reflects good progress in all regions from all business lines, not just in Pest Control. Hygiene continues to perform well, delivering 4.3% Organic Revenue growth in 2019, considerably above our expectations of 2% to 3%. Protect & Enhance also delivered a much improved performance on 2018, up 3.2% Organic Revenue growth. France Workwear, Ambius and Property Care all performed more strongly. At 10.5%, Ongoing Operating Profit delivery this year is above our medium-term target of 10.0%. Finally, we delivered Free Cash Flow of £250.7m: at 98.6%, conversion is considerably above our 90% target.

M&A is again a highlight. We said we would spend in excess of £250m. We spent £316.5m on 41 deals – 30 of which are in Pest Control and nearly half of those in North America. The pipeline looks strong and we are confident of more progress in 2020. All of this is

underpinned once again by good progress across our Employer of Choice people agenda.

Not everything went our way, with disappointing performance in our businesses in India and Singapore. We had issues with fumigation in Australia and Malaysia, which have been addressed but remain a priority focus. Overall, however, the Company is performing well and set to continue to progress in 2020.

Q Why is innovation so important to Rentokil Initial and does it really make a difference?

A It's about three things: a better experience for our customers, a more effective outcome, or a solution at a lower cost. We want to identify new solutions for existing pest control problems or hygiene needs, of course. But we also want to find ways to address new or emerging problems, such as pest migration or air quality, or solve those that no one has yet managed to, such as offering truly environmentally sustainable services.

As well as maintaining our fantastic quality of service, we also need to differentiate our products and services from our competitors' so that customers will come to us knowing we offer the best solution in the market for their needs, whether in pest control, hygiene or our other businesses. This could mean more targeted pesticides or using less or safer chemicals. It could also mean connected

devices to identify and start resolving a problem earlier, or inventing more effective solutions such as using LED lights in our electronic fly traps.

Does it really make a difference? Yes, absolutely. Our customers, especially the largest, tell us that innovation is very important to them. In areas such as environmentally friendly solutions it is something they are asking us for more and more. We have been working hard at this for years now and already lead our sectors in delivery, but this remains a key opportunity.

📖 Find out more about how we innovate at Rentokil in the case studies on pages 10, 16, 24, 32, 42 and 50

Q What sets Rentokil Initial apart from other industry players who also claim to be highly innovative?

A At Rentokil Initial, innovation is part of our culture. It's not just a function, nor just product development. Innovation is a way of thinking and all our colleagues are encouraged and empowered to improve customer service and enhance our business performance by innovating. At Rentokil Initial, it's everyone's responsibility. If any of us see an opportunity to change the way our job is done that results in a better service for customers and/or a lower cost for us to operate, then we are all encouraged and incentivised to do that.

Second, we have a unique dedicated innovation centre in the UK – called the Power Centre – with talented PhD scientists applying great expertise in rodent behaviour, insect behaviour, in IT and design etc. We use all this expertise to prioritise work on the projects we believe will be the most effective and successful. We select them based on what our customers and frontline technicians tell us they need – it's very much a model of customer-driven pull, not central, top-down push.

A culture of performance and innovation across our global footprint, our unique research capabilities applied to real customer needs, and our understanding and readiness to deploy new technologies are what, I believe, set us apart from our competitors.

 [Find out more about our culture on page 20](#)

Q
Isn't there a risk that advances in technological innovation could make much of what your technicians do redundant?

A
With change comes both risk and opportunity. It's our belief at Rentokil Initial that we either innovate or die. We considered whether we should innovate with the intention of leading our industry or whether we should become a fast follower and watch how others innovate and copy them. Not innovating at all is simply not an option. Our conviction is that if we innovate on the right things and in the right way we will continue to lead our industries. We want to innovate where the issues are most complex and challenging, often in the most regulated parts of the industry. This represents a significant opportunity to grow our business and to grow it profitably.

There is an important place for technology and the efficiencies and insights it can bring but we are confident our core businesses will always need skilled, expert people to engage with our customers, understand their needs and find the best ways to meet them.

 [Find out more about digital innovation on page 32](#)

Q
What about innovation and the environment? Does increasing regulation get in the way of what you're trying to achieve?

A
Regulation can be our friend at Rentokil Initial. We operate to the highest ethical and legal standards so when new regulations are brought in, we treat that as an opportunity.

We respond to regulatory standards better and more quickly than most of our competitors, which is an advantage for our customers and our shareholders, as well as our wider stakeholders.



82%

of colleagues agree that our company is innovative



From digital pest control to non-toxic solutions, innovation is at the core of our business.

When it comes to the environment, we are very much at the forefront of creating new greener, cleaner and safer solutions and ways of working that can be at least as effective as current, traditional methods. They are often more efficient for us as well – after all, our 20% reduction in emissions since 2016, for example, is also a 20% reduction in our energy costs, over 80% of which are vehicle fuel, worth over £8m a year. As the leading pest control company in the world, we are therefore embracing this drive for greater sustainability as not only the right thing to do for the planet but also the best thing for our business.

 [Find out more about our approach to running a responsible business on page 44](#)

Q
In which other ways do you innovate across the Group?

A
Rentokil Initial was founded on research-led innovation and this is therefore part of our cultural heritage, going back to a product developed to control an infestation of deathwatch beetle in the Houses of Parliament back in 1920. We have been innovating to service customer needs ever since. I've said how I believe innovation is everyone's job here but let me show you what our people say themselves.

This year we conducted our Your Voice Counts survey of all colleagues. We had a remarkable 90% response rate and, according to colleagues right across our global business, the highest scores were given to innovation, alongside safety culture and clarity of strategy and direction.

Here are just six examples out of many to show how we innovate. We have partnered with Cool Earth to protect almost 1,000 acres of rainforest, preventing the release of carbon into the atmosphere equivalent to our annual footprint. We repurposed unclaimed dividends and shares to create the innovative Rentokil Initial Cares charitable fund. We are leading users of Google apps, including Hangouts calls instead of travelling to meetings and G+ social media to share technical expertise in the field via smartphones. We use the Internet of Things, big data analysis and artificial intelligence to understand pest trends and route our frontline schedules in real time. We created targeted, measurable development and coaching tools for line managers with our Line Manager Index. Finally, we have developed our own OFSTED-approved apprenticeship programme to invest in and create meaningful careers for new colleagues.

 [Find out more about our work with Cool Earth and Rentokil Initial Cares on page 50](#)

Andy Ransom
Chief Executive

Our 'Big Six' Challenges

Our 'big six' challenges...

Like all companies, we regularly assess our strengths and weaknesses and examine closely the opportunities and threats to our business going forward. In this section, we give a brief overview of our 'big six' challenges, with links to further details and financial metrics.

1

Employer of Choice/retention

Our people are our biggest source of competitive advantage and the key to profitable growth. Our challenge is to be an Employer of Choice to drive further improvements in colleague retention across the Group. By retaining and investing in our people, we know we will also improve retention of our customers.

What we said we'd do in last year's annual report

- Attract and retain talent in competitive labour markets; improve colleague engagement, enablement and retention; focus on development and career progression to build strong succession pipelines; maintain our commitment to diversity; and develop talent from all backgrounds.

What we've done this year

- We have made significant improvements in colleague retention and engagement and enablement. All are now ahead of the High Performance norm of 75%.
- The number of colleagues using our U+ online university to complete training modules, both in branch and in the field, has risen by over 30% this year.
- For the third year in a row, there is no material gender pay gap within the UK and female representation across all work levels is rising.
- The Company was recognised in 2019 by Management Today as Britain's Most Admired Company for Diversity and Inclusion and was ranked 9th in the Hampton Alexander Review 2019 report for FTSE 100 Board gender diversity.

Priorities for 2020

- Continue our progress on attracting, developing and retaining the best people around the world from the widest possible pool of talent; focus on career development and progression; invest in the capability of our managers in order to enhance their coaching and development skills; and maintain our commitment to diversity and inclusion. This means gender but also focusing on other elements of diversity such as ethnicity and millennials.

[Find out more on page 46](#)

2

Driving Organic Revenue growth in Pest Control

Pest Control grew organically by 4.9% in 2019. Our challenge is to drive sustainably higher rates of organic growth across the business, in particular in North America, where we have set targets for revenue (\$1.5bn) and margin (18%) by the end of 2021.

What we said we'd do in last year's annual report

- Grow revenue and margin in North America; leverage our exposure to Emerging markets; deploy innovative products and services to enhance customer service, and support upsell and retention; increase digitalisation of services and productivity tools; develop our online platform to drive new business; and maximise our capability in global accounts.

What we've done this year

- We have delivered 4.5% Organic Revenue growth in North America and margin of 14.2%; and 4.9% Organic Revenue growth in Emerging markets. Revenue from innovations continues to be significant, for example, with sales from Lumnia, the world's first LED fly trap, rising by 32% and the number of PestConnect devices installed across our portfolio growing by 56%.
- Currently 96% of our commercial customers use the myRentokil online portal and visits to our websites increased by 30% to 27.4 million.
- Global Accounts increased revenue performance by 25%, reflecting new contracts and additional business from existing customers.

Priorities for 2020

- Target higher-growth pest opportunities (notably mosquitoes and bed bugs); continue to deploy product and service innovations and digital applications; utilise our brand and digital marketing to raise market presence; and grow global accounts.

[Find out more on page 28](#)

3

Building our Hygiene business

Hygiene has had a very good year, growing organically by 4.3%. Our challenge is to build the business into a second powerhouse to Pest Control by driving growth and yield management further and expanding into higher-growth business lines such as premium scenting and wellbeing.

What we said we'd do in last year's annual report

- Build greater postcode density through targeted selling and acquisitions; enhance product penetration by encouraging customer take-up of multiple service lines, and new product and service differentiation; develop wellbeing propositions in the global air care market; and review opportunities in route-based service and product extensions.

What we've done this year

- We have acquired eight new Hygiene businesses, building a strong presence in Emerging markets including Indonesia, Malaysia, Chile and Colombia.
- We launched a range of environmentally friendly hand soaps and new fragrances within our air care range. We are in late-stage development with our first range of digital washroom products, including a connected soap dispenser to track customer usage. We are piloting other product and service extensions including a first aid service solution involving the provision of first aid kits, defibrillators and eye wash solutions to customers.

Priorities for 2020

- Make acquisitions to build density; deliver excellent customer service to drive retention and upsell; deliver innovative products and services to drive range and volume in customer premises; and broaden our portfolio to include air, first aid and Ambius (wellbeing).

[Find out more on page 36](#)





Rentokil

The Experts in Pest Control

4

M&A execution

We have had another very successful year of M&A in 2019. Our challenge is to maintain a strong pipeline of high-quality opportunities in an ever-more competitive market, and to integrate acquisitions quickly and effectively.

What we said we'd do in last year's annual report

- Continue to identify, purchase and successfully integrate high-quality bolt-on targets, particularly pest control businesses in Growth and Emerging markets, and appropriate new market entries. Continue to assess the merits of larger acquisitions. Maintain effective governance and review processes to control risk, build M&A capability and ensure rigorous returns from investment.

What we've done this year

- We acquired 41 businesses with annualised revenues of £137m (30 Pest Control, eight Hygiene, three Ambius).
- We completed 16 deals in key North America market with revenues of c.£101m, including Florida Pest Control, a top 20 pest control business with annualised revenues of c.\$66m (c.£50m).
- First-time entry in Uruguay, Jordan and Sri Lanka.
- Our recent investment in M&A continues to perform at or above our required hurdle rates.

Our priorities for 2020 and beyond

- Continue to execute a differentiated and disciplined approach to capital investment and M&A, with clear IRR hurdles by business line. Continue to seek acquisitions in higher-growth pest and hygiene markets. Our pipeline of M&A prospects remains strong and we would expect to spend in the region of £250m in 2020.

📄 Find out more on pages 28, 31, 36 and 38

5

Creating value through product and service innovations and digital applications

Innovation is a core component of growth for the business. Our challenge is to deploy product and service innovations and digital applications to enhance customer service, support upsell and maximise customer retention.

What we said we'd do in last year's annual report

- Continue to harness digital opportunities, using connected products and extranet portals; deploy low-cost mobile devices and apps to improve service, productivity and safety, and identify opportunities to automate back-office functions. In innovation, expand Lumnia, roll out RapidPro and expand mosquito solutions.

What we've done this year

- We expanded our Lumnia insect light trap product range to include Lumnia Colour and Lumnia Slim. Developed three new digital rodent sensing devices and introduced a new user interface for myRentokil which expands our reporting capability.
- We introduced Command Centre, providing our customer-facing teams with unrivalled data and insights. In Hygiene, acquired further connected device capability via Rapid Washrooms, integrating it in readiness for the refreshed range being launched in 2020.
- We added a new range of soaps, including an environmentally friendly option.

Priorities for 2020 and beyond

- Develop products targeted at key sectors and with potential for non-toxic solutions (i.e. Multi Radar rodent unit); launch Eradico, our new Global Bait Box; further expand Lumnia range; and develop digital solutions for crawling and flying insects (i.e. Bed Bug Connect and Crawling Insect Connect). Evolve digital activity leveraging current and new technology (including myRentokil, PestConnect and Command Centre). Develop and launch new hygiene solutions, including our Rapid Smart washroom solution alongside new air enhancement and air purification solutions.

📄 Find out more on pages 30 to 33

6

Managing a responsible business

While not a new topic for us, we are for the first time in this Annual Report introducing responsibility as a sixth big challenge. Our challenge is to ensure that colleagues have safe and fulfilling work lives, create a diverse and engaging workplace, support customers by developing and delivering products and services responsibly, support communities and benefit the environment by acting in the most effective manner.

What we've done this year

- We delivered a 16% improvement in Lost Time Accidents and 26% reduction in Working Days Lost, making 2019 our safest year on record.
- We reduced our carbon emissions per £m revenue by a further 3.7%.
- We achieved our five-year target for an emissions intensity reduction of 20% – one year ahead of target.
- Our Lumnia range was awarded The Planet Mark for carbon emissions reduction of 62% versus traditional units.
- We introduced a new environment plan with seven work streams including vehicles, property, non-toxic products and waste.
- We set a new long-term ambition to achieve net zero carbon emissions ahead of the UK Government's 2050 target.
- We were awarded the title of Britain's Best Workplace in the private sector by the world's largest job site, Indeed.

Priorities for 2020

- Maintain our world-class safety performance; build upon the success of our Employer of Choice programme; begin to execute our global environment plan across seven work streams; extend our commitment to electric vehicles; support the work of Cool Earth to prevent deforestation; and continue to implement appropriate policies, programmes and initiatives designed to promote diversity at all levels of the organisation.

📄 Find out more on page 44

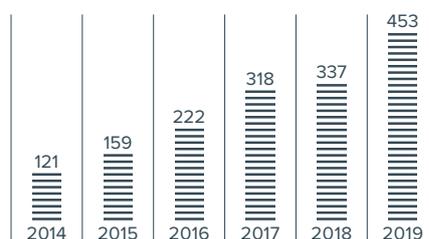
Reasons to Invest

We believe that Rentokil Initial represents a compelling, compounding growth opportunity for investors

Rentokil Initial plc is a strong, global business with leading positions in structural growth markets. We see excellent opportunities to consolidate our positions in existing markets, enter new markets and lead the industry through differentiated investment into product and service innovation and disciplined and accretive M&A. Our strategy, culture of outperformance and consistent business model allows us to deliver strong and sustainable value for our shareholders. We set out our principal reasons to invest below.



Share price (p)



1

We are a leader in our chosen, structural growth markets across three core categories, generating strong and sustainable levels of organic growth and high returns. Rentokil is the world's leading international commercial pest control business and our principal engine for growth. We are the brand leader in the industry and believe we possess unrivalled technical expertise. Initial is the global leader in commercial hygiene services with a focus on service quality to grow market share and drive management and back office synergies with other business lines.

Find out more:

- Pest Control business on pages **26 to 31**
- Hygiene business on pages **34 to 38**
- Protect & Enhance businesses on pages **39 to 41**

2

We are focused on being an Employer of Choice with a unique culture and business model supporting and rewarding sustainable growth. We rely on the commitment and ability of our colleagues to deliver the highest levels of service. At the very heart of a great customer experience are passionate colleagues, so we strive to be an Employer of Choice, engaging and investing in our colleagues, recognising and rewarding effort, being open to talent from diverse backgrounds and offering great career progression.

Find out more:

- Culture on pages **20 and 21**
- Our responsible business approach and how we measure it on pages **44 to 54**

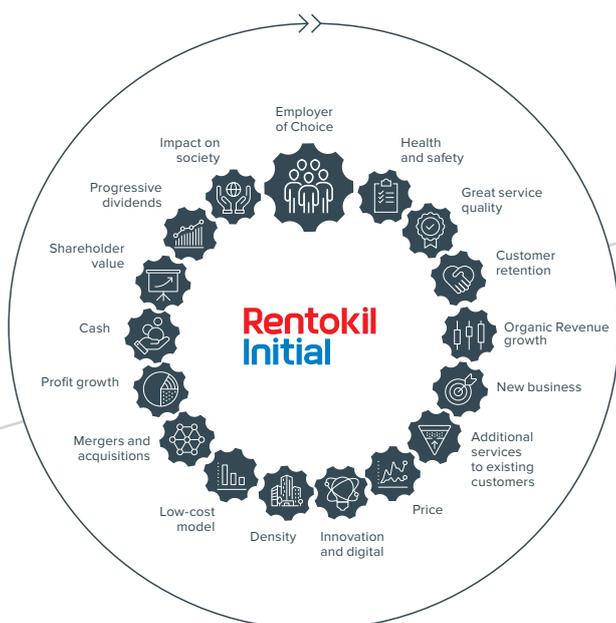
3

We have a strong track record of revenue and profit growth, generating high returns, strong cash flow and a strong credit rating. Since February 2014, we have implemented an effective and consistent strategy – called our **RIGHT WAY** plan – at pace and this strategy has delivered consistent progress against our financial and growth targets.

Find out more:

- KPIs and their link to strategy on pages **12 to 15**
- Financial Review on pages **118 to 121**





4

We have a virtuous circle business model which consistently reinvests and compounds our growth. It is predicated on delivering growth organically and through targeted M&A. This leads to increased density which is directly correlated to improved gross margins. The consistency of our performance allows reinvestment in our business. Combined with our low-cost, resilient operating model, this drives strong profitable growth and sustainable Free Cash Flow, which we deploy into our financially disciplined M&A programme and operational investment, and into maintaining our progressive dividend policy.

Find out more:

[Our Business Model on pages 18 and 19](#)

5

We have a fundamental understanding of density to consolidate our positions in existing markets and drive margins. Our investment and margin-based sales incentives for colleagues prioritise increasing route density through Organic Revenue growth with the most profitable customers and bolt-on acquisitions.

Find out more:

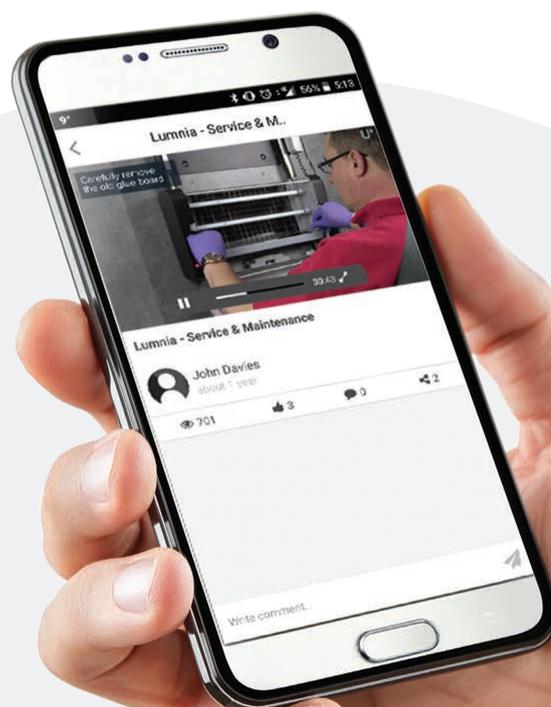
[Acquisitions in Pest Control on page 31 and in Hygiene on page 38](#)

6

We see considerable opportunities for broader-based growth as we enter new markets, drive innovation in product and service innovation and deploy digital applications.

Find out more:

[Global growth drivers for Pest Control on page 27 and Hygiene on page 35](#)
[Innovation case studies on pages 10, 16, 24, 32 and 42](#)





NON-TOXIC
INNOVATION

Say hello to cockroaches' worst nightmare



It may look pretty sinister, but this microscopic image of a conidial fungus spore is changing the face of bio-pesticides.

This new entomopathogenic fungi, developed by our Global R&D Centre, uses fungal spores that attach to the external body surface of cockroaches and then germinate and bore through the outer shell to reach the body cavity, multiplying and eventually killing the insect.

Unlike traditional chemicals, pests cannot develop resistance to spores. This means that we are able to get closer to solving a long-standing problem with insect pests learning to adapt to chemicals and pass on resistant genes. It's a great example of how innovative, chemical-free solutions are being developed that combine higher levels of efficacy with reduced environmental impact.

Find out more at rentokil-initial.com



This is an exciting time for innovation because significant technological advances are enabling us to develop non-toxic solutions that are more targeted and effective than current chemical solutions.

Sophie Thorogood
Group Entomologist

360m

The number of years cockroaches have been in existence. They are believed to pre-date dinosaurs

22+

known human pathogens are transmitted by cockroaches

200+

known species of cockroaches, the most common being German and American cockroaches



Stringent legislation regulating the use and development of biocidal products and consumer concerns over the effects of pesticide overuse on the environment are driving the creation of safer, greener and cleaner non-tox solutions.

Mike Wood
Head of Innovation
& Field Support

Key Performance Indicators

●●● Very strong progress ●● Strong progress ● Good progress ● Further work required ● Disappointing progress



Colleagues

Ensuring everyone goes home safe

Lost Time Accident (LTA) rate ●●●

0.53 16% improvement on 2018

2019	0.53
2018	0.63
2017	0.58
2016	0.63
2015	0.76

LTA rate defined as number of Lost Time Accidents per 100,000 standard working hours.

Working Days Lost (WDL) rate ●●●

10.99 26% improvement on 2018

2019	10.99
2018	14.77
2017	11.65
2016	16.14
2015	19.59

WDL rate defined as number of Working Days Lost as a result of LTAs per 100,000 standard working hours.

Link to strategy

- As a service organisation, our people make our Company what it is.
- Our priority is ensuring everyone goes home safe.
- Health and safety is the first agenda item in all senior management meetings (including Executive Leadership Team and Board).

Link to remuneration

- Both LTA and WDL rates are part of the personal objectives of the Chief Executive and impact the level of annual bonus achieved.

Commentary on performance

- 2019 has been our best year on record, achieving all-time low rates of 0.53 for LTA (16% lower than 2018) and 10.99 for WDL (26% lower than 2018). All our regional operations, with the exception of Europe, have LTA rates at world-class levels (<1.0). Our best performance was in our largest region, North America.
- In May 2019, we won the prestigious award for International Risk Initiative of the Year by the International Institute for Risk and Safety Management, for the implementation of our SHE Golden Rules programme across 39,000 colleagues in more than 75 countries. In addition, our UK business was awarded a gold award from the Royal Society for the Prevention of

- Accidents for the second year running. This award recognised our excellent health and safety capability and performance.
- In the year, we implemented a new SHE Golden Rule on electrical safety to address emerging risks that led to two major incidents, one fatal, in 2018. An awareness campaign and implementation of new safer working practices around high voltage areas were successfully rolled out globally.
 - On vehicle energy, we also extended our engine control unit (ECU) remapping programme in Europe and Pacific to increase fuel efficiency and we have initiated trials of electric vehicles in several countries. We have also improved the quality of energy efficiency target setting and monitoring, especially in our top 13

- countries which represent approximately 80% of our vehicle emissions. Our total emissions intensity reduced by 3.5% in 2019. Vehicle fuel emissions represented 83% of total emissions in 2019.
- Regrettably, there were two fatal incidents in 2019, both road traffic incidents involving third parties. In the US, one of our vehicles slid in icy road conditions, colliding with the vehicle in front which was pushed into oncoming traffic resulting in the death of the driver, and in Colombia one of our technicians was riding his own motorcycle and collided with the rear of the truck in front. This reinforces the priority we continue to place on driving safety.

Employer of Choice

Sales colleague retention ●●●

85.3% +3.2% points

2019	85.3
2018	82.1
2017	77.3
2016	78.2
2015	76.8

Defined as total sales and service colleagues retained in year as a percentage of sales and service headcount at start of year. Your Voice Counts (YVC) trend score analysis.

Service colleague retention ●●●

86.1% +1.0% points

2019	86.1
2018	85.1
2017	76.0
2016	84.8
2015	81.9

Link to strategy

- We invest in training and development to ensure that our colleagues' expertise is unrivalled.
- We recruit, appoint and promote on merit.
- We listen to our colleagues via YVC surveys and act on feedback to make improvements.
- By retaining our people, we also retain and build deeper relationships with our customers, which underpins our organic growth.

Link to remuneration

- Performance Share Plan (PSP) performance condition and annual bonus personal objectives.

Commentary on performance

- Total colleague retention (on a 12-month rolling basis to December 2019) was 86.9, a 3.7 percentage points improvement on 2018.
- Our Global Recruitment Portal spans 17 markets. 92% of global vacancies now go through the site and over 95,000 people visited the site this year, an increase of over 1,000% from 2017, resulting in an increase of applications of over 200% and a conversion rate of 24% (best practice conversion is around 20%).

- We continue to raise the bar in our industry for the quality of our training and development programmes and in 2019 developed c.800 online training courses and videos, an increase of 63% on 2018, resulting in approximately 1.8 million views of training content, up 41% on last year. Use of our U+ digital learning platform grew strongly in 2019, with active users hitting 30% for the first time and the average number of content views per colleague per month growing 37%.
- We have also seen a large increase in mobile and video usage, with video now accounting for 34% of all U+ views and 32% of U+ sessions now accessed through a mobile device.

- Project 365 is focused on improving short-term retention – 0-6 months and 6-12 months – and we have made further encouraging progress this year, particularly in sales colleague retention which at 82.8% and 87.5%, is an increase on 2018 of 2.9 and 3.1 percentage points respectively. Total service colleague retention improved by 1.0% to 86.1%, with significant progress made in all regions.
- We believe line manager quality is vital to retaining colleagues and we have targeted resources to improve standards. As well as very positive candidate and manager feedback, we saw double the rise in Engagement and five times the rise in Enablement in the areas we targeted.



Shareholders continued

Achieving greater profitability

Medium-term financial target: Ongoing Operating Profit growth of c.10%

Ongoing Operating Profit growth at CER

+10.5%

Year	Percentage
2019	10.5
2018	13.6
2017	14.4
2016	14.0
2015	11.4

Defined as operating profit at CER from the ongoing operations of the Group including acquisitions after removing the effect of disposed or closed businesses. Ongoing Operating Profit is an 'adjusted' measure and is presented before amortisation and impairment of intangible assets (excluding computer software) and one-off items.

Target and key activities

Further year-on-year improvement in Group Ongoing Operating Profit

Improvement in Group Net Operating Margin

Improvement in Net Operating Margins in Pest Control and Hygiene

Above-the-line restructuring costs maintained at below £10m

Performance

10.5% Ongoing Operating Profit growth, in line with target

20 basis points improvement in Net Operating Margin at 13.8%

20 basis points improvement in Pest Control at 18.0% (50 basis points improvement in North America margin to 14.2%), 40 basis points improvement in Hygiene at 17.8%

Restructuring costs of £7.5m (2018: £7.2m), consisting mainly of costs in respect of initiatives focused on driving operational efficiency in all regions

Progress in 2019

●●●

●●●

●●●

●●●

Link to strategy

Our objective is to deliver sustainable profit growth through reductions in central and regional overheads and restructuring costs and by improving service productivity, pricing and margins.

Link to remuneration

Profit targets are one of the Company's performance elements of the annual bonus which covers the Executive Directors and managers across the Group and impacts the level of annual bonus achieved.

Delivering sustainable Free Cash Flow

Medium-term financial target: Free Cash Flow conversion of c.90%

Free Cash Flow conversion

98.6%

Year	Percentage
2019	98.6
2018	94.2
2017	87.0
2016	87.1
2015	108.5

Defined as Adjusted Free Cash Flow divided by Adjusted Profit from continuing operations attributable to equity holders of the Company (further adjusted for any post tax profits and one-offs from the CWS-boco International GmbH associate), expressed as a percentage.

Target and key activities

2019 Free Cash Flow conversion target 90%

Net debt

Fully funded pension scheme

Standard & Poor's credit rating

Performance

£250.7m Free Cash Flow representing 98.4% conversion

£80m decrease in net debt at £1,073m, post proceeds from the sale of our stake in the CWS-boco joint venture in July

The buy-out and wind-up of the Company's pension plan is on track to complete in 2020 with an estimated cash surplus of c.£30m to be returned to the Company on completion

Maintained at BBB Stable Outlook

Progress in 2019

●●●

●●●

●●●

●●●

Link to strategy

We are a highly cash generative business and, after dividend and interest payments have been made, we reinvest our cash into the business for future growth through people, technology and M&A.

Link to remuneration

Free Cash Flow is a gateway target for the annual bonus which covers the Executive Directors and managers across the Group, failure to meet this target results in no bonus being payable regardless of how well the Company performs against revenue and profit targets.

LEARNING
INNOVATION

Our dedicated platform – empowering our people

U+



Communication and engagement with colleagues is increasingly undertaken digitally, with the majority of our people now using company smartphones and mobile technology to support their development. U+ is Rentokil Initial's highly innovative in-house learning and development 'university' which delivers programmes through various channels including online courses via the U+ portal and bespoke training modules for specific roles.

U+ is accessible globally to all colleagues across Rentokil Initial and is available in over 30 languages. The platform is available across desktops, mobile and the U+ app. Just under a third of all U+ training sessions are accessed via a mobile device.



32%

of U+ sessions are accessed via a mobile device

33%

of views are short YouTube-style videos and animations



U+ uses new learning techniques such as video and gamification rather than longer and more traditional e-learning courses. Our U+ app has been integrated with our customer service app to enable our frontline colleagues to seamlessly access relevant content and training at the point of need out in the field.

Our U+ platform gets very high usage by all employees, with 1.8 million views in 2019. On average, every colleague in the world accesses U+ at least once a week – and this is much higher among our frontline field-based teams.

Our Business Model

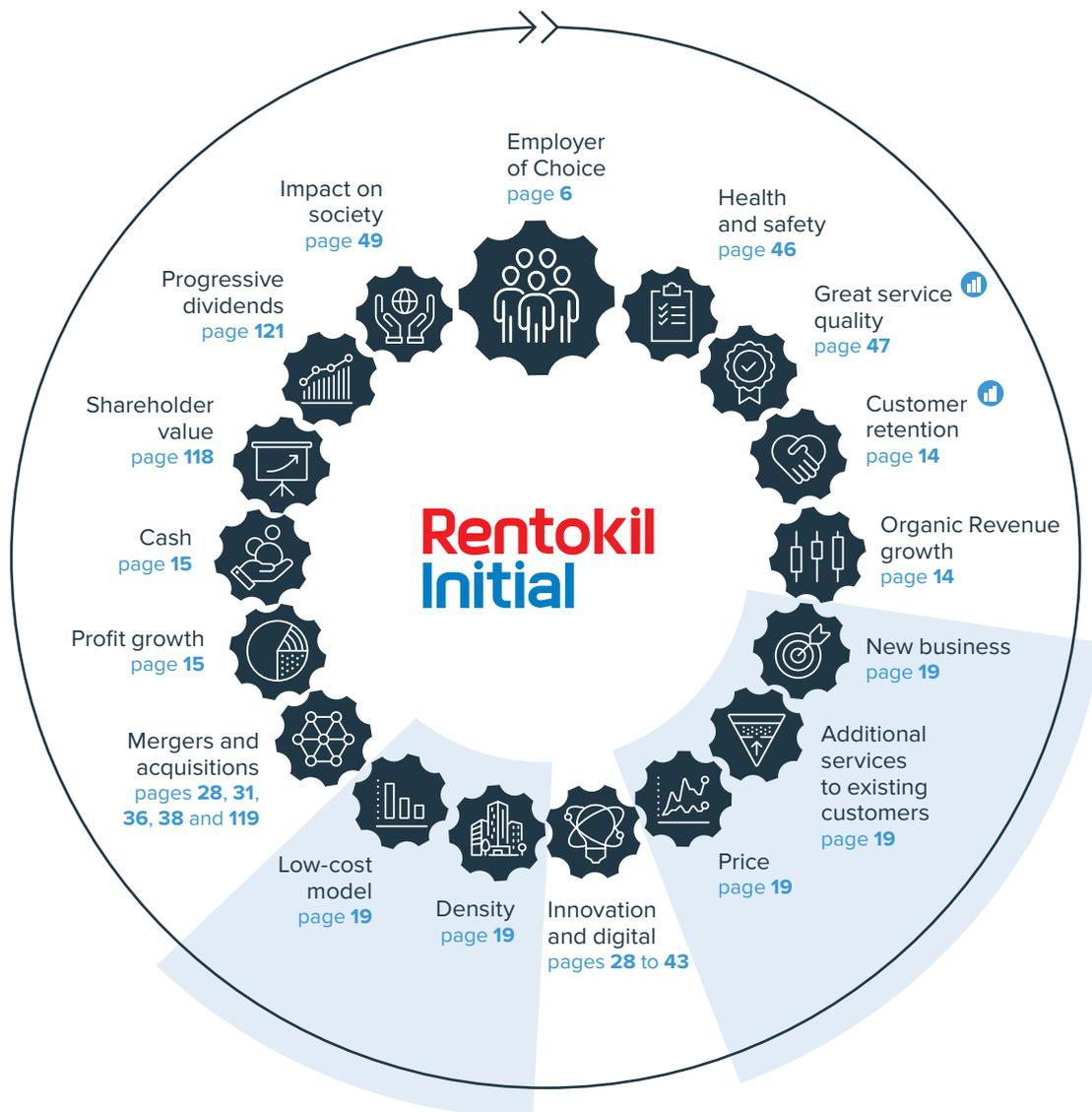
We're a people business; 43,000 experts protecting people and enhancing lives

We have a clear and simple geographic model in which our businesses are grouped into five strong regions. Operating in 81 countries, c.90% of our revenues are derived from outside of the UK.

Our single-country management teams lead integrated, multi-local and multi-service operations with combined back office functions underpinned by shared systems and processes such as route optimisation and measurement of customer satisfaction. A benefit of our model is a natural resilience to fluctuations in the economic cycle in individual markets, and geopolitical and trade risks due to our local market operations.

We refer internally to our operating model as our 'machine'. Each of the cogs are inter-related and measured consistently at Group, business, country and branch level. The most important element is our people. By getting it right for our people we provide a better service, retain more customers, sell additional services and ultimately create shareholder value. Our success is driven by focused, consistent execution.

More information on all components of our business model is available in this report and is signposted in the diagram below. We have also provided further explanatory text overleaf on the five components shaded in blue in the graphic below.



- See page 55 for more details of our risk management approach
- Our **RIGHT WAY** plan is described on page 3. The medium-term strategic priorities for Pest Control and Hygiene can be found on pages 28 and 36

More information

 Key Performance Indicators on pages 12 to 15

 rentokil-initial.com



New business

We generate new business in a number of ways. Our sales specialists are responsible for identifying potential new customers, to whom they can introduce our services, through carefully targeted activities and campaigns. We also rely on our service technicians to generate new business leads during their day-to-day activities. With existing customers we use our knowledge of their needs and requirements to expand our offer into additional value-added products and services. We also invest in our online marketing capability to drive new business through digital channels and our websites across the world.



Price

As the world's leading international commercial pest control business, we are a premium service provider and this reflects the training and skills of our technicians, our expertise borne out of over 90 years in the industry and the insights we have gained by operating in over 80 countries around the world. Circa 70% of our revenues are contracted and in most regions we are able to increase prices in line with inflation to address inflationary cost increases and wage inflation.



Additional services to existing customers

Annual Pest Control, Hygiene and Ambius contracts are structured around a series of scheduled customer call-outs, during which our technicians carry out essential services. Contract prices are determined by the number of visits and services taken by each customer. Additional revenues can be gained through the recommendation of further products and services which our technicians consider necessary for the protection of our customers, and we describe this as upselling to the portfolio. An example in Pest Control could be blocking up open vents in building walls, or fitting bristle strips underneath external doors to prevent unwelcome pest entry. We want to ensure that no customer need goes unmet.



Density

Density is fundamentally important to our strategy. Route density is key – with greater density comes higher margins – and our strategy of acquiring bolt-on businesses to infill locally is central to this. We achieve density in two ways. First is what we call postcode (or zip code) density – this means servicing as many customers as you can in a tight geographic zone. The second is customer penetration – and this involves selling multiple service lines to customers. Much of what we do is to make recommendations to customers about potential services and products which we believe they require.



Low-cost model

Our low-cost operating model is focused on country-based management teams with shared properties and back offices. We focus our cost base on servicing our customers and minimising other costs – hence a focus on service productivity and investing in efficient back office systems and processes. Circa 90% of variable service costs are colleagues and vehicles. The use of digital technologies is transforming our business by differentiating our services or routing our drivers to customers more efficiently.

Our Culture

Underpinning everything we do is our one Rentokil Initial culture

It is a one team mentality with a common purpose and set of values, focused on delivering a great customer experience. Our culture is characterised as customer focused, commercial, diverse, down to earth and innovative. We measure the five characteristics of our culture across our world. The results of our 2019 Your Voice Counts (YVC) global colleague engagement survey are shown here alongside a comparison with the 2017 survey.

We operate a multi-layered approach to analysing and measuring changes within our workplace culture through internal and external sources. In addition to the main measures outlined in this section, we also take account of other measures including diversity, colleague retention, compliance training, and health and safety which are detailed on pages 46 and 47.

Culture model

Our culture model includes our purpose and values, five core culture themes and the ways in which we measure, monitor and report on culture.



Customer focused

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

Commercial

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

Diverse

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

Down to earth

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

Innovative

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

Measuring our culture

We measure our culture in two ways. Firstly, using analysis of our internal Your Voice Counts (YVC) colleague survey results, mapped to each of the five core culture themes in our culture model to provide a score and trend for each at a Group, functional and regional level. We have also identified 12 questions (listed below) in the survey to create a Core Culture Index.

- There are good opportunities for me to learn and develop at this company.
- I am treated with respect as an individual.
- This company cares about the health and wellbeing of colleagues.
- This company is innovative in developing new products and services.
- This company is open and honest in its communications to colleagues.
- This company has a clear sense of direction.
- I have trust and confidence in this company's senior management team.
- I have trust and confidence in my manager.
- This company understands and appreciates differences among employees.
- I have a good understanding of our company's values.
- I feel proud to work for this company.
- I would recommend this company to others as a good place to work.

Secondly, we use external independent sources, such as our ratings on the job website Glassdoor. Our ELT and Board review our performance on culture and workforce engagement at least twice a year.



Core Culture Index results

The Core Culture Index and themes are reported with trends every YVC measurement cycle.

In 2019, our Core Culture Index improved by 1 percentage point to 80%, with all regions improving except for Asia, which declined by 1 percentage point from a very high base. The UK and Latin America businesses both improved by 4 percentage points.

Our strongest cultural characteristics in the views of colleagues are diverse, innovative and customer focused. The most improved scores were in the UK with customer focused increasing by 7 percentage points and in Latin America with the innovation theme increasing by 6 percentage points.

Your Voice Counts 2019 scores (and trend versus 2017)	Rentokil Initial overall (% favourable)
Customer focused	82 (+3)
Commercial	81 (+2)
Diverse	84 (+1)
Down to earth	77 (+1)
Innovative	82 (+2)
Core Culture Index	80 (+1)

External perspective

In line with best practice, we also report third party analysis from the global recruitment site Glassdoor. As at 31 December 2019, our 'Company Overall' rating was 4.4 (out of 5) and 'Culture and Values' rating was 4.3 – both significantly ahead of the Glassdoor average of 3.5 and 3.3 respectively. In the UK, Rentokil Initial was ranked #1 in the Indeed Top Rated UK Workplaces award (November 2019).

	Glassdoor average	Rentokil Initial
Senior leadership	3.2	4.3
CEO approval	71.4%	93.0%
Career opportunities	3.0	4.3
Compensation and benefits	3.1	4.2
Recommend to a friend?	63.4%	87.0%
Work life balance	3.4	4.1
Positive business outlook	50.0%	83.0%
Culture and values	3.3	4.3
Overall rating	3.5	4.4



Back to school

Rentokil Initial's mission of protecting people and enhancing lives was at the heart of a visit to a primary school by 22 colleagues in Vietnam to show pupils and teachers how to minimise the risk of contracting diseases like dengue fever, which are spread by mosquitoes. In addition, the team raised funds for the school to buy notebooks and pencils.



Passion for communities

Our team in Chennai, India, held a series of feminine hygiene awareness events to educate young women on the hygienic disposal of sanitary waste and to raise awareness about the harmful environmental consequences of improper waste disposal. The talks were attended by 700 students. The presentation was also given to 740 of our customers' employees who work in the technology and food manufacturing industries.

Designed to perfection

AmericanHort is North America's largest organisation of landscaping and horticultural professionals and Ambius once again showed its leading design capabilities to meet our customer needs by winning over half of the awards in 2019 – with 16 Platinum and 23 Gold Awards. Installations ranged from living green walls and moss walls to major renovations and spectacular holiday designs.



Safety first

In 2019, a customer in South Africa was transporting pine logs by cargo ship to India, which required fumigation before arrival. The vessel stopped in Durban where our teams – which had taken about three months to prepare for the fumigation job – boarded the vessel. After a site risk assessment, the fumigation took place. The job was completed by four specialist teams with gas readings taking place every four hours for 24 hours. Following a thorough venting process, including the use of industrial extraction fans, the vessel was inspected and given the all clear to sail for India. On arrival, a local Rentokil team boarded the vessel and undertook further safety checks.

Our Stakeholders

Understanding expectations

Our business, its strategies, processes and behaviours are influenced by the needs of our stakeholders. We recognise the importance of their views and actively engage with our stakeholder groups across the world to fully understand and act upon their issues and concerns.

We have a broad range of stakeholders who influence or are affected by our day-to-day activities, and have varying needs and expectations. Our aim at Rentokil Initial is to engage effectively with all our stakeholder groups to develop and maintain positive and productive relationships.

In 2019, we conducted a stakeholder mapping exercise (described on page 76) to ensure that the groups that we have identified as key stakeholders remain appropriate. The Company has other wider stakeholders, key partnerships or business relationships, such as the general public, government and regulators, and industry bodies. However, we identify our key stakeholders as colleagues, investors, customers, suppliers and the communities in which we work. We consider the environment in relation to all our key stakeholder groups but include it principally as part of our consideration and engagement with communities. We approach stakeholder engagement at a global, country and local level to ensure that all our stakeholder groups have access to information about our business and activities and are able to identify issues which are important to them.

More information on our responsible business approach can be found on pages 44 to 54. We also produce a separate Responsible Business Report which is available on our website at rentokil-initial.com.

222

meetings and calls with shareholders during 2019

6

investor roadshows and conferences in 2019

Colleagues by region

North America	8,624
Europe	6,846
Latin America	1,857
UK & RoW	7,770
Asia	15,624
Pacific	2,212
Total	42,933



Colleagues

We employ approximately 43,000 colleagues in over 80 countries. Our colleagues are those who are directly employed by us, which excludes contractors.

Key issues for stakeholder

- Health and safety
- Training and career development
- Tools to do the job
- Wellbeing
- Reward
- Culture and values
- Community support

Why we engage

We rely on the skills, experience and commitment of our people to meet our business goals.

Impact/value created

We aim to become a world-class Employer of Choice providing a safe working environment and development opportunities.

- Pay and benefits to colleagues
- Training and development opportunities

Methods of engagement

- Your Voice Counts employee survey every two years and periodic pulse surveys
- Annual personal development reviews and line manager training
- The **RIGHT WAY** magazine published online quarterly
- Intranet
- Quarterly global internal update by the Chief Executive
- Speak Up ethics hotline
- Conferences, town halls and senior executive updates organised by individual businesses
- Works councils including an annual EU Forum meeting

Measurements

We measure our impact by monitoring our total headcount, diversity, the amount of new online training content made available and online learning views, the talent pipeline of graduate and apprenticeships, and our Core Culture Index. We also monitor external ratings such as Glassdoor. The following key performance indicators relate to our colleagues, with full details on page 12.

- 📊 Lost Time Accidents
- 📊 Working Days Lost
- 📊 Sales colleague retention
- 📊 Service colleague retention



Customers

Our customers range from global food producers to hotel chains and industrial goods businesses and restaurants to individual residential customers.

Key issues for stakeholder

- Health, safety and sustainability
- Expertise and service quality
- Innovation
- Digital portals
- Transparency
- Quality assurance and insights
- Cost
- Regulatory compliance

Why we engage

The Company's purpose is to protect people and enhance lives, and in a service industry we succeed or fail by the quality of the service we offer our customers.

Impact/value created

- Brand value
- Regulatory compliance (food safety, health and safety, etc.)
- Sustainability

Methods of engagement

- Management of ongoing customer relationships
- Customer satisfaction surveys/CVC (NPS)
- Participation in industry forums and events, thought leadership, e.g. the Global Food Safety Initiative
- The Annual Report
- Industry-focused publications
- Websites
- Innovation showcase, e.g. the Power Centre
- Provision of training for customers' staff

Measurements

We measure our impact by monitoring our net gain and portfolio development, operating margin and density, and opportunity pipeline. We also monitor external ratings and measurements such as Trustpilot. The following key performance indicators relate to our customers, with full details on pages 13 and 14.

- 📊 Ongoing Revenue growth
- 📊 Ongoing Operating Profit growth
- 📊 State of Service (SoS)
- 📊 Customer Voice Counts (CVC)
- 📊 Customer retention

More information

- Our responsible business approach (including performance summary) on pages **44 to 54**
- Section 172(1) statement on page **52**
- Board engagement with stakeholders on page **76**
- 📊 [Key Performance Indicators on pages 12 to 15](#)
- 📄 rentokil-initial.com/responsible-delivery



Shareholders

Our shareholders range from global investment funds and institutions based primarily in the UK, North America and Europe, to small private investors, who are often current or former employees.

Key issues for stakeholder

- Growth in revenue (organic/M&A) and profit
- Cash flow and returns, e.g. dividends
- Brand and market leadership
- Innovation and digital differentiation
- Consistent execution of **RIGHT WAY** strategy
- Environmental, social and governance (ESG) performance

Why we engage

Our investors are the owners of the business. Continued access to capital is vital to our long-term performance. We want our investors and investment analysts to have a strong understanding of our business, strategy and performance, and to understand their priorities.

Impact/value created

We aim to generate long-term profitable growth to help deliver value for our shareholders.

- Internal rate of return
- Earnings per share
- Compounding model
- Dividends
- Free Cash Flow

Methods of engagement

- Institutional investor meetings
- Capital Markets Days
- Investor roadshows
- Annual General Meeting
- Correspondence with retail shareholders
- The Annual Report
- Corporate website
- Results presentations
- Our Responsible Business Report

Measurements

We measure our impact by monitoring our share price and reviewing analyst notes on us. The following key performance indicators relate to our shareholders, with full details on pages 14 and 15.

- 📊 Ongoing Revenue growth
- 📊 Ongoing Operating Profit growth
- 📊 Free Cash Flow conversion



Communities

Our communities are those who live in areas where we work, such as local residents, non-target species, businesses, schools and charities.

Key issues for stakeholder

- Jobs and investment
- Contribution to public health and safe environment
- Environmental impact

Why we engage

We respect the communities in which we operate and employ people, but we also accept a wider responsibility to key communities and environments around the world.

Impact/value created

We partner with charities and community initiatives in communities where we operate and aim to minimise our environmental impacts.

- Tax paid
- Charitable donations
- Energy and fuel-derived emissions (a negative impact which we reduce or offset where possible)

Methods of engagement

- Employment of approximately 43,000 individuals
- Sponsorship and colleague volunteering
- Partnerships with schools, colleges and universities

Measurements

We monitor our impact by measuring the amount of charitable cash donations made each year, our inclusion in ESG indices, and our carbon emission ranking with the CDP. More information can be found in the Responsible Business section on pages 44 to 54.



Suppliers

Our suppliers range from major manufacturers of key products and consumables to our global business, to suppliers of indirect goods and services used to support our operations. Products supplied include pest control baits, paper, soaps and waste disposal units, while indirect supplies include technology services, fleet vehicles and telecommunications.

Key issues for stakeholder

- Long-term engagement and innovation
- Control of price increases and delivery of cost savings
- Continuous improvement approach
- High standards of product and service quality and satisfactory audit reviews
- Governance and corporate responsibility, including human rights and modern slavery

Why we engage

We recognise that strategic partnerships with suppliers deliver more value to our business and our customers than short-term deals.

Impact/value created

- Optimised supply chain from manufacturer to end customer
- Joint development of product and service innovations

Methods of engagement

The Global Procurement team manage the relationship with major suppliers, with senior management involvement where appropriate. Comprehensive audits of all critical suppliers, including factory inspections, systems review and ESG factors, are undertaken.

Measurements

We monitor our impact by measuring our monthly On Time In Full (OTIF) delivery metrics and quality complaints and our annual revenue development, product innovations and pricing management. We also monitor the scores from supplier audits.

We launched a new Supplier Code in 2019.

- 📄 [Read more about it on page 53](#)

PRODUCT
INNOVATION

Lumnia: where form meets function



Created in 2017, following five years of working closely with experts in the LED industry, Lumnia is the world's first range of illuminated fly traps to use patented LED lighting technology rather than traditional fluorescent tubes. Lumnia attracts, kills and encapsulates insects hygienically – eliminating the risks of contamination. It is suitable for a diversity of internal environments – both large and small – with the added benefit of a 62% reduction in carbon emissions versus traditional electronic fly killers.

Our products include Lumnia Standard (for offices, shops, food retailers), Lumnia Ultimate (using second-generation lamps for high-dependency customers), Lumnia Colour and Lumnia Slim. Further enhancements to the range are planned for 2020. Key customer segments using Lumnia include food processing, pharmaceutical, hospitals and general industry sites.



The benefits of LEDs, especially around energy efficiency, have long been known, but until now they have not been effectively used to emit the UV output required by fly control units. Following extensive research and development, we have been able to develop an insect light trap which is not only effective, but looks great and also delivers substantial cost savings over competitor units.

Berwyn Evans
UK Product Manager

62%

reduction in
carbon emissions

9

working days are
typically lost every
year due to a single
fly infestation



Left unmanaged, a small fly problem can develop into a severe infestation within weeks. With some fly species being able to mature in just seven days in the right conditions, businesses must take a proactive approach to fly control. Putting the right deterrent measures in place can go a long way in avoiding costly treatments.

Dan Greene
Technician

Pest Control

We have strengthened our position as global leaders in pest control through increased organic growth and by establishing stronger market positions, particularly in Emerging and Growth markets, through the introduction of innovative products and services, acquisitions and our determination to be an Employer of Choice across our global operations.

What we do

At Rentokil our c.36,000 pest control specialists protect people and enhance lives by providing pest control solutions that ensure public health and protect the environment through energy efficient and sustainable pest control services. We offer a complete range of pest control services and solutions for commercial and residential properties, including common pests such as rodents, flies, stored product insects, biting insects and birds to other kinds of wildlife. We have extensive experience across a wide range of industries and use both preventative and responsive strategies to enhance protection for our customers through holistic, integrated pest management programmes.



How we performed

Ongoing Revenue

£1,700.1m +10.8%

2019	1,700.1
2018	1,534.1
2017	1,367.2
2016	1,128.8
2015	896.7

Ongoing Operating Profit

£305.4m +11.6%

2019	305.4
2018	273.6
2017	248.5
2016	211.0
2015	168.7

Net Operating Margin

18.0% +20 bps

2019	18.0
2018	17.8
2017	18.2
2016	18.7
2015	18.8

We have a strong global position in the pest control industry, which is resilient, non-cyclical and characterised by powerful growth drivers, which we present on page 27. Our Pest Control business accounts for 64% of Group Ongoing Revenue, 68% of Group Ongoing Operating Profit and generated a Net Operating Margin of 18% in 2019. Organic Revenue rose by 4.9% with growth through acquisitions of 5.9%. The category has delivered a five-year Ongoing Revenue compound annual growth rate (CAGR) of 16.6%. We have five core unique selling points (USPs): we are the global leader in pest control, with No. 1 positions in 55 markets; we have a strong Employer of Choice programme and outstanding technical expertise; our powerful Rentokil brand is one of world's top 50¹ most valuable and recognisable brands; our core strength is in the attractive commercial sector; and we are clear industry leaders in digital technology and innovation.

The pest control industry and market

The primary function of the professional pest control industry is to maintain hygienic surroundings for customers that are free of pests that could either damage commercial interests and reputation or endanger public health. Pest control contracts typically specify a certain level of preventative work to be undertaken, such as the number of visits to customer premises, while reactive enquiries for one-off jobs require quick and efficient treatment for specific issues. The global pest control market is an attractive, non-cyclical market worth c.\$20bn and expected to reach \$26.3bn by 2025, delivering a CAGR of 5.3% (source: Research and Markets, September 2019). Factors driving growth include population and social trends, geological factors and climate change, specific pest trends and increasing

use of digital applications and technology for pest control solutions. Industry growth can, however, be negatively impacted by increasingly stringent regulations, seasonality and the use of hazardous pesticides.

Our customers

In 81 countries, businesses and homeowners trust Rentokil to solve their pest problems and prevent them from re-occurring. While the residential market is important to Rentokil, commercial pest control services account for 80% of our total pest control revenue, with residential pest control representing approximately 20% – over 75% of this coming from the US and Australia. Our key commercial customer sectors include food and beverage processing, hospitality, facility management, offices and administrative, and logistics and warehousing. On a per capita basis, both the US and Australia have much larger residential markets for pest control than in Europe, primarily because of the presence of termites and wooden housing. Industries are increasingly adopting a 'zero tolerance' attitude towards pests to protect their customers and reputations, and as a result we continue to set new standards for service excellence through market-leading technical training, innovation and digital tools.

1. Top 50 most valuable commercial services brands (Brand Finance Report 2017).

Structural growth drivers and innovation: Geological factors and climate change are driving growth in pest control. Customers are becoming more averse to chemical use and are seeking greener alternatives. Rentokil is the only company in the world to have registered CO₂ for use in the control of rodents under EU biocidal regulations, and to have a proprietary non-anti coagulant rodenticide bait in RapidPro.

Global growth drivers



Growing population

The world's population is growing by 80 million people each year and forecast to total 8.6 billion by 2030, creating further demand from pest proximity.



Climate change

By 2050 increased pest and hygiene challenges, posed by climate change and associated extreme weather patterns, are expected to result in approximately 250,000 additional deaths a year from malaria, diarrhoea and other diseases.



Customer expectations

Changing needs and expectations from our commercial customer base with technology providing new methods of service.



Urbanisation

It is estimated that 60% of the global population will live in cities by 2025 and 70% by 2050 (1990: 43%) where pest issues are most prevalent.



Invasive species

The proliferation of invasive species (pests and plants) is expected to continue with intercontinental trade, requiring increased vigilance and preventative treatments. Economic damages are estimated at \$120bn per year in the US alone.



Increasing regulations

Regulations are driving the need for lower toxicity solutions, with an estimated 1,000 active ingredients (54 insecticides) lost in the EU biocides review process.



Rise of middle classes

Estimates suggest 160 million more people join the middle class every year with increasing hygiene standards and lower pest tolerance particularly in Asia, which is expected to comprise 66% of the global middle class by 2030.



Vector-borne diseases

More than 3.9 billion people in over 128 countries are at risk of contracting dengue fever, with 96 million cases estimated per year and the emergence of new diseases such as the Powassan virus.



Increased pest activity

This includes expected growth in mosquitoes, rodents, nuisance pests (including crawling insects and bed bugs) and termites.

Growth markets

	Regional segment	Market position	Market characteristics
North America	●	3	North America is the world's largest pest control market worth c.\$9bn and set to grow by c.5% to 2023. It is highly fragmented with four major players – Orkin, Terminix, Rentokil Steritech and Ecolab – and c.20,000 smaller independents. Market trends include an improving housing market and economy fuelling termite and commercial pest control and rising demand for ant, bed bug and mosquito control services.
Pacific	●	1	Key market trends in Australia and New Zealand are rising hygiene standards, legislation and regulation, and free trade agreements with China and India which will fuel export demands and impact the pest and fumigation industry. Major players here are Ecolab, Rollins, Terminix and Massey Services.
UK & Ireland	●	1	Rentokil is No. 1 in the UK , Germany and Benelux , followed by several businesses with scale to service national accounts and many smaller providers. Leading European operators include Ecolab and Anticimex. Key value drivers are sales capability, customer retention, upselling additional service lines, increasing technician productivity and optimising business mix. Pest pressures include termites, biting insects, rodents, pigeons and other small mammals. Main customer segments are food manufacturing, processing and retail, pharmaceutical, industrial and manufacturing, hotels, offices and residential.
Germany	●	1	
Benelux	●	1	
Caribbean	●	1	

Emerging markets

	Regional segment	Market position	Market characteristics
Asia	●	1 & 2	These are fast-growing markets linked to economic and social development. Population growth, a growing middle class and increased government regulation on hygiene and sanitation are fuelling growth. Market trends include strict regulations on food safety, health and the environment, the use of extranets to provide pest control monitoring and performance tracking for customers, the use of mobile technologies by pest control companies to enhance service productivity and a rising customer demand for eco-friendly services and products.
Latin America/ Central America	●	1, 2 & 3	The market is highly fragmented with the majority of pest control companies being made up of small, local businesses. Rentokil is a market leader and the most recognisable and trusted brand. Pest pressures include termites, mosquitoes, ants, cockroaches, rodents and flying insects. Cockroaches, carriers of diseases such as salmonella and gastroenteritis, are high-risk pests in homes. Main customer segments are food processing, food retail chains, industrial and manufacturing, hotels and resorts, and offices and residential.
Middle East and North Africa	●	1	
Sub-Saharan Africa	●	1, 2 & 3	

● North America ● Europe & Latin America ● UK & Rest of World ● Asia ● Pacific

Growth markets

These markets include North America, the UK, Pacific, Germany, Benelux and the Caribbean. They represent 55% of Group Ongoing Revenues and 60% of Group Ongoing Operating Profit and have delivered a five-year revenue CAGR of 15.5%.

As the world's largest pest control market, **North America** is a particularly important region for us. Our business here provides pest control coverage nationwide, supported by c.350 branches, 47 distribution centres and c.8,400 colleagues. Approximately 70% of our Pest Control services revenues are contracted and 30% comes from jobbing revenue. North America Pest Control has delivered a five-year revenue CAGR of 22.2%. Our strategy in this region is to build density through organic initiatives and M&A. Organic initiatives include growth in national accounts, product innovation, harnessing the digital opportunity and leveraging our business to business sales capability in our core sectors of food processing, food retail, healthcare and offices. We have a proven track record in M&A and our pipeline remains strong.

In 2019, our North America Pest Control operations grew by 11.9% to £949.0m, of which 7.5% was growth through acquisition and 4.4% was Organic. Overall performance was impacted by a softer first half of 2019 reflecting unusually wet weather conditions in certain parts of the country in Q2, but it benefited from a very good Q3 and a return to more usual conditions for the rest of the year. Net Operating Margin improved by 40 basis points in 2019 to 14.3%, supported by stronger organic growth, synergies from acquisitions beginning to flow through and savings in property and procurement from our Best of Breed cost savings programme.



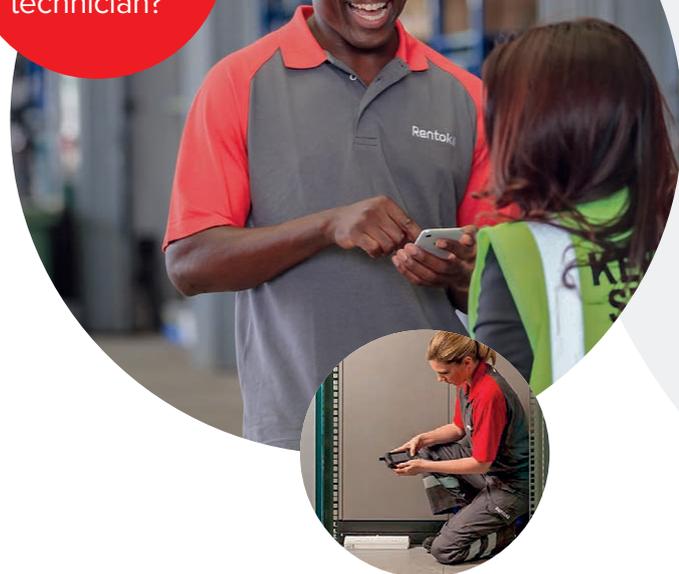
Our strategy

Pest Control is our core business line and our engine for growth. Continued acceleration of the business can be achieved through the strategic priorities shown in the table below.

Medium-term strategic priorities

<p>> Continue acceleration of our business by building on our global leadership through further expansion in Growth (particularly North America) and Emerging markets, both organically and through acquisitions.</p>	<p>In North America, we will continue to leverage our scale and build market share through a balanced programme combining organic initiatives (such as new product growth areas, national accounts, innovation, digital marketing, Employer of Choice and the Best of Breed transformation programme) and targeted M&A to build density and increase our expertise in new pest sectors such as vector control and lake management.</p>	<p>Emerging markets – in Asia our focus will be on implementing an improvement plan for India, further roll-out of digital technology to enhance service and efficiency, integration of recent acquisitions and further progress towards profitability in China. We will continue to build key city density in Latin America and build on our vector control capability in the core Brazilian market.</p>
<p>> Target high-growth markets of mosquito, bed bug and termites, becoming industry leaders and delivering double-digit revenue growth.</p>	<p>In mosquito services, our aim is to be the first choice of residential and commercial customers, including governments, NGOs and foundations, to deliver consistent, safe, effective and common services across the world.</p>	<p>In termites, our aim is to grow our share of the global termite market while strengthening positive contributions to the overall Rentokil Pest Control brand and business, with a focus on our core regions of Asia, Australia and the US. In bed bugs, our aim is to lead the sector with innovations that provide faster and more effective pest control, leading to margin expansion through reduced service costs, higher premium service offerings and product harmonisation.</p>
<p>> Deploy innovation consistently, targeted at key pest sectors and with potential for new non-toxic solutions.</p>	<p>We will continue to invest in product and service innovation to support our profitable growth and industry leadership and have an extensive pipeline of activities in place to support growth in 2020 and beyond. In 2020, we will focus on completing the roll-out of Lumnia across all our markets and will further expand the product range.</p>	<p>In 2020, we will develop and launch Global Bait Box, an innovative, flexible, technology-enabled rodent solution which addresses 57 different needs and market requirements. We will also continue to develop non-toxic pest control solutions (biological and physical methods in place of synthetic chemical products and pesticides) in response to regulatory changes and customer preferences.</p>
<p>> Harness the digital opportunity – using our digital expertise including web, apps, portals and services and to lead digital pest control.</p>	<p>Rentokil has developed the world’s leading digital pest control platform providing an unmatched level of monitoring, reporting and insight for our customers. Our three key digital innovations are PestConnect, myRentokil and Command Centre (see page 31).</p>	<p>Our aim in 2020 is to enhance the functionality and capability of myRentokil in areas such as charting, reporting and transaction facilities. In PestConnect, we aim to add further to our existing range. In Command Centre, our focus will be on leveraging data to improve efficiencies, drive improvements in sales and service and identify additional service recommendations and potential new innovations from the identification of solution gaps.</p>
<p>> Maximise our national and international accounts capability.</p>	<p>Our growing scale and density is enabling us to be more competitive in securing an increasing share of national and global accounts. Our aim is to continue to grow by building long-term strategic customer relationships, carefully targeting attractive prospects, improving our sales execution and leveraging our combined national sales expertise of both Rentokil and Steritech.</p>	<p>Our target key sectors include facilities management and food and beverage production to maximise the global opportunity.</p>
<p>> Maintain a strong, value-creating acquisition programme to build further city and local density.</p>	<p>Key focus areas are small bolt-ons to build density in existing markets, acquisitions in new markets and mega cities of the future and medium-sized transactions. Bolt-on acquisitions in urban areas will be targeted for customers, employees, existing routes and synergy opportunities. In new markets, we will focus on acquisitions in target city clusters and large urban areas, improving business performance by deploying our sales and service models, processes, standards, technologies and financial discipline.</p>	<p>We will also pursue medium-sized pest control businesses, particularly in North America, to build density (and to also supplement our growing expertise in sectors such as vector control), applying our own systems, processes and financial rigour to improve revenues and margins.</p>

What makes a great Pest Control technician?



For our **Pest Control technicians**, every working day is different. Our highly skilled, trained operatives visit customers with a wide range of pest control issues and use their problem-solving skills to determine the most effective solution.

Great Pest Control technicians possess key attributes including the ability to work independently and manage their time to meet set workloads. Previous experience of high customer service delivery (not necessarily in pest control!) is a must, as are excellent written and verbal communication skills, a can-do attitude and willingness to learn.

They must live our core values of Service, Relationships and Teamwork. Great service is doing what we said we would do – on time and in full – keeping our promises and delivering an outstanding customer experience. They must be honest, focused and straightforward in their relationships with colleagues and customers and, as team players, must support and respect all their colleagues' important contributions.

Last, but by no means least, our technicians work to the highest ethics and safety standards, putting the safety of everyone with whom they come into contact first, while adhering to our Code of Conduct and working within the bounds of law and regulation.

 [Find out more about our people, culture and diversity on pages 46 and 47](#)

This was partially offset by a greater mix of lower margin product sales. We continue to broaden our presence across the region through bolt-on acquisitions, and this year purchased 14 pest control businesses, including Florida Pest Control (a top 20 US pest control company) and Active Pest Control in Atlanta (top 40) – with combined annualised revenues of c.\$132m (c.£99m) in the year prior to purchase. For a full review of our North American business (which includes our product distribution and Ambius businesses) and an update on our path to achieve 18% Net Operating Margin and revenues of \$1.5bn by the end of 2021, please see the Financial Review on pages 118 to 121.

Our **UK** Pest Control business continued to perform very strongly, growing organically by 6.3% and benefiting from continuing high levels of customer service, rising customer retention and a number of one-off contracts. We continue to build upon the success of our UK growth story through the use of digital expertise, innovations, productivity and service enhancements and acquisitions. In 2019, c.33% of new sales in the UK were delivered through our innovation pipeline.

Our **Pacific** Pest Control operations grew Ongoing Revenue by 1.1% (0.6% Organic) with overall growth held back by decreased fumigation activity, however, as a result of a change in regulation dictating that tankers importing goods into the region are no longer required to be fumigated on arrival into port but at the port of their departure. We acquired two small pest control companies in Australia in 2019 with annualised revenues of c.£2m. Identifying further pest control acquisition opportunities will be a key focus for 2020.

Our **German** and **Benelux** Pest Control operations also performed well during the year, with combined revenue growth of 10.6% (Germany 13.6%, Benelux 6.9%).

In 2019, we acquired 19 pest control companies in our Growth markets, bringing the total to 117 pest acquisitions since 2015, of which 67 have been in North America.

Emerging markets

We have a strong and rapidly growing position in the markets of Asia, Latin America, MENAT, Kenya, Fiji and Central America, which combined represent a strong platform for delivering sustainable, profitable growth. They represent 9.4% of Group Ongoing Revenue and 7.5% of Group Ongoing Operating Profit and have delivered a five-year revenue CAGR of 24.7%. Since 2015, we have expanded our scale by acquiring 44 pest control companies in Emerging markets with strong growth characteristics.

Asia made good progress during 2019, delivering 4.4% Organic Revenue growth in Pest Control. Once again, our more mature markets of Indonesia and Malaysia delivered double-digit revenue growth of 26.9%. In India, we have grown from a small loss-making unit to the country's No. 1 through our joint venture with PCI Pest Control Private Limited (PCI). Integration of PCI has progressed steadily in the year, with branch network and people complete and our IT platform due to be finished by April 2020. However, continued investment in the IT infrastructure and leadership team has impacted profit growth in 2019. This will provide a strong base for future revenue and margin growth in our largest market in Asia.

In China, we are pursuing a city-based strategy with a focus on specific urban and industrial zones and have made further progress towards profitability in 2019.

Latin America is our youngest region, but expanding rapidly. Rentokil has top three leadership positions in all its Latin American markets and operates in nine of the 10 most populated cities. The business is growing at double-digit rates and in 2019 grew Ongoing Revenue by 19% and Organic Revenue by 7.0%, complementing this with a solid acquisition agenda. In addition to earlier acquisitions in Chile, Colombia and Brazil, four more pest control companies were acquired this year in Brazil, Costa Rica, the Dominican Republic and Uruguay, a new market entry for the Group.

Rentokil Pest Control is also the clear market leader in **MENAT**, and National Pest Control, the market leader in the UAE with 180 colleagues which we acquired in 2018, is fully integrated. We now have the capacity and footprint to operate across all of the main Emirates.

In 2019, we acquired 11 pest control companies in Emerging markets, bringing the total to 44 pest control acquisitions since 2015.



Organic Revenue growth levers

Service differentiation – Lumnia LED fly trap

Sales of our Lumnia LED fly trap range rose by 32% in 2019, with over 100,000 units sold to date in 52 countries. Lumnia was created in 2017 following five years of working closely with experts in the LED industry and is the world's first range of illuminated fly traps to use patented LED lighting technology rather than traditional fluorescent tubes. Lumnia attracts, kills and encapsulates insects hygienically – eliminating the risks of contamination – and is suitable for a diversity of internal environments. It is also more environmentally friendly than traditional units, reducing carbon emissions by 62% when compared with units containing compact fluorescent lamps. Our products include Lumnia Standard (offices, shops, food retailers) and Lumnia Ultimate (which uses second generation lamps for high-dependency customers). We have now added to this range with Lumnia Colour (which offers customers a choice of coloured units to match their interior décor) and Lumnia Slim. Further enhancements are planned for 2020.

Service productivity and cost reduction – digital apps

We continue to see unprecedented levels of change from the impact of technology on our customers and our frontline and back office colleagues, and use IT to improve the quality and consistency of service delivery, drive innovation and reduce costs. Over the last 12 months, we have deployed 20 process

automation/robotics projects in the UK in sales, marketing, finance and HR to free up capacity and reduce costs. This has reduced transactional processing costs from 2.6% of gross revenue to 2.2% and we are now planning to extend our use of robotics across the Group.

We are also rolling out smartphones and apps across the Group, an example of which is ServiceTrak, our smartphone field service app used by around 14,700 Pest Control, Hygiene and Ambius technicians to record service visits in 48 countries – start time, services performed, customer recommendations, customer signatures and end time – and saving around £8m in costs that would have been incurred on replacing traditional PDAs. In 2019, approximately 10 million customer visits were processed through ServiceTrak. To further strengthen our capability, we appointed this year a new Director for Digital Products and Operational Artificial Intelligence (AI), and a Group Director for Digital Innovation and Customer AI. In addition, working with a global technology leader, we are working on the development of a new AI route optimisation productivity tool, capable of providing traffic updates by the millisecond and redirecting the technician's route accordingly. Also in development is a new AI tool to enhance our service capability in pest control. PestID is an image-based smartphone app which identifies a pest from a photograph taken by a technician. Once identified, PestID will recommend the best tools to control the pest plus other important information such as operational safety reminders.

Protecting core markets – innovations in rodent control

Rodent control accounts for c.\$2bn of the global pest control market and continues to grow at c.4% per annum. In 2019, we launched a range of new remote monitoring products to enhance our proposition in this core market and generate speedy responses to infestation threats. Dual AutoGate Connect is a rat and mouse remote monitoring and control unit which, on detecting the presence of a rodent in the unit, opens its 'gate' to provide access to bait and then sends an alert to our Command Centre, and is a new extension to our range of AutoGate products, which have been developed in response to legal directives on certain uses of permanent baiting. Rat Riddance Connect is an innovative trap that is able to send immediate notification of a rat capture. Rodent Ceiling Trap is a ceiling solution for rodent control in gaps above ceilings and which provides indicator alerts to a capture. Finally, our Multi-Mouse Trap product is a monitoring sensor that can be attached to several live catch products for real-time reporting, allowing for early technician support.

Responding to customer needs – PestConnect, myRentokil and Command Centre

Rentokil has developed the world's leading digital pest control platform, providing an unmatched level of monitoring, reporting and insight for our customers who face the risk of increased fines and censure without effective pest management and reporting. This section focuses on three digital innovations – PestConnect, myRentokil and Command Centre.




Key innovations
to drive service, productivity and growth

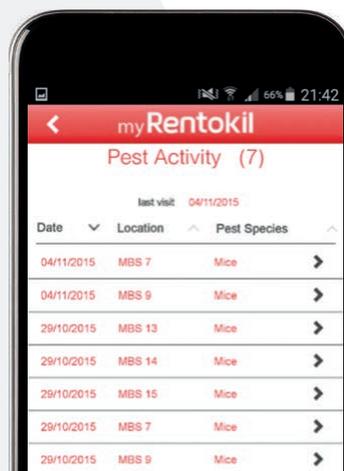
Harnessing app technology

to provide an unmatched level of monitoring, reporting and insight for our customers who face the risk of increased fines and censure without effective pest management

myRentokil – putting our customers in control

and designed to increase the quality, visibility, and integrity of their pest control protection activities via a range of online services

[Find out more on page 31](#)



PestConnect, our award-winning remote monitoring system for rodents and the world's smartest mouse trap, provides our customers with a complete pest detection solution and full traceability. By the end of 2019, our connected devices were used in over 4,000 customer premises across more than 25 countries, and this year has seen a 56% year-on-year increase in connected devices across the Group.

Our **myRentokil** online customer portal provides secure 24/7 access to real-time information that provides easy access to documentation required for pest control, including reviewing service recommendations and responding to audits. Currently, 96% of our commercial customers in over 40 countries use the portal and we have seen a 32% increase in usage of the portal year on year.

Command Centre is our central information hub containing data compiled from over 40 countries with 6.5 billion records, populated with historic and current data to track pest trends and identify emerging risks. Nine million messages were sent or received across our digital pest control network every day in 2019, recorded on the central Command Centre and stored on the Google Cloud platform.

This year saw the implementation of one of our biggest digital installations to date for a customer with a 73,000-square-metre food production facility in Australia, a country in which food safety guidelines are strictly enforced and where customers face fines of up to 10% of their annual turnover for product recalls. More than 400 PestConnect units were installed in the facility across six major production buildings over a two-week period, delivering a new level of pest management service and significantly enhancing our service productivity. myRentokil data is available in real time with Command Centre, providing 24/7 Internet of Things monitoring, and our colleagues have also been able to make additional product recommendations to the customer, such as Lumnia, which has resulted in 120 units being installed across the site.

Digital marketing – record levels of enquiries in 2019

Our ongoing focus on delivering new content and localisation is driving greater levels of traffic to our websites across the Group. Following on from our success in 2018, which saw a record 21 million visits to our web estate (up five million on the previous year), we have seen a further record level of enquiries this year. Overall web Rentokil traffic grew by 30%, total visits reached 27.4 million sessions (21.2 million in 2018) and conversion of visits to direct enquiries rose by 12% year on year. New online marketing campaigns are under way, focused on how our leadership in technology and innovation helps our customers to 'stay one step ahead of pests' through industry-leading levels of monitoring, reporting and insight.

Vector control – building a world-class capability to combat new pest threats
Rentokil has offered mosquito and vector control services for many years, particularly in Asia where vector-borne diseases are a major threat to public health. Across the Group these services are growing at over 10% and in 2019 we generated c.\$48m of revenues (principally in North America and Asia), an increase of 24% on 2018.

The threat to public health from mosquito-borne disease is significant and increasing as a result of climate change and urbanisation. Each year, there are approximately 200 million cases of malaria and 390 million cases of dengue fever. A paper published in June 2019 in Nature Microbiology highlighted that dengue fever is likely to spread to parts of Asia, Europe, North America and Australia – areas that have historically been free of the life-threatening condition. In 2019, the Brazilian Ministry of Health reported 1.5 million dengue cases – an increase of 600% on the prior year – reflecting increasing temperatures and a high volume of rainfall, as well as the emergence of a new strain of dengue fever from the Caribbean. In addition, the European Centre for Disease Prevention and Control reported that, during the year, several human West Nile virus infections were reported in Greece and Romania.

Rentokil operates in the three distinct parts of the mosquito and vector control market: residential, commercial (where increasingly companies are acting with a duty of care towards their employees) and large-scale vector control. We estimate the mosquito and vector control market is now worth around \$3.1bn and is set to deliver a 7% CAGR to 2025. We are therefore focused on building our scale and capabilities in this high-growth area. Recent activities have included establishing a global centre for excellence in mosquito and vector control in the US to support our growing expertise in the field, and creating a mosquito laboratory at our Power Centre R&D facility in the UK in which we can study the behaviour of a colony of *Aedes aegypti* mosquitoes – the primary species responsible for transmitting viruses such as Zika virus, dengue fever, chikungunya and yellow fever – in order to find new solutions for their control.

In recent years, we have significantly enhanced our capabilities in North America and Latin America through a number of key vector control acquisitions. Following the acquisitions of VDCI (the US's leading provider of municipal and commercial mosquito control), Mosquito Control Services in Louisiana and Multicontrol in Brazil in 2018, we acquired Ecovec in Brazil in July 2019. Mosquito and vector control will remain an important focus area for Rentokil as we build our scale and extend our capabilities. We are engaged in ongoing discussions with

municipalities in Latin America, the US and other territories about using our expertise for their large-scale vector control requirements, and recently won a vector control contract in São Paulo. Our pipeline of future opportunities looks encouraging.

Global and national accounts

We continue to make good progress in targeting global customers, particularly in the food processing sector. Our continued active participation in the Global Food Safety Initiative has strengthened our global brand presence in this sector. We continue to grow revenue from our global accounts with an increase of 207% since 2017 and our pipeline of future opportunities has been increased to just over £67.6m. In addition to this, 2019 has seen us push on with account development with our large global facilities management customers. In aggregate across Sodexo, ISS, JLL and CBRE our revenue has grown by 67% in the last 12 months.

Steritech, our North America food safety business, has also significantly enhanced our capability in the US national accounts market, and since 2015 we have delivered compound annual growth in national accounts revenue of 22%. Now with greater scale and density, we are more competitive and securing an increasing share of national accounts through our reputation for service quality, the careful targeting of attractive prospects, improving our sales execution and leveraging our combined national sales expertise of both Rentokil and Steritech. In 2019, we increased our North America national account sales by 15% and, as with our global accounts, our pipeline of prospects is strong.

Growth through M&A

Acquisitions are core to our Pest Control strategy – we have the in-house capability to identify, evaluate and execute acquisitions at pace. Our model for value-creating M&A is structured around disciplined evaluation of targets, detailed integration programmes and careful governance of new businesses under our ownership. This year, we acquired 30 pest control companies in 17 countries: Australia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, France, Greece, Indonesia, Jordan, Malaysia, Poland, Sri Lanka, Thailand, Uruguay and the US. Our pipeline of pest control opportunities in both Growth and Emerging markets remains very strong and we are confident of further high-quality acquisitions in 2020.



Digitally remastering frontline service provision

£8m

cost savings by replatforming from c.6,000 PDAs to phones

10m

customer visits processed with ServiceTrak field service app

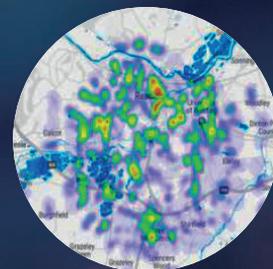


DIGITAL INNOVATION



We are digitally enabling our frontline colleagues and have migrated c.14,700 technicians in 49 countries (80 markets) from paper-based data capture and PDA mobile devices to Android apps for customer installation and servicing. Our new suite of service apps allows digital interaction with customer sites leading to improved service quality and productivity. Our technicians can now take advantage of Android capabilities such as sat nav, photos, video learning, geocode locations and speech to text features.

In addition, we have innovated and commenced deployment of an app to display the customer's floor plan linked to our Internet of Things (IoT) PestConnect solution and standard barcoded service points. This is giving our field colleagues greater visibility of each customer site and our customers a bespoke view of their sites.



Future innovations

Having deployed foundational apps, we can innovate new apps to further improve service productivity. Examples of future innovation include Pest Heat maps which will use digital floor plans to plot pest activity, allowing technicians to identify key risk areas, and PestID, which uses Google AutoML Vision product (a cloud hosted machine learning service for gaining insights from images) to support our technicians in identifying pest species via an app on their phone. This will be particularly useful in correctly identifying more difficult to identify insects such as stored product insects.



The way we used to build customer site data in the back office took ages and often had mistakes in it. It's a completely different experience now and it's great that the technology has moved forward enough for us to innovate like this. It's a fantastic tool and it's really improved my day-to-day work and the service I can deliver for my customers.

Jon Niesyto
Technical Account Manager



Rentokil is a pioneer in pest control innovation. Linking our colleague-based apps to our PestConnect IoT solutions to create an end-to-end digital ecosystem is the foundation of our digital pest control vision.

Paul Donegan
Digital Innovation Director



Hygiene

Initial Hygiene is the world's largest commercial hygiene services company, offering an extensive range of award-winning products and services to enhance customers' washrooms, while at the same time ensuring that they are compliant with important legislation.

What we do

At Rentokil, our c.2,800 Hygiene technicians provide hygiene services to business environments to make them cleaner, safer, healthier and more pleasant places in which to operate. Good hygiene practices reduce the risk of infection being passed from person to person, resulting in fewer days lost to sickness, cost savings and increased productivity.



How we performed

Ongoing Revenue

£546.8m +5.8%

2019	546.8
2018	516.7
2017	419.3
2016	388.7
2015	366.0

Ongoing Operating Profit

£97.3m +8.1%

2019	97.3
2018	90.1
2017	74.4
2016	67.9
2015	63.8

Net Operating Margin

17.8% +40 bps

2019	17.8
2018	17.4
2017	17.7
2016	17.5
2015	17.4

Our Initial Hygiene business is a strong complementary business to Pest Control. Both businesses service the same types of customers and also share country management, technology, infrastructure and back office services. They are also route-based businesses where profit growth is driven by a fundamental understanding of the importance of density. The megatrends in the hygiene industry – and the importance of being able to prevent the spread of diseases, germs and bacteria – are fuelling demand for our services (see page 35 for global growth drivers). Over the past five years, our Hygiene business has delivered a significant improvement in revenue growth, established a strong product range, launched the myInitial customer portal for enhanced customer insight and engagement and has begun to acquire bolt-on businesses to build scale and density. It has delivered a five-year Ongoing Revenue CAGR of 9.1%.

Our Hygiene operations have performed very well in 2019 across all our regions. This reflects good growth in the UK (up 7.9%), Europe (up 5.2%) and Pacific (up 3.1%) and the ongoing contribution from acquisitions. In our UK & Rest of World operations, performance has benefited from high levels of customer service, improved customer retention and a number of one-off contracts which will be non-recurring into 2020. Our Hygiene operations have traded well overall in our Asian countries, and in Australia our performance reflects the impact of new customer contracts won in 2018 and 2019, driven in part by stronger sales colleague retention.

Attractive and growing market

Like Pest Control, our Hygiene businesses operate in an attractive industry offering good growth opportunities as expectations around standards of hygiene increase. The global hygiene market is expected to grow in line with GDP and our aim is to grow our Hygiene operations organically by between 2% and 3% per year. Our Hygiene business is highly profitable with margins being driven by postcode density (servicing as many customers as possible in any tight geographic zone) and customer penetration (selling multiple service lines to customers). An explanation of some of the key growth drivers in the global hygiene market is provided over the next paragraphs and is also summarised on page 35.

Customers and service culture

Our key Hygiene customer segments are manufacturing, facilities management, offices and administrative, hospitality, retail and education. We achieve high customer satisfaction levels and believe this is a key competitive advantage. We have account management processes in place for contacting customers at least annually to confirm service requirements are being met. We use feedback from our Customer Voice Counts (NPS) surveys to improve service levels and every detractor score is followed up with a call from an account or branch manager within 24 hours.

We identify nine key growth drivers that are vital for the continued success and growth of our Hygiene business globally. As a leading player in the hygiene industry, Initial Hygiene has award-winning products and one of the world's strongest brands, which is particularly valuable in Emerging markets. We have an in-depth understanding of the importance of density of customers by location, what we call 'postcode density', and by the number of serviced products by customer, or 'product penetration' and key operational drivers of growth.

Global growth drivers



Technology solutions advancing the washroom

There is an increased focus on technology across the industry, with original equipment manufacturers (OEMs) offering Internet of Things sensors and data infrastructure. Technology companies are now focusing on the washroom space.



Millennial mindset – an important user segment

Millennials are the largest growing generation in the workforce and the driving force behind the wellness trend where mental, physical and emotional dimensions are in sync. They are highly mobile and hygiene aware when travelling.



Wellbeing accreditations raising building standards

Wellbeing is increasingly being incorporated into building standards, with 82% of employers stating a preference for wellness-enabled buildings (according to the CBRE Group, Inc. 2018). Productivity is replacing utilisation as a core metric of workplace performance aligned to health and happiness. It is estimated that unwellness and absenteeism costs the US economy c.\$2.2tn a year and the UK economy c.£18bn each year.



Urbanisation driving the need for efficiencies

It is estimated that 70% of the world's population will live in cities by 2050 (1990: 43%) where hygiene and sanitation issues are most prevalent.



Air quality

The global air purifiers market is estimated to be worth \$33.2bn by 2023 (CAGR of 12.5%). Asia-Pacific is expected to be the fastest-growing market and will account for 35% of the market share by 2023.



Increased legislation driving standards of hygiene

Particularly in food businesses which are considered to present higher risks to public health than other non-food sectors. Regional legislation is forcing localised solutions.



Rise of middle classes

160 million more people join the middle class every year, with increasing hygiene standards and a growing health consciousness.



Growing population pressure on washrooms

The world's population is growing by 80 million people each year and forecast to total 8.6 billion by 2030, creating further demand for washroom facilities.



Rise of household income driving market growth

A significant increase in female employment across the world has also driven the market growth and washroom need.

Hygiene markets

Regional segment	Market position	Market characteristics
Europe	1 & 2	Initial Hygiene has a No. 1 position in 19 countries, a No. 2 position in 12 and leading market positions in the Pacific, Asia and Caribbean. Characteristics of the global hygiene market differ by country, with regional variances based on social and legislative standards. For example, in countries such as the UK and Australia, where there is tight legislation and very high standards surrounding the disposal of blood waste, the feminine hygiene market is particularly important. In Asia, air care and air quality is of paramount importance to consumers, driving high growth in this sector. In Europe, there is a strong focus on textiles, for example roller towels, and floor care, such as dust mats. In developing countries around the world, where there is growing awareness of sanitation and public health, handwash support is a key market sector.
Latin America	1 (Chile and Colombia)	
UK and Ireland	1 (UK), 2 (Ireland)	
Rest of World	1 & 2 (Caribbean), 1 & 2 (Nordics and Sub-Saharan Africa)	
Asia	1, 2 & 3	
Pacific	1 (NZ), 2 (Australia), 4 (Fiji)	

● North America ● Europe & Latin America ● UK & Rest of World ● Asia ● Pacific



20,744

Hygiene customer site visits were recorded using our ServiceTrak app in 2019, all of which were processed to our customer and operational systems, without paperwork or admin



Our strategy

Our strategy is to deliver continued growth through a combination of strong operational focus and targeted M&A to build city density. Central to this is the delivery of excellent customer service, product innovation and improvements to service productivity through digital products and applications.

Medium-term strategic priorities

<p>> Continue to focus on delivering service quality and productivity.</p>	<p>Delivery of an effective On Time In Full (OTIF) service supported by capable and motivated colleagues will support baseline organic growth. An OTIF service provides us with the strongest platform for customer retention, acceptance of Application Programming Interfaces (API) and upsell of additional service lines.</p>	<p>We will aim to do this through deployment of digital solutions, such as ServiceTrak, to enable our Hygiene technicians to be in the right place at the right time delivering the right service to customers. In addition, we will continue to focus on local and regional activities to support and maximise customer retention through Project 90.</p>
<p>> Continue to offer best-in-class products, developing new, targeted, lower-cost products and innovations and expanding our product and service offering into the wellbeing sector.</p>	<p>Our priorities are to expand our hygiene service offering, with a focus on washrooms, wellbeing and additional route-based services.</p>	<p>In washrooms, our focus will be on deep-clean services, lower-cost products and consumables and market expansion of our floor care offer. Wellbeing products will include compact air purification products and our new high-performance Signature Scent air fragrance. We are also piloting a first aid service offer with kits to treat serious and minor wounds including sprains, eye injuries, burns and snake bites. Defibrillators may also form part of this service offering.</p>
<p>> Harness the digital opportunity, developing digital innovations to address customer needs and increase productivity.</p>	<p>The digital hygiene market is expected to deliver a c.10.5% CAGR to 2023, with the global smart washrooms worth some \$2.5bn.</p>	<p>Priorities will include the deployment of our Rapid>Smart Hygiene digital washrooms products and our evolving myInitial customer portal. We will aim to provide industry-leading and differentiated digital products to meet the needs of our key customer target groups.</p>
<p>> Build customer and product density to drive margin expansion.</p>	<p>Targeting of the right customers by capable and motivated sales colleagues will enable us to win new business and increase penetration regionally and within customers' sites.</p>	<p>Analysis of our current footprint supported by the right sales incentives and selling methods to drive behaviours that will lead to improved density.</p>
<p>> Pursue targeted, city-based M&A to build density and grow profits.</p>	<p>Identify and acquire businesses to integrate into our existing Rentokil Initial activities – in addition to existing hygiene services or as new entries where we have pest control.</p>	<p>2019 has seen further demonstration of M&A working very well for our Hygiene business and this will be a continuing focus in 2020 and beyond. Our focus in Hygiene M&A will be on building city density across existing and new regions, with a particular emphasis in Emerging markets.</p>

What makes a great Hygiene technician?



Our **Hygiene technicians** visit many different customers to carry out a wide range of cleaning jobs, ranging from deep cleaning of a restaurant kitchen right through to a crime scene clean-up. Those of a squeamish nature may find this is not the job for them!

However, colleagues who want variation in services and customers will find Initial a great business to work for.

As with Pest Control, our Hygiene technicians must possess a key set of attributes to make them great technicians.

These include being self-motivated, proactive, reliable and flexible, and being able to demonstrate clear and confident communication skills with customers and colleagues.

One of the great things about working with Rentokil Initial – both for us and for our colleagues – is that we don't require applicants to have prior experience of the role because we will provide the training, support and guidance to make our new colleagues experts in the industry.

 Find out more about our people, culture and diversity on pages 46 and 47

Organic Revenue growth levers

Our core offer in our Initial Hygiene business is based around the washrooms of customer premises. Maximising revenue means growing our core washroom offer and we achieved this in 2019 through a number of broad-based operational improvements in product density, service quality and productivity, digital innovation, building the sales funnel and also in highly targeted M&A.

Best-in-class products and density

Growth in Hygiene is driven by both postcode density (servicing as many customers as possible in a tight geographic zone) and customer penetration (selling multiple service lines to each site). What we seek, therefore, is more customers on the route and more products on the washroom wall. Over the past few years, we have made significant investments in developing new product lines and these include our high-end Reflection range, our mid-end Signature suite of products, Signature Colour, No-Touch products and Premium Scenting. We believe that we now have the best products in the market and this confidence in our range enables our sales force to sell more products. Further additions to our product lines in 2019 included a new range of environmentally friendly hand soaps and enhancements to our air care range including new aerosol fragrances.

Service quality and productivity

Initial Hygiene continues to receive a five-star review rating on Trustpilot for service quality. The supply and cleaning of feminine hygiene units is one of the most frequent services we provide at Initial. In the UK, our on-site liner service provision is now fully rolled out.

This replaces traditional bin transfer and cleaning of the units within our depots, as the service can be completed on our customers' premises, reducing the amount of products we carry on our vans by c.50% and increasing the number of customer visits that a service technician can make before having to return to their local depot. It also means our UK technicians can now stay out between two and three days before returning to branch.

Digital innovation – sales and service

Our digital sales and service tools are also increasing productivity and are being utilised to build customer awareness of Initial's multiple product offerings. Our online Hygiene customer portal, myInitial, is being developed to highlight the full spectrum of Hygiene solutions on its home page and is now being used by customers in 18 countries. We continue to digitise service dockets, both in field service and when presented to customers through the portal. In addition, we now track sales leads per driver on a monthly basis.

Our smartphone field service app, ServiceTrak, is also improving productivity, the benefits of which include better colleague retention, higher gross margins achieved through greater service productivity and cost savings, and delivery of a more professional service to customers. Our Hygiene technicians use the app to record service visits – for example, start time, services performed, customer recommendations, customer signatures and end time. The app is now being used by just over 3,500 Hygiene technicians in 31 countries and during the year we completed 20,744 customer site visits on ServiceTrak, all automatically processed to our customer and operational systems,

without paperwork or admin. In 2019, we also generated 31,984 new business leads from service colleagues.

Building the sales funnel in Hygiene through digital channels

We focus on driving continuous improvements to our web estate around the world to increase customer traffic to our sites and generate new business leads. During 2019, web traffic to Initial websites increased by 6% on 2018 and can be attributed to a number of successful, targeted cross-sell, upsell and email campaigns to increase customer visits. As an illustration, one such campaign in the UK involved sending over 84,000 emails to target companies over 10 months, resulting in a 30% increase in sales target lists in the first quarter of 2019. Other highly effective campaigns include Google My Business and Pay Per Click campaigns. In addition, by using digital tools such as Chatbox and Webchat, our Sales representatives can free up more time to focus on sales activities.

Extending our services to build product density and add premium ranges

We have been very encouraged by the momentum created in our Hygiene business over the past few years and are becoming increasingly confident in the growth opportunities afforded by the business, which we see as a core, complimentary business to Pest Control. Our focus for continued growth is to target new growth opportunities by building product density and adding new premium products to our hygiene range. These high-growth areas include air care, digital hygiene and route-based service extensions, such as first aid.



Air care

The global air care market – which includes premium scenting, air quality monitoring and air purification – is estimated to be worth around \$17bn and is expected to deliver a 10% CAGR over the next seven years. Air care gives us an opportunity to broaden our existing hygiene offer into a higher-growth wellbeing service offering and we have identified a number of preferred suppliers for next-generation air purification and enhancement products, which we are now piloting in a number of markets. We plan to add to our scenting range a new multi-fragrance, long-lasting (up to 36 weeks) air nebuliser and also plan to launch a new wall-mounted air purification device which will improve indoor air quality by filtering out air pollutants and odours.

Digital hygiene products

During 2019, we have been piloting a number of new digital hygiene products, with our first digital range set for launch in 2020. These include no-touch digital taps and soap dispensers, hand wash monitoring and cubicle sanitisers. Digital monitoring of consumables enables more efficient washroom operations at lower cost, with a reduced environmental impact and offering a better guest experience. Our RapidWater taps and RapidFoam soap dispensers reduce water and soap consumption with one container of RapidFoam providing over 16,000 hand washes, significantly extending periods between refills and reducing the environmental impact from soap usage by

up to 98%. RapidCount is a wireless footfall monitor that provides continuous, 24/7 real-time data to customers, enabling them to observe equipment usage throughout the day, identify which washrooms are at their busiest or quietest and spot busy locations in order to plan an effective maintenance regime.

Route-based extensions

We are piloting other route-based extensions to our products and services, including a first aid kit service solution which we have been trialling in Melbourne, Australia, and which we will be rolling out across our Pacific operations in 2020. Our planned standard service solution will include installation of the kits (either wall mounted or portable), four service visits per year to replace full modules when used or expired and shipment of additional modules on customer request.

Growth through targeted M&A

The M&A environment in the hygiene market is less competitive than in the pest control market and asset prices are not as high. However, hygiene companies are less straightforward to integrate as we are acquiring companies using other branded products, which must be converted to our own over time. As our confidence in our Hygiene model grows, so too has our focus on securing attractive hygiene acquisitions and we have acquired 25 hygiene businesses since 2015, including the larger acquisitions of CWS-boco Italy and global Cannon Hygiene business. We have made further good progress in Hygiene M&A in 2019,

in particular in Emerging markets, with eight deals completed this year in Chile, Colombia, Dutch Antilles, Indonesia, Malaysia, Spain and the UK. The Cannon Hygiene business, now fully integrated in eight countries and now also being integrated into our UK operations after conclusion of the CMA review, is performing well and to plan.

In July 2017, the Group's Workwear and Hygiene assets principally in Germany and Benelux were transferred into a joint venture (JV) with Haniel for a cash consideration of €520m and a retained 17.8% share in the JV. On 30 July 2019, we agreed to sell our remaining stake in the JV to Haniel for a cash consideration of €430m. Together with the initial consideration for transferring the businesses into the JV of c.€520m and dividends received since its formation of c.€29m, the transaction has realised a total cash return of c.€979m. The proceeds from the sale have been used to reduce debt and support the Group's M&A programme.

Competitors

There are many routes to satisfy washroom hygiene needs with competitors providing a wide range of supply solutions. Regional, full-service companies provide service solutions, either direct or via cleaning companies / facility management, differentiating on services, products and coverage. In several markets washroom requirements can be met by FM or cleaning companies direct, but this solution is not typically of the same standard provided by washroom services companies.



Key innovations
to drive service,
productivity and growth

RapidFoam

A single dispenser of RapidFoam provides 16,000 handwashes, extending periods between refills and reducing the environmental impact from soap usage by up to 98%.

 [Find out more above](#)



Our first range of digital products

are set for launch in 2020. These include no-touch digital taps and soap dispensers, hand wash monitoring and cubicle sanitisers.

 [Find out more above](#)





Protect & Enhance

The four businesses included in our Protect & Enhance category are Workwear (France), Ambius (Global), Property Care (UK) and Dental Services (Germany and Sweden).

What we do

Ambius is the world's leading commercial provider of plants and scenting. Property Care provides damp proofing, property conservation, woodworm treatment and wood rot treatment services. France Workwear specialises in the supply and maintenance of workplace garments. Dental Services operates principally from two main hubs and specialises in the disposal and recycling of dental waste.



How we performed

Ongoing Revenue

£397.6m +3.5%

2019	397.6
2018	384.1
2017	381.3
2016	379.1
2015	386.1

Ongoing Operating Profit

£48.7m +6.6%

2019	48.7
2018	45.7
2017	41.4
2016	51.7
2015	61.8

Net Operating Margin

12.3% +40 bps

2019	12.3
2018	11.9
2017	10.9
2016	13.6
2015	16.0

All four businesses are cash generative and share overheads with our Pest Control and Hygiene businesses. However, they operate in markets which typically offer lower opportunities for profitable growth. Combined, the businesses represent 15% of Group Ongoing Revenue and 10% of Ongoing Operating Profit and generate a Net Operating Margin of 12.3%.

A much improved performance in 2019

2019 has been another encouraging year for our Protect & Enhance businesses despite ongoing market challenges. Workwear, Ambius and Dental Services recorded year-on-year growth in Ongoing Revenue, while UK Property Care showed a much improved rate of revenue decline of 2.5% for the year (versus a decline of 17.4% in 2018), aided by a 2.2% return to revenue growth in H2.

However, while Ambius and Dental Services delivered profitable growth of 19.8% for the year, Property Care and France Workwear both declined by £0.4m (363%) and 2.6% respectively. Underlying profits in Workwear improved year on year, but they have now reached the level where statutory employee profit share regulations in France has triggered, resulting in an overall Ongoing Operating Profit decline for 2019. In line with our strategy for the category, service metrics for all four businesses are high, with 2019 State of Service at 98.5% and customer retention at 90.2% (the highest level across all our businesses). Customer retention in France Workwear was 92.8%.

Workwear

Our Workwear operations in France specialise in the supply and laundering of workwear, uniforms, cleanroom garments and personal protective wear. 2019 saw a marked turnaround in Organic Revenue growth – which rose by 3.4% versus 0.9% in 2018 – and customer retention and productivity by garment at record highs. This has been achieved through an outstanding execution of strategy by our management team, which has focused on service and product quality to drive customer retention, together with profit improvement and margin protection initiatives. Initiatives during the year included implementation of a programme to fit RFID (radio frequency identification) tags on all garments processed through our facilities to guarantee tracking and solve missing items issues (which account for c.50% of customer complaints). In keeping with our Group commitment to run a responsible business we also deployed our first electric and bio-fuel vans and commenced a recycling garment project with the aim of recycling around one million garments each year.

While we are greatly encouraged by our performance in 2019, we are not complacent. We continue to work to return the business to full operational and financial health through ongoing implementation of our Quality Strategy in Workwear. This agenda focused first on processing and service quality, where we have made strong progress in a number of areas (e.g. improvements in customer retention, process digitisation and delivery route optimisation). Second, we have been enhancing product and service innovation across the business (e.g. service quality KPIs, RFID technology, deployment of smartphones and apps to all our frontline



Protect & Enhance

Sales and Service colleagues). Finally, our Customer Care Strategy aims to achieve new levels of customer intimacy via enhanced organisational design and dedicated expert teams supported by an ecosystem of telephony and web contact channels.

We have made the decision to separate our French Hygiene and French Workwear businesses to allow greater specialisation in each area. As we have seen elsewhere across the operations, this focus will enable us to extend our services to our hygiene customers as well as bringing more direct expertise and innovation. The separation, which will take approximately 12 months, will involve some duplication of cost as we split the businesses and we anticipate this will be in the order of £1m in year one. As required to support such a change we are in the process of consultation with the appropriate works councils, unions and social partners.

Ambius

Ambius operates in 16 countries and has No. 1 positions in eight of its markets (including in the US, Canada, Australia and New Zealand). Its product offering is broadly consistent across the world and includes interior landscaping, Christmas decorations and premium scenting. The US business comprises 59% of total Ambius revenues. Key customer segments are offices, facilities management, hospitality, food and non-food retail, leisure, healthcare and education. Our products and services in Ambius have a strong link with health and wellbeing, and service quality, expertise and customer retention metrics are high. Our strategic focus is on higher-margin green (living) walls and premium scenting, expanding and exploiting international agreements and driving lead generation through digital applications.

Property Care

Our Property Care business is based in the UK. Services include dry rot and woodworm treatment and damp proofing. We have a leading position in the industry and have developed a strong operational capability with certified teams undertaking work in commercial and social housing. The business has an excellent reputation for customer service and a loyal customer base. Our three brands, Peter Cox, Wise Property Care and Rentokil Property Care, were the top three businesses rated by customers in the damp proofing category, ranked by Trustpilot in 2019. Trading, however, continues to be significantly impacted by the slowdown in the UK property market and, while the business is small – generating revenues of £22.5m in 2019 – its recent revenue decline over the last two years has dampened Organic Revenue growth in the UK & Rest of World region.

To counter ongoing market pressures, we have been implementing a business improvement plan based on better revenue, leveraging our digital expertise from Pest Control, focusing on cost and efficiency measures and developing pest proofing service lines to additional customer segments to reduce dependence on the UK housing market.

Dental Waste Hygiene

Medentex is based in Germany and Sweden and specialises in the professional and compliant disposal and recycling of dental waste. It has 90 employees and provides waste separating products to customers in Germany, France, Switzerland and the US. It is a small, profitable business (with revenues of just under £12.1m) and c.56% of its annual

revenues are generated through the sale of precious metals. The price of gold, silver and platinum rose very strongly during the year, up 34% (gold) and 29% (silver and platinum) contributing to growth in Ongoing Operating Profits of 60.2% during the year.

Outlook for 2020

We are very encouraged by our performance in France Workwear this year but will continue to work steadily in 2020 and beyond to restore the business to long-term operational and financial health. While performances in our Ambius operations are linked to economic conditions, it is a highly skilled leader in its industry, with specialist expertise in large-scale installations. It also benefits from a strong fourth quarter, reflecting strong holiday sales in North America in the run-up to Christmas. Ambius is also well placed to capitalise on the rapidly growing global scenting market. All these are encouraging signs for the coming year. Market conditions in Property Care are expected to remain challenging in 2020; however, overall business performance has improved over the course of 2019 and we expect to gain further traction from the operational improvement plans implemented in 2019. We expect trading conditions in our Dental Services markets of Germany and Sweden to be broadly similar to 2019.



Innovations
to enhance customer experience



The Natede smart natural air purifier

uses a fan installed beneath the plant to boost its natural air purification process.

[Find out more about air care on page 38](#)

Known as plant care specialists, interior/exterior technicians or installers, our **Ambius technicians** enjoy being out and about and are excited by visiting businesses such as boutique hotels, botanical gardens, retail centres and business parks, keeping their diverse range of customers looking and smelling great.

Key attributes of a great Ambius technician include being passionate about delivering excellent customer service and enjoying meeting and communicating with new and existing customers.

An enthusiasm for undertaking physical tasks, such as installing planters and hanging baskets, is important as is flexibility over working hours. Once again, as with Pest Control and Hygiene, although it's very helpful for our new Ambius colleagues to have horticultural, greenhouse or plant handling experience, it is not required as we provide full training to equip them to perform an outstanding job for clients once in the field.

 Find out more about our people, culture and diversity on pages 46 and 47

What makes a great Ambius technician?

Spotlight on Ambius

From design concept to installation and ongoing maintenance, our Ambius colleagues are passionate about providing a world-class experience for all our customers, with each project designed to reflect their business needs, style and brand.

The market

The interior landscaping market is forecast to grow at 5% per annum through to 2025 (2019 Ibis World Report) impacted by key trends from the millennial mindset to concerns on indoor air quality as part of a wellbeing drive in commercial environments.

Strategy

Ambius continues to deliver profitable growth across its 16 markets from its in-house serviced solutions, ranging from large projects, interior landscaping and green walls to scent marketing and Holiday decor. The core sectors served include offices and administration, hospitality, retail, transportation and property management. Programmes of continuous improvement are also important as we look to deliver sales impact, customer satisfaction and retention, as well as margin improvement.

Outlook

Looking ahead into 2020, we will deliver organic growth by strengthening our core differentiators of in-house service and global expertise, increasingly important to evolving buyers across our lines of business. Our innovation focuses on reinforcing our positioning as the global experts in providing wellbeing solutions for commercial environments with new biophilic propositions around enhanced workspaces. We are also leveraging our experience in total air care with new active green air, air purification and indoor air quality monitoring solutions.





PARTNERSHIP
INNOVATION

Innovating in partnership with industry experts

Approximately half of our innovation projects have been generated in house, either by our Science Team or as a result of insights gained from our businesses around the world.

Other projects are initiated as a result of a meeting of minds between ourselves and a collaborative partner who brings their own specialised expertise to a new project. However, whether in-house or not, at some point in the project route to market, most projects will need an external collaborator – ranging from design and electronics expertise to specialised knowledge or testing ability, through to negotiating exclusive access to intellectual property or other commercial arrangements.

We work with partners from Asia Pacific, South and North America, Europe and the Middle East – in fact everywhere we operate. They include major industry manufacturers and suppliers, leading industry bodies, audit bodies and working groups, universities, small and large scale innovators with their own ideas, and our own customers. For those that come to us, they do so because of our global size and reach, but most importantly because they recognise that innovation is an integral part of our culture, and this gives them the opportunity to engage with our scientific and technical teams to turn their idea into a new and exciting solution for a pest control problem.



Our most successful recent collaboration has been in developing Lumnia, our illuminated insect fly trap. Combining power saving technology with maximum fly catch efficacy would have been impossible had we not worked with the world's leading company with expertise in ultra-violet LED technology.

20

We typically work with around 20 collaborative partners across our innovation portfolio at any given time.

6

Our expertise and industry knowledge has resulted in our colleagues being members of at least six regional and global technical working groups shaping the future of our industry.

Responsible Business

Our responsible business approach is integral to everything we do

It is central to our **RIGHT WAY** strategy; it is linked to our purpose of protecting people and enhancing lives, and our vision to become a world-class services company, and our values of service, relationships and teamwork.

For Rentokil Initial, being a responsible and sustainable business also means helping colleagues to have safe and fulfilling work lives, supporting customers by developing and delivering products and services responsibly, and benefiting society and the environment by acting in the most effective manner.

Our responsible business priorities are aligned to those of our key stakeholders (see page 22) and driven from the top of our organisation by the Chief Executive who has Board accountability for responsible business delivery as well as engagement with its wider stakeholder groups. Further details about our Board engagement can be found in the section 172(1) statement on page 52 and in the Corporate Governance Report on page 76.

During 2019, we have made significant progress in our key sustainability priority areas – in particular: **Safety, People and diversity, Service and innovation, Environment, Digital and Communities.** Governance also continues to remain key to our responsible business approach as set out on page 53.

We recognise that there remain challenges and further progress to be made. For instance, in 2019 there were a small number of serious incidents in our business and we have had to investigate and reinforce governance in some of our fumigation operations, in Asia Pacific in particular. Improvements in these areas are important for the performance of our Company, key stakeholders and society.

Purpose

Our purpose is to Protect People and Enhance Lives – for instance, ensuring safer foods and medicines, better hygiene in schools and workplaces, and healthier environments in which to live and work. Our services are becoming more important to achieve this, as pest threats change and society's expectations of public health and food safety grow ever more demanding around the world.

Alongside the existing hotspots of mosquito-borne diseases in Asia, Africa and South America, new research presented at the 2019 European Congress of Clinical Microbiology & Infectious Diseases showed

that the geographical range of vector-borne diseases, such as chikungunya, dengue fever and tick-borne encephalitis, is expanding rapidly. Spurred on by climate change and international travel and trade, vector-borne disease outbreaks are set to increase across much of Europe over the next few decades – and not just in the temperate countries around the Mediterranean.

Independent accreditation

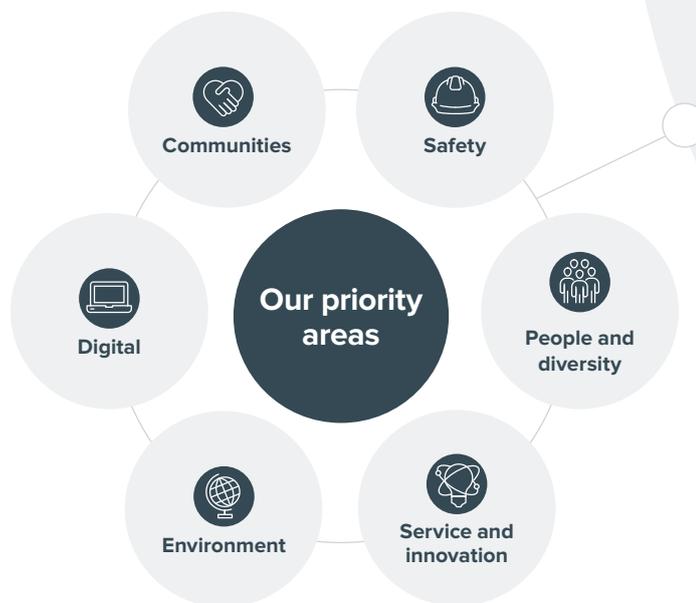
Rentokil Initial has been a member of the Dow Jones Sustainability Europe Index for 14 years, and in 2019 we improved our performance by 7 points. We are also members of the FTSE4Good Index and CDP with a C rating. Sustainalytics rate us a 'Low' ESG risk.

This year, we have achieved external recognition across the globe in areas such as health and safety, diversity, workplace culture, service excellence, colleague training and development (see below).



For three years we have worked to enhance every aspect of our employee experience. In 2019 we were honoured to be recognised as Britain's Most Admired Company for Diversity and Inclusion by Management Today, and Britain's Top-Rated Workplace among private sector companies by Indeed.

Andy Ransom
Chief Executive



Performance summary

The table below sets out how we measure our impact against our responsible business priority areas and indicates where stakeholders can find more information.

	Performance measures	2019 performance
 Safety See page 46	Lost Time Accident rate 	16% improvement in 2019 to 0.53
	Working Days Lost rate 	26% improvement in 2019 to 10.99
 People and diversity See pages 46 and 47	Total headcount	42,933 (2018: 39,480, 2017: 36,036)
	Board diversity	43% of Board members were female
	UK gender pay gap	-6% mean; -2% median
	Female senior managers	26% of our Executive Leadership Team and its direct reports were female
	New online training content	c.800 pieces of learning content developed
	Online learning views	Over 1.8m views of items (+41% year on year)
	Talent pipeline	Over 100 graduates and over 400 apprenticeships
	Glassdoor company rating	4.4 out of 5 (average score 3.5)
	Total colleague retention	86.9%, an improvement of 3.7% points
	Sales colleague retention 	85.3%, an improvement of 3.2% points
	Service colleague retention 	86.1%, an improvement of 1.0% points
	 Service and innovation See page 47	State of Service 
Customer satisfaction (CVC) 		+2.4 points from over 120,000 customer calls (NPS)
Percentage of job sales revenue from innovation		32% in UK
Number of patents filed		18 in 2019
Lumnia insect light traps		56,000 sold in 2019 (+32%)
Trustpilot score		5 stars for Rentokil and Initial in the UK from over 3,000 reviews each
Customer retention 		86.2% (2018: 85.9%)
 Environment See page 48	Emissions	3.7% reduction in the emissions index in 2019
	5-year emissions intensity target – 20% reduction by end of 2020	Achieved: 20.4% reduction as at the end of 2019
	Recycling	Over 100,000 Hygiene units recycled in France and Italy over two years
 Digital See page 48	Website visitors	Total traffic reached c.27.4m sessions, an increase of over 6m year on year
	Digital Pest Control	PestConnect: 4,000 customer sites myRentokil: 96% of commercial customers Command Centre: +6.5bn records
 Communities See page 49	Charitable donations	£206,000 (excludes donations in kind)
	Rainforest protection	c.850 acres protected through Cool Earth partnerships

 Find out more about our non-financial information on page 54

 Key Performance Indicator – see more on pages 12 to 15

The following pages focus on these key areas with further information detailed in our online Responsible Business Report for 2019, which can be found on our website at rentokil-initial.com.

Responsible Business continued



Safety

Nothing is more important in Rentokil Initial than Ensuring Everyone Goes Home Safe at the end of their working day. Our colleagues, our families and our customers rely on this commitment. Health and safety will always be our first priority and there can be no compromise on this. Health and safety is the first item on the agenda at every Executive Leadership Team and Board meeting.

2019 was our safest year yet in terms of our two key metrics. Our Lost Time Accident (LTA) rate continues to perform at world-class levels (below 1.0) with a 16% improvement versus prior year, while Working Days Lost (WDL) improved by 26% versus prior year. All regions, except Europe, operated at world-class safety levels with LTA rates below 1.0.

The long-term improvement in our safety performance is due to our consistent prioritisation of health and safety through rigorous deployment of our Safety Leadership Behaviours, combined with an extensive portfolio of training courses for better management of health and safety, and our Site Risk Assessment smartphone app enabling quick and effective risk assessment. This year, we have also introduced the Origami incident management system, which helps better manage incidents by simplifying incident data collection and automating the investigation process, triggering corrective actions faster.

Key indicators	2019	2018	2017	2016	2015
Lost Time Accidents (LTA) ¹	0.53	0.63	0.58	0.63	0.76
Working Days Lost (WDL) ²	10.99	14.77	11.65	16.14	19.59

1. The LTA rate is calculated as the number of Lost Time Accidents (injuries and illnesses) per 100,000 hours worked.
2. The WDL rate is calculated as the number of working days that colleagues could not work because of Lost Time Accidents (injuries and illnesses) per 100,000 hours worked.

Working Days Lost improved by

26%



People and diversity

As part of our **RIGHT WAY** plan, Rentokil Initial is committed to becoming a world-class Employer of Choice. Our aim is to attract, recruit and retain the best people from the widest possible pool of talent. Workplace programmes provide a high-quality recruitment experience; utilise best practices and policies to improve diversity; and deliver industry-leading learning and development opportunities. We believe that, by getting it right for our people, we provide a better customer experience and ultimately deliver better returns for shareholders.

Our global careers portal had over 260,000 job applicants in 2019, which was up 159% on prior year. The average CVs per hire increased from 32 to 63 globally and the conversion rates (number of people who go on to apply after visiting the site) was 23.5%. The site features videos and a Job Fit tool to improve the quality of candidates. In addition, a ShadowMatch tool looks at key attributes of high performing colleagues to further support higher quality recruitment. In 2019, a new video interviewing platform allowed candidates to upload their application video, making it simple and easy for the candidate and reducing the time to hire.

During the year, Your Voice Counts, the Company's global survey, provided every colleague a confidential opportunity to provide feedback on workplace culture, leadership, customer focus, development and line manager performance. The survey achieved a record response rate of 90% and showed very strong colleague engagement (79%) and colleague enablement levels (79%) – increasing by 2 percentage and 1 percentage points respectively. They both remain above the global high performance norms. Strengths of the Company according to colleagues are safety, diversity, clear and promising direction, taking a responsible approach and innovation. In Asia, our scores are the highest for any region but have reduced by 1% and our biggest area of challenge is to address career development which is a key driver of colleague engagement.

U+, our in-house 'university', delivers online courses and face-to-face programmes, as well as compliance and induction programmes. In 2019, over 1.8 million items of online training were viewed, an increase of 41%, and c.800 pieces of learning content (videos, courses etc.) were created, covering topics such as sales, safety, technical and operational best practice, and compliance. All were developed in-house.

Colleague retention increased by 3.7 percentage points to 86.9% in 2019 (on a rolling 12-month basis). One of the key initiatives that has increased retention is our line manager training programme which develops line managers' skills and capability



Service and innovation

in areas such as coaching, giving feedback, communication and recognition – areas that our analysis showed were important drivers of colleague retention. To date, over 600 line managers have been targeted to undertake the programme from across 37 countries. Our 2019 Your Voice Counts survey showed that engagement levels of the teams whose managers undertook the training improved by double the average improvement across the Company.

Diversity and inclusion is a key part of our strategy. We have had a global grading and reward structure in place for several years, supporting the principles of fairness and equality. Nationally, the Office for National Statistics has said that for all employees men are paid on average 17.3% more than females. In our UK businesses in 2019 our Gender Pay Report shows a small difference in favour of female employees. The average difference was 6% (mean) and 2% (median). We have now reported our gender pay for three years over which time there has been no material pay gap between men and women.

Approximately 10,733 (25%) of our 42,933 colleagues are female and 32,200 (75%) are male (2018: 25% female). Of our senior managers 34 (26%) are female and 95 (74%) are male. This group comprises the members of our Executive Leadership Team (ELT) and all of their direct reports, excluding administrative roles. Our ELT has expanded this year (see page 66); on a like-for-like basis our female senior management would be 31%, up from 30% in 2018. Currently successors to the ELT are 26% female (2018: 24%) and our talent pipeline of corporate graduates comprises over 50% women. Three of our seven Board Directors are female. More information can be found in the Nomination Committee Report on page 88.

We have an extensive graduate and apprentice programme, especially in the UK and USA. In the UK, we are an Ofsted accredited provider (rated Good in 2019 and 2018) delivering level 2 customer service and more recently level 3 team leader/supervisor apprenticeship which was introduced in June 2019. We currently have over 400 apprentices in the UK and over 100 graduates.

In 2019, Rentokil Initial was rated Britain's Most Admired Company for Diversity and Inclusion, as well as overall winner in the Business Services Category. We were also the Top-Rated Workplace (UK private sector), by Indeed, the online recruitment platform.

In addition, colleagues past and present can give feedback on our culture on websites such as Glassdoor. At the end of December 2019, Rentokil Initial's UK overall Glassdoor score was 4.4 out of 5, ahead of the average of 3.5.

Our focus areas include innovation, quality of products and services, digital excellence and product stewardship. Customer service remained strong during the year with State of Service at 97.2% (target: 95%).

More than 120,000 Customer Voice Counts (Net Promoter Score) calls were made to customers globally, with the overall customer satisfaction score increasing by 2.4 points in 2019.

In the UK, the customer service review website Trustpilot features over 3,000 reviews for both Rentokil and Initial with an 'Excellent' 5-star rating.

Innovation is a core part of Rentokil Initial's DNA and underlines our credentials as the global leader in commercial pest control. We lead the industry in digital pest control and work with best-in-class partners, including Google and PA Consulting, to set increasingly high standards of service.

Our innovation programme approaches the development and introduction of new products to launch premium services, lower our costs and reduce our environmental impact.

Examples of leadership in innovation:

PestConnect

The world's most advanced digital system for pest control using connected rodent control devices with embedded sensors and mobile connectivity, providing a proactive infestation risk management service, deployed in 25 countries.

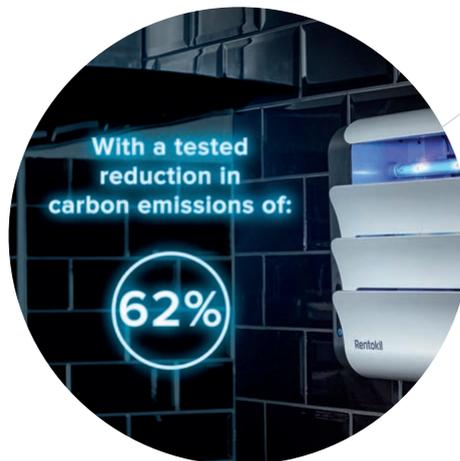
[See page 31 for more information](#)

Lumnia

In 2019, our range of insect light traps (the first commercial range to use LED lighting) received certification from The Planet Mark, a certification programme recognising commitment to continuous improvement in sustainability, for demonstrating 62% lower carbon emissions when compared with units containing compact fluorescent lamps. To date, over 100,000 units have been installed for customers.

[See page 24 for more information](#)

Throughout this Annual Report, we highlight our leadership in innovation which is driving higher levels of performance for customers and creating value for shareholders.



eden project



Rentokil Initial's achievements are an example of the increasingly synonymous relationship between sustainability and innovation. Organisations such as Rentokil are in an exceptional position, in that as they develop new technologies such as Lumnia, they embed a culture of sustainable consciousness, decarbonise their product range, and empower

customers to do the same. As these innovations are put in the hands of their customers, the effect of each one is amplified hundreds and thousands of times, making the cumulative effect very powerful.

Steve Malkin
CEO & Founder of
The Planet Mark



Environment

We are committed to reducing our environmental impact and this is supported by our key stakeholders including colleagues and customers. In 2019, we established seven work streams to help us take practical steps to deliver our long-term ambition to be at net zero carbon emissions ahead of the UK Government's target of 2050. Our environmental workstreams cover: vehicles, waste, supply chain, non-toxic services, consumables, energy, and workplace – culture and behaviours

Carbon summary

Vehicle emissions represented 83% of our total emissions in 2019. During the year, we undertook four separate country pilots (UK, Norway, France and Netherlands) on the cost and effectiveness of transitioning to electric and hybrid vehicles. We have also joined the EV100 group, which is committed to expanding the use of electric vehicles in all major cities by 2030. Other initiatives included vehicle efficiency programmes, such as route optimisation software (reducing distances travelled) and driver telemetry (information about driving behaviour).

Property-based emissions represented 17% of our emissions. We continued to consolidate our property portfolio through co-location, improving property energy efficiency by 55% since 2015. Nearly 46% of property emissions were generated by our processing facilities. In the France Workwear plants, a new three-year plan to reduce emissions has been put in place. In addition, through its waste separation programme, 92% of used clothes from the textile rental and maintenance business will now experience a second life, transformed into acoustic and thermal insulating materials for the building and automotive industries using an ISO-certified partner. The remaining clothing, with retro-reflective tape which cannot be recycled, is incinerated to generate energy for local factories.

In our French and Italian Hygiene businesses, dispensers are refurbished in order to reduce metal and plastic waste. In the last two years, we have refurbished over 100,000 units.

Absolute values of energy and fuel derived emissions – tonnes of CO₂e

Type of scope	2019	2018	2017	2016	2015
Scope 1	178,889	170,518	167,289	151,829	147,729
Scope 2	17,195	16,282	17,513	14,209	15,218
Scope 3	44,463	42,311	40,215	35,608	34,196
Outside scope	5,153	4,872	4,491	3,950	3,729
All scopes & outside scopes	245,700	233,983	229,508	205,596	200,872

Index of CO₂ emissions (intensity indicator)

Index of energy and fuel derived CO ₂ emissions at CER	2019	2018	2017	2016	2015
	79.64	82.66	88.46	89.64	100.00

Index of CO₂ emissions – calculated as an index of kilograms per £m revenue on a constant exchange rate basis, providing an accurate like-for-like performance comparison, removing the variables of currency and divestments and acquisitions. The base year for this index was in 2015 (100).

Emissions target achieved

We report our emissions intensity values, related to revenue at constant exchange rates, as an index. In 2019, this index improved over the prior year by 3.7%. Our five-year emissions target is to achieve a 20% reduction in the emissions intensity index by the end of 2020. Each of our major operations set vehicle fuel reduction targets as part of the plan to deliver this. As at the end of 2019, this had improved by 20.4% achieving our target a year early (see below).

Our absolute values of tonnes of CO₂e are reported using 2019 Department for Environment, Food & Rural Affairs (DEFRA) conversion factors and International Energy Agency conversion factors for non-UK electricity. Absolute energy and fuel-derived emissions increased by around 5% reflecting increased activity due to organic growth and acquired businesses; Ongoing Revenues increased by 8.6% in the year.

In 2019, our global energy consumption was 830,451 MWh (2018: 796,244 MWh) with UK energy consumption representing 10.4%. We continue to research and work with suppliers to identify alternative fumigants. Absolute emissions from the use of Sulfuryl Fluoride (a fumigant) were 548,449 tonnes in 2019 (2018: 363,339 tonnes; 2017: 481,390 tonnes; 2016: 720,322 tonnes). The year-on-year differences reflect the variability in customer demand. This year's increase was due to large commercial contracts and acquisitions.

In 2019, we improved our score in the Dow Jones Sustainability Europe Index by 7%. Our score of 78% for climate strategy (81st percentile) represented a 21% increase over 2018. Our 2019 carbon emission disclosure with the CDP achieved a C rating.

We are working towards becoming a signatory to the UN Global Compact, and in 2020 will seek to understand how best to enhance our climate-related reporting, including consideration of the recommendations of the Financial Stability Board's Taskforce on Climate-Related Financial Disclosures.



Digital

Rentokil Initial uses digital technology to improve colleague experience, enhance services and reporting transparency for customers, and improve operational efficiency. This year, we have made two key senior appointments to drive forward the use of digital technology and artificial intelligence. This will enable us to continue to optimise digital technology in our business and build on existing partnerships with global technology leaders.

Our workforce is enabled with smartphone technology and a wide range of apps to improve efficiency.

Examples of digital expertise:

- PestID – an image-based smartphone app which identifies a pest from a photo taken by one of our technicians. Once identified, PestID will recommend the best tools to control the pest plus important information such as operational safety reminders.
- ServiceTrak – our field service app is now being used by 14,700 colleagues and approximately 10 million service visits were completed using the app in 2019. During the year, U+ modules were embedded into ServiceTrak, giving technicians instant online access to training.
- Command Centre – brings together the data from our Internet of Things devices with nine million records processed each day.
- myRentokil – this customer portal is now live in 40 countries and active at 96% of all commercial customers.

We are aware that, as our services become more digitalised, we must ensure the strictest data and IT security including data privacy. Information on our approach to data privacy can be found on page 53.

Like all organisations, the scale and complexity of cyber attacks against the business continues to increase and we continue to identify, monitor and mitigate the risk this presents (see page 57). During the year, our IT security systems and processes were upgraded and penetration testing exercises were undertaken to test our detection and response capability. An information security awareness programme is helping to reduce security incidents and improve awareness. In 2019 this included phishing simulation exercises (involving over 8,000 colleagues in critical user functions with over 23,000 simulation emails sent in a series of campaigns), workshops and online training packages. We also monitor external ratings using the Assessment of Business Cyber Risk framework provided by the US Chamber of Commerce and benchmark our cyber security where possible. We want to do the right thing to ensure that our business and our customers can operate securely and safely.



Communities

Our approach to charitable and community support is in line with our core purpose – to protect people and enhance lives. In 2019, we launched Rentokil Initial Cares using unclaimed dividends and shares to benefit worthy causes, see page 50.

Our key performance indicator in this area relates to charitable cash donations (including matched donations), which amounted to £206,000 in 2019 (2018: £202,000) – this excludes the provision of value in kind and management time, and colleague-generated donations and efforts.

Developing strong local businesses supported by global know-how is central to our strategy, and our community relations approach reflects this; focusing on global community and partnership support, local community support and investment, as well as our response to national disasters such as the recent bush fires in Australia. Local programmes reflect the local cultures and the passion of colleagues to support particular good causes.



Global Handwashing Day

Global Handwashing Day is an event that takes place in October every year to motivate people around the world to improve their handwashing habits, demonstrating how soap and water can provide an effective and affordable way to prevent diseases.

India

Our colleagues celebrated Global Handwashing Day this year, showing people in their local community how important hygiene is, encouraging good hand hygiene behaviours to prevent the spread of germs. The simple act of washing hands can reduce the risk of getting a stomach bug by as much as 47%. Colleagues also held awareness training for staff in other businesses. The Better Futures team were also out in full force in Chennai, teaching primary school children the benefits of good hand hygiene.

South Africa

Colleagues around the country visited schools, while the team in Cape Town visited their biggest Ambius customer to swab hands and mobile phones. As a result, hand sanitisers were put on contract for the whole building.

Vietnam

22 Rentokil Initial colleagues representing all parts of the business visited a primary school to help deliver hygiene and awareness training, particularly hand hygiene, and to show pupils and teachers how to minimise the risk of contracting diseases like dengue fever, spread by mosquitoes.

Nelson Mandela Day

In July every year, colleagues across South Africa donate 67 minutes of their time – one minute for every year of Mandela's public service – to make a difference in their local communities. This year, across South Africa, colleagues gave their time by supporting causes that helped people in need.



Cape Town

Our Accounts Receivable team collected sanitary towels to be delivered to schools in the area, building on their support last year to the national initiative to end period poverty across the country.

Johannesburg

Our Pest Control team carried out free pest control treatments at De Wetshof Retirement Village as part of a campaign with one of our customers and the City of Johannesburg to improve the environment of the village for its elderly residents.



Port Elizabeth

Colleagues visited Sinako We Can, a learning centre for youths and adults with special needs, and donated clothes, toilet paper and soap.



Kempton Park

Colleagues visited Casa Caritas, a centre for disabled children, where they installed new soap dispensers in bathrooms and kitchens. They also deep cleaned the bathrooms and donated cleaning products and other necessities.

RESPONSIBLE
BUSINESS

Taking the lead to support charitable causes around the globe



coolearth



After trying our best to contact the relevant shareholders, we will now use the value of any unclaimed shares and dividends to support good causes, in line with our mission to Protect People and Enhance Lives. I would expect us to commit around £250,000 to good causes each year. I hope other companies will follow our lead and put their unclaimed dividends and shares to good use for charities.

Andy Ransom
Chief Executive

£200,000

Since 2011 Rentokil Initial colleagues have raised over £200,000 for Malaria No More UK through sponsored runs, bike rides and parachute jumps. According to Malaria No More, it costs just £1 to save a life.

Rainforest

Over the past two years, we have protected c.1,700 acres of rainforest in Papua New Guinea, preventing the release of carbon through deforestation to the equivalent of our annual carbon footprint.

20,000 people

Better Futures is Rentokil Initial's own community health education programme – providing hygiene training to children and adults in the poorest communities in Asia. More than 20,000 people have benefited since the launch of this public health initiative in 2013.

In 2019, we launched a new overarching charitable fund, Rentokil Initial Cares (RIC). This initiative uses the value of any unclaimed shares and dividends to fund partner charities and support our colleagues' own charitable efforts around the globe.

While the vast majority of dividends have been claimed by our shareholders, a small number of shareholders remain untraceable and so a small percentage of dividends remain unclaimed. In line with UK company law these dormant funds from both the shares and the dividends can be forfeited and returned to the Company¹, but instead of staying on the balance sheet, we have chosen to donate them in line with our purpose to protect people and enhance lives.

Approximately £1.25m is available and we aim to donate about £250,000 per annum.

In 2019, we supported a wide range of charities including Better Futures, our community hygiene programme in Asia, and Malaria No More UK. With Cool Earth, we protected c.850 acres of mature rainforest in Papua New Guinea to ensure that carbon (equivalent to our annual footprint) remains locked into the trees and not released through deforestation. We also supported a range of local charities. Each of our regions has a Rentokil Initial Cares Ambassador to co-ordinate and champion support, and the global RIC Committee, chaired by the Chief Executive, meets twice a year to ensure good governance against its rules.

In 2020, alongside Cool Earth, we will launch the Climate Dividends campaign to encourage other members of the FTSE to follow our lead and put unclaimed dividends to good use. It has been estimated that the value of unclaimed shares and dividends in the UK is around £9bn which could be put to good causes such as action on climate change.

 Find out more at rentokil-initial.com



Human wellbeing on Earth depends on functioning rainforests and Cool Earth has one of the most effective means of conservation that goes hand in hand with community development.

Professor Dr Johan Röckstrom
Co-author of the 'Hothouse Earth' theory and Cool Earth trustee



Using unclaimed dividends to address climate change is a beautifully simple idea and it is typical that Rentokil Initial thought of it first. A smart company, who are showing great leadership to deliver a global impact. Thanks to Rentokil's ingenuity, the funding from Climate Dividends will ensure some of the world's most endangered forest is kept standing. I hope that where Rentokil leads other responsible companies will follow.

Frank Field
MP & Co-founder of Cool Earth

1. The Limitation Act 1980 allows unclaimed dividends to be forfeited after six years. Our articles of association provide a minimum time period of 12 years for any untraced shares to be forfeited.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, s.172 requires a director to have regard, among other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

This statement intends to set out how our Board of Directors, both individually and collectively, has had regard to the above factors when undertaking their duties during 2019.

In discharging their section 172 duties, the Board has had regard to the factors set out above, although at times some factors may have been more relevant than others. Appropriate regard was also given to other factors considered relevant to the decision being made, for example our relationship with regulators, industry bodies and other business relationships. We acknowledge that every decision the Board has made will not necessarily result in a positive outcome for all of our stakeholders. However, by giving consideration to key stakeholder groups and aligning our activities with our strategic plan, as well as the Company's culture and values, we aim to act fairly, transparently and in the best interests of the Company over the long term. Our business model is set out on page 18, and the Q&A with our Chief Executive (page 4) and our Financial Review (page 118) show the key decisions and strategic developments in the year. In making their decisions and choices and in setting policies and strategy, our Directors also consider any associated risks when discharging their duties (see page 55).

We identify our key stakeholders as colleagues, customers, shareholders, communities and suppliers. We consider the environment to be strongly related to communities and they are often considered together, although we are ever more conscious that the environment also impacts our customers and suppliers and is of increasing importance to our colleagues as well. Further information on environmental considerations by the Board and the impact of colleague engagement can be found on page 77. We are aware that our impact can be negative as well as positive, for example as a result of the chemicals that we use and the greenhouse gas emissions that are involved

in providing services to our customers. We are engaging with suppliers and developing innovative technology to address this where practicable. Further details of how we engage as a company with all our key stakeholders is shown on page 22.

During 2019, a stakeholder mapping exercise was undertaken to ensure that the groups that we have identified as key stakeholders remain appropriate, to monitor engagement levels and identify opportunities for improvement where necessary (see page 76). For details of how our Board operates and the way in which we reach decisions, including the matters discussed and debated during the year, please refer to the Corporate Governance Report on pages 69 to 80. Details of how our Directors receive information on stakeholder engagement, their engagement activities during the year and the resulting impact are shown on pages 76 and 77.

A full list of the activities undertaken by the Board is provided on pages 73 to 74. We consider the principal decisions to be those decisions taken by the Board directly, which should not be delegated to either management or a committee of the Board, and which may have a potentially material impact on the Company's strategy, a stakeholder group or the long-term value creation of the Company. We have grouped the Board's principal decisions during 2019 into the following categories:

- financial results (the full and half year results and the Q1 and Q3 trading updates);
- capital allocation (the approval of the annual operating plan for 2019, the recommendation of the full-year dividend and declaration of an interim dividend);

Disposal of CWS-boco joint venture interest

In June 2017, the Group formed the CWS-boco International GmbH (CWS-boco) joint venture with Franz Haniel & Cie. GmbH (Haniel), contributing its Workwear and Hygiene businesses in 10 European countries and retaining a 17.8% share in the joint venture, creating a leading European Workwear and Hygiene business which operated across 17 European countries.

During 2019, the Board considered whether to exit the joint venture, receiving briefing papers from management on the subject. As a major transaction, Board approval was required in accordance with the schedule of matters reserved for the Board. The Directors made sure to have regard in their decision-making, among other things, to the potential impact on the employees of the joint venture (which included many former Rentokil Initial colleagues transferred into the joint venture when formed), and Rentokil Initial senior management team members whose responsibilities included managing the joint venture interest. There had already been extensive consultation with colleagues and employee works councils at country and European level when the joint venture had been formed in 2017. As the exit would

- funding (the approval of an extension of the Company's Revolving Credit Facility and the use of Synthetic Borrowing Units);
- M&A activity (the approval of five acquisitions and one disposal);
- review of matters reserved to the Board;
- Board changes (the appointment of a new Chairman);
- supplier contracts (the renewal and approval of two fleet supply contracts);
- strategy review (the review of the Company's strategy for the next three years); and
- Company statements (the approval of the Company's modern slavery statement and gender pay report).

Examples of how the Directors have had regard to the matters set out in s.172(1)(a)–(f) when discharging their section 172 duty and the effect of that on certain decisions taken by them during the year can be found below and overleaf.

Our reputation is paramount to the success of our business as we rely on the satisfaction of our customers. We continue to monitor our culture (see page 20), recognising the important role it plays in underpinning the business's sustainable long-term success. We have a comprehensive set of policies and procedures in place to ensure high standards of professional business conduct, including the adherence to our Code of Conduct. More information on these policies can be found on pages 53 and 54, where the methods for monitoring compliance are also set out, and on our website at [rentokil-initial.com/responsible-delivery](https://www.rentokil-initial.com/responsible-delivery). We strive to act fairly between shareholders of the Company at all times.

not result in job losses nor change of responsibilities within the joint venture, only minimal impact on these stakeholder groups was anticipated, and none in relation to customers. CWS-boco would continue to source workwear and hygiene products from the Company's supply chain for at least a transitional period, minimising the immediate impact on suppliers.

The transaction was consistent with the Company's strategy of pursuing global leadership in pest control and hygiene and the desire to realise value for non-core workwear assets, for redeployment into the M&A programme, as well as reducing debt and supporting the dividend for shareholders. The Board considered the impact and treatment of the different revenue flows as a result of the disposal (the receipt of the sale consideration rather than annual dividend), and assessed the likely external perception of the transaction by investors and analysts.

The Board approved the proposal to exit the joint venture, which was announced on 31 July 2019. The financial impact is disclosed in Note B6 on page 151.

Governance, trust and transparency

Governance and policies

Our responsible business priorities are woven into our overall governance arrangements, the cornerstone of which is the Code of Conduct (available in local languages and supported by training programmes). The Code of Conduct is a fundamental commitment to comply with all applicable legal requirements and with high ethical standards and outlines responsibilities to colleagues, customers and to the Company. It highlights our determination to embed our values of service, relationships and teamwork and a culture of integrity across the Company.

We have a robust policy framework for each of the key sustainability priority areas set out on pages 46 to 49. Policies are reviewed periodically to ensure that they meet current best practice and legislative needs. Our technical and safety standards and practices often exceed the regulatory requirements where we operate. We have also refreshed and simplified our business continuity arrangements. By establishing clear policies and procedures in areas such as ethical conduct, human rights, data security and suppliers, and by reporting transparently on our progress, we can reduce risks to our business and our customers.

The Rentokil Initial Supplier Code was launched in 2019 and is designed to ensure that the standards of our suppliers are aligned to our Code of Conduct. The Supplier Code outlines the standards and controls expected within the operations of suppliers

Approval of new fleet contract

In June 2019, the Board considered a proposal to appoint, following a formal tender process, a new contract for vehicle leasing and fleet management services in the Netherlands. As a supplier contract whose total value of spend was above the set threshold, Board approval was required in accordance with the schedule of matters reserved for the Board.

The Directors considered, among other things, the economic efficiency and sustainability benefits that would be derived from the potential provider. Regard was had to the opportunities offered to undertake engine control unit remapping on the live fleet in order to improve performance and reduce carbon emissions, and expertise to support car policy reviews and electric vehicle strategy. Furthermore, as an existing supplier with a proven track record, there would be no disruption to the business or colleagues caused by changing supplier.

Following consideration of the anticipated financial benefits and the potential future opportunities offered by the supplier commitment, the Board approved the contract.

of goods and services to the Rentokil Initial Group. This covers all aspects of business in the broad categories of people (health and safety, equality and fairness, human rights and anti-slavery), ethics (bribery and corruption, competition and anti-trust), environment, security and personal integrity.

Since March 2019, all individuals and companies who supply goods or services to the Group are required to acknowledge receipt of and compliance to the Supplier Code. Tangible aspects of the Supplier Code, such as safety standards, are inspected during the periodic audits of critical and major suppliers. The Supplier Code is available on our website in 13 languages.

Within our acquisition programme, rigorous due diligence, including sustainability criteria, is undertaken. Prior to purchase, a business is assessed for its ability to meet the Company's standards. Once acquired, Internal Audit teams make two visits within 100 days to ensure integration of Company policies and practices.

A full list of our key policies is available on our website, with further details provided in our Responsible Business Report online. A summary of key policies is provided in our non-financial information statement on page 54. We monitor our impact using performance metrics, which are summarised on page 45. Further details of our values and culture can be found on pages 2 and 20.

Management and compliance

Adherence is reinforced by an annual Letter of Assurance process, signed by senior management confirming compliance with corporate policies and the Code of Conduct. All senior managers are required to sign a letter to confirm they comply personally with key corporate policies and the Code, and that the colleagues for whom they are responsible are aware of and understand what is required of them, and that they are not aware of anyone within Rentokil Initial that is not complying with the Code. Details must be provided of any areas of non-compliance or uncertainty.

Monitored by the Company's Internal Audit team, it is supported by mandatory training on the U+ learning platform. A review of the process is provided to the Audit Committee each year (see page 87). The Internal Audit team also manages the confidential independent reporting channel Speak Up (see page 87 of the Audit Committee Report). The Chief Executive has Board responsibility for our responsible business approach, including climate-related issues.

Data privacy

We have established a Group and EU data protection compliance programme based on the requirements of the EU General Data Protection Regulation (GDPR). The core operational controls and compliance framework are underpinned by tools, systems, policies and processes. Privacy and data management considerations are implemented in project and contract

governance mechanisms. A privacy notice is available in 17 languages and 96% of managers in the EU, including the UK, have completed data protection training. Since implementation, functional training for teams such as marketing, HR, sales and IT has also been delivered; supplemented by support and guidance from a network of over 30 local privacy officers and privacy champions.

We have a Group Data Protection Officer who has embarked on a global data protection compliance programme to enable our businesses globally to adopt best practice data protection management. The global compliance programme is based on the high standards of GDPR and we have required that all businesses globally sign and abide by the terms of an inter-company data transfer agreement, which incorporates EU standard model clauses. This demonstrates that all businesses are committed to take privacy seriously. We aim to have established a global data protection programme by 2021.

Any identified data protection risks, gaps and requirements are reported by the Group Data Protection Officer via the Group General Counsel to the Group Risk Committee and the Audit Committee (see page 87). Metrics have been created to assess the compliance status of countries and regions based on data protection programme activities and risk levels associated with local regulatory requirements, enforcement actions and breaches.

Tax

Our tax strategy is aligned with our wider business strategy, which we believe creates a responsible and sustainable tax strategy that will enhance long-term shareholder value. Tax will be considered as part of every significant business transaction. When considering tax issues we will always seek to protect the Group's reputation and adhere to its Code of Conduct.

We aim to meet all of our legal obligations, filing all required tax returns accurately and on time and paying the correct amount of tax when due. We seek to deal with HMRC and other tax authorities in an open and collaborative manner, aimed at reaching agreement on tax issues on a timely basis and minimising the risk of disputes arising. We will not undertake transactions where the sole purpose is to create a tax benefit in excess of what is intended by the relevant legislation. We aim to comply with both the spirit and the letter of the law in relation to tax matters and we will not establish companies in tax havens where there is no economic substance.

We operate appropriate tax risk governance processes, including oversight by the Audit Committee and the Board. Our tax strategy applies to all Group business, sets out our approach to tax and can be found on our website. Our Board reviews our tax strategy annually.

Non-financial information statement

An overview of our approach to environmental matters, colleagues, social matters, human rights, and anti-corruption and anti-bribery can be found in the table below with further details found throughout this Responsible Business section on pages 44 to 53. Details of our business model can be found on pages 18 and 19, and our principal risks are on pages 55 to 59. Our key policies can be found on our website.

Enabling **THE RIGHT PEOPLE** to do **THE RIGHT THINGS** in **THE RIGHT WAY**

Our approach and key policies	Outcomes of policies and impacts of activities	More information
Environmental matters		
 <p>Our Code of Conduct states that all our colleagues must conduct their work in a way that complies with environmental laws and minimises any adverse effect on the environment. Our Environmental Policy sets out our commitment to carrying out our business in an environmentally responsible way.</p>	<p>3.7% reduction in the emissions index in 2019.</p> <p>We mitigate our carbon emissions through our partnership with Cool Earth.</p>	<p>See page 48 for more information on environmental matters.</p>
Colleagues		
 <p>Our colleagues are at the core of our business. Our Code of Conduct sets out our company standards and applies to everyone at Rentokil Initial. It includes sections on health and safety, equality and fairness, human rights and protecting personal information.</p> <p>There is nothing more important in Rentokil Initial than Ensuring Everyone Goes Home Safe at the end of their working day. Our approach to making sure this happens is set out in our Code of Conduct and our Health and Safety Policy.</p> <p>We aim to be an inclusive employer and have a wide range of policies including our Group Diversity and Inclusion Policy, Dignity at Work and Rights of Employees.</p>	<p>We aim to be an Employer of Choice and our c.43,000 colleagues are integral to our business model (see page 18).</p> <p>0.53 Lost Time Accident rate in 2019.</p> <p>10.99 Working Days Lost rate in 2019.</p> <p>26% of our senior management are female.</p>	<p>Colleagues are one of our key stakeholders as set out on page 22. Our culture is described on page 20 and you can read more about our colleagues on page 46.</p>
Social matters		
 <p>Our purpose is to protect people and enhance lives and, as well as making a meaningful contribution to the economy, we aim to support communities where we operate. Our Community Involvement Policy sets out our principles for positive engagement and our commitment to support colleagues' efforts to raise funds for good causes through a matched giving scheme. The Code of Conduct also contains a section on respecting the world in which we work.</p>	<p>£206,000 donated to charity in 2019 (excludes donations in kind).</p>	<p>Read more about our engagement with the communities in which we operate on page 23.</p>
Respect for human rights		
 <p>We support the rights of all people as set out in the Universal Declaration of Human Rights. Our Human Rights Policy outlines the human rights principles that reinforce colleagues' expected behaviours to respect the human rights of colleagues and business partners. The Company may operate in countries with potential human rights issues but we would not tolerate any connection with abuse.</p> <p>As detailed in our Code of Conduct and our Supplier Code, we will only employ individuals who are working of their own free will and do not tolerate child labour, bonded labour or other forms of slavery in any part of our business or their suppliers.</p>	<p>No human rights violations were identified in 2019.</p> <p>We publish a Modern Slavery Statement each year which is available on our website.</p>	<p>Read more about our Code of Conduct and Supplier Code on page 53.</p>
Anti-corruption and anti-bribery		
 <p>We expect our colleagues to maintain the highest standards of conduct and act with integrity at all times. Anti-bribery and corruption policy and controls are addressed within the Code of Conduct and a separate Anti-Bribery Policy, and these are reinforced by mandatory online training, reviews and supplier audits, tracking registers, and our ethics reporting system Speak Up.</p>	<p>c.16,600 Core Corporate Compliance training courses were completed by colleagues in 2019, with a 96% completion rate overall.</p> <p>There were no fines, penalties or settlements for corruption reported in 2019.</p>	<p>Read about Board oversight of governance and compliance on page 80.</p>

 The icons used above correspond to our stakeholder groups as set out on pages 22 and 23



Risks and Uncertainties

Risk management approach

The Group's overall risk management approach, described on pages 86 and 87, is designed to provide reasonable, but not absolute, assurance at all levels of the Group that risks are properly identified and are being effectively managed. This includes the provision of appropriate mechanisms to ensure that issues and concerns relating to risk can be escalated up through the organisation effectively and confidentially.

The Group's business model has remained the same in 2019 as in 2018 (see page 18 for more detail). It incorporates a number of elements that moderate the risk profile of the Company, particularly as the portfolio accelerates its focus on Pest Control and Hygiene, which together represent 85% of our total business.

- Low capital intensity and high portfolio retention rates: our categories exhibit strong defensive qualities, as density and efficiency gains are reflected in margin growth.
- Local market operations: the limited dependency on cross-border flows of people or products reduces the impact of geopolitical risks such as Brexit, and foreign exchange risk is muted since revenue is earned and costs are incurred in local currency.
- The global nature and scale of the Group's operations limits exposure to the economic cycle in individual markets: the largest market, the United States, represents 38% of Ongoing Revenue at CER, with no other single market representing more than 12%.

Changes in risk profile of the Company in 2019

We continue to monitor existing and emerging risks regularly in both the Audit Committee (see pages 81 to 87) and the Group Risk Committee (see page 71), and take mitigating action as appropriate.

Areas where the risk profile of the business has improved in 2019 include:

- the Executive Leadership Team now includes dedicated leadership for IT, technical governance and health and safety (see page 66);
- higher retention rates for technical and Sales colleagues reducing recruitment costs and ensuring improving service levels; and
- successful completion of two CMA investigations.

Areas where our risk profile has increased in 2019 include:

- potential economic slowdown in a number of our key markets such as Germany, Italy and Spain;
- increased labour costs in markets approaching full employment such as the US, and increases in minimum wage costs in markets such as the UK, Spain and Indonesia;
- volatility of international markets due to factors such as China-US trade talks, Brexit and tensions in the Middle East, impacting exchange rates and other macro-economic factors;

- ensuring our technical standards are fully implemented across the business at all times, particularly in fumigation;
- ensuring payroll and employment regulations are fully implemented in line with local laws at all times; and
- increase in disruptive cyber attacks, especially in North America, and changing legislation on data retention.

Identified risks

The principal risks most relevant to the Group are described in the table below and on pages 56 to 59, together with mitigating actions.

Full details of our financial risks can be found in Note C1 on pages 152 and 153. The exact financial impact of one or more of our principal risks materialising will depend on the precise operational impact of the risk, its interaction with other risks and whether mitigating actions are successful in reducing the overall financial impact. However, as a rule of thumb, a 1% decrease in revenue, if not mitigated at all, would have an impact on operating profit and on operating cash flow of approximately £11m and £10m respectively.

The Group is exposed to other risks and uncertainties related to environmental (including the impact of climate change), political, social, economic and employment factors in the territories in which we operate. Additional risks and uncertainties not presently known to management or deemed to be of lower materiality may, if they manifest themselves, have an adverse impact on the Group's growth, profitability, cash flow and/or net assets.

Principal risks

Failure to mitigate against financial market risks

Our business is exposed to foreign exchange risk, interest rate risk, liquidity risk, counterparty risk and settlement risk.

Overall risk level ●

Trend ➔

Impact should the risk materialise

If any of the above risks materialise, this may have a negative impact on profitability, cash flow and financial statements, and may negatively impact financial ratios and credit ratings, impacting our ability to raise funds for acquisitions.

Mitigating actions

- Treasury policy to ensure that the Company has sufficient headroom to finance operations and bolt-on acquisitions.
- Review of Group core banks to safeguard lending commitment.
- Target credit rating of BBB and compliance with Investment Grade covenants.
- Treasury policy that sets parameters for foreign exchange and interest rate hedging.
- Treasury policy limits on counterparty exposures at Group and operating company level.

Performance measures to monitor risk

- Liquidity headroom at the year end above £700m
- Counterparty ratings above A-
- Monthly reporting against ratings metrics and financial covenants
- No unhedged foreign exchange positions above £0.5m; fixed interest > 50%; and matching currency of net debt to underlying profitability
- Monitoring of amounts outstanding against counterparty credit limits

 Further information

Note C1 Financial risk management on pages 152 and 153

Key: ● Low ● Medium ● High ➔ No overall change ➡ Increasing ▼ Reducing

Risks and Uncertainties

continued

Failure to grow our business profitably in a changing macro-economic environment

The Company's three businesses (Pest Control, Hygiene and Protect & Enhance) operate in a global macro-economic environment that is subject to uncertainty and volatility.

Overall risk level ●

Trend ↔

Impact should the risk materialise

Changes in the macro-economic environment could have a number of different impacts on the ability of the business to grow profitably, to sustain recruitment and to deliver against targets.

Examples include:

- Recession and economic slowdown in some of our markets, e.g. Germany, Italy and Spain.
- Trend for government increases in minimum wage to exceed inflation.
- Low-growth economies with inherent cost inflation, where the Company has weak pricing power may make it difficult to maintain profitability.
- Growing market presence of multi-national competitors may increase the cost of acquisitions and drive down prices, impacting profitability.
- Increased market presence by facilities management companies may drive down prices and increase compliance costs.
- Shift to greater proportion of key accounts in some markets may drive down prices and make it difficult to maintain profitability.

Mitigating actions

- Regular review of our capital allocation model which is differentiated by line of business to ensure that scarce resources are directed to countries and businesses with the most attractive prospects, e.g. North America, Pest and Hygiene.
- Global Employer of Choice programme to ensure focus on the key priorities of the organisation, including recruiting and retaining critical talent and specialists in all markets.
- Working with governments and regulators on implementation of new regulations.
- Low-cost operating model driven by single-country management teams, back office savings programme initiated in 2019, focused IT investment to deliver efficient operations (see page 18).
- Local teams incentivised on driving up route density which delivers greatest margin growth for least incremental investment.
- Stock build to mitigate potential disruption from Brexit retained into 2020.
- Group Procurement team tasked to deliver economies of scale in IT, fleet, energy and logistics, and increasingly source materials and operational equipment on a global basis.
- Use of robotics in back office functions to automate manual administrative tasks in a cost-effective way.
- UK Property Care plan implemented to reduce costs and restore profitable growth.

Performance measures to monitor risk

- Group Ongoing Revenue growth ↑
- Group Organic Revenue growth
- Revenue contribution from acquisitions
- Group Ongoing Operating Profit ↑
- Group Net Operating Margin
- Restructuring costs <£10m
- Free Cash Flow conversion ↑
- Net capital expenditure

 Further information

Business model on page 18, Colleague and Shareholder KPIs on pages 12 to 15, M&A execution on page 7

Failure to deliver consistently high levels of service to the satisfaction of our customers

Our business model depends on servicing the needs of our customers in line with internal high standards and to levels agreed in contracts.

Overall risk level ●

Trend ↓

Impact should the risk materialise

If our operatives are not sufficiently qualified, or do not have the right skills, or we fail to innovate successfully, this may negatively impact our ability to acquire or retain customers, adversely impacting growth, profitability and cash flow.

Industrial action in key operations could result in diminished customer service levels; if prolonged, it could damage the Company's reputation and ability to secure or renew contracts.

In markets where overall employment rates are high, and/or our business is growing fast organically or via acquisition, we may have difficulty attracting and retaining key management of the right capability and the right calibre of operational personnel.

Mitigating actions

- HR development processes including high-quality leadership and development training, performance management, reward and incentives, roll-out of Employer of Choice.
- Relentless focus on safety by supervisors and frontline colleagues to maintain world-class SHE standards.
- Regular tracking of customer satisfaction and the perception of both customers and non-customers of Rentokil Initial, benchmarked against competitors.
- Dedicated Operational Excellence team to drive superior customer service, safety and technical standards and processes, monitoring and auditing against key metrics.
- Incentives for Sales and Service colleagues aligned closely with strategic priorities, based on delivering improved customer service levels, greater density and margin.
- Oversight of key industrial relations matters by Group HR Director and regular review by the Chief Executive for countries where industrial relations risk is elevated.
- In North America, continued implementation of IT re-platforming and integration of apps to help drive visibility of performance, improve customer satisfaction and operating efficiency.

Performance measures to monitor risk

- Sales colleague retention ↑
- Service colleague retention ↑
- The number of online training courses being developed
- U+ learning views
- State of Service ↑
- Customer satisfaction (Customer Voice Counts) ↑
- Customer retention ↑

 Further information

Service and innovation on page 47, Colleague and Customer KPIs on pages 12 to 14

Key: ● Low ● Medium ● High ↔ No change ↑ Increasing ↓ Reducing

Failure to develop products and services that are tailored and relevant to local markets and market conditions

Overall risk level ●Trend ➔

We operate across markets that are at different stages in the economic cycle, at varying stages of market development and have different levels of market attractiveness. We must be sufficiently agile to develop and deliver products and services that meet local market needs now and in the future.

Impact should the risk materialise

If we are not able to adapt to local business and consumer needs, our existing customers may choose not to renew contracts, or seek reductions in prices. This negatively impacts our ability to maintain or increase margins and cash flow.

Examples include:

- the need to adapt to changes to the regulatory environment that may ban certain products or service models from being used, such as permanent rodent baiting;
- the ability to respond to the expectations from customers and the wider populace for us to reduce our own environmental impact and support our customers in reducing their environmental impact; and
- the need to develop products that are networked and capable of being monitored in real time, or react to competitor technology developments that are disruptive to the market.

Mitigating actions

- Acquisition of targets with specific capabilities that address future changes in our markets, e.g. vector control.
- Continued development of the Power Centre to drive innovation in products and services and provide enhanced training facilities for the Group.
- Targeted investment in innovation to meet market and regulatory needs and defend against commoditisation, e.g. AutoGate, RapidPro and PestConnect.
- Provision of range of products and services for different customer needs including demand for more sustainable, recycled and non-toxic products, e.g. Lumnia and Entio.
- Category Boards oversee the roll-out of innovations at pace across our regional businesses.
- Investment in new digital platforms to provide improved marketing channels, customer portals and insight, e.g. myRentokil, myInitial, and to generate enquiries and efficiently schedule each frontline technician's day, e.g. using Service+.

Performance measures to monitor risk

- Sales growth for key innovations such as Lumnia, AutoGate and PestConnect
- Percentage of job sales revenue from innovation
- Number of patents raised

 [Further information](#)

Innovation in Pest Control on page 30, our 'big six' challenges on page 7, service and innovation performance measures on page 45

Failure to ensure business continuity in case of a material incident

Overall risk level ●Trend ➔

The business needs to have resilience to ensure business can continue if impacted by externally induced incidents, e.g. cyber attack, hurricane or terrorism.

Impact should the risk materialise

Failure to service our customers may affect our ability to retain those customers and damage the Company's reputation. This may negatively impact growth, profitability and cash flow.

Examples of incidents that could impact our ability to service customers include:

- a significant cyber attack or IT failure which impacts e.g. our ability to plan efficient routing, or ability to invoice, and is not recovered quickly;
- fire or flood impacting our laundries (in Workwear) or warehouses (in Hygiene and Pest Control), preventing goods from being available to enable our technicians to service our customers;
- industrial action by employees;
- travel restrictions due to public health emergencies, e.g. from infectious disease outbreaks such as COVID-19 (coronavirus) or natural disasters; and
- restrictions on our ability to import and export goods to and from core markets due to border delays or new trade barriers.

Mitigating actions

- All countries and units maintain business continuity plans and IT disaster recovery plans.
- The majority of key data and applications are located in regional data centres with enhanced backup capability and resilience.
- Global programme to ensure patching is up to date and covers all IT assets.
- Data encryption and implementation of AirWatch (remote monitoring and security application) on laptops, tablets and mobile phones.
- Tools deployed in three main data centres to detect malicious behaviour and help prevent malicious files from spreading.
- Strong anti-phishing programme using phishing simulation tool to highlight risks to users.
- Annual penetration testing on all systems to test external firewalls and address any identified weaknesses.
- Annual inspections of key sites by insurers, on a rotating basis, to identify potential risks.
- Review of peers' experience at Group Risk Committee to benchmark our resilience, and improve mitigation actions.
- Advance shipments of goods from the UK to overseas businesses and holding additional stocks in border locations to mitigate any adverse impact of Brexit.

Performance measures to monitor risk

- Number of serious IT incidents and time taken to respond
- Actions arising from IT security self-assessments
- External testing and benchmarking of our IT security environment

 [Further information](#)

IT security on page 48

Risks and Uncertainties

continued

Fraud, financial crime and loss or unintended release of personal data

Collusion between individuals, both internal and external, could result in fraud if internal controls are not in place and working effectively. The business holds personal data on employees, some customers and suppliers: unintended loss or release of such data may result in fines or other criminal sanctions.

Overall risk level ●

Trend ▼

Impact should the risk materialise

Loss of personal data of customers, suppliers or employees could, if significant, result in regulatory intervention which may result in substantial fines and damage to the Company's reputation.

Theft of Company assets including property, customer or employee information, or misstatement of financial or other records via deliberate action by employees or third parties may constitute fraud and result in financial loss to the business, damage to the Company's reputation and/or fines by regulators.

Mitigating actions

- Ongoing programme to ensure that all businesses are compliant with data privacy requirements including, in Europe, the EU General Data Protection Regulation (GDPR).
- Mandatory online training by all senior employees, refreshed annually, for the Code of Conduct, preventing anti-competitive practice, preventing bribery and corruption, securing information and protecting privacy, avoiding conflicts of interest and preventing insider trading.
- Roll-out of Corporate Criminal Offence policy and training.
- Compliance with Code of Conduct and other key policies affirmed by annual Letter of Assurance by all senior management.
- Standardised financial control framework operating in all locations with a focus on risk prevention and mitigation; framework defined centrally and independently assessed at all material business units every year.
- International confidential Speak Up dedicated phone line and email address, monitored and followed up by Internal Audit.
- Significant frauds investigated by Internal Audit and lessons learned widely shared.

Performance measures to monitor risk

- Completion rate for mandatory U+ training modules
- Data privacy programme (including GDPR) roll-out and implementation
- Speak Up investigations and remediation
- Key financial controls reviewed annually for key territories

 [Further information](#)

[Data privacy on page 53](#), [Board monitoring and oversight on page 80](#), [our responsible business approach on pages 44 to 54](#)

Health, safety and the environment

The Company has an obligation to ensure that colleagues, customers and other stakeholders remain safe, that the working environment is not detrimental to health and that we are aware of and minimise any adverse impact on the environment.

Overall risk level ●

Trend ▲

Impact should the risk materialise

The Company operates in hazardous environments and situations, for example:

- the use of poisons and fumigants in Pest Control;
- driving to and working at customers' premises;
- working at height; and
- exposure to needlestick injury/ bio-hazards from medical waste.

Non-compliance with internal policies or industry regulations could lead to personal injury; substantial fines or penalties, including withdrawal of licences to operate; and reputational damage.

Environmental risks may arise from former activities at sites currently operated by the Company or acquired by the Company.

Mitigating actions

- Robust health and safety (H&S) policies supplemented by the SHE Golden Rules and technical policies address higher risk and regulated activities, e.g. driving, working at height, fumigation or heat treatment. Policies and standards are reviewed regularly. Group technical and safety standards are often higher than local regulatory requirements.
- H&S officers appointed in all jurisdictions, supported by dedicated central team.
- Mandatory training of all relevant employees in safe working practices, including drivers and those working in hazardous environments, e.g. in high voltage areas or at height.
- Focus on implementation of Group fumigation and other technical standards in all new acquisitions.
- H&S considered as first item at every Board and senior management meetings; review of standardised H&S KPIs.
- Formal review of accidents and circulation of lessons learned; aggregation and sharing of 'safety moments' post-incident briefings among frontline colleagues.
- Monitoring energy-derived emissions and water usage including energy efficiency target of 20% reduction in energy intensity from 2016 baseline by end 2020.
- Strategy to further develop environmentally friendly approaches, e.g. lower pest control chemical use, recycling of hygiene units, piloting use of electric vehicles.
- 10-year goals being developed for energy usage, emissions, chemical usage, waste to landfill and consumables from sustainable sources.

Performance measures to monitor risk

- Lost Time Accident rate 
- Working Days Lost rate 
- Total emissions
- Energy usage

 [Further information](#)

[Key Performance Indicators on pages 12 to 15](#), [Safety on page 46](#), [Environment on page 48](#)

Key: ● Low ● Medium ● High ◀ No change ▲ Increasing ▼ Reducing

Breaches of laws or regulations including tax, competition and anti-trust laws¹

As a responsible company we aim to comply with all laws and regulations that apply to our businesses across the globe.

Overall risk level ●

Trend ➔

Impact should the risk materialise

Failure to comply with local laws covering bribery and corruption, anti-competitive practice, employment law, data privacy or financial and tax reporting requirements may result in fines or withdrawal of licence to operate, which could adversely impact growth, profitability and cash flow.

The Company operates across many different tax jurisdictions and is subject to periodic tax audits which sometimes challenge the basis on which local tax has been calculated and/or withheld. Successful challenges by local tax authorities may have an adverse impact on profitability and cash flow.

Mitigating actions

- Group Legal involvement in all acquisitions, including advising on risk and regulatory issues.
- Online U+ training completion rates reviewed by senior management monthly.
- Payroll audits carried out across all countries to ensure compliance with local employment and tax laws.
- Tax Policy reviewed and approved by the Board annually.
- All significant tax planning opportunities have to be pre-agreed with the Group Tax Director and Chief Financial Officer, with independent tax advice taken where necessary. Regular review of tax exposures.
- Group authority schedule in place and regularly reviewed.
- Group and local policies in place and regularly reviewed. Supplier Code rolled out to key suppliers in 2019.
- Requirement to report breaches in controls and/or laws to Group General Counsel and Head of Internal Audit. Follow-up by Group General Counsel of any significant regulatory breach in any country.
- Mandatory training on Code of Conduct and other core compliance topics, with annual refreshers, to instil a highly principled culture of ethical behaviour.
- All major business transactions or internal reorganisations are subject to a rigorous internal and external review.
- Review of all disputes that have the potential to be material, by value and/or potential reputational impact.

Performance measures to monitor risk

- Central monitoring of material litigation
- Tax provisions
- Completion rate for mandatory U+ training modules, e.g. Code of Conduct and competition law

 Further information

Governance, trust and transparency on page 53

Failure to integrate acquisitions and execute disposals from continuing business

The Company has a strategy that includes growth by acquisition, and has completed c.200 transactions in the past five years. These companies need to be integrated quickly and efficiently to minimise potential impact on the acquired business and the existing business.

Overall risk level ●

Trend ➔

Impact should the risk materialise

If the Company fails to successfully integrate acquisitions into its existing organisation structures, fails to deliver the revenue and profit targets, or fails to deliver expected synergy savings, the business may not achieve the expected financial and operational benefits which may adversely impact growth, profitability and cash flow.

Business disposals also have to be managed efficiently to minimise risk to the businesses being disposed and the residual business.

Mitigating actions

- Integration plans considered by the Investment Committee as part of rigorous acquisition approval process. Integration activities and progress discussed during monthly performance reviews.
- Dedicated project teams established for largest acquisitions and disposals, e.g. the disposal of our interest in the CWS-boco joint venture, with clear deliverables over three months, six months and one year. Additional resources provided to US to support integration and replatforming.
- Tried and tested induction programme for first 100 days for all acquisitions.
- Continuity of management/leadership in acquired companies, where possible.
- Use of transaction structures including deferred consideration to mitigate deal risk.
- Group departments, e.g. Health and Safety, Legal, Insurance and IT, involved with acquisitions to drive integration plans and compliance with Group standards, especially when entering new geographies.
- Post-completion governance: formal post-acquisition review of performance of each acquisition by the Investment Committee against original business plan 12 months post-acquisition; Board post-investment review of aggregate investment in acquisitions every six months; Internal Audit review of acquisitions in new geographies within 12–18 months.

Performance measures to monitor risk

- Integration plans (30 days, 100 days, 1 year)
- Reviews of integration plans for specific large acquisitions
- Post-acquisition review completions

 Further information

M&A execution in our 'big six' challenges on page 7

1. Excluding health, safety and the environment – see separate risk on page 58.

Viability Statement

In line with provision 31 of the UK Corporate Governance Code, the Directors set out below the basis on which they have assessed the viability of the Group, over what period the viability has been assessed and the Group's formal viability statement.

In determining the appropriate time horizon over which to assess the viability of the Group, the Directors have determined that a three-year period is appropriate:

- It is consistent with the period reviewed by the Group Board in the budgeting and strategic planning process.
- It is aligned with the typical duration of one to three years of both the customer and supplier contract periods entered into by the Group.

Although the Directors have no reason to believe that the Group will not be viable over a longer timeframe, because of the degree of uncertainty, the period over which the Directors have a reasonable expectation as to the Group's viability is the three-year period to 31 December 2022.

The Group's principal markets and strategy are described in detail in the Strategic Report (pages 1 to 60). In order to assess the viability of the Group, the key factors affecting the Group's prospects are set out below:

- The Group is the leading global provider of pest control and hygiene services.
- The Group operates three core categories (Pest Control, Hygiene and Protect & Enhance) and therefore has some protection from category-specific issues.
- The Group operates in over 80 countries and therefore is relatively well protected from country or regional shocks. The Group's largest single country is the United States which contributes 31% of total Ongoing Operating Profit (excluding central costs).
- The Group has a large diverse customer base with no single customer contributing greater than 1% of revenue.
- A substantial proportion of revenue is derived from contract revenue (typically one to three years in duration). While contracts can be cancelled, this provides a level of downside protection in the event of economic declines and typically provides time to respond and react.
- The average initial contract duration is less than three years which provides the opportunity to renegotiate terms in the event of external market changes and cost increases. Most contracts are subject to annual price increases.

- While the Group is exposed to regulatory changes, particularly in Pest Control, these can provide an opportunity for the Group due to the investments in innovation and the Group's ability to fund investments to maintain compliance relative to our competitors. We are not aware of any regulatory changes in the medium term that present a significant threat to any of the categories we operate in.
- Climate change is an issue that could potentially threaten the viability of many organisations. Although there could be some impact on the way the Group operates in some parts of its business, for example from greater extreme weather events, climate change is also an opportunity as a warmer climate results in a longer or more intense pest season, as well as migration of pests to new areas.
- The business is not capital intensive and the majority of capital expenditure is correlated with revenue and so if revenue decreased there would be a corresponding reduction in related capital expenditure.

In making their assessment, the Directors have considered the current position of the Group and have taken into account the potential impact of the principal risks, described on pages 55 to 59, that could impact on the solvency and viability of the Group. The Directors have taken account of the Group's liquidity position, its committed and uncommitted banking facilities and its bonds issued under its Euro Medium-Term Note (EMTN) Programme, further details of which are set out in Note C1 of the Financial Statements. With headroom under its covenants and taking into account current credit metrics, the Directors are confident in the Group's ability to raise new finance, if required, assuming functioning capital markets.

In undertaking its viability assessment, as a base case, the Directors used the agreed budget for 2020 and longer-term plans for 2021 and 2022, which includes analysis of the forecast performance, including the following assumptions:

- revenue and profit growth in line with the Group's medium-term targets;
- no major changes to working capital;
- capex reflecting revenue growth;
- M&A spend in line with recent years;
- no additional capital beyond current committed debt facilities; and
- future dividend growth in line with current policy.

In order to assess the Group's resilience, a number of different scenarios have been modelled to test compliance with financial covenants and ratings metrics. These tests include:

- a scenario whereby a combination of the crystallisation of principal risks results in no revenue growth over the period and a 20% increase in working capital requirements;
- a scenario where the crystallisation of principal risks results in a prolonged downturn in trading performance resulting in a year-on-year reduction in profitability of 10%, with and without any mitigation; and
- a reverse stress test scenario caused by an unavoidable breach of the Group's financial covenants.

In each scenario, it is assumed that the Group is able to refinance its debt maturities as they fall due, in line with recent experience. In the first two scenarios, it was found that the Group was resilient and remained in compliance with its financial covenants, even with no mitigation. The Directors have also considered the key potential mitigating actions of reducing capital expenditure or expenditure on acquisitions and ultimately restricting dividend payments. Where mitigation was introduced, the requirement for financing to be raised on debt maturity was reduced significantly. In order to create a reverse stress testing scenario, the conditions were so severe that they were considered implausible.

Based on this assessment and having carefully considered the Group's current standing and the risks and uncertainties referred to above, in line with the UK Corporate Governance Code, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 December 2022.