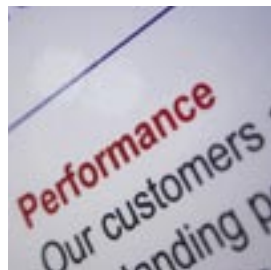


Progress in a year of transition

Corporate Responsibility Review 2006



Annual Review



This review helps us to report on our approach, achievements and challenges within the area of corporate responsibility. It is our fourth annual review.

We take our responsibilities seriously. Since 1999 we have introduced health and safety policies and environmental policies throughout the group. We have also introduced a broader range of policies since 2001. Mr Doug Flynn, Chief Executive Officer, is the board director responsible for matters relating to corporate responsibility. The board reviews our progress in following policies connected with corporate responsibility.

Our activities relating to corporate responsibility can be grouped into four main areas – environment, marketplace, community and workplace.

Corporate Vision and Values

In running our business we focus on meeting our customers' needs. During the year, we have started work on developing our vision and values for the first time.

Our vision is to be:

- the 'brand of choice' in every market we serve;
- a trusted provider of services for business and residential customers; and
- a leading and dynamic international business, dedicated to providing excellent customer service.

Our values - people, passion, pace, performance and pride - are important to the way we work, and what our employees, customers and business partners can expect.

Visit our website at www.rentokil-initial.com for more information on our vision and values, as well as the 2006 annual report and our policies relating to corporate responsibilities.

Front Cover

The City Link hub at Wednesbury, UK, moves some 200,000 parcels per night. It recycles all wooden pallets and damaged metal pallets, and has seen its total waste sent to landfill reduced by 50%.



Clarity approved for a specialist audience.

Introduction

Doug Flynn

Chief Executive (1/2)



Over the past year, as I travelled around our businesses, I have constantly been impressed by how responsibly our employees strive to act. We're a people business - people serving people. That's why our responsibilities to our employees and customers are at the heart of our business.

Corporate responsibility is a team effort. We encourage ideas and initiatives from across our businesses around the world while making sure we all keep to our policies on health and safety, conduct, the environment and product management.

We believe that corporate responsibility is part of everyone's day-to-day work. It is part of our business practices and every business, within every country we work in, is responsible for it. Each business can develop its own initiatives to meet the needs of the local business environment and culture.

In 2006 we made great progress and yet it was a year of change. We have had to make some tough decisions that were right for the long-term success of our business. We have acted to protect the benefits for members of our pension scheme, recruited many excellent leaders for our businesses, and introduced programmes to turn around those businesses in need of care and attention. Throughout these changes we have acted responsibly towards our colleagues, customers and others with an interest in our business, particularly when faced with the loss of jobs and employees who have given many years of valued service.

At the same time we have reshaped our company, selling some businesses and spending over £418 million to buy many others. Our strategy is to create value by holding leadership positions in core markets, while developing new opportunities.

Leadership is an important theme in our business. So I'm pleased to report that this review contains several examples of activity in which we are moving towards best practice. For us, best practice means best in our sector, taking into account the different challenges faced by our employees in 40 countries around the world.

Those activities include the following.

- Rentokil has taken a leading role in making the pest-control industry more responsible. In the UK Rentokil helped to set up a campaign to encourage responsible use of rodenticide. This should reduce the cases of secondary poisoning of wildlife. It aims to encourage farmers and countryside industries to use rodenticides correctly.
- Initial Hospital Services has developed an industry-leading learning and development programme which includes the UK's only accredited qualification of a course on understanding and preventing MRSA.
- Initial Textiles in Belgium has invested €15.3 million in a new laundry plant in Lokeren which will reuse up to 50% of pumped water.
- Initial Washrooms Services in the UK has produced a range of air fresheners that contain no chemicals that are known to trigger allergies. Similarly, the UK specialist-hygiene business has changed various products to reduce their effect on the environment.

We have policies covering how our businesses relate to the environment, the health and safety of our employees, community involvement, and our relationships with customers and suppliers. As a result, our overall approach to these issues is consistent. Our focus has always been on making sure our policies are being applied, rather than overburden our local managers by asking them to report on matters that are not vital to our business. As an example, despite the many activities within the Community section, we do not try to measure our worldwide activity in this area of activity. Instead, each local manager decides whether community initiatives are appropriate and if so, whether to introduce them at a level that is compatible with their particular strategies and aims.

Introduction

Doug Flynn

Chief Executive (2/2)

“We believe that corporate responsibility is part of everyone’s day-to-day work. It is part of our business practices and every business, within every country we work in, is responsible for it.”



In this review we have reported on the issues we believe to be the most relevant to our business. These include carbon-dioxide (CO₂) emissions, use of water and energy, and the health and safety of our employees. In terms of water and energy, we have achieved improved levels of reporting in this area, which has been a long-term focus for many of our businesses.

Following the closure of our UK textiles plants, we are now reporting on CO₂ emissions and the amount of water used for all our continental textiles plants (which represent 33% of our total CO₂ emissions) together with the CO₂ emissions of our whole group. Between 2005 and 2006, the major continental textiles plants used 5.7% less water and reduced CO₂ emissions by 12.4%. This follows improvements between 2000 and 2005 (21% less water and 14% less CO₂ emission) for all our textiles plant.

In addition, the City Link express parcel-delivery business in the UK has had a major focus on fuel efficiency, moving 6.5% more parcels for every litre of fuel between 2004 and 2006. This has arisen through a series of programmes (see page 10).

Taking part in indexes relating to corporate responsibility gives us the opportunity to compare our activities against those of other companies in our sector. The information we provided for the latest index, produced by Business in the Community, demonstrates the range and depth of a lot of the activity we carry out as part of our normal, responsible business practices.

These activities resulted in the following during 2006.

- For the second year running we were in the top 100 companies in the Business in the Community Corporate Responsibility Index. We were ranked 84th - an improvement on the previous year’s position of 91st.
- We continued to be ranked in the top ten companies out of the 70 worldwide companies included in the Support Services sector of the Dow Jones Sustainability Index.
- Both our pest-control and hygiene businesses in the UK were awarded a gold medal by the Royal Society for the Prevention of Accidents as a result of their health and safety performance. These are the latest examples of our companies winning this prestigious award (the seventh time in a row for the UK pest control business).

This recognition is satisfying, but it only reflects our past performance. Our focus is on continually improving the way we work with our customers, suppliers, employees and others with an interest in our work. For this reason our processes and procedures incorporate responsible and ethical approaches that support the consistently high quality of the service we aim to provide.

Throughout this review, we have tried to provide updates on activities we commented on in earlier reports, to emphasise that our activities are not one-offs. As ever, they indicate a much wider range of activities within the group of businesses.

We believe that behaving responsibly is vital to protecting and improving our reputation and our brands, and reducing risks for the benefit of everyone concerned. This requires leadership and the commitment of our colleagues around the world. We have a great team in place and I am confident that we will continue to see further development and continued success.

Doug Flynn

Chief Executive, with board responsibility for Corporate Responsibility

Company Overview (1/2)



We are one of the largest support services companies in the world. Our businesses work in a wide range of markets including textiles, washroom services, pest control, interior landscaping, electronic security, cleaning, facilities services and parcel delivery.

Our services are available in 40 countries around the world and we employ over 70,000 people. In 2006, our turnover was £2.1 billion. We have several brands including Rentokil, Initial, Pink, JC Ehrlich, City Link and Ambius (the new brand for the interior landscape business). Each brand represents a consistent quality of service.

The following table shows the percentage of our turnover from markets around the world.

AREA	% TURNOVER
UK	47
Continental Europe	39
North America	8
Asia Pacific	5
Other	1

Over the past year, since we organised the Rentokil Initial group into a structure based on services (with the exception of Asia Pacific, which is based on region), a lot of our work has been focused on making sure the benefits of this service-based approach are realised.

Business Operations Textiles and Washroom Services

Turnover of £597 million, 11,000 employees

The textiles services business operates in France, Germany, the Netherlands, Belgium, Spain, Switzerland, the Czech Republic and Austria. In many countries it provides workwear, reception wear and other types of clothing, and flat linen. The business offers a rental service and will collect, repair, clean and return each item in time for the start of work. In the UK, we closed our flat linen and garment rental business at the end of April 2006.

The washroom services business operates around the world to provide a full range of services and products such as autorolls, air fresheners, sanitary-protection disposal and 'no-touch' hand dryers. In December 2006, the business bought EnviroFresh – an

innovative company which has developed a product for men's urinals called SaniSleeve. This, together with its EnviroFlush system, reduces the amount of water used to flush by up to 90%.

Rentokil

Turnover of £280 million, 4,750 employees

The Rentokil Pest Control business provides effective solutions for customers, mainly in the commercial and industrial sectors around the world. In March 2006, the business bought JC Ehrlich to strengthen its pest control business in USA. This company continues to work under its original name.

Rentokil Hygiene offers services for air and water treatments, while its specialist disinfection service offers an emergency service for businesses.

Rentokil Property Care provides surveys and services for timber treatment, damp proofing, wood-boring insects and fungal decay.

This brand operates in 40 countries around the world.

Ambius

Turnover of £106 million, 2,050 employees

Ambius, the new brand name for our tropical plants division, is the world's largest provider of plants, replica foliage and flowers for commercial environments. It provides plants - from a single plant or tree to large displays – to improve business environments. These plants are available for rent or sale, and we also provide a maintenance service. Our specialist in-house design and development team also offers a range of services to help managers, interior designers and architects introduce plants when buildings are being designed and refurbished. Its expanded range of products includes room fragrances, corporate artwork and other products that improve workplace environments and employee wellbeing. The business is organised on a worldwide basis.

Initial Electronic Security

Turnover of £282 million, 3,500 employees

This business provides electronic security services for personal safety and protecting property. Services are tailored to meet individual needs, using electronic fire-protection and security technology. The business operates in the UK, France, Netherlands and the USA. In December 2006, the company announced a strategic review of Initial Electronic Security.



All numbers at 2005 average exchange rates and based on management divisional analysis

Company Overview (2/2)



Initial Facilities Services

Turnover of £519 million, 41,800 employees

Initial is a market leader in providing cleaning and facilities services. It works with organisations of all sizes and in all business sectors to deliver high-quality services tailored to customers' needs. The business provides a wide range of services. For instance, on any day of the week, dedicated Initial teams will be:

- cleaning offices, shops, train stations and schools;
- planning and introducing integrated packages of services; and
- delivering total Facilities Management solutions.

This division also includes specialist catering and hospital services.

The cleaning businesses operate in the UK, Belgium, France, Germany, the Netherlands, Spain, New Zealand, Hong Kong, Singapore and South Africa. The facilities, catering and hospital services businesses operate specifically in the UK.

City Link

Turnover of £213 million, 3,550 employees

City Link is one of the UK's leading providers of express parcel-delivery services. It offers an internet tracking system and integrated despatch process to give customers information on the progress of deliveries. Throughout 2006, the business undertook a programme to buy back its franchises. This programme will be completed in 2007. In December 2006, the business bought Target Express for £210 million. Together, the two brands deliver about 340,000 parcels a day with reliability rates in excess of 98%. In December 2006, City Link was awarded the title 'Courier of the Year' by the Institute of Transport Management.

Rentokil Initial Asia Pacific

Turnover of £103 million, 3,650 employees

This is our only business based on geography rather than service. It provides pest control, washroom, dustmat and tropical plant services. During 2006 the business acquired Pink Healthcare and Campbell Brothers pest control in Australia, and the CWS-branded Asia Pacific washroom and floor-care business. The business also launched operations in China and Vietnam.

There is more detailed information about the countries we work in on the Business Services Directory section of our website (www.rentokil-initial.com).

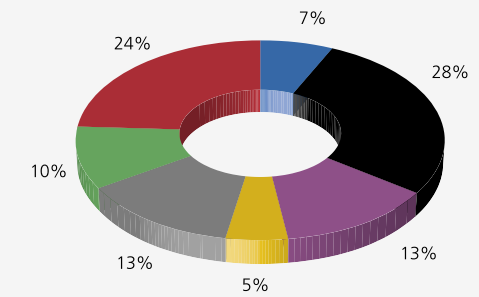
Research and Development

In 2006 we reorganised our research and development division. Today this activity is carried out in each division rather than centrally. This change means that research and development activity is better placed to respond to changes led by customers or regulations. The research and development function is responsible for managing products, including providing information on labelling, instructions and information sheets, and giving technical advice to customers and service technicians.

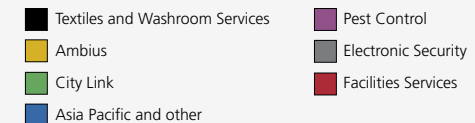
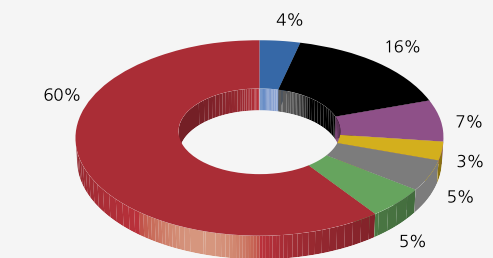
Operational Data

The following charts show the turnover coming from each area of our work.

Percentage turnover from each type of business



Percentage of employees in each business



Our Approach to Corporate Responsibility



Our approach to corporate responsibility combines group-wide policies on matters such as health and safety, with local initiatives in every country we operate in.

For an approach to corporate responsibility to be effective, it must be in line with local business strategies. For this reason we encourage our businesses to make sure corporate responsibility is part of their individual management structure, product and service proposition, and their own local business objectives.

Each business knows the issues facing their areas of work, and so develops its own approach and activities. This is particularly important as most services are performed in customers' premises, often using trained technicians.

Later in this review there are examples of local businesses taking the initiative. You will find these examples throughout this review in case studies called 'Towards Best Practice'. They demonstrate how the businesses have focused on corporate responsibility issues that are most relevant to their business needs. We do not claim to be at 'best practice' across all our businesses, we see our approach as a journey which brings improvements each year.

Our group board is responsible for making sure managers consider social and ethical issues as part of their management responsibilities. To make sure that local initiatives fit in with the overall needs of the group, we also have worldwide policies. These are shown on our website (www.rentokil-initial.com), and they cover:

- health and safety;
- environmental responsibility;
- employee matters;
- relationships with customers and suppliers; and
- involvement with communities.

The board reviews reports on these policies (together with appropriate initiatives and relevant performance) to make sure they are compatible with business needs and objectives, and meet the latest regulations.

Local businesses must adopt and communicate these worldwide policies, together with relevant procedures, to meet company-wide standards.



Environment

(1/5)



We recognise the importance of managing our effect on the environment. In general, our environment footprint is not large, although in certain businesses the potential effect on the environment is more significant. So our approach is to focus on those areas of work that create the biggest environmental impacts.

Our environment policy includes good-practice procedures for each business sector to adopt. These procedures, set out in the environment section of our website, set specific requirements and provide checklists, examples and supporting material. They help each business to identify issues and introduce effective procedures to tackle them satisfactorily.

These procedures cover the following 10 areas, which relate to a greater or lesser extent to each business:

- environmental-management systems;
- effective environmental communications;
- keeping to relevant laws;
- energy use in buildings;
- efficient road transport;
- waste management;
- using water wisely;
- choosing suppliers;
- managing products and services;
- preventing pollution.

Each business must follow the procedures on environmental management systems, effective environmental communications and keeping to relevant laws. Based on their effect on the environment, we have also asked certain businesses to adopt other relevant procedures.

As well as these environmental guides for good practice, the research and development teams in each division are responsible for developing all the products used by their business. From an environmental point of view, each business's responsibility is to make sure that the products they use keep to all current environmental laws while providing excellent standards of customer care.

We have a research and development website, which includes technical information, safety data sheets, a vets' chart, information about regulatory matters, and a variety of technical information leaflets.

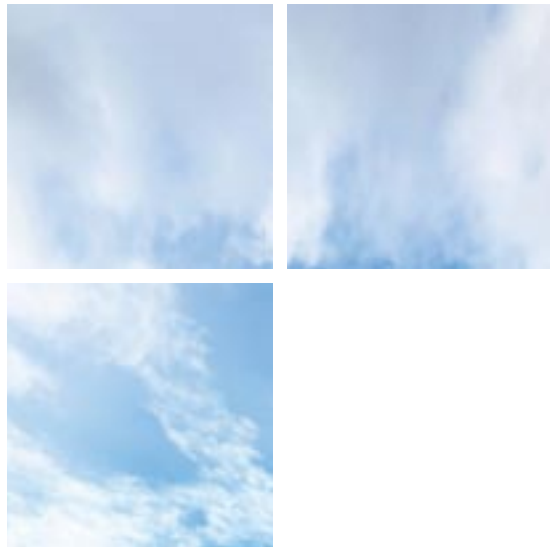
As part of our research and development activity, we have introduced a list of authorised products to our businesses around the world. We have done this to improve proper management of all Rentokil Initial products and the products of others.

Our businesses must regularly report on the amount of energy and water they use.

In previous years, reporting in these areas has focused on our major European businesses (especially the textiles laundry plants). This amounted to over 90% of the total energy used, and CO₂ emissions, within the European operations. However, we recognise that, with the structure of our business changing (UK textiles closing, selling Style Conferences, the growth of businesses in Asia Pacific, and buying major companies such as JC Ehrlich in the USA) we need to take a wider view of how we measure our effect on the environment.

Environment

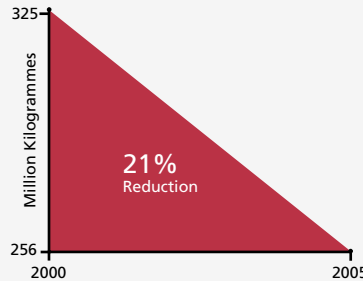
(2/5)



CO₂ Emissions

Managing the amount of energy we use has been a long-term focus, particularly within the textiles laundry plants. In previous years, the company has reported information derived from the major European businesses, based on a combination of estimates and actual figures, and representing over 90% of total usage and emissions within the European businesses. Reports over previous years have shown that CO₂ emissions reduced by 21% between 2000 and 2005.

CO₂ (Carbon Dioxide) Emissions 2000 - 2005
Major European businesses and fleet



This year, for the first time, we have collected information on energy used from around 95% of our businesses around the world. Of this, over 83% is actual figures, with the rest being based on realistic estimates.

Based on this wider range of reporting, in 2006 our total CO₂ emissions were 271 million kilogrammes, equal to 3,870 kilogrammes for each employee.

The figures on energy use include all fuel used in our fleet of nearly 16,000 vehicles around the world. Since 2000 there has been a major shift from petrol vehicles to diesel vehicles. In 2006, all our service vehicles in the UK were diesel, and most company cars are also diesel. Throughout our businesses around the world, 71% of the fuel used in our vehicles is diesel. We will consider how to further improve vehicle-fuel efficiency, including through improved driving techniques (see later in this section).

In future years we will provide information on trends in fuel use and consider how we can improve the accuracy of the information.

In previous years, we measured the CO₂ emissions relating to our major European textiles plants in France, the Netherlands, Germany and Belgium. The chart below shows the trend from these plants. They show a 12.4% reduction in emissions.

We have also measured CO₂ emissions from our smaller textiles plants in Austria, the Czech Republic and Spain. The total emissions for 2006 for all European plants is also shown in the chart below. Overall, the textiles plants are currently responsible for 33% of our CO₂ emissions.

CO₂ (Carbon Dioxide) Emissions
European textiles plants

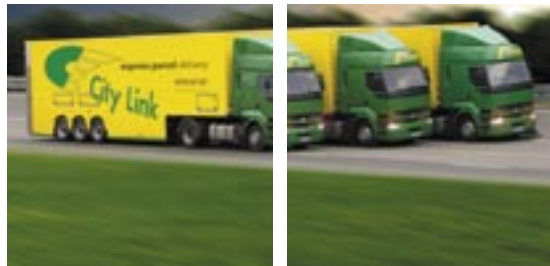


■ Major European textiles plants
■ All European textiles plants



Environment

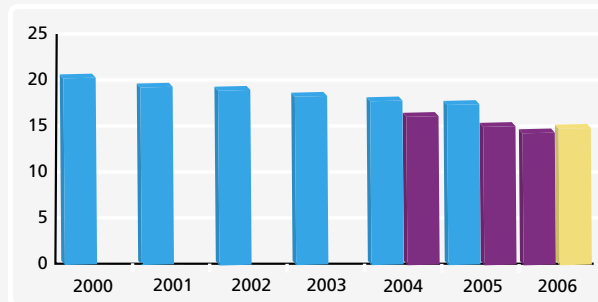
(3/5)



Water Used

As with CO₂ emissions, in previous years our measurements of water used have been taken from our major European textiles laundry businesses (including UK, now closed). Between 2000 and 2005, the amount of water used continued to fall due to initiatives designed to reduce and reuse water in our textiles plants. This resulted in a 14% improvement in water usage from 2000 to 2005, across all major textiles plants in terms of water used for each kilogramme of textiles laundered (in blue).

Water used - litres per kilogramme of textiles laundered



- Major European textiles plants, including UK plants now closed
- Major European textiles plants (except UK)
- All European textiles plants (except UK)

This improvement continued in 2006 with a 5.7% improvement in the major European textiles plants in France, Germany, Belgium and the Netherlands (in purple). This new basis for comparison has been introduced following the closure of the UK textiles laundry plants in April 2006. And for the first time we have included water use of the other European plants in Austria, Spain and the Czech Republic to provide a total figure for all European textiles plants (in yellow).

Environmental Initiatives

Divisions have been able to focus on tackling the environmental issues that are relevant to their own area of activity. The following are examples of environmental initiatives that have been introduced by divisional management.

1. Improving energy-efficient driving

The Australian operation continues its scheme to recognise the most economical driver each month. This scheme encourages drivers to reduce their speed and use efficient routes to reduce CO₂ emissions. The scheme supports the business's policy of buying service vehicles that have been converted to run on Liquefied Petroleum Gas (LPG).

The pest-control businesses in seven countries (Sweden, Norway, Denmark, Finland, Portugal, Switzerland and Ireland) are introducing an 'ECO Driving scheme', which will help improve driving technique to reduce the amount of fuel used. The business benefit is to reduce fuel and service costs for vehicles, and drivers trained in these techniques can use them in their own private cars. This scheme has already been running throughout Sweden, which has 30,000 trained ECO drivers who have achieved a 13% saving in fuel costs.

The City Link express parcel-delivery business in the UK has had a major focus on fuel efficiency, moving 6.5% more parcels for every litre of fuel between 2004 and 2006. This has arisen through a series of programmes.

- Driver assessment, which is now in the process of integrating safe and fuel-efficient driving techniques to further improve fuel efficiency.
- Improvements in choice of engine selection. All the HGV fleet have Euro 3 engines (which have cut carbon emissions significantly) and in 2007 will move to use Euro 4 and 5 engines in new vehicles to further reduce carbon emissions.
- A programme of constant improvement in vehicle design. Trailer weights have been significantly reduced to improve fuel efficiency, wear on tyres and wear on the road. Vehicle weights reduced by 10% between 2004 and 2006.

Increasing fuel efficiency has resulted in a saving of nearly 140,000 litres of diesel compared with the 2004 levels of efficiency.

City Link 2006



Environment

(4/5)



2. Employee awareness of environmental issues

The Australian operation has continued to encourage its employees to consider how they can contribute to improving the environment. This has included a competition for ideas, as well as setting up a volunteer 'Office Greenie' within each branch, to focus on reducing the amount of paper, electricity and fuel used. One initiative resulting from these activities was a dam built by employees in the plant nursery to capture rainwater and so reduce the amount of water used from other sources.

3. Supporting community activity in environmental areas

In some parts of the world, the general public's knowledge of environmental matters is not as high as in other parts of the world. As a consequence, our businesses have introduced initiatives to promote environmental awareness.

In Thailand, the business has produced posters promoting food hygiene by good housekeeping and having a pest-free environment. These posters have been given to schools and food establishments. There are similar initiatives in the Indonesian operation, which has helped government agencies to educate women about the importance of washing their hands before breastfeeding, as well as helping to educate women about the risks of bacteria when disposing of used sanitary towels.

Some businesses have supported local community-based environmental initiatives. For instance, the New Zealand business has been supporting local environmentalists 'The Friends of Matakohu Island' to protect native animal species from rats by providing our products and services. Similarly, the business in Singapore has been working with important estates to tell them about the environmental issues relating to techniques, such as diesel fogging. As a result, there has been increased use of water-based fogging, and work with the national environmental agency to regulate diesel fogging.

4. Reducing the effect products have on the environment

Our pest control business is very aware of its environmental responsibilities. In particular, we need to control the use of toxic chemicals and so their effect on wildlife. Before the EU Biocidal Products Directive was introduced, the business introduced Alpha Rapid, one of the few non-anticoagulant rodenticides.

The business also recognises that at times it needs to work with partners to lead the industry into new pest-control methods. One example is that of the Universities Federation for Animal Welfare (UFAW), which we are part of. UFAW was set up to investigate ways of improving animal welfare in terms of methods of controlling rodents. This has identified three avenues through which potential improvements could be made – education to raise awareness of the need to consider animal welfare, regulating the design of traps and registration of products, and research into more humane methods of control.

Through our membership of The European Chemical Industry Council (CEFIC), we are involved in developing environmental regulations. This work has enabled the industry to make far more accurate and meaningful assessments of a product's effect on human and environmental safety. The work extends beyond those products 'caught' in early stages of regulation to products which have never been regulated or controlled before. The disinfectant and anti-microbial products which are sold in the consumer sector are just two examples of such materials.

We are also investing in developing more environmentally-friendly pest-control methods. One example is that of *Lasius niger*, Britain's most common ant, which frequently enters buildings. To develop more effective baits, and base pest control on a better understanding of the ant's biology, the business is working with the University of Sheffield. If developed, effective insecticidal baits would overcome the disadvantages of spraying and, more importantly, would result in less insecticide being released into the environment. Ambius is carrying out similar research with the University of Exeter, looking into the best ways of producing efficient and effective office environments.

Environment

(5/5)



5. Managing Waste

In last year's report we described our intention to identify opportunities for reducing waste, and for reusing and recycling materials.

In 2006 we set up a waste-management and recycling plan. Initially this was developed with the UK Ambius business, but during 2007 it will be introduced across other relevant businesses.

There is waste management in other businesses (such as Medical Services, where the waste needs special handling, and in the cleaning business, where there are often special contractual arrangements involving separating waste).

City Link introduced a formal recycling system at its national centre in 2006. All wooden pallets, and damaged metal pallets, are recycled. Other procedures are in place to recycle paper, cardboard and plastic, together with toner cartridges. As a result, the total waste sent to landfill has been reduced by 50%.

Towards Best Practice

Energy and water use has always been a management focus in the textiles laundry plants. As part of a reorganisation of facilities, Initial Textiles Services is building a new industrial laundry plant in Lokeren, Belgium. Costing €15,300,000, this is the largest investment we have ever made in a textiles laundry plant.

The laundry plant will have environmentally-friendly water treatment equipment to reuse up to 50% of pumped water.

The plant will consist of the laundry, together with warehouses and administrative areas.

We began this project in phases. This started with a research tour of leading laundry organisations in France, Germany and the Netherlands. The insights gathered from this research formed the basis of a new concept, which was then further developed by in-house teams, each of which specialised in a specific area (energy, environment, finance, and so on).

This initiative will benefit us through reduced costs and reduced risks of action being taken by regulatory bodies.



Marketplace

(1/3)



Individual businesses are largely responsible for developing relationships with customers and suppliers. To support them, we have developed Good Practice Guides, which are available on-line.

Similarly, in late 2005 and early 2006, we provided supplementary guidance for our businesses around the world to make sure they had a thorough and practical understanding of our policies on ethical business behaviour towards both customers and suppliers. The guidance helps reinforce our standards and help us to better measure our performance against them.

Product stewardship is a key consideration for Rentokil Initial. A description of the range of activities we are involved in is set out later in this section in 'Towards Best Practice'.

Marketplace Initiatives

The following examples represent the initiatives carried out to form responsible relationships with our customers and suppliers.

1. Customer-related initiatives

The importance of developing long-term relationships with customers is well understood throughout our businesses. We believe in developing an open dialogue with customers to help us to find out their needs and concerns.

Last year's review commented on our German pest-control business which had invited important customers, such as quality managers of the food and retail industry, to attend our annual 'kick-off' meeting. At this meeting we encouraged the customers to talk about their expectations and views on the most important areas of pest control and as a result, in 2006, one customer was closely involved in the development of our PestNetOnline support service.

Some of our businesses have a very specific customer base. One example is Initial Hospital Services, which provides support to the UK's health and social-care organisations. Given the intense pressure this sector is under to tackle issues of infection within hospitals, Initial Hospital Services has set up the Initial First Learning and Development programme. This is a programme designed to provide healthcare-related training for both our own staff and those of our customers. The range of training includes courses covering food hygiene and HACCP (hazard analysis and

critical control points). We have also introduced a course to help in the understanding and prevention of MRSA. This course was developed as a result of the growing demand from customers for ways of protecting employees and patients from this infection.

As an example of our approach to managing products (see the 'Towards Best Practice' case study), we have developed products to match customers' needs in washroom services. The business has reformulated its washroom air fragrances to produce a range containing no substances known to cause allergies or sensitivity. Similarly, the UK Hygiene business has started to reformulate various products to reduce their effect on the environment.

In Asia Pacific, Initial Hygiene has introduced a new product (called MedixAir), which uses ultraviolet light to sterilise and improve air quality. In Singapore, MedixAir was used by the Singapore Heart Foundation in its Heart Wellness Centre to protect patients who have had heart surgery from all forms of infection carried in the air.

In a similar example, the Eden Foodservice business sees as its priority to offer and promote healthy eating for children and young people, and so provides a range of balanced menus. The business takes this responsibility seriously and employs a registered nutritionist to analyse all menus and make sure the meals they provide meet high nutritional standards.

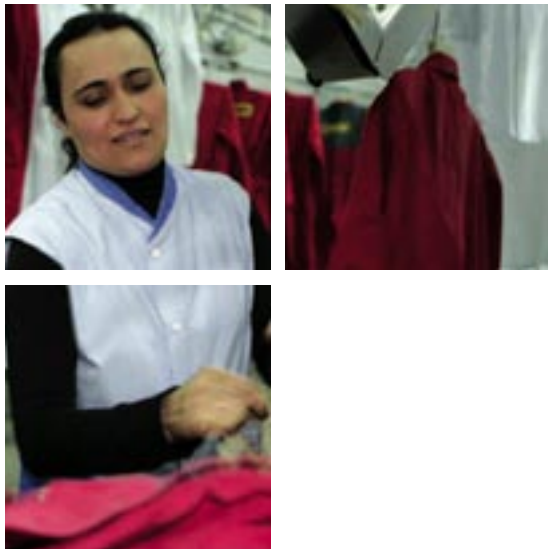
In 2006, the business launched a menu-development programme that makes sure all meals meet the most recent nutritional standards set by the Government. In partnership with schools, the business has also introduced tasting sessions where parents can try school meals for themselves. These sessions have proved very popular.

In early 2006, both Eden and its sister business Autograph (the corporate catering brand) made the decision to only use Lion-quality eggs in order to improve standards of food safety. In a similar move, the businesses decided to use only Fairtrade bean-to-cup coffee from 2007.

In 2006, to improve its customer communications, Rentokil Initial began a major programme to deliver new websites for customers in every country it works in, with information in local languages. This major initiative began with launching www.rentokil.com and www.initial.com. Several sites specific to certain countries

Marketplace

(2/3)



have since been launched, providing easy access to information products and services, details of how to contact the local business, and links to supporting information. This programme will continue to roll out in 2007.

2. Supply-chain initiatives

We have introduced good practice in procurement to get best value for us and avoid unnecessary risk. This includes having a written procedure to show that a fair and open procurement process is in place. We have worked with existing and potential suppliers, and our employees, to further develop the good management practice.

As a result, our process of assessing suppliers has been extended to monitor prospective supplier's social, environmental and ethical practices. All suppliers must give us information on these practices when they put in a tender for a contract.

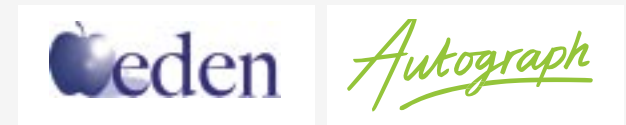
We have introduced a code of conduct for all contracts for supplying goods and services. This covers all national laws and regulations, industry standards, ILO (International Labour Organisation) and UN Conventions related to labour and the workplace, and environment and safety issues.

For main suppliers or types of supply, we review performance against our code of conduct midway through contracts. Where appropriate, these reviews result in action plans.

For supply agreements, procurement services continued to produce environmental and ethical reports on suppliers during 2006.

As part of Eden Foodservice's approach to its products, as described earlier, the business started to work with suppliers to make sure there were new products and healthy menu choices that fit the guidelines for both primary and secondary schools before government changes came into force in September 2006.

Within both Eden and Autograph, work with suppliers also supported changes in delivery patterns to reduce the number of deliveries. As a result of the success of this initiative, work started on creating supply-chain solutions that identify responsible sources, fair working practices, and reducing food miles by buying more local produce. Related to the introduction of new concepts for the catering businesses was the requirement to buy new uniforms. Suppliers were chosen on the basis that we would regularly inspect their factories to make sure there is no child labour and there are good working practices.



Marketplace

(3/3)

Towards Best Practice

Product stewardship is rightly receiving increasing focus from governments and Non Governmental Organisations. It addresses the impact of a product's lifecycle, including issues such as labelling for safe use and eliminating materials that may have effects outside of the product's direct purpose.

In 2005/2006, Rentokil Initial produced a list of authorised products for all businesses around the world. This was followed by information on product training and directions, with an initiative to produce labels and instructions in the local language. This was supported in 2006 by the businesses recording product use and disposal together with classifying waste packaging. These activities are intended to cover legal standards as well as to meet environmental standards.

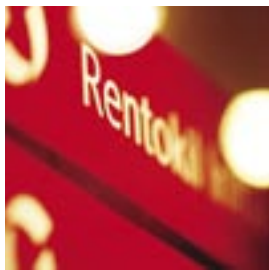
It is important to make sure the industry meets the highest standards. The pest-control business is at the forefront of its industry in this respect and has guided the industry down responsible routes.

One example of Rentokil's commitment to product stewardship is that of one of the most dangerous compounds used in the pest-control industry - phosphine gas (liberated from aluminium or other metallic phosphides). Concerns had been raised about the level of control of this material in the industry and possible unauthorised access. The business's action resulted in RAMPS - the Register of Authorised Metallic Phosphide Stockists - being formed. This UK industry scheme restricts the availability of fumigant gases to correctly trained staff, and access to this material is managed through approved distributors.

The business has also restricted the potential for chloralose baits to be used against wildlife by reformulating and re-packaging the product. Previous products were phased out during 2006.

In the UK, Rentokil also helped set up a campaign - the Campaign for Responsible Rodenticide Use - to encourage responsible use of rodenticide. This is intended to reduce secondary poisoning to wildlife due to them eating treated rodents. Its objective is to encourage farmers and countryside industries to use rodenticides correctly and in ways that reduce exposure to wildlife. To do this there is a widespread promotion of a code of good practice under the banner 'Think Wildlife'.

The business benefits from these approaches by making sure everyone in the industry follows common codes of practice. It also makes sure that competitors cannot adopt less responsible practices.



Community

(1/2)



We have always taken seriously our responsibilities to the communities we work in and our employees live in.

Over the past year, our reorganised business structure has meant that activities in the community have been led by the local management of each business. They are focused on those activities which benefit their local community and also meet their business needs and strategy.

A wide range of activities took place in 2006. These include local initiatives and country-wide initiatives, depending on the needs of the local business.

Encouraging Local Community Initiatives

Throughout 2006 our local businesses around the world have been especially active in their local communities. The following examples represent a much wider range of activity across the company.

In **Indonesia**, employees provided support to help those affected by the Java earthquake, including improving hygiene and sanitation in the area, as well as taking part in improving the standards of toilets for Aceh province after the tsunami.

The **Malaysian** business has supported a single mothers' association with donations, and provided talks to 16- to 18-year-olds on leadership skills.

In **Singapore**, the business has continued with its support for the ongoing drive to fight dengue fever. This has involved working closely with town councils to carry out inspections and give advice on good housekeeping. It has also given talks to 10 to 12 year-olds in adventure camps about common pests found in homes, and tips on pest control.

The **Thailand** business has been active in supporting the fight against dengue fever and has provided financial support to students affected by the tsunami.

In **New Zealand**, the business has been active in different aspects of the community, supporting the Sacred Heart College rugby team as a way of spreading basic hygiene education, donating tropical plants to Auckland City Hospital to help improve patients' stress levels, and helping three gymnasts go to the Commonwealth Games by contributing towards their training costs.

The **Hong Kong** business was named as Caring Company 2005/06 for its involvement in community services.

In **France**, the tropical plants business continued to support 'Les Enfants de la Terre', a charity that helps disadvantaged children.

In the **USA**, the tropical plants business worked with New York's ProjectFIND, a non-profit organisation dedicated to helping elderly people in New York City, to help set up the Grassroots Senior Healing Programme. Having attended specialised training, employees donated their time to hold weekly plant-care workshops at the project's Coffee House, with plants being donated. The employees are working with senior citizens who struggle with emotional or physical problems, and the success of the approach is shown by the growing numbers that are attending the workshops.

In a variety of schemes across the USA, it is estimated that the tropical plants business has provided around \$40,000 worth of plants, containers and services, plus management and administrative time.

In **JC Ehrlich**, the US pest-control business we recently acquired, the business gives every department and district the opportunity to volunteer for a day at a local cause of their choice. The office is closed on that day, so employees can work together for their specified project.

In the **UK**, about £95,000 was set aside in 2006 to support local charity and community initiatives. These included support for Cancer Research UK, the Multiple Sclerosis Society, Asthma UK, Race for Life, Breakthrough Breast Cancer and BritishHeart Foundation.

In **Germany**, our pest-control business celebrated 50 years of co-operation with Unilever by supporting a local youth project - 'Arche' (the Ark) - in Hamburg. Unilever has had a long-standing relationship with that project. The business contributed €5,000 towards fitting out a new building in the Hamburg suburb of Jenfeld. 'Arche' helps the socially disadvantaged and is especially active in the fight against child poverty. The aim is to get children off the street, to offer them constructive opportunities for their free time, to help reduce social disadvantage, and to integrate children into society.

Community

(2/2)



Co-ordinating Community Investment

Local community initiatives can be very powerful because of the commitment of local employees, but often the businesses decide to create much larger community initiatives.

These larger initiatives involve significant resources, both in terms of financial help and man hours. The following examples highlight the involvement of Rentokil Initial businesses around the world.

1. Daintree Rainforest Rescue

The business in Australia has continued to support the Daintree Rainforest Rescue programme (referred to in last year's report), having bought a 17,500m² block (equal to 35 modern Australian suburban blocks). Being important to Australia and internationally, this investment has been the basis for our national youth and education initiatives. These include providing grants of A\$2000 to each of 12 schools projects that target young people and the environment, with extra support for employees if necessary. The programmes have included planting trees, setting up a website that promoted environment activities aimed at young people, developing energy-saving devices, and supporting children attending conferences about environment.

2. Safer London Foundation

In the UK, we have continued to support the Safer London Foundation (SLF) by being one of the founder members of a pioneering idea - the SLF Club - which supports initiatives to reduce crimes in all of London's 624 neighbourhoods. Our support started in 2005, when we were also one of the first companies to support the SLF, which is designed to kick-start crime-reduction initiatives across London. The foundation supports the Safer Neighbourhoods police teams across London by providing officers and Londoners with funding, volunteer support or consultancy advice.

Towards Best Practice

A recent report published by Barclays Bank forecast that growth in the South African economy would be reduced by 1.5% a year as a result of the spread of HIV/Aids. Rentokil Initial in South Africa decided it should become involved to support those with this serious disease.

The business became involved in the Thusanang development centre, whose main beneficiaries are the large community of squatters in Olivienhoutbosch. It donated the use of a 21-acre property in Blue Hills to develop projects to respond to the community's specific needs. Other partners in the project include Coca Cola and the Department of Social Services and Community Development.

The centre is actively managing and driving projects in sewing, agriculture and chicken hatching. It provides a daycare and aftercare centre for children who are HIV or Aids sufferers, or whose parents have died due to this condition.

As a result of our experience in this initiative, it has also set up the Zenzeleni Trust – an employee initiative to help fight HIV/Aids. The trust received a donation from Rentokil Initial to kick-start the process, and employees in South Africa make voluntary donations to the trust each month. The support available includes paying medical expenses, counselling, social welfare and integration into society. Those who benefit include any employee, or any adult or children who depend on employees, who need financial help as a result of HIV or a related illness.

The business benefits through increased motivation in employees and reduced costs through reductions in employee absenteeism. It also gains a good reputation by being seen to be a responsible company in the South African economy.

Perhaps the final word should go to one of the company's local managers who on World Aids Day wrote: 'A very touching day in my Branch as we are recognising HIV and AIDS day... some of us in the Branch have travelled the path of experiencing death through the pandemic in our families. This brought back memories because people have to realise that this is not about wearing T-shirts but contributing whichever way we can towards those who are both infected and affected not forgetting orphans through this killer'.

Workplace (1/4)



The quality of the service we provide depends on the commitment and skills of our employees. As a result, we adopt a responsible position as an employer and support the development of skills.

To help our local businesses, we have eight 'Employment Good Practice Guides'. These set our standards, which are often beyond the standards set by local employment laws.

Workplace Initiatives

Workplace initiatives are driven by our group's strategic needs, and the business issues facing local management. They involve central and divisional activities, and action in local business units. The following are examples from the range of initiatives designed to develop a committed, involved and skilled workforce.

1. Employee engagement

In October 2006, the pest-control and tropical-plants businesses undertook a 'colleague engagement' survey, supported by Hay Group, to provide independence and preserve confidentiality of responses. The questionnaire asked for their views on:

- their overall experience of work;
- the support available to them in their current job;
- how they viewed their current work;
- their management and leadership; and
- our company.

Overall, we got responses from about 93% of employees. This is a very high level of response.

The survey showed strengths in the areas of:

- job clarity;
- our commitment to employees;
- the company being fair;
- our employees wanting to stay with us,
- people's pride in their work;
- health and safety; and
- performance management.

Areas we need to develop included the place of work, rewards, communication and urgency. We are passing the results to everyone in the pest-control and tropical-plants businesses, and their management teams are committed to taking the necessary action to respond to the results of the survey.

2. Developing employees' skills

As reported last year, the company identified that, for a wide range of stakeholders, including customers and employees, the importance placed on skills training is important to the reputation of its businesses. This applies not only to leadership development programmes (as discussed later in this section) but also to the training of technicians and operatives.

For this reason, the national contract between Initial Facilities Services in the UK and the Learning and Skills Council is important to delivering such training programmes. At first, this relationship involved cleaning staff in the UK. It has since been extended to include staff from Initial Catering Services and Initial Hospital Services. The new 'Step Ahead' programme is designed to make sure all employees can choose targeted development programmes.

Vocational Training

Within Initial Facilities Services, 238 employees started on the NVQ Level 2 training programme in 2006 (142 employees successfully completed the course and another 96 are due to complete it by spring 2007). In Initial Facilities Services, all operatives are trained to British Institute of Cleaning Sciences (BICSc) standards, making sure the highest standards are met and promoting safety. 220 employees achieved this BICSc vocational qualification during the year.

During 2006, Initial Hospital Services has developed a new training programme called Initial First. This features courses with the BICSc, National Vocational Qualifications, food-hygiene qualifications with the Royal Institute of Public Health, and qualifications for supervisors. It includes the UK's first accredited qualification into understanding and preventing MRSA and other infections spread in healthcare settings.

Importantly, Initial Hospital Services has made this training programme available, on a commercial basis, to its clients in the healthcare sector. In December 2006, the business recruited its first full-time Skills & Learning tutor, with courses set to begin early in 2007.

Workplace (2/4)



Key Skills

To complement the vocational training, Initial Facilities Services in the UK has developed a training programme leading to qualifications in numeracy and literacy. This programme is run by the learning and development team, supported by a training provider from outside the company. Employees will be trained for numeracy or literacy qualifications appropriate to their needs.

Throughout 2006, Initial Hospital Services was in a partnership with a local college of further education to provide numeracy and literacy skills at two hospitals in north London. 100 employees took part and already 50 qualifications in numeracy and literacy have been received.

The UK electronic-security business has led our Advanced Modern Apprenticeships scheme. The programme has involved 281 individuals who have started a three-year programme. Two-thirds have completed the programme, with over half of those people remaining with us.

In the case of City Link, its national hub at Wednesbury has been working in partnership with Dudley College to provide NVQ Level 2 in basic literacy and numeracy, together with English-language training for employees who do not have English as their first language. This partnership has been particularly successful and we are applying for 'Investors in People' status as a result.

The benefits of approaches such as these include:

- improved customer care;
- improved productivity and efficiency;
- reductions in employer's liability and public liability claims;
- lower absenteeism; and
- better recruitment and numbers of staff staying with us.

In a link between workplace developments and the community, UK Cleaning Services is working on a New Deal for Communities (NDC) programme at the Clapham Park Project. This is one of the most important 'area based' initiatives ever launched in England. Its purpose is to transform the lives and prospects of the 7000 residents in that deprived community.

The NDC provides projects to help improve residents' quality of life, housing, access to community facilities and business opportunities. The business is recognised as one that could help people from Clapham Park Estate to find work, and could provide

training in BICSc Level 1 & 2 qualifications. The business held an event to talk to residents about the services the business provides to customers, and employment opportunities. Later, two cleaning-science training courses for residents were held, giving those who gained the qualification a better opportunity to find work.

3. Talent development

In 2005 there was a series of reviews of leadership development within Rentokil Initial. In 2006 these reviews led to the following initiatives for the senior leadership group.

• Performance management

This comprises of a performance and development review with supporting guidelines. We launched it worldwide through 21 workshops in the second half of 2006. Materials and events were delivered in English, Dutch, French, and German, and materials have also been translated into Spanish.

• Talent management

We introduced a talent-management process to assess both performance and potential in the senior leadership group. Talent forums have been set up in each division. Phase two of the process introduced a supporting intranet site.

• Leadership Development Programmes

These are based on the needs identified through the talent a performance processes. Four programmes have been developed and are being launched in 2007. Those programmes are as follows:

- leading in Rentokil Initial;
- strategic leadership;
- collaborative leadership;
- personal leadership.

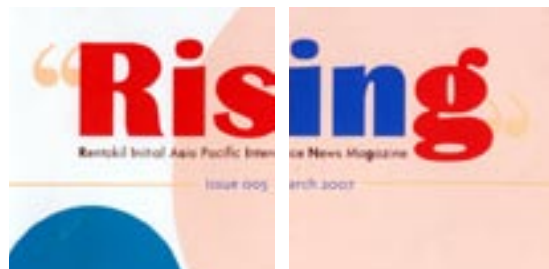
Each programme has a company executive board sponsor. We have also created a development guide to provide further support for development beyond formal programmes. This includes links to the Harvard Manage mentor on-line learning tool.

Each of these initiatives is supported by a 'leadership competency' framework created with and for senior leadership groups.

A feedback tool was also created based on this framework.

These initiatives are focused on strengthening leadership skills, which is seen as a key strategy.

Workplace (3/4)



Individual divisions and businesses are responsible for developing other managers within the group, in line with their own business needs and priorities.

4. Employee consultation

As well as formal consultation, such as through our European Forum, we recognise that when we make changes to the organisation, we need to make sure our employees understand our intentions and can share their concerns in an open and honest way. To achieve this, in 2006 we ran a range of consultation programmes to tackle any issues and provide support to employees involved in the change programmes.

These changes have included closing our UK defined-benefit pension fund. We offered members of that scheme a new defined-contribution scheme. An essential part of this action was a programme of consultations with employees.

We also introduced significant employee consultation programmes in connection with two divestment activities. These activities were selling the manned guarding business (which involved consulting the European Forum), and closing the UK linen and workwear rental business as it was not economical to make it profitable or to find buyers for all or part of the business.

Rentokil Initial also provided consultation programmes for employees of companies acquired during 2006. For instance,

in June, we bought Pink Healthcare, an Australian washroom hygiene business. Its employees received briefing packs and took part in face-to-face meetings in the main locations. In December, we acquired Target Express. Again, its employees were briefed face-to-face and all received letters with information packs to explain the news. A special DVD was shown to staff and information posters we put up in all locations.

5. Communicating with employees

Rentokil Initial provides employee communications at different levels to match the needs of individual employees.

At a group level, our intranet announces company news with the support of direct e-mails from the senior executive team. This is supported by an on-line magazine, The Bigger Picture, which features interviews about group developments and performance. Divisional communications mixes face-to-face meetings, e-mails, news on divisional intranets, on-line newsletters and printed publications. For instance, the Asia Pacific division has developed its own magazine, called 'Rising', as a way of drawing together staff across the region. This includes insights into business activities, examples of excellent services and marketing, information about community initiatives, and introductions to new employees. Initial Facilities Services has been successful in communicating with employees by text message, as mobile phones are the most common form of equipment among employees. Messages range from day-to-day updates to birthday greetings.

Workplace (4/4)

Towards Best Practice

Initial Facilities Services division employs about 30,000 staff in the UK, and 55% are female. It works in an industry whose public image may be tarnished with views of low skills and the use of immigrant labour. The business has set itself an objective to be the employer of choice in this industry.

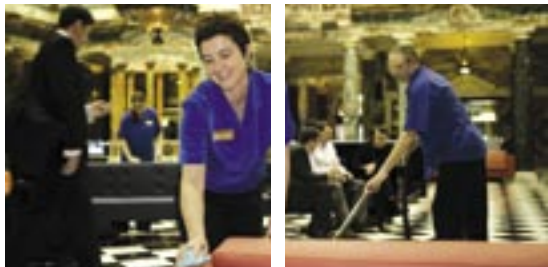
A number of workplace initiatives are under way, including:

- employee benefit schemes;
- employee opinion surveys;
- improved communication with employees;
- providing more opportunities for staff training and development; and
- forming relationships with the Learning and Skills Council to provide training in basic skills such as numeracy and literacy to disadvantaged employees, and other partners such as the BICSc.

The business also believes it can help the industry develop higher standards. As an example, its immigration employment policies have been commended as guidelines and procedures by the Home Office and Immigration Service.

There has been more focus on the health and safety of employees, based on improved risk management processes. This has involved running programmes for the sales forces. These programmes cover risk assessment, driving, investigating accidents and identifying danger. Improved training has led to fewer accidents and near misses, as well as reductions in public liability claims and vehicle accidents.

These activities benefit the business in terms of reduced costs, increased productivity and greater commitment to customer service.



Leading learning and skills



Health and Safety (1/3)

Health and safety is always one of our highest priorities. Not only is it vital to the success of our business in terms of protecting the safety of our employees, but also in terms of managing the potential of insurance claims.

We continue to get recognition for our health and safety measures. Two UK businesses (hygiene services and pest control) won a RoSPA Gold Medal Award in 2006. The pest control business has now won this award for seven years in a row. In New Zealand, the business was awarded the 'Workplace Safety Management Certificate' by Accident Compensation Corporation, a government department.

The safety risks we face are largely in areas such as accidents on the road, slips and falls, which tend to apply to all businesses. However, the health risks we need to manage relate to specific circumstances such as exposure to dangerous substances (within pest control and property care) giving rise to long-term health problems, exposure to biological agents (within medical services, washroom services and pest control), and the effects of repetitive work (such as within textiles services). The need to manage these risks is reinforced by changing regulations, requiring companies to improve the quality of their health and safety management.

With a need to constantly improve performance in this area, we are keen to find ways to encourage our individual businesses to take greater responsibility for these improvements.

Central Assurance

To make sure individual businesses are more accountable for improvements in performance, in 2006 we introduced the health and safety Business Scorecard (described in the next 'Towards best practice' case study). This will play a significant role in providing a process by which we can review how well our company-wide health and safety approach is put into practice.

Managers in each business must put an effective health and safety management system in place and to meet our 14 management standards (available in the health and safety section of our website).

We regularly update these standards. New areas are dealt with on a regular basis and, during 2005 and 2006, we developed standards for:

- slips, trips and falls;
- moving machinery;
- working high up;
- working with chemicals; and
- manual handling.

In previous years we have had a programme of reviewing each business's performance in keeping to these standards. We are changing this as we introduce the self-assessed scorecard system referred to earlier.

Within the UK, we have started a loss-control incentive programme. This improves risk management and encourages the UK businesses to take responsibility for managing the health and safety in their business.

We have set upper and lower benchmarks (limits) for the number of accidents that have to be reported under the Reporting of Injuries, Diseases and Dangerous Regulations 1995 (RIDDOR). These standards are based on the previous year's performance for each business. Under RIDDOR, all work-related accidents, diseases and dangerous occurrences in the UK have to be reported to the risk management executive team. If the number of accidents goes above the upper benchmark, the individual business will be fined. And if the number of accidents goes below the lower benchmark, the business will be rewarded.

Out of the 16 businesses involved in the programme in the UK, 11 gained rewards for successfully reducing accidents to below the lower benchmark. Four kept the number of accidents between the benchmarks, and only one business went above the upper benchmark by a single accident. This is a significant improvement on the previous year's performance.

Overall, our businesses received rewards totalling £245,000 (compared with £55,000 in the previous year). All relevant accidents were assessed for early medical treatment and rehabilitation so employees could return to full health and so to work sooner than would normally be expected.



Health and Safety (2/3)

In City Link, although the number of heavy goods vehicles increased by over 13% from 2004 to 2006, the number of accidents each year has reduced by nearly 33%.

Number of work-related accidents		Lower Benchmark	Upper Benchmark	Exposures (FTEs)	Change
2003/04 310	2004/05 347	2005/06 291	2005/06 347	2005/06 462	2005/06 v 2004/05 8% up 2005/06 v 2004/05 16% down

The increased frequency of accidents between 2003/2004 and 2004/2005 is a reflection of the improvement in reporting accidents within businesses. Businesses must provide reports on accidents within 10 days.

2005/2006 has seen a significant reduction in the number of accidents, in spite of increased full-time employees. This is due to a more sophisticated procedure for reporting incidents and near misses, together with more focus on health and safety.

The central loss-control fund, which businesses can use to fund their projects, was also increased for the year 2006. We encourage businesses to apply for funding for projects and initiatives that would reduce the number and severity of accidents.

As an illustration of our health and safety performance in the rest of the world, we collected the following health and safety information from our Australian operations. The figures cannot be directly compared with those of the UK because of the different regulations involved.

Rate per 100,000 employees	HEALTHCARE	PEST CONTROL	TROPICAL PLANTS	PRODUCTS	FINANCE
RIDDOR incident rate (LTI's)	2.5	3.7	3.8	3.1	0.0
RIDDOR Rate (all incidents)	10.1	10.0	27.3	3.1	1.5

Health and Safety Initiatives

Within the UK, there is a new programme (Success is No Accident) designed to store information about all work-related accidents and near misses, including injuries while driving (or being driven) on company business.

The programme uses a freephone line to make sure all employees can report the circumstances of any incidents. This will trigger an automatic e-mail to be sent to the business's health and safety manager. As a result, there can be a prompt and appropriate investigation. The programme can also tell any customers involved about the circumstance. The aims are:

- better analyse trends;
- identify causes; and
- make sure referrals for physiotherapy or other rehabilitation services are quicker and more efficient.

In the first two months of the programme, average reporting times had reduced by nearly 55% and, in a feedback survey, 76% of employees thought the new system of reporting was beneficial.

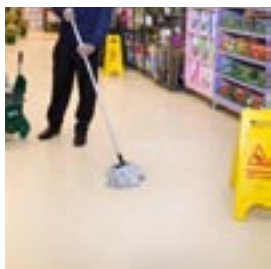
Also within the UK, as mentioned in a previous section, Initial Facilities Services has successfully combined its health and safety management with its risk-management process. This has focused on raising awareness with a monthly risk-management performance report to our board, issuing safety posters, providing updates on relevant laws, and getting risk-management performance reports from each of the individual units within the business. Initial Facilities Services has also introduced training for principal incident investigators, introducing courses on risk-assessment and identifying dangers, and a strategic risk-management course.



Health and Safety (3/3)

The operation in Australia has introduced safety record boards and safety-awareness films to help employees understand the issues of blood-based diseases, manual handling and using personal protective equipment. In Singapore, we acted as an ambassador of road safety with the state's traffic police, and the traffic police gave the technicians talks about road-safety practices.

In City Link, although the number of heavy goods vehicles increased by over 13% from 2004 to 2006, the number of accidents each year has reduced by nearly 33%. This reduction is due to a driving-assessment programme. City Link has invested in nine regional driving assessors who assess their drivers' driving standards every six months. Underperforming drivers take training to improve their driving. There is also a strict interview and selection process which includes driver assessment and a 13-week probation period for drivers.



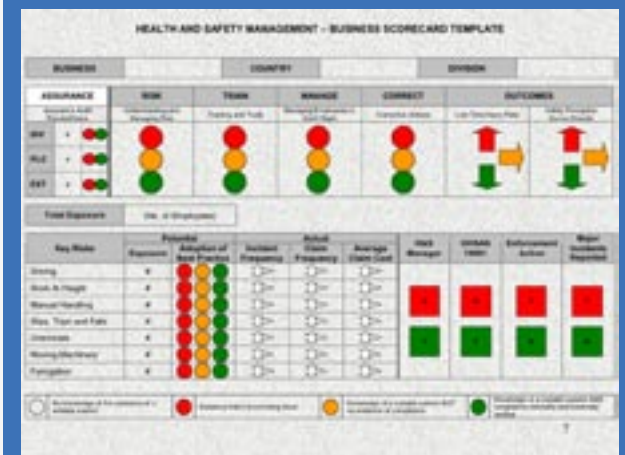
Towards Best Practice

The company's management philosophy is that profit and loss requirements do not outweigh effective safety management.

To ensure this was delivered, we developed a strategic approach to improve health and safety activity and give local managers a greater understanding of health and safety issues. This involved developing appropriate health and safety resources to be made available at a local business level.

As a result, a new programme has been put in place to bring reporting processes into line to provide a consistent measure of current practices, using a business scorecard (example shown below). This summarises the risk-management controls and performance for each business. It is designed to be completed by each business. It is on our website to reduce administration, is easy to complete and interpret, and allows for assurance audits to be performed by each division.

Expertise has also been transferred from a central point to provide an effective resource at divisions. The outcome is that we will be able to more accurately measure the cost of risk and introduce effective risk-management strategies.

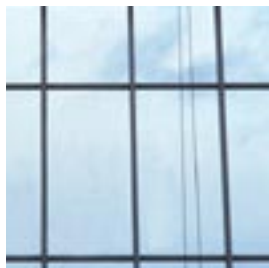


Making Progress (1/3)

The following tables review those challenges we have faced, and the action we have taken, since our last review. We have made progress against action planned for 2006, particularly in standards for health and safety, and managing our effect on the environment (including CO2 emissions, waste management, material use and misuse, and product stewardship).

Health and Safety

Challenges identified	Action planned for 2006	Progress against planned action
Risk on the road	To identify a UK-wide service provider for vehicle and driver management.	A provider was identified and the contract will start in 2007.
Slips, trips and falls	To define a company standard in our Risk Management Requirements	The standard was introduced across all businesses.
Moving machinery	To define a company standard in our Risk Management Requirements.	The standard was introduced across all businesses.
Co-ordinating health and safety with our customers	For businesses to continue to be supported in introducing effective health-and-safety management systems.	We introduced 'Success is no accident' which includes contacting customers when appropriate.
Working at height	To define a company standard in our Risk Management Requirements.	The standard was introduced across all businesses.
Chemicals	To define a company standard in our Risk Management Requirements.	The standard was introduced across all businesses.
Manual handling	To define a company standard in our Risk Management Requirements.	The standard was introduced across all businesses.



Making Progress (2/3)



Environment

Challenges identified	Action planned for 2006	Progress against planned action
CO2 emissions	To gather information on the current vehicle fleet.	More in-depth reporting began. Work in progress to increase reporting (see environmental section).
Water use and managing waste water	To identify opportunities for saving and reusing water.	We made a major investment in a new textiles laundry plant in Belgium, and acquired EnviroFresh.
Waste management	To appoint a waste manager and gather information on waste.	We appointed a waste manager who works within Pest Control, which is an area of high risk relating to hazardous materials.
Use and misuse of material	To produce an incident- management procedure.	We introduced an incident-management procedure.
The effect our work has on the community	To continue to explore ways of creating a positive contribution to the community or reducing our effect on them.	We took action with third parties (for example, CRRU and UFAW).
Product management of own-labelled products	To produce a list of authorised products for all businesses around the world.	We produced a list of authorised products. This was followed by information on training to produce labels and instructions in local languages.

Making Progress (3/3)



Employees

Challenges identified

Introducing a range of initiatives to develop leadership and manage performance.

Effective communication with employees in a widespread workplace.

Management training to make sure good practice is followed.

Action planned for 2006

To identify the formal development needs of managers of our businesses.

To introduce a digital magazine – The Bigger Picture – on our intranet and the internet for all employees (as well as the general public), and pass responsibility for internal communications to individual businesses.

To arrange health and safety management training at divisional rather than group level.

Progress against planned action

We have created a programme to develop the talent of our top 350 managers and introducing formal performance management processes.

We have published newsletters, put the latest news on our intranet, and produced an on-line magazine 'The Bigger Picture'.

We are in the process of introducing health and safety scorecards to support local management and training in health and safety.

Ethical Behaviour

Providing a quality service.

Maintain fair and open dealings with customers.

Getting best value when buying in products or services.

To provide extra guidance to our businesses around the world to reinforce the importance of our company standards on ethical business conduct.

To complete a further eight environmental and ethical survey reports on supply agreements.

We introduced the guidance across all businesses and are carrying out further reviews of ethical policies and procedures. We are planning new guidance and advice that we will distribute.

We have developed new customer-communication websites.

For supply agreements, Procurement Services continued to produce environmental and ethical survey reports on suppliers. We have introduced a new code of conduct for major suppliers.

Business in the Community

Julia Cleverdon



The depth and breadth of this Corporate Responsibility Review is very impressive. It is so very encouraging to read how the company has aligned its strategy for responsible business to its long-term business strategy.

Rentokil Initial has clearly embedded responsible business behaviour across its global network, whilst allowing and encouraging ownership by strategic business units. Transparency and effective communication are the hallmarks of good practice and Rentokil Initial has these in abundance.

Responsible businesses recognise that employees want to work for employers whose values they share. Customers want to buy from brands and suppliers they trust. Communities value neighbours who understand and engage in meeting their needs.

This report paints a picture of a global company with whom most will want to trade.

Julia Cleverdon
CEO
Business in the Community



Feedback

In this report we have set out the wide range of ways in which we approach corporate responsibility. I hope you have found it informative. I know there may be areas where our performance can be improved, and we are committed to continuing to develop responsible practice throughout our organisation.

Doug Flynn

Chief Executive, with board responsibility for Corporate Responsibility

Feedback

We welcome your views on this report and our corporate responsibility. If you have any comments on or questions about our activities, please e-mail them to csr@rentokil-initial.com.

Or write to:

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