Rejuvenating RB

Reckitt Benckiser Group plc
Annual Report and Financial Statements 2019

Welcome

Our purpose
We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

Our fight
We have a fight on our hands. A fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege.

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FINANCIAL HIGHLIGHTS

Net Revenue

£12.8bn

+0.8% LFL growth[4]
Reported growth +2%

Health

61%

of RB Total Net Revenue

Hygiene Home

39%

of RB Total Net Revenue

Adjusted Operating Margin[4]

26.2%

-50bps

Operating Margin

(15.2%)

n/m[3]

Adjusted Earnings Per Share (diluted)[4]

349.0p

+3%

Reported Loss Per Share (diluted)

(519.7p)

-271%

Total dividend for the year

174.6p

+2%

SOCIETY

Net Revenue from more sustainable products[1, 2]

24.6%

Number of people informed through health and hygiene messaging and campaigns since 2013

956m

FTSE4Good Index membership

16

consecutive years, including meeting 20 additional Breast-Milk-Substitute (BMS) criteria since 2018

ENVIRONMENT

Greenhouse gas emissions per unit of production[1]

42%

reduction since 2012

Water use per unit of production[1]

37%

reduction since 2012

1 Excluding our Infant and Child Nutrition (IFCN) business – see RB insights (www.rb.com/responsibility/policies-and-reports) for details.
2 Calculated for 12 months ending 30 September 2019.
3 Not meaningful.
4 Non GAAP measures are defined on page 62.

Health

Our Health portfolio is unique and compelling, with products that provide pain relief, protection, hygiene, wellness and nutrition, spanning the whole of life's journey.

1. Non GAAP measures are defined on page 62.

Health Net Revenue

2019
£7,815m

2018
£7,762m

LFL Growth[1]
(1.0%)

Actual Growth
+0.7%

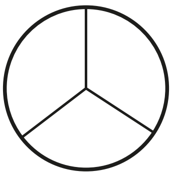
Adjusted Operating Profit[1]
£2,088m

Adjusted Operating Margin[1]
+26.7%

GEOGRAPHIC PROFILE

Developed markets	50%
Developing markets	50%

CATEGORY PROFILE



Infant nutrition	38%
Over the counter (OTC)	25%
Wellness, health hygiene and VMS	37%

From 2020, Nutrition will operate as a separate global business unit, focused on bringing innovative solutions to nourish the body at all stages of life

KEY HEALTH & NUTRITION BRANDS

Gaviscon, Enfamil, Nurofen, Dettol, Nutramigen, Mucinex, Scholl, Strepsils, Clearasil, durex, Veet, MegaRed

Hygiene Home

Our Hygiene Home portfolio brings innovative solutions to households across the world. They eliminate dirt, germs, pests and odours that impact health and happiness. Good hygiene is the foundation of health.

Hygiene Home Net Revenue

2019
£5,031m

2018
£4,835m

LFL Growth[1]	Actual Growth
+3.6%	+4.1%

Adjusted Operating Profit[1]	Adjusted Operating Margin[1]
£1,279m	+25.4%

GEOGRAPHIC PROFILE

Developed markets	75%
Developing markets	25%

1. Non GAAP measures are defined on page 62.

From 2020, Hygiene Home will be known simply as Hygiene – still providing the same range of trusted products that consumers use to enhance their daily lives across the globe

KEY HYGIENE BRANDS

BUILDING FOUNDATIONS

CHRIS SINCLAIR

RB has negotiated a complex year with resilience and tenacity, while making decisive choices about our future. In a year that brought self-reflection, a series of operational challenges and new leadership, the people at RB have demonstrated the enormous value of this Company's unique, can-do culture.

Our culture is one of RB's most precious assets. Another is the power of our brands. RB's market-leading brands are in structurally attractive markets across the globe. Frequently they hold the number one or number two position in many geographies and are loved by their consumers. But we also know that, especially in Health, our performance recently has not matched up to our expectations.

As we indicated earlier in the year, reinvigorating performance is our immediate and top priority. Over the longer term, restoring and maintaining the outperformance and growth for which RB has been known, calls for an evolution in strategy. We need to revise our approach, based on a clear understanding of our strengths and weaknesses and the willingness to address those areas where we have fallen short.

I am pleased to report that our new CEO, Laxman Narasimhan, has wasted no time in getting to grips with this task. The Board is strongly supportive of his strategic vision, set out in his statement in the following pages, which seeks to create and sustain long-term shareholder returns while building a responsible company guided by a strong sense of purpose.

Business performance

RB has faced a series of challenges over the past three years, which have impacted performance and hampered growth. While macroeconomic issues have played a part in this, we must also acknowledge that some of our recent problems have been self-inflicted.

Total full-year (FY) net revenue was £12,846 million, with growth of +0.8% on a like-for-like (LFL) basis. On an adjusted basis, operating profit was marginally lower and equivalent to an adjusted operating margin of 26.2% (-50 bps versus 2018). This reflected solid performance in Hygiene Home offset by weakness in Health, in particular, declining volumes. The relative weakness of Sterling during the majority of the year resulted in +1.2% increase in net revenue. Total growth at actual rates was therefore +2.0%.

The integration of the Mead Johnson business has proved more challenging than anticipated. In addition, the business has been negatively impacted by macro-economic forces, particularly in China, where birth rates have fallen progressively since acquisition. This has led to the recognition of a £5,037 million impairment loss. The Company has also taken a one-off charge of £898 million in connection with the settlement with the US Department of Justice on Indivior matters.

The Board's continuing priority is to use RB's strong operating cash flow generation to reinvest in the long-term health of the business and to provide strong returns to Shareholders.

We have maintained our existing policy on dividend payments and are again distributing around 50 percent of total adjusted net income to Shareholders. The Directors have proposed a final dividend of 101.6 pence per share, which when added to the interim dividend of 73 pence, gives a full-year dividend of 174.6 pence per share, an increase of 2 percent. Subject to Shareholder approval at the AGM in May 2020, this will be paid on 28 May 2020 to Shareholders who were on the register on 17 April 2020, all in the commitment on sustaining the dividend.

Coronavirus (COVID-19) Pandemic

The COVID-19 health crisis is unprecedented in living memory. Our priority is the safety of our employees and the continued supply of products that are important to combating the spread of infection. I am proud of the way RB is rising to the challenge.

AGM date

The AGM is currently planned for 12 May 2020. As the COVID-19 outbreak is a rapidly changing and fluid situation, we will closely monitor the situation and will advise Shareholders on arrangements for the AGM, based on UK Government advice.

Board priorities

When I took on the role of Chairman in 2018, among the priorities I identified for the Board were restoration of organic growth, integrating the Mead Johnson business and delivering on the associated synergies, strengthening talent and culture, and exercising good governance and risk management.

There has been some limited progress on growth, with improved performance from Hygiene Home as it benefits from a more focused business model. It operates in structurally attractive markets and net revenue growth is built on both price/mix and volume improvements. We need to build on these capabilities to maintain and strengthen this position across the whole Group in an increasingly competitive environment.

The Board was also heavily involved in reviewing IFCN performance and projections for the future, leading to the partial impairment of its goodwill.

CEO succession

Building up our talent bench was a key priority for the Board during 2019. This was led by the search for a successor to Rakesh Kapoor following the announcement of his decision to retire as Chief Executive Officer. On behalf of the Board, I would like to take this opportunity to thank Rakesh for his many contributions over more than three decades. His vision and drive have helped to position RB as a global leader in consumer healthcare.

Laxman Narasimhan's appointment followed an exhaustive and rigorous search process. In a field of highly talented individuals, the Board was unanimous that he was the outstanding candidate. He joined RB in July as CEO-designate before stepping into the role in September 2019.

Laxman is an exceptional leader with a proven track record of developing purpose-led brands and driving digital innovation in the consumer goods industry. He has led complex operational businesses and inspired teams to achieve market-leading performance in both developed and emerging markets. I am confident that he will continue to evolve RB's exceptional culture and this will be key to our future success as we roll out our new strategy during 2020 and beyond.

Senior appointments

We have also been strengthening the pool of talent for this next phase in the Company's development with a series of senior executive and Board-level appointments.

I am delighted to welcome back RB alumnus Jeff Carr, who rejoins the Company as Chief Financial Officer in April 2020. He succeeds Adrian Hennah who has kindly agreed to remain with the Company before retiring in October to ensure a seamless transition. I would like to thank Adrian for his many contributions during his time at RB.

After a decade with RB, Warren Tucker will also be retiring. He will not seek re-election to the Board at the 2020 AGM. My thanks go to Warren for his valued service and sage advice.

In July 2019, Sara Mathew joined the Board as a Non-Executive Director. Her considerable experience in digital technologies, healthcare and consumer goods has enriched our deliberations. The Board also appointed Mary Harris as the designated Non-Executive Director, for engagement with the Company's workforce. This reinforces our already strong connections with RB employees, which will be vital as we transform our Company to build up profitability and growth in the coming years.

Governance

Laxman's strategic vision of RB as a more rounded, purpose-led business, delivering sustainable long-term returns to Shareholders while engaging with the needs of wider society places responsibility at the heart of our business strategy.

Long-term success requires good stewardship of our business and fulfilment of our obligations to society. The Board is committed to strengthening governance and extending our risk management capabilities. I'm pleased to report excellent progress in this area. The Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee is gaining real traction across the Group as it seeks to move from a risk and safety-led approach to a more holistic stance that aligns environment and sustainability issues with performance and purpose. RB's retention of its FTSE4Good listing and readmission to the Dow Jones Sustainability Index provide external validation of the work we have been doing and the improvements we have made to put responsibility at the heart of the way we run our business.

Conclusion

I am extremely grateful to my fellow Board members, to Laxman and his executive team, and to all of RB's people for their continued loyalty and commitment during what has been a complex and challenging year.

We are now entering a period of transition. We have identified the priorities to help chart a course to more positive performance in the future.

We are sharpening our purpose, strengthening our culture and embedding responsibility to create a more rounded, holistic business that can innovate and act with agility in a fast-paced, interconnected world. We are investing in our brands and enhancing our frontline capabilities.

I am confident that these investments will underpin our future growth. As a Board we continue to have a clear focus on maximising long-term opportunities. RB is an outstanding company with leading brands, a strong sense of purpose and a track record of strong performance. We are building on firm foundations to create the conditions for long-term sustainable growth and outperformance.

Chris Sinclair
Chairman
26 March 2020

REINVIGORATING PERFORMANCE

LAXMAN NARASIMHAN

RB operates in strong, structural growth categories with an outstanding collection of trusted market leading brands that benefit from the tailwinds of global mega trends. Our strategy combines this with focused playbooks in each one of these category spaces, while investing in capabilities at scale. This positions RB for faster, sustainable growth and significant value creation in the new decade.

I feel privileged to be RB's new Chief Executive. This is a company with a remarkable heritage. It can trace its roots back nearly 200 years in Germany and the UK and has well over a century of history in the US.

But it was not its past successes that most attracted me when I took on the role. What I saw was a company that was a good house, in a great neighbourhood; with amazing brands, a reputation as an innovator, strong commercial capabilities focused on outperformance – and with the potential to be a great house again.

I want to set out my plans for the future, but before doing that, I need to address past performance.

Unquestionably, there are areas where RB has underperformed in recent years. On my arrival, I conducted a detailed review of the business. This identified aspects of current performance that required urgent intervention. We are already moving on multiple fronts to make the required changes.

2019 performance

As regards our 2019 performance, I am pleased to report our Hygiene Home business achieved volume and price/mix growth during the year. It gained momentum as the year progressed, culminating in good volume growth in the final quarter.

Our Health business also finished the year on a more positive note, but overall this had a much more difficult 2019. I am not satisfied with the Health unit's performance during the year, particularly on volume growth.

Within Health, it was a particularly challenging year for our infant nutrition business. There were some successes – we saw good performance in the US, where we gained market share, and encouraging innovations, such as Enfinitas in China. However, our overall share in China declined and volumes there were muted. Lower birth rates, expanding local competition and steeper regulatory hurdles all contributed to that. It has also taken us longer to recover from the manufacturing disruption we experienced in 2018. In addition, there were executional issues in the Latin America and ASEAN businesses.

Although the Mead Johnson business has made progress since the 2017 acquisition, its performance hasn't met our expectations. We have therefore had to take a £5 billion non-cash impairment, reflecting a revised valuation for the business we acquired.

Even so, I firmly believe the Mead Johnson business has strong longer-term prospects beyond this revaluation. RB's e-commerce and commercialisation capabilities, combined with Mead Johnson's reputation for science and quality, provide solid foundations for growth in new areas. And we are finding different ways to capitalise on its core strengths in China, the US and other parts of the world.

Performance was also disappointing in the 'rest of Health' business. The issues here are largely executional. We have taken urgent and decisive action to address the underlying causes. Improving execution is our top priority.

Business review

RB's brands are loved by their consumers, well supported by innovation, and with great market positioning and brand equity investment. The strength of our brands, the premium nature of our products and the level of our investments underpin a strong gross margin with good price premiums. With appropriate innovation and investments, I believe this is sustainable.

At the same time, my review identified clear opportunities for improvement. For example, I feel largely comfortable with our investments in brand equity and the level of our gross margin, with some pressure points to correct, but there are several areas where we've underinvested and overstretched people and assets.

We have to recognise that many of the issues we have faced in recent years have been driven by poor execution rather than structural changes in our industry. At the top line, we've had real issues delivering growth, particularly in Health.

Creating separate business units over the last two years brought a real focus to the Hygiene business. The leadership team invested in competitiveness, strengthened the innovation pipeline and put in place a strong operating rhythm. The business began growing again, and has been a steady performer, with further potential to increase market share and to outperform.

But Health has faltered. It became large, unwieldy and unfocused. While the Mead Johnson acquisition delivered synergies, integrating the business proved challenging and diverted management attention. We missed important innovations, particularly in our Durex business, and experienced a lot of innovation leakage. In addition, some pricing decisions backfired.

We've been tackling execution issues with vigour and are already seeing stronger performance as a result. But longer term fixes are also required; these are a parallel focus.

RB is rightly described as a lean company, but we need to be lean in the right ways. There are multiple opportunities to capture efficiencies and invest in capabilities – our end-to-end supply chain is currently set up for lowest manufacturing cost rather than to deliver customer service at the lowest cost with highest quality and lowest working capital; there is a need for some capacity debottlenecking; overhead costs have increased significantly; we don't yet make best use of process automation.

After examining all options, I have concluded that the previous approach of transforming the business to generate long-term performance was sub-optimal for value creation. Instead, our strategic approach should focus first on performance to rejuvenate and then transform the business. I believe this gives RB the potential to deliver growth in the medium to long term.

Global trends shaping our future

RB is present in large categories with strong, sustainable, structural growth. In each of these – hygiene, health and nutrition – major global trends provide us with tailwinds.

The global pressures of urbanisation and global warming make the need for hygiene ever higher. Hygiene is the foundation of health, creating a strong, symbiotic relationship for our business. It is entirely visible in the difficult events around us today, with public health systems struggling to manage the challenges posed by COVID-19.

Pressures on governmental health spending is reinforcing self-care. Avoiding one visit to the health care system with available self-care products and digital information access saves money in developed markets, but also in developing markets.

Demographics are also a tailwind. We benefit from both the increase of youth coming of age and ageing consumers. Sexual health and wellbeing is a big societal issue. At the same time, ageing creates opportunities for our science platforms. When combined with digital, which is completely transforming what people buy and how they buy it, we can expect large growth in areas like personalised nutrition, wellness and digital health. Finally, all these positive global-trends require solutions that are sustainable. These underlying mega-trends will be very compelling for some time to come and directly support our presence in hygiene, health and nutrition.

Leveraging scale

As demand grows, the bar for how we meet that demand is going up, with consumers asking for convenience, superior experience, quality and value, along with information. Our customers want efficiency, flexibility, unique offers and service. There are clear capabilities that we either have or need to strengthen, and we need to leverage our scale to build them.

Having a portfolio of trusted brands in three broad categories gives us the scope to earn additional value from our brand equity investments. We can leverage insights and analytical capabilities to broaden our reach and extend our brands into adjacent areas.

We have built distinctive digital and e-commerce capabilities locally. We can use our scale to extend these globally and across all brands. Our global scale also gives us presence in the most important markets, which drives availability. That helps us build better customer relationships at the highest levels.

And our scale helps us access and develop stronger networks to progress science, incubate development partners that promote innovation, deliver on complex environmental goals and further our brands' social commitments.

We can use our scale to build capabilities in trusted brands, digital and e-commerce, proximity and partnerships. But a winning strategy is not just about scale, focus is also critical.

Focused business models

Historically, RB's success has been driven by each of its businesses having a clean, focused flywheel around which management operates: a detailed playbook that determines how we run our business to create and compound success.

In its simplest form, this is about having the right brands available at consumers' preferred points of choice, incorporating premium innovations that underpin an attractive gross margin which fuels high brand equity investment. When this is supported by flawless execution and a highly efficient business, it creates the resources to reinvest, thereby compounding growth, cash returns and long-term shareholder value.

When this is in place, as is the case for Hygiene Home, this playbook leads to compounding returns. There are large areas of commonality across our business. We therefore need to organise around focused playbooks, while leveraging scale where that helps build capabilities.

Our new strategy

Our strategy is founded on a clear sense of purpose. We exist to protect, heal and nurture in our relentless pursuit of a cleaner, healthier world. We do all we can to ensure that access to high-quality hygiene, health and nutrition becomes a right not a privilege. Ensuring product availability and offering attractive price points, promoting consumer education and behavioural change, and partnerships with other stakeholders are some of the ways we make this happen.

This purpose-led agenda represents a shift in business strategy. It is underpinned by the core set of values guiding our behaviour. They are set out in our compass. This places integrity at the heart, with the goal of always doing the right thing. Our compass describes the values needed to promote a culture that puts consumers and people first, continually seeks out new opportunities, strives for excellence and builds shared success. It celebrates what made RB successful in the past and aligns us with what is needed for sustainable growth in the future.

We will redouble our focus on environmental sustainability by, for example, reducing, recycling or reusing plastics, reducing our water footprint and meeting our science-based targets. At the same time, we will connect our brands even more closely with relevant social issues.

RB is active in three major categories: hygiene, health and nutrition. These are complementary demand spaces that share positive market dynamics and where consumers display clear brand preferences. Our emphasis on innovation together with close customer relationships and market presence are key attributes that support an attractive earnings model.

We will target 100 CMUs (category market units) with our Powerbrands, up from 75, and will invest to develop the requisite capabilities. We expect our Powerbrands to broaden the areas where they currently compete. We will use e-commerce to build customer engagement to scale rocket brands and our Powerbrands everywhere. We are working to ensure each of these spaces has clear flywheels that drive how we win and how we deliver compounding returns.

Our organisation

Getting the right balance between scale, focus and accountability is key. As such, we are moving to three category-focused business units with full P&L accountability. These are Hygiene – effectively our old Hygiene Home business – Health and Nutrition. Within each of these we'll develop capability centres of excellence that can be leveraged across the Company.

China is strategically important for the business. We are therefore elevating China to an integrated unit that will work across the three category business units and report directly to me. Digital, e-commerce and analytics are at a major turning point for the consumer and we can further speed its rapid growth by building leapfrog digital capabilities. The digital platform we have in China is one that other rocket brands can leverage. For this reason, the China business unit will also house our global e-commerce capability.

Our roadmap for growth

Each of our business units can grow more effectively than they do today. Driven by the strong underlying tailwinds of global trends, growth opportunities can be realised through increased product penetration, market share gains, expansion into new places ("white space expansion") or new spaces ("market adjacencies").

Penetration is about capturing new consumers entering the category. We optimise market share by servicing our existing consumers faster, better, and more efficiently. White space growth takes brands and products into new territories: through our existing network, via e-commerce and using our cross-border organisation. Adjacencies use our brand strength to penetrate other parts of the demand space a brand plays in.

Underpinning each of these are the capabilities around digital and e-commerce, the role and importance for each in China and common foundational areas, such as supply, quality, marketing capabilities, sales capabilities, regulatory and business development, that will make this happen.

Our brands have significant penetration potential, for example, in developing and urbanising India and China. Hygiene has 40 core CMUs today that drive a significant portion of its growth – growing over 5 percent per annum in a 3 percent growth category. By investing in breadth and capability and adding 10 more CMUs to the core list, we can add 100 bps to our top-line growth. Our e-commerce capabilities, coupled with expansion to nascent China and the emerging markets can drive further growth, including with custom innovation.

As with hygiene, we are investing resources to expand our CMU footprint in health. Health is made up of two distinct parts; self-care and sexual well-being. We have Powerbrands addressing pain relief, upper respiratory and gastro-intestinal conditions, and general wellness. We continue to see a large opportunity for OTC through penetration, multi-year innovation and brand building. There is also significant scope to optimise market share. We have revisited our commercial and supply strategies to ensure we do not miss out on seasonal opportunities.

There is considerable growth potential in sexual wellbeing as well. Focusing on better execution and more innovation will also improve our growth prospects. We are putting more emphasis on this category and ensuring it is adequately resourced.

In the nutrition space, we currently only operate in infant nutrition. This category has strong fundamentals with steady growth and very attractive margins. At the same time, it is also highly competitive, subject to changing regulations, and requires higher than average capital investment in sophisticated manufacturing and effective marketing. Our brand is perceived as a science-driven leader in the US and in China. We have strong endorsement from the medical community. There are considerable penetration opportunities for this business, particularly in specialty nutrition.

In the long term, birth rates will decline, and seniors will increase in number. We see exciting longer term opportunities for leveraging our nutrition capabilities in adjacencies like adult nutrition, personalised nutrition and science-based supplements. Neuriva, for example is an innovation for ageing seniors that came out of the technologies inside Mead Johnson. There will be others that help us broaden the consumer cohorts we serve.

Developing our digital and e-commerce platform

Our digital strategy is central to the future success of the Company and e-commerce is at the heart of it. Our e-commerce platform has had significant success in China where it benefits from the scale of the Mead Johnson business. These capabilities are readily scalable to new white spaces, including rocket brands in wellness. In the future we'll be leveraging e-commerce everywhere, benefiting all parts of RB with scalable tools and best-practice capabilities embedded as a competitive advantage in the business.

We are already incubating and scaling a portfolio of digital-first brands. In our Hygiene business our work with Launchpad and Founders Factory is testing new approaches to developing digital-first brands. UpSpring, a small women's health brand that started in Texas, is another recent example. We launched the brand in China on Alibaba to coincide with the platform's Singles' Day mega-shopping event on 11/11. Our investments in rocket brands and digital partners such as Pharmapack and YourMD are still small, but their strong growth so far suggests that our e-commerce business can be a potent platform for our own and partner brands.

Investing £2 billion in capabilities

Alongside e-commerce, we will invest in key capabilities to replace some of the muscle that we've taken out of the business as well as add new muscles relevant for this new world.

Our plan is very specific, with targeted initiatives to build brands, accelerate innovation and sharpen execution. Our investment programme is focused and sequenced first to improve performance and then drive sustained mid-single digit revenue growth over the longer term.

It requires significant reinvestment of resources in the business. In our first phase, we are investing £600-£700 million a year on a sustainable basis to address underlying capability gaps, rejuvenate the business and drive sustainable volume and price-mix growth. Over £2 billion will be invested over the next three years; around two-thirds funded by an enhanced productivity programme and the remaining third by taking investment as a charge to the P&L.

We are ramping up the productivity programme which will generate £1.3 billion for reinvestment. We are also making direct investments in key capabilities now, which will help fuel the change in the short term.

We need to execute on our plans swiftly to allow them time to gain traction in the marketplace. The bulk of that starts now. Accordingly, 2020 will be a year of maximum investment.

Outlook

2020 is a transitional year, as we rejuvenate RB to accelerate growth to deliver long-term shareholder value. For 2020 we should generate a higher level of revenue growth on a like-for-like basis than achieved in 2019 (2019: 0.8%) and make steady progress toward our medium-term target. While we have started the year strongly, there are a number of challenges, including the uncertainty already being seen around the impact of COVID-19 (see below). From an operating margin perspective, in addition to the 100 bps of operating margin headwinds, principally normalising variable pay assumptions, we will invest a further £200 million (c.150 bps) in the business to rejuvenate our commercial capabilities and address issues where needed with consumer service and value. In addition, we will invest in cost-to-achieve transformation spending of roughly £125 million (c.100 bps) in each of the next two years (total of £250 million). These one-time costs to achieve will be included within adjusted operating profit. As a result, we expect 2020 adjusted operating margins to be around 350 bps lower in 2020 than those achieved in 2019.

COVID-19

The spread of Coronavirus disease 2019 (COVID-19) represents one of the most serious global health emergencies in the last 100 years, with the pandemic having now reached over 120 countries.

As a leader in both hygiene and health, RB is uniquely positioned to provide tangible assistance to consumers, governments and healthcare authorities. For example, in China we have already announced a donation of RMB 50 million (£5.5 million) in cash and antibacterial products. Demand for certain RB products, in particular Dettol and Lysol, has increased substantially in recent months, and we are working hard to increase the level of available supply. At present, our supply chains and distribution channels are proving both resilient and flexible, though there has been some unavoidable disruption in many parts of the world. At the same time, as the situation develops, it is likely that we will experience increased levels of disruption, particularly in those countries and regions that are hardest hit. Longer term, the economic consequences associated with COVID-19 are difficult to predict, however they may lead to weakened demand for some RB products. We have also assessed the impact of COVID-19 on the going concern and viability statement set out on page 77 and this is further discussed in the financial review.

The spread of COVID-19 has also raised serious safety concerns for our own employees and contractors. Keeping the RB family safe is one of my key priorities, and where required we have put in place alternative working arrangements. We will continue to monitor the situation around the world, responding decisively to events as and when they develop.

A winning culture

Our ambitious, exciting programme for change takes the best of today's RB and positions it to address the challenges of tomorrow's society. I am confident that it is achievable, but our success will depend on having a winning culture – we need the right people in the right places who want to do the right thing for the world and for our business. Alongside the internal RB talent, including Harold van den Broek and Aditya Sehgal, I am delighted to welcome Kris Licht, Ranjay Radhakrishnan and Jeff Carr to my Executive team. Further appointments will be announced in the coming months.

Rejuvenating RB

As I said in my opening remarks, we have a good house, in a great neighbourhood with the potential to be a great house again. As we've outlined, we have a clear strategy, anchored in purpose, to rejuvenate mid-single digit growth in the medium-term. We have a detailed £2 billion three-year investment plan, funded by enhanced productivity. This will create long-term shareholder value, while engaging with society with purpose. I believe we have an organisation and team inspired by this mission to carry this through.

I would also like to take this opportunity to thank our Shareholders and other stakeholders for their loyalty and trust, and our employees for their hard work and loyalty in what has been a complex and challenging year. As we look to the future, that trust and commitment is RB's greatest asset and our most important measure of success. I look forward to reporting on our progress next year.

Laxman Narasimhan
Chief Executive Officer
26 March 2020

Our business model

OUR ENABLERS

Our people and culture
We employ outstanding people who work in a unique culture that harnesses their passion and allows them to make a real difference.

Our key brands
We have a portfolio of global leading brands and other 'local hero' brands that offer faster growth and higher margins. Disruptive, 'rocket' brands redefine and extend the spaces in which we operate.

Our knowledge and skills
We have deep consumer understanding, proven R&D and innovation capabilities and an agile organisation, which gets products to markets fast.

Our relationships
We develop strong, trusted relationships with our customers, consumers, suppliers and communities. We access and develop networks and partnerships that extend our impact.

Our infrastructure
Our business is underpinned by strong manufacturing sites, R&D laboratories, centres of excellence and logistics centres.

Our financial strength
Shareholders' equity, debt and retained profit give us the financial resources to implement our strategy.

Global Trends

Urbanisation and global warming
Dense populations in warmer regions drive demand for good hygiene as the foundation for health.

Demographics
Growing, ageing populations are increasing demand for nutrition solutions.

Sexual health
Sexual wellbeing is a growing priority as more young people reach adulthood.

Growth in self-care
As public health systems come under pressure, self-care has a vital role.

Technology
Technologically savvy consumers want personalised solutions. Data spurs innovation and creates space for disruption.

OUR FOCUS ON SUSTAINABLE VALUE CREATION

Our purpose
Today, our brands like Dettol, Lysol, Harpic, Finish, Durex, Mucinex, Enfamil and Move Free, among others, fight at the frontlines to give our consumers a better life. Why we exist – our purpose, our soul – is clear.

We exist to protect, heal and nurture in our relentless pursuit of a cleaner and healthier world.

Each word matters. They speak to our portfolio and the categories in which we play. Relentless pursuit captures RB's entrepreneurial and can-do spirit, all in service of creating a cleaner, healthier world.

Our fight
Our Company is inspired by the fight of making access to the highest quality hygiene, wellness and nourishment a right, not a privilege.

Access has multiple platforms: quality products that are available, with attractive price points, along with awareness and advocacy, are all part of how we make high quality accessible.

Our brands will over-index on social with intentionality. But while doing so, we will redouble our focus through our brands on reducing, recycling or reusing plastics, reducing our water footprint and meet our science-based carbon reduction categories.

We aim to respond to trends and underserved needs within growing consumer markets, helping to tackle important global issues and support the United Nations Sustainable Development Goals.

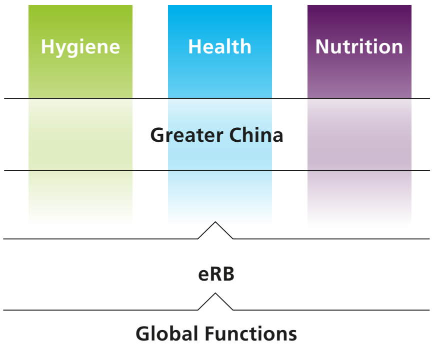
Our compass
Our compass sets out the new values and behaviours for our business. At it's heart is the goal of always doing the right thing with clear principles around putting consumers and people first, seeking out new opportunities, striving for excellence and building a culture of shared success. Our compass will guide us to sustainable growth in the future.

Our business model responds to the global trends shaping our markets to create sustainable value for our consumers, Shareholders, customers, employees, communities and the environment. We leverage our scale, trusted brands and global presence through agile, accountable business units for hygiene, health and nutrition. Globally integrated e-commerce and a Group-wide, multi-disciplinary focus on Greater China augment our capabilities and magnify our effectiveness.

A focused portfolio of trusted brands

We own, build and acquire high-quality, trusted brands within our chosen categories of hygiene, health and nutrition. We address environmental impacts and advance important social objectives through our brands.

A consumer-centric organisation



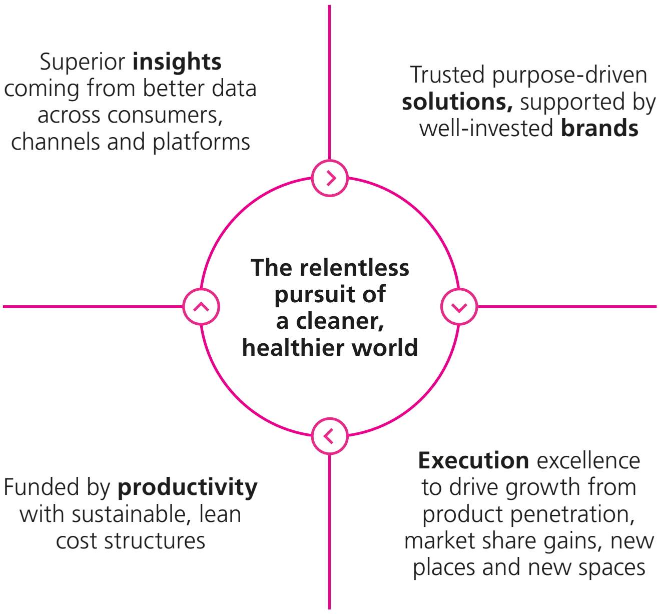
3 category-focused global business units:

- **Hygiene**
- **Health**
- **Nutrition**

eRB will be linked to Greater China integrated business

Supported by Global Functions and Centres of Excellence

A virtuous circle of growth



THE VALUE WE CREATE

Consumers

Consumers receive innovative, safe and high-quality products, which help them live cleaner, healthier lives.

Shareholders

Shareholders benefit from strong operational and financial performance, resulting in attractive returns via dividends and long-term share price appreciation.

Customers

Bricks and mortar and e-commerce customers gain from selling our leading brands, growing our categories and driving customer value in relevant channels.

People

RB provides exciting and challenging careers, with excellent rewards for outstanding performance.

Communities

Our products and social programmes lead to improved health and hygiene standards.

Environment

We recognise the impact we have on the environment we share with others. We are working to reduce our impact by reducing our greenhouse gas emissions, contributing to reducing global warming and climate change.

Powerful global trends are shaping our future

The world's population is growing rapidly, we are living longer and consuming more. According to UN projections, within a decade there will be 8.5 billion people on earth and almost 10 billion by 2050, compared to 7.7 billion today. Already, more than half are in the global middle classes; every second, five more people join their ranks, most of them in Asia.

Accelerating urbanisation, climate change, rising technology and global shifts in economic power present enormous risks and tremendous opportunities. They also pile pressure on the planet's resources.

As a commercial business, we seek to deliver long-term shareholder value through high performance and growth. We do that best by operating sustainably, through a broad-based strategy that meets the needs and concerns of all our stakeholders.

We act responsibly, focusing on value creation that advances social and environmental as well as economic objectives. We aim to be transparent and inclusive in our approach.

In all our categories, our brands meet economic objectives by serving social needs. What makes us distinctive is that many of our brands authentically serve a large social cause. Dettol, Lysol, Harpic, Durex, Mucinex, Enfamil and Move Free, among many others, are fighting at the frontlines to give our consumers a better life.

Our Company is inspired by the fight to ensure that access to high-quality hygiene, health and wellness is a right, not a privilege. We don't just sell products we design solutions that meet fundamental human needs.

Connecting with stakeholders

RB's strategy is driven by a strong sense of purpose. Our stakeholder relationships extend our ability to deliver on our purpose.

Our purpose is encapsulated in a simple statement. We exist to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

Every word here matters. 'Protect, heal and nurture' relate to our three major categories. 'Relentless pursuit' captures RB's entrepreneurial and can-do spirit. And it is all in service of 'a cleaner, healthier world'.

And fuelling that relentless pursuit are critical insights from consumers, customers, colleagues and partners.

Driving sustainable growth

The major societal trends provide tailwinds that support and strengthen our brands. Take urbanisation and global warming: denser populations living in warmer places need more effective hygiene – and hygiene is a foundation of health. The increasing pressures on public health systems are fuelling demand for self-care solutions. Growing populations need more nutrition. And, with more people on the planet, sexual well-being is a higher priority. Underpinning the growth opportunities in all our sectors is the proliferation of technology, which is transforming not just what people buy but how they buy.

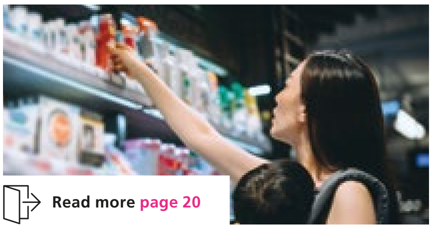
CASE STUDY

RB REJOINS THE DOW JONES SUSTAINABILITY INDEX (DJSI)

In 2019, RB was readmitted to the DJSI. This acknowledges the work we have been doing and the improvements we have made over the last two years. DJSI is a leading global standard for measuring and advancing corporate sustainability. The index assigns a total sustainability score to all major listed companies, based on a rigorous, rules-based methodology, to identify the top 10 percent of performers in each industry. RB's increased overall score of 82 percent, with notable improvement in supply chain management, packaging and human rights performance, merited our inclusion this year. The DJSI World Index is made up of the top 10 percent of the world's 2,500 largest companies listed on the S&P Global Broad Market Index based on environmental, social and economic criteria.

Dow Jones Sustainability Indexes

CONSUMERS



Read more page 20

Serving our consumers

RB's consumer-centric philosophy puts the people buying our brands at the heart of our thinking. We learn by listening closely to what they tell us. Their interests and priorities dictate our decision-making and drive innovation. With all our brands, we focus on the things that people say matter most to them and design products that make a positive contribution.

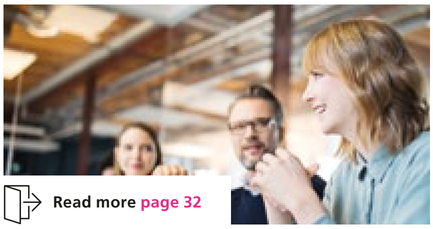
PEOPLE

Read more page 28

Empowering our people

Highly skilled people will enable success and are in demand everywhere – we want to attract, develop and retain the very best. Engaged, inclusive teams spur growth and performance – we want ours to feel good about what they do and their Company's place in the world. A cohesive, purposeful culture leads to better brand offerings for consumers and more value for Shareholders and investors.

PARTNERS



Read more page 32

Forging links with our partners

Our hyperconnected world is redefining traditional boundaries. We stay competitive by adapting and evolving our business model. As part of that we forge alliances and invest in partnerships.

We link our brands and business to causes with a shared purpose and with multiple actors and influences. We join forces to share capabilities and advance common interests. Partnerships can inspire disruptive thinking, accelerate innovation and help develop solutions to complex global problems.

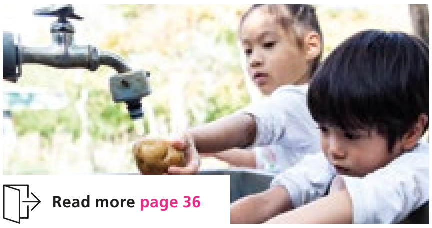
CUSTOMERS

Read more page 24

Connecting with our customers

Our key customers are retail experts. Their insights reflect consumer priorities and feed our innovation pipeline. We work with them to design and develop safe, effective products that consumers want to buy, and that advance broad social objectives. Our connections with customers cement alliances that support our products and align with our purpose.

COMMUNITIES

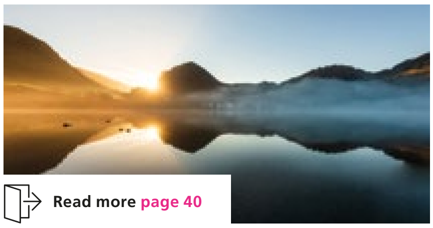


Read more page 36

Investing in communities

As a purpose-led company, we want to do well by doing good. Our investments in communities focus on three areas – sexual health and rights, maternal and child health, water and sanitation. They aim to have a lasting impact and change lives for the better. We deliver those programmes in partnership with organisations on the ground.

ENVIRONMENT



Read more page 40

Safeguarding the future

The world faces urgent environmental challenges and we need to make rapid progress on multiple fronts. We all have a responsibility to confront these issues and make a difference where we can.

We are determined to play our part. Our focus is on major themes that connect most directly with what we do, including plastics and packaging, water scarcity, climate change and deforestation. We consult widely and collaborate with partners to devise and deliver programmes that reduce and remove our adverse impacts and help safeguard the environment. As a responsible business, improving sustainability is integral to our purpose. It is in the long-term interests of every stakeholder.

Mapping what matters to our stakeholders

RB identifies and assesses actual and potential impacts which involve us, either through our own activities or through our business relationships. We address impacts holistically, across our entire value chain, from sourcing and manufacturing through to the marketing, sales and consumer use of our products.

We consult with a range of stakeholders in different ways. We convene multi-stakeholder forums, hold top-level meetings with customers and are active in trade associations. Our 2018 Culture Pulse survey solicited internal feedback from employees. Stakeholders tell us what matters most to them and we use this information to identify areas of actual and potential risk and to adapt and improve our approach.

The perceptions and priorities of internal and external stakeholders determine what matters most to our business. We conduct a rigorous consultation process, which draws on expertise within the Group and involves extensive engagement with potentially affected groups and other relevant stakeholders. The latest study was completed in 2019.

Our strategies, initiatives and targets are informed by the feedback received from the groups relevant to our business operations, including consumers, customers, suppliers, governments, non-governmental organisations (NGOs), industry peers, educational institutions, communities and our employees.

Our materiality assessment

We completed a comprehensive assessment of the most material issues across our business in 2019. This built on work done in 2016 and lays the groundwork for the next phase in our sustainability journey, beyond our current 2020 targets.

Our materiality assessment follows a rigorous three-stage methodology. We first identify salient issues, then engage with internal and external stakeholders on those issues. Finally, we analyse and validate the results to derive a materiality matrix that tracks the importance to external stakeholders and the business of our 20 most salient issues. All of these are considered important by both internal and external stakeholders.

We reached out to well over 200 external stakeholders worldwide. Consumers, suppliers, experts, NGOs and investors were among those that helped to frame our thinking on ethical, governance, environmental and social priorities. Internally, insights gained from a diverse set of colleagues across the organisation teased out regional and functional variations in their responses to our salient issues.

Analysing stakeholder responses

Internal and external stakeholders were asked to rank the relative importance of a series of different issues. Their responses were affected both by specific concerns (environmental NGOs for instance typically assign higher weightings to environmental issues) and their sense of RB's engagement with the issue (a significant issue may be ranked lower if RB is thought to be managing it effectively). Issues in the top-right quadrant are considered the most important, both internally and externally.

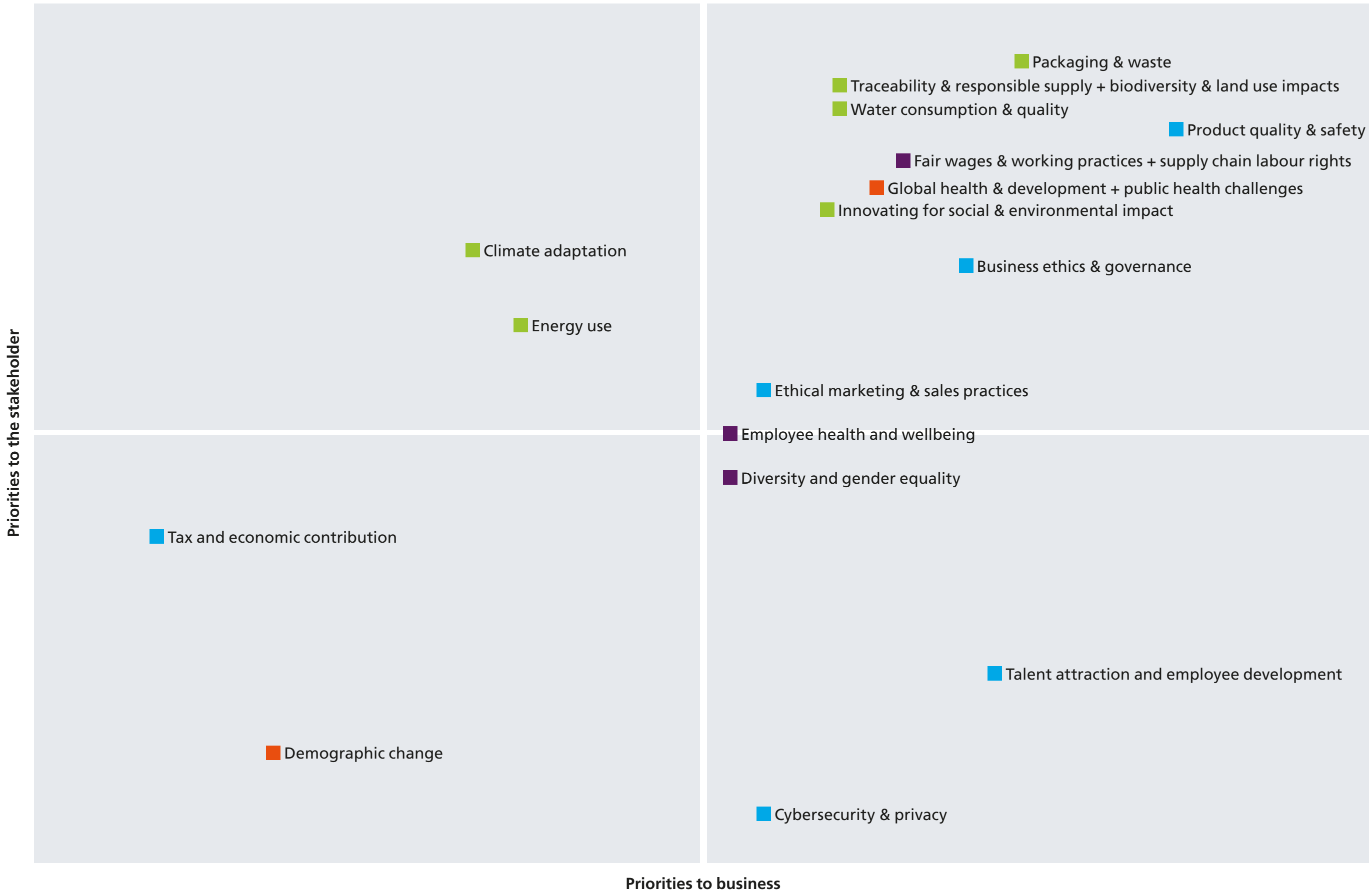
Analysis of the feedback revealed some notable shifts in the materiality landscape since our 2016 assessment. Innovation, water, packaging materials and talent retention and acquisition have all become significantly more important to both internal and external stakeholders.

Meanwhile, climate change, corporate tax, employee health and safety and data security and privacy have moved down the priority list. This does not suggest these are less consequential; it reflects instead the significant efforts already underway in these areas. We are committed to maintaining this momentum. Indeed, for some such as the environment and climate change, we need to do more.

Product quality and safety and packaging are the top priorities for both internal and external stakeholders. In other areas, their priorities diverge. External stakeholders cite supply chain labour rights and climate adaptation as big issues. Internally, business ethics, cyber security and privacy, talent attraction and employee development are top-ten concerns. Examining the materiality of clusters of issues and of subsets of respondents yields further insights which guide our strategic and operational priorities. For instance, public health challenges were rated as a higher priority issue by respondents from developing markets.

Materiality matrix

Our 20 most salient issues



Clustering material issues

The materiality matrix maps the relative importance for internal and external stakeholders of our 20 most salient issues. There are overlapping issues in three distinct areas; connected with land use, labour rights and health. For each of these, we have clustered two sets of responses to arrive at a single materiality rating. The clustered issues are as follows:

- Traceability & responsible supply AND biodiversity & land use impacts
- Fair wages & working practices AND supply chain labour rights
- Global health & development AND public health challenges

Issues are clustered by taking the maximum ranking for each component by each respondent. For example, where a respondent scores biodiversity & land use impacts at 2/5 and gives traceability & responsible supply 4/5, the clustered issue is assessed at 4/5.

Key

Economic & governance **Environmental**
Human Rights **Social**

Sustainable Development Goals

In 2015, UN Member States adopted the 17 Sustainable Development Goals as part of the 2030 Agenda for Sustainable Development. With limited progress since then, in 2019 the UN Secretary-General called for a decade of action by all stakeholders, asking civil society, academia, the media and the private sector to deliver the 2030 Goals.

At RB, we want to do all we can to help meet this challenge. We recognise the importance and interdependence of all the Global Goals. We have identified four SDGs (see page 17) where we believe our impact is most significant. We are committing management time and resources to make tangible progress in each.

The challenges and commitments highlighted by the SDGs are interrelated. It is the poorest communities – where hunger, disease and poor sanitation are most prevalent – that will suffer the worst effects of climate change. Equally, the solutions to poverty, inequality, climate change and other global challenges are interlinked. Education is often cited as a way to help people climb out of poverty, but solutions need to take account of the fact that women and girls have less access. RB examines these interconnectivities and favours projects and initiatives that advance the SDG agenda as a whole, ahead of those that simply target specific SDGs.

We are clear too that advancing the sustainability agenda makes commercial sense for us. Achieving the goals supports a thriving society which benefits us all. At a specific level, our commitment to reducing the amount of energy we use or carbon we generate in our facilities or through the footprints of our products, their ingredients, packaging, use and disposal, helps tackle the impacts of climate change and support sustainable consumption. It progresses several SDGs, including SDG6, SDG7, SDG12 and SDG13, and at the same time, improves operational efficiency. To take another example: we are advancing SDG5, SDG8 and SDG10 by tackling gender and diversity issues in the workplace, but in doing so we are also motivating our people and promoting talent; thereby, fuelling productivity. Across the board, through our brands and our business, we are improving our effectiveness by pursuing responsible practices that incorporate the SDG agenda. In doing so, we are playing our part in delivering the SDGs.

CASE STUDY

BUSINESS AVENGERS

September 2019 saw the launch of the Business Avengers. Seventeen global companies, including RB, representing over USD500 billion in revenue and 900,000 employees, were unveiled as champions of the 17 UN Sustainable Development Goals (SDGs), one for each SDG. RB was named the official business champion for SDG 3 – Good health and well-being.

Collectively, the Business Avengers group will promote a decade of delivery from 2020 with the aim of encouraging private sector companies to redouble their efforts to achieve SDG targets by the 2030 deadline. 2020 is a year of action, to inspire and engage others to meet the thirteen targets within SDG 3. We will report on our initiatives and progress in next year's Annual Report and on the www.rb.com website.

> “At RB, we're clear about our purpose: the relentless pursuit of a cleaner, healthier world. And it all starts with conversations. We're listening and engaging with colleagues, customers, partners and stakeholders to plot the right path.
>
> Laxman Narasimhan
> Chief Executive Officer

Aligning with the United Nations Sustainable Development Goals (SDGs)
RB's approach is to support the delivery of the Global Goals but in doing so to focus primarily on those areas where we can have the greatest impact. While our activities affect a number of the SDGs, we have identified four as the most relevant for our business:

SDG 2: Zero hunger
In infant nutrition we focus on the first 1000 days of life. Our products keep mothers healthy and nourish their babies. In line with World Health Organisation ("WHO") guidelines, we promote exclusive breastfeeding in the first six months. Protecting people against malnutrition and stunting is a key theme for our social impact investment programme.

SDG 3: Good health and well-being
This goal is closely aligned with our purpose and as the Business Avenger for SDG3, we are championing swifter progress in the private sector. Many of our brands play a role in promoting health and wellbeing. They include Durex, Dettol, Gaviscon and Mucinex, as well as Lysol and our Mortein insecticide products.

SDG 5: Gender equality
Promoting gender equality is in our employment policies and in our social impact programmes Our employment policies drive gender equality in our teams. We have mentoring schemes for female employees, gender-balanced shortlists and proportionality targets at senior management level. We also now report internationally on our gender pay gap. We have set up social impact projects to encourage girls to stay in school in South Africa and equip women in rural communities with independent income.

SDG 6: Clean water and sanitation
Our Harpic, Dettol and Lysol brands are closely associated with programmes emphasising the importance of good sanitation and hygiene. In partnership with Water.org our 'morethanatoilet' campaign is providing micro-finance that allows people in India, Bangladesh and Indonesia to get access to clean water and fit flushing toilets in their homes and villages.

CASE STUDY

HUMAN RIGHTS STAKEHOLDER FORUM

In December, we organised a major Human Rights Stakeholder Forum in London with our partner the Danish Institute of Human Rights (DIHR). Our CEO and key members of RB's leadership team gathered with external stakeholders to discuss ways to strengthen and reinforce RB's approach to human rights across the entire value chain. Additional insights were provided by a leading human rights policy campaigner along with human rights specialists from law firms, NGOs, global retailers and peer companies.

The workshop sought to develop our senior leadership's understanding of existing and emerging global human rights issues and to highlight any relevant policy dilemmas for RB. It is part of a broader engagement programme reaching out to stakeholders on key human rights topics. Further sessions are planned with relevant experts and RB personnel to address DIHR recommendations on specific topics.

Delivering performance through our KPIs

Delivering social purpose is deeply ingrained at RB. We have been providing people with quality products for health, hygiene and the home for over 200 years.

In 2012, our 'better' strategy made this explicit and put the business and its brands on a purpose-led path and defined our targets for 2020. In 2016, we linked the strategic objectives to the UN's Sustainable Development Goals. Key sustainability themes coalesced with long-term economic performance under the three maxims of better business, better society, better environment. It was an important staging post on our sustainability journey.

The better business, better society, better environment programme set out sustainability commitments and identified focus areas for measuring performance. Our better business commitments focused on our organisation and culture, key brands and priority markets and on improving earnings quality. We published better society commitments for purpose-led brands, human rights, product stewardship, social impact investment and product innovation. Our better environment commitments included reducing greenhouse gas emissions, water and waste, and responsible sourcing. We underscored these objectives with key performance indicators which measure progress against our 2020 targets.

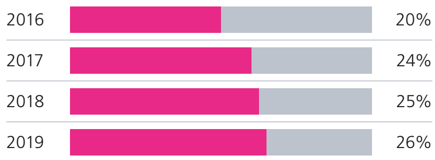
The KPIs capture metrics that reflected our aims and ambitions at the time. As our approach has matured, we have gained a broader perspective on our sustainability challenges and opportunities. During 2020, we will be renewing and extending our non-financial KPIs with metrics and targets that will drive our business and brands by putting sustainability at the heart of our purpose.

1 Represented in our Senior Management Team, Global Leadership Team, and Executive Committee including our CEO and CFO.
2 Restatement of 2016 LWDAR from previously reported figure of 0.071 to 0.084 after recalculation during 2019 reporting for inclusion of commercial offices.
3 Excluding our Infant and Child Nutrition (IFCN) business – See RB Insights (www.rb.com/responsibility/insights) and RB Reporting Criteria Basis for Preparation (www.rb.com/responsibility/policies-and-reports) for details.
4 Calculated for 12 months ending 30th September 2019.
5 2019 year end zero waste to landfill performance includes IFCN sites.
6 Manufacturing and warehousing only.

ORGANISATION

Gender diversity

KPI: Percentage of female senior managers in our global workforce[1].



Target to 2022: 40%

SOCIETY

Purpose-led brands

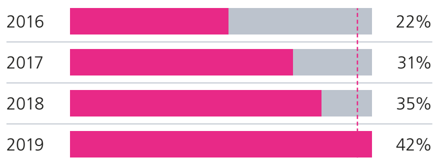
KPI: Total number of people informed through health and hygiene messaging and campaigns since 2013.

Target to 2025: Inform 1 billion people through health and hygiene educational programmes and behaviour change communications

ENVIRONMENT

GHG emissions per unit of production[3,6]

KPI: The percentage reduction in Greenhouse gas emissions per unit of production, against our 2012 baseline.



Target to 2020: 40% reduction

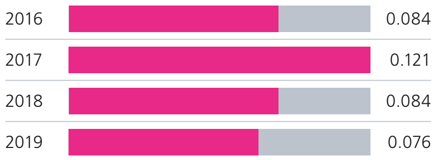
Carbon footprint per dose of product[3]

KPI: The percentage reduction in our total carbon footprint per dose of product sold against our 2012 baseline.

Target to 2020: 33% reduction

Lost Work Day Accident Rate (LWDAR)[2]

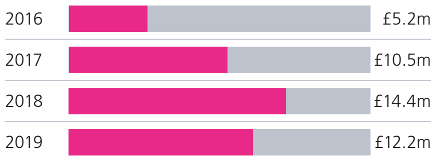
KPI: Number of incidents resulting in at least one lost day of work per 100,000 hours worked.



Target: Continued decrease of LWDAR rate

Social impact investment

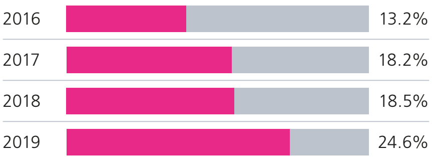
KPI: Total value of cash contributed, employee time in working hours and in-kind product donations valued at cost to the business



Target to 2025: £20m per year

Product innovation[3,4]

KPI: Total Net Revenue from more sustainable products.



Target to 2020: 33% of Net Revenue.

Water use per unit of production[3,6]

KPI: The percentage reduction in total water consumption per unit of production, against our 2012 baseline.

Target to 2020: 35% reduction

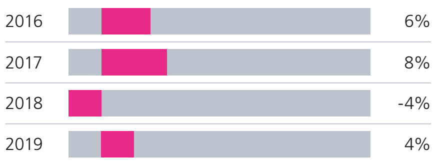
Sending zero waste to landfill[5]

KPI: The percentage of our factories achieving zero waste to landfill, including both hazardous and non-hazardous waste.

Target to 2020: 100%

Water impact per dose of product[3]

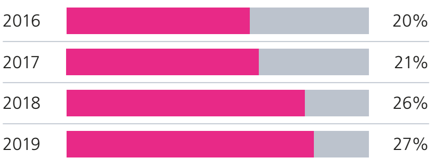
KPI: The percentage reduction in water used during the product's life cycle, adjusted to reflect water scarcity, per dose of product sold against our 2012 baseline.



Target to 2020: 33% reduction

Manufacturing waste per unit of production[3]

KPI: The percentage reduction in manufacturing waste per unit of production, against our 2012 baseline.



Target to 2020: 30% reduction

Integrating sustainability

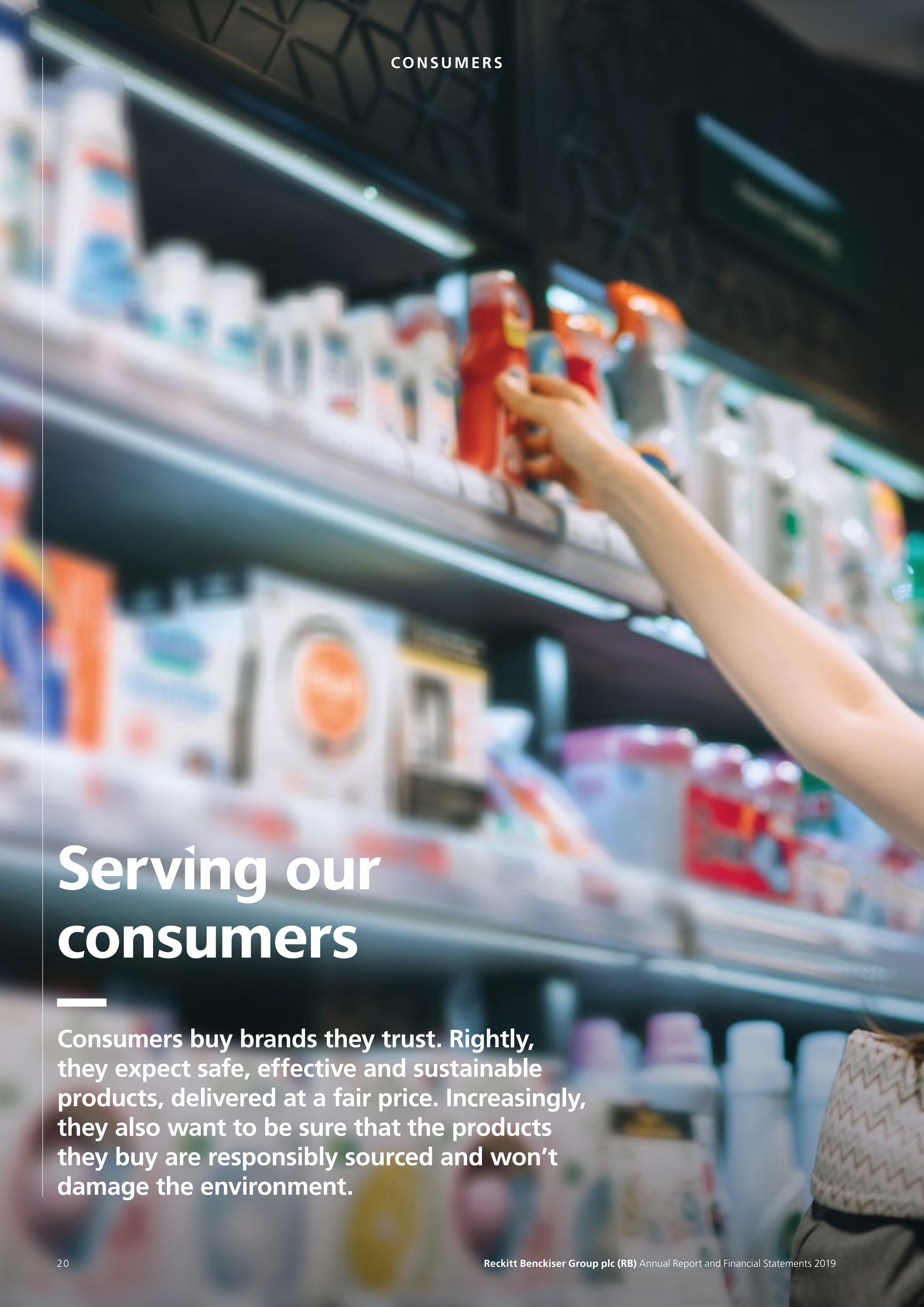
During the last eight years, interest in sustainability has been increasing at an accelerating rate. This trend looks set to continue. Our own approach has also matured.

Initially, our focus was on getting the fundamentals right and making sure we were meeting our compliance and reporting obligations. With our 2020 targets we looked forward, thinking about how we needed to improve environmental and social sustainability against the backdrop of climate change and the wider Millennium and subsequent Sustainable Development Goals.

Over time, this evolved into a more holistic approach which took account of stakeholders' interests and allowed for deeper engagement. For example, within our supply networks, our initial concentration on tier-one suppliers extended, increasingly considering raw material suppliers and source origins. This increased engagement applies throughout our value chain, not just to our suppliers but also with our customers, distributors and consumers. Our greater engagement reflects the growing recognition that businesses operate in complex networks and ecosystems and, increasingly, that their impacts and interests intersect and overlap.

From climate change, to human rights in our supply chains, to plastics in the environment, we strive to play our part and aim to lead where we can be most effective. These are big issues, and on our own we have limited impact. We therefore embrace partnerships and joint action which can amplify our efforts and deliver meaningful change.

Only by integrating sustainability objectives into our business practices and model can we consistently address the major challenges we all face. Internally, there is a growing recognition that sustainable practices also spur innovation and drive long-term growth. This lends momentum to the work we are currently undertaking to revitalise our sustainability strategy and embed it more directly in our purpose and business.



Serving our consumers

Consumers buy brands they trust. Rightly, they expect safe, effective and sustainable products, delivered at a fair price. Increasingly, they also want to be sure that the products they buy are responsibly sourced and won’t damage the environment.

How we engage

The people who use our brands are the lifeblood of our business. We work hard to earn their trust with safe, effective, high-quality products that make a difference to their daily lives.

Our products enable hygienic, healthy living. They are swallowed, applied to the skin and used to protect against harmful germs and dangerous bacteria. Being entrusted with this intimate level of care is both a privilege and a huge responsibility.

We connect with our consumers in many different ways, mainly through our brands. We commission research to track long-term trends. Our brand equity investment programmes educate and inform them on key social issues.

But mostly we listen to what they are telling us. Shopper forums and online channels flag concerns and highlight preferences. Consumer insights drive innovation. Today's consumers expect more. They don't just want products that stand out, they want to know what they stand for.

Consumers are actively engaged and digitally empowered. Increasingly, they want to take more responsibility for managing their own health and wellbeing. RB's products are addressing this global trend.

CASE STUDY

THE ROAD TO SELF-CARE: NAVIGATING THE FUTURE OF CONSUMER HEALTHCARE

RB has sponsored a report on the future of consumer healthcare. In 'Enabling people to manage their health and wellbeing' the Economist Intelligence Unit (EIU) looks at the key drivers for self-care. It also examines political and regulatory conditions in global markets.

There is a strong public health case for extending self-care practices. Formal healthcare systems already account for 15 percent of Organisation for Economic Co-operation and Development (OECD) government spending. With ageing populations, higher expectations and advancing technology, costs are rising. These dynamics will make more self-care a financial necessity.

Citizens are keen to do more to care for themselves, but they need the right support. The report cites health literacy as a critical enabler. It notes the importance of a consistent approach to self-medication and improved education for healthcare professionals. It also describes how technology can help groups work together to achieve better health outcomes. E-pharmacies, apps and medical devices are shifting self-care dynamics. The report concludes with a call for regulators to integrate self-care approaches into policy making.

For further information, please visit:
www.rb.com/innovation/the-future-is-self-care/

42,000+

people to make our consumers' experiences the highest quality they can be

How we meet their priorities

… by earning their trust

Our brands can only succeed when consumers trust them. We have to earn that trust every day through products that are safe and effective, innovation that meets genuine needs, and by doing business in the right way, always.

Generalities are not enough. Our consumers expect detailed information on how their products are sourced and what makes them sustainable. That extends right across the supply chain, on everything from ingredients, to human rights issues, to carbon impact.

RB, as the company behind the brands, needs to be fully transparent; not merely promoting positives, but identifying and addressing dilemmas and shortcomings. We need to walk the walk.

Ultimately, this is not just a set of tasks, it is an overarching philosophy. We will continue to fine-tune our consumer-centric model to keep our brands' attributes and inherent qualities in sync with the values and evolving needs of the people we serve.

… with quality products

Our consumers have often grown up with our brands, discovering them at different points in their lives. In some cases, they depend on them – in infant nutrition for instance – our products need to be safe and effective with absolute consistency. That makes quality fundamental.

Paying close attention to quality is critical. Rightly, our consumers have high expectations of the brands they use. We can only deliver that by maintaining consistently high standards right across the organisation. We make quality visible through our controls, our standards and in our training. We share our Quality Vision throughout the Group, building awareness of standards and how they are to be delivered. We host Quality Days at all our global sites to help embed commitment across the business.

It is the responsibility of every one of our 42,000+ people to make our consumers' experiences the highest quality they can be.

A NEW WORLD-CLASS SCIENCE AND INNOVATION CENTRE IN HULL

November 2019 saw the official opening of RB's purpose-built Centre for Scientific Excellence in Hull. This £105 million investment connects state-of-the-art laboratories and collaborative office space to RB's 179-year heritage. A striking, steel, glass and stone structure, built to the highest sustainable standards, extends from an extensively renovated original building.

The site where Isaac Reckitt's original starch mill once stood now provides space for inspiration, experimentation and science for some 800 scientists. It will support leading-edge innovations in consumer health.

… purpose-led innovation
The most successful brands not only perform efficiently and safely, they advance and support broader social objectives. We focus on fundamental human needs that matter to consumers and design and develop products that make a positive contribution to people's lives. This is what we mean by purpose-led innovation.

… and ethical marketing
The integrity of the products we offer is fundamental. Our approach to product stewardship runs across the entire supply chain. It's about responsible sourcing, from both a social and an environmental perspective, of materials, ingredients and packaging, through to the quality and safety of the product and brand, and the accuracy and transparency of the information we give to consumers. We work to improve environmental and social impacts wherever possible and to ensure our products do no harm.

We adopt an ethical marketing stance for all our brands. We don't just focus on how our products benefit consumers, we think about their needs first. For instance, we provide infant nutrition, but we also advocate exclusive breastfeeding for the first six months of life, as recommended by the World Health Organisation (WHO). We invest in educating mothers about the importance of breastfeeding, especially in these formative months.

We provide safe, age-appropriate and nutritious complementary foods for the succeeding months and years. We also support mothers who are unable to breastfeed, or who choose not to do so, with high quality breast-milk substitute (BMS) products that help meet the nutritional needs of infants and children.

800

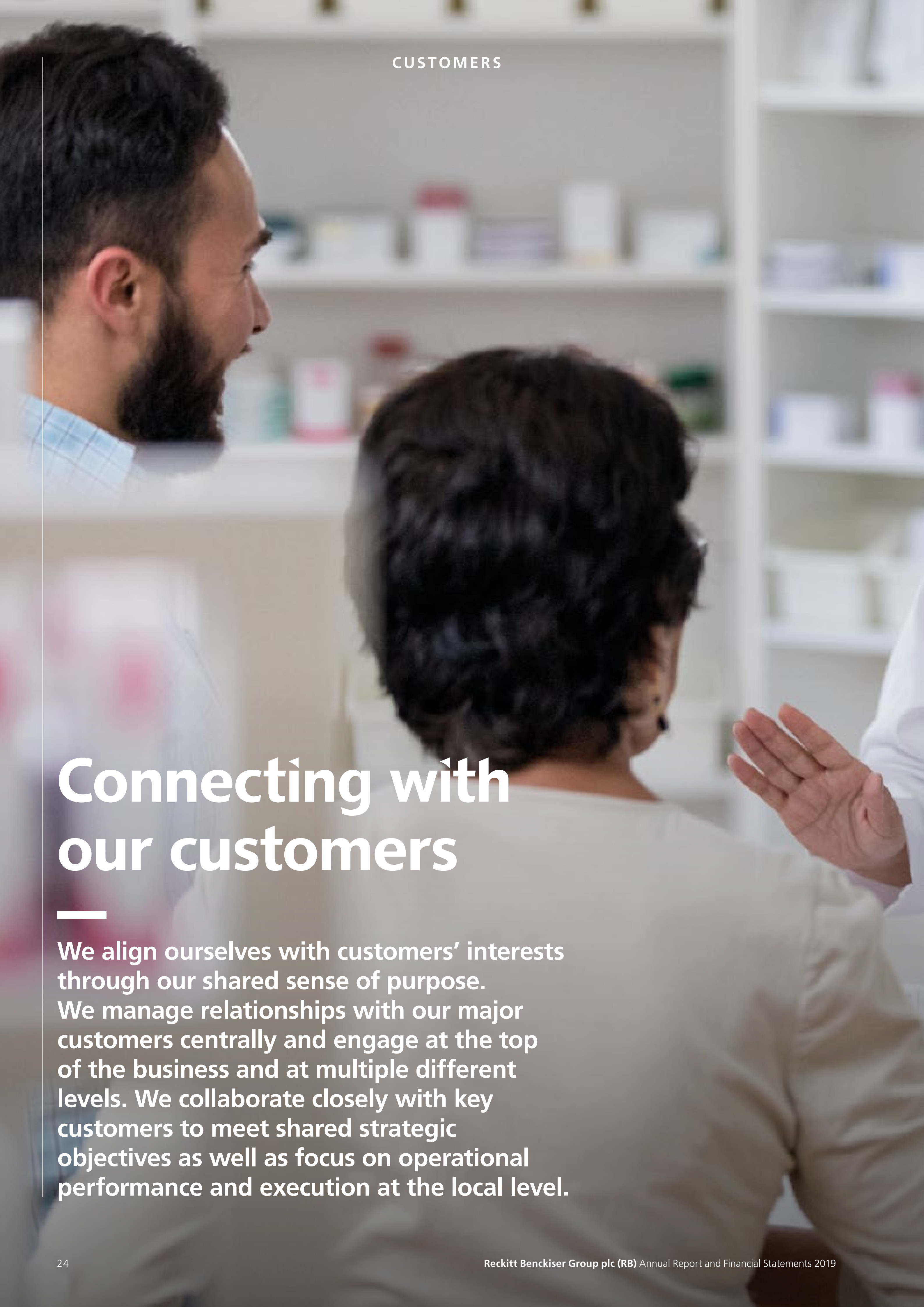
scientists supporting leading-edge innovations at our Hull site

CASE STUDY

UPSPRING IS SERVING MOTHERS' NEEDS

RB's acquisition of UpSpring strengthens our commitment to mothers and their children in the critical first 1000 days from pregnancy. The founders of the Texas-based business, mothers themselves, believe in taking care of new mums so they can take better care of their babies. UpSpring's solutions help them meet the challenges they face during pregnancy and in the children's early years. Its suite of innovative, science-backed, pre- and post-natal health products, all made with natural ingredients, accelerate postpartum recovery and extend breastfeeding life. UpSpring products tie in well with RB's purpose-led portfolio. Scaled up, they will soon be helping mothers and expectant mothers across the world.

For further information, please visit:
www.upspringbaby.com



Connecting with our customers

We align ourselves with customers' interests through our shared sense of purpose. We manage relationships with our major customers centrally and engage at the top of the business and at multiple different levels. We collaborate closely with key customers to meet shared strategic objectives as well as focus on operational performance and execution at the local level.

How we engage

Globally, our major trading channels include hypermarkets and supermarkets, pharmacies, drug stores, traditional trade and emerging trade (including discounters, convenience stores, mother and baby stores, travel and speciality retail). Our top ten customers contribute around 20 percent of net revenue.

In North America and developed markets, supermarkets are our primary channel, particularly for Hygiene. We coordinate our large retailer relationships globally, regionally or nationally, according to the customer profile. We aim to build strong relationships with our key partners and customers that allow us to co-create and innovate to meet shopper needs.

We engage directly with peers at different levels in customer companies. Frequent, detailed conversations – discussing purpose, strategy, operations and execution – infuse customer priorities into our thinking, allowing us to address them more effectively.

In Europe, supermarkets are again the primary channel for hygiene and home products, while pharmacy is the largest single channel for our health and wellness brands. Small independents with relatively few branches, make up the bulk of the pharmacy sector. We engage with these directly through our extensive network of specialist local representatives. We have more than 10,000 sales representatives managing relationships and cross-selling brands to pharmacies and smaller outlets worldwide.

The majority of net revenue is earned through bricks-and-mortar outlets, but our digital presence is growing fast, especially in China. RB's double-digit growth in e-commerce during 2019 outpaced sector-wide e-commerce growth. We sell direct to consumers online and we also have a wide range of digital channels.

Both online and offline, we maintain global, regional and local contacts, as appropriate, with clear objectives for each. Each business unit has its own regional customer leads developing local execution and relationships. They are supported by a network of local champions.

For our most significant customers, the focus is on strategic, long-term relationships founded on purpose. We are allocating more resources to this: our bricks-and-mortar global sales team doubled in size during 2019. This centrally managed team of strategy, shopper, channel & customer experts supplements local and product-specific collaboration with Category Growth Platforms and global growth initiatives that ties the retailer's purpose with our own purpose.

Meeting their priorities

We are unlocking opportunities by viewing our activities from the customer's perspective. Customers prefer to work with agile manufacturers with transformational ambitions for their brands and categories. We build vertically integrated networks with our customers that aim to grow mutually beneficial long-term relationships. Global strategy is agreed centrally and operational and execution decisions are made in the field.

Longstanding relationships are based on more than brand sales, they are grounded in a shared sense of purpose. We express our purpose through the innovations we deliver and by making a difference with our brands to the categories in which we operate. And we develop those categories more effectively when we work closely with customers and other partners. We saw the benefits of this approach in 2019 with our Poseidon campaign in Turkey, which connected Finish with the growing issue of water scarcity in the country. For the campaign to have a meaningful impact in the country, we needed an army of in-store ambassadors to help get across our message that this is a purpose-led brand serious about leaving our children a better world. We arranged top-to-top and key management meetings with major retailers to set out our manifesto and explain how we were taking action ourselves. This led to invitations to their retail fairs, joint campaigns to raise awareness and discount schemes linked to savings on consumers' water bills. We also became lead sponsor of the annual Local Chains summit where we shared our message with over close to 8,000 delegates from local supermarkets, an important channel in Turkey. The Poseidon campaign has gained significant momentum through retail partnerships. We will build on this in the coming years.

Our new CEO Laxman Narasimhan, has been clear about the importance of strong customer relationships. In his first few months at RB, he has met with the CEOs of several top-ten customers to identify, discuss and advance mutual strategic interests. These leadership meetings have focused on shared purpose and looked at how we can collaborate on big ticket initiatives. In e-commerce, we invest in building ever closer partnerships. We engage with our digital customers not just as a vendor but also as a supplier of media space. This promotes more positive relationships, based on mutual advantage as well as coinciding interests. Whether the sales channel is online or offline, we aim, at the strategic level, to identify synergies, promote purpose-led innovation and invest in partnerships and networks that enhance and expand our categories.

Growth in e-commerce

E-commerce activities have been growing rapidly over the last two years, outpacing the market as a whole. We now have a larger global digital presence than any of our key competitors.

We have well over 1000 e-commerce customers and our brands are present on all the main portals. Three of RB's global top ten customers are in e-commerce. Indeed, if e-commerce were a territory it would be RB's third largest. We are agnostic about sales channels. The dynamics of e-commerce are constantly changing. Our omni-channel approach maximises optionality.

We currently engage with four main categories of e-commerce customer. We work directly with the major global players, like Amazon, Alibaba and Jd.com. We also have numerous marketplace customers; these third-party retailers fulfil orders on the global platforms. Marketplace has become an increasingly significant channel in terms of both Amazon and Alibaba sales. For example, 58 percent of Amazon sales are now through Marketplace.

In 2018, when the Marketplace channel was less significant for Amazon, we recognised its potential and took a minority stake in Pharmapacks. Today, the Company is one of Amazon's biggest third-party retailers.

With our third major category, bricks-and-clicks retailers, we typically also have offline relationships. E-pharmacy, our fourth major category, is one of our fastest-growing channels.

Growth in these categories has been unlocked by our willingness to adopt an agile, transformational approach to building up our brands and developing closer customer partnerships. We are adapting our business processes to align more closely with e-business priorities. Our Lysol SMART concentrated refill, for instance, reduces plastic waste by up to 75%. Its lightweight, leakproof format is well-suited to e-commerce shipping requirements.

CASE STUDY

TEAMING UP WITH RETAILERS TO IMPROVE HEALTHCARE ACCESS

In the US, the high cost of insurance puts formal, high-quality healthcare out of reach for a section of the population. Unsurprisingly, some of these people are starting to take health matters into their own hands. Selfcare is an appealing alternative, but without professional assistance, they risk making the wrong choices.

With the right support, self-care can offer fast, reliable and affordable healthcare solutions. As part of our mission to promote self-care in society we have teamed up with major US retailers. Together, we introduced a range of projects that give shoppers better product solutions, access to healthcare professionals, education tools and smartphone-based health tracking and diagnostics. In one scheme, customers who purchased RB products such as Mucinex, Delsym, Airborne and Digestive Advantage at specified retail outlets received vouchers that entitled them to instant, free telehealth consultations with board-certified clinical professionals.

RB is participating in a broad-based alliance of changemakers who want to transform healthcare in America. We work with medical professionals, nonprofits, governments, medical research organisations and like-minded businesses.

Empowering our people

The talented people who work at RB want to do more than make a good living. They are here to make a difference. At RB we put consumers and people first. There is a spirit of ownership and entrepreneurship. We give colleagues the space, the opportunities and the chance to have a real and positive impact. It's what we call 'Freedom to Succeed'.

How we engage

For RB to achieve its purpose to protect, heal and nurture, we need to fight and make access to the highest-quality hygiene, wellness and nourishment a right, not a privilege.

Together and individually, RB colleagues have the task of bringing our purpose to life. To achieve that, they need support, they need resources and they need to be properly motivated.

Freedom to Succeed, our new employee value proposition, encapsulates RB's entrepreneurial ethos. The people that work here want the freedom to make their own choices and shape their own lives, at work and at home. RB's open, collaborative culture empowers them to make a tangible positive difference. A non-hierarchical structure promotes faster decision-making with autonomy and accountability on the ground. Our work-life balance initiatives support individuals and their choices. Progressive policies on diversity and inclusion ensure everyone's voice is heard and all contributions are respected.

In 2019, Non-Executive Director Mary Harris took on a newly created role of designated Non-Executive Director, for engagement with the Company's workforce. She is engaging across the business to gather insights on cultural and people related issues. Her remit is to ensure employee concerns are conveyed at Board level and incorporated into strategic decision-making.

Our compass

CASE STUDY

ONE YOUNG WORLD SUMMIT MEETS IN LONDON

Young people bring energy, idealism and fresh ideas. And this generation is the most informed, the best educated and the most interconnected in human history. It is good to know the future is in their hands.

In 2019, 2,000 young people from 190 countries met in London at the tenth One Young World (OYW) Summit to discuss and address the pressing social and environmental challenges we all face. RB is a longstanding OYW supporter. We sent 50 delegates to this important gathering – our most ever. Our CEO and the President of Hygiene Home also attended, to share their experiences and, importantly, to listen and learn.

The delegates returned fizzing with ideas, inspired to pursue RB's social-impact areas of focus and determined to address diversity and inclusion in the business. Their voices continue to be heard and will drive change as they now join RB's Purpose Council, made up of 94 people from 20 countries who are sponsoring programmes that embed purpose in the business.

>55%

people from around the globe currently participating in our award-winning share plan

The RB culture

The values we hold and share define the organisation. Our success as a business is founded on our strong, distinctive culture, guided by our compass.

If we want to deliver on our business objectives we need a dynamic, evolving and connected organisation. Our people strategy aims to instil, reinforce and reward the positive behaviours and attributes that make that real.

A shared sense of responsibility anchors our approach. Doing the right thing, always, is a fundamental value for everyone here.

We want all colleagues to have a sense of belonging and take personal pride in what they do.

This also makes sense commercially. We all do more when we have a personal stake in the outcome. We reinforce that sense of ownership by giving employees a financial interest in RB's success, through our rewards systems and our share plans. Our award-winning employee share plan is open to employees across 57 countries and is highly popular, with over 55 percent of our employees currently participating.

RB prioritises always doing the right thing – by putting consumers and people first, building shared success, seeking out new opportunities and striving for excellence.

Doing the right thing, always

We are clear as a business that all colleagues must act with integrity and demonstrate respect for each other, our stakeholders and society as a whole. RB's Code of Business Conduct, available online, sets out the values and behaviours expected of all colleagues and contractors. The Code makes it clear that where there are concerns, raising them is everyone's responsibility.

We are committed to providing a safe, supportive working environment for all our people. We have global policies on health and safety and on diversity and inclusion that set out minimum standards expected at all our operations. Individual business units and local operations apply these according to their specific circumstances. Our Speak-Up hotline allows people to call out unethical behaviour, safety concerns and other non-compliance without the risk of retaliation. In 2019, we received and investigated 466 reports. We subsequently took remedial action in 57 percent of these cases.

Developing our people

Continually improving our performance depends on attracting, retaining and developing great people. We build functional and leadership capability at all levels, to help managers inspire and empower their teams.

We value depth and breadth of experience. We frequently move our people into new roles and territories. We support them with appropriate training and development.

Our online training hub, learn.rb.com builds key capabilities with bite-size learning. Colleagues, striving for excellence, undertook around 83,000 hours of learning in total during 2019. E-learning and blended learning programmes are available for all employees and are phone and tablet friendly.

Fostering partnerships

Partnership at RB is all about building shared success. No one has all the solutions. We succeed by partnering with others, both internally and externally.

As we seek out new opportunities innovation can come from anywhere. Our non-hierarchical structure promotes collaboration and agile working. Every RB colleague has the ability to make suggestions on how we can innovate and improve.

We operate a reverse mentoring scheme that ensures every leadership team member has a young mentor, empowering them to contribute to thoughts and suggestions. RB's Purpose Council is advancing youth-led initiatives.

Free-flowing communication is essential in a fast-functioning, fluid organisation. Our Chief Executive Officer sets the tone with an open-door policy that encourages everyone to speak up.

There is a regular rhythm of interactive communications at all levels, with frequent town halls at the global, local and functional level, and round-table

83,000

hours of learning undertaken by colleagues

meetings that bring together different specialists around selected topics.
We have a regular digital newsletter and a robust, interactive intranet site. Social media, videos – including Q&As with the CEO while carpooling – are just some of the mechanisms for engaging teams in company content. Our multifaceted approach aims to appeal to different generations and deliver relevant content and communications to all levels of the organisation.

Diversity and inclusion

RB has long recognised that increasing diversity is not just a moral but a business imperative. More diverse backgrounds bring differing perspectives. That creates a richer, more informed culture and better decision-making, which is good for business. As a global company, with over 42,000 people, we can draw on an international pool of talent and experience. This cultural diversity enriches our perspective and informs our approach.

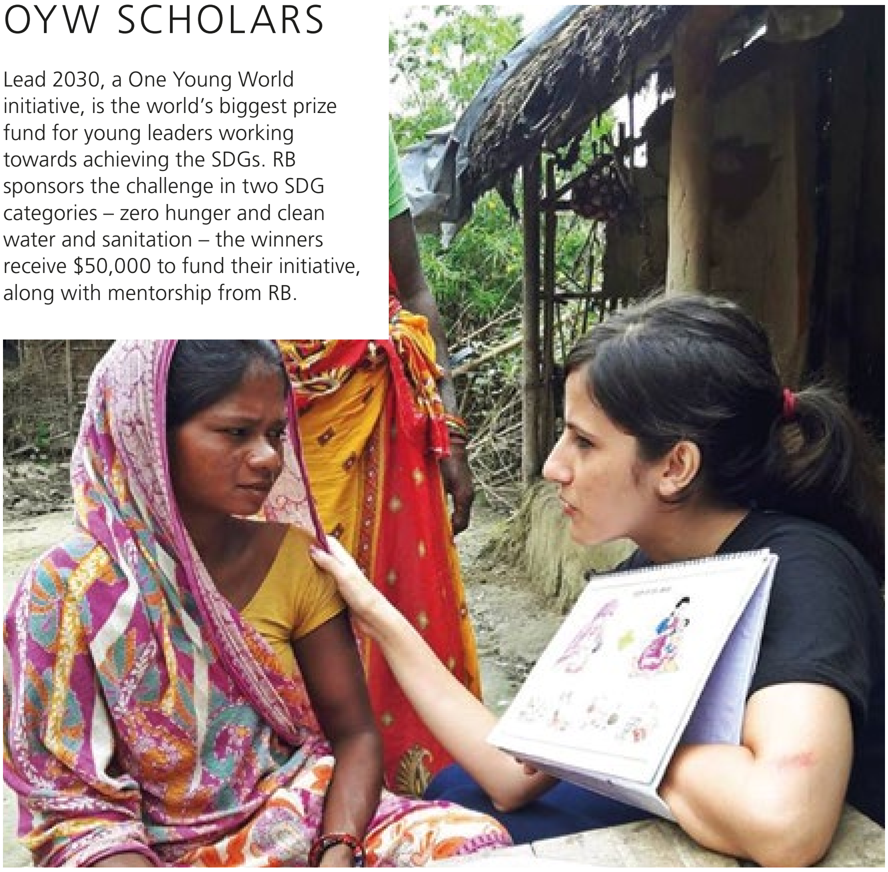
Our global ambition for gender diversity is that women should hold at least 40 percent of senior management roles by 2022. RB's DARE initiative – to develop, attract, retain and engage talented women – has made progress since its introduction four years ago. Still, in 2019, just 26 percent of our senior managers were female. There is certainly more to do.

This is a challenging target, but we are focusing relentlessly on gender balance. We offer mentoring and development schemes to assist women in their career progression. Our recruitment policy ensures gender-balanced shortlists for all open positions. We are embedding flexible working arrangements that assist colleagues with family and personal commitments.

We have also introduced gender pay reporting in our top five markets, which account for nearly half of our global workforce. This commitment exceeds the UK reporting requirement and we are the first FTSE company to take this step.

OYW SCHOLARS

Lead 2030, a One Young World initiative, is the world's biggest prize fund for young leaders working towards achieving the SDGs. RB sponsors the challenge in two SDG categories – zero hunger and clean water and sanitation – the winners receive $50,000 to fund their initiative, along with mentorship from RB.



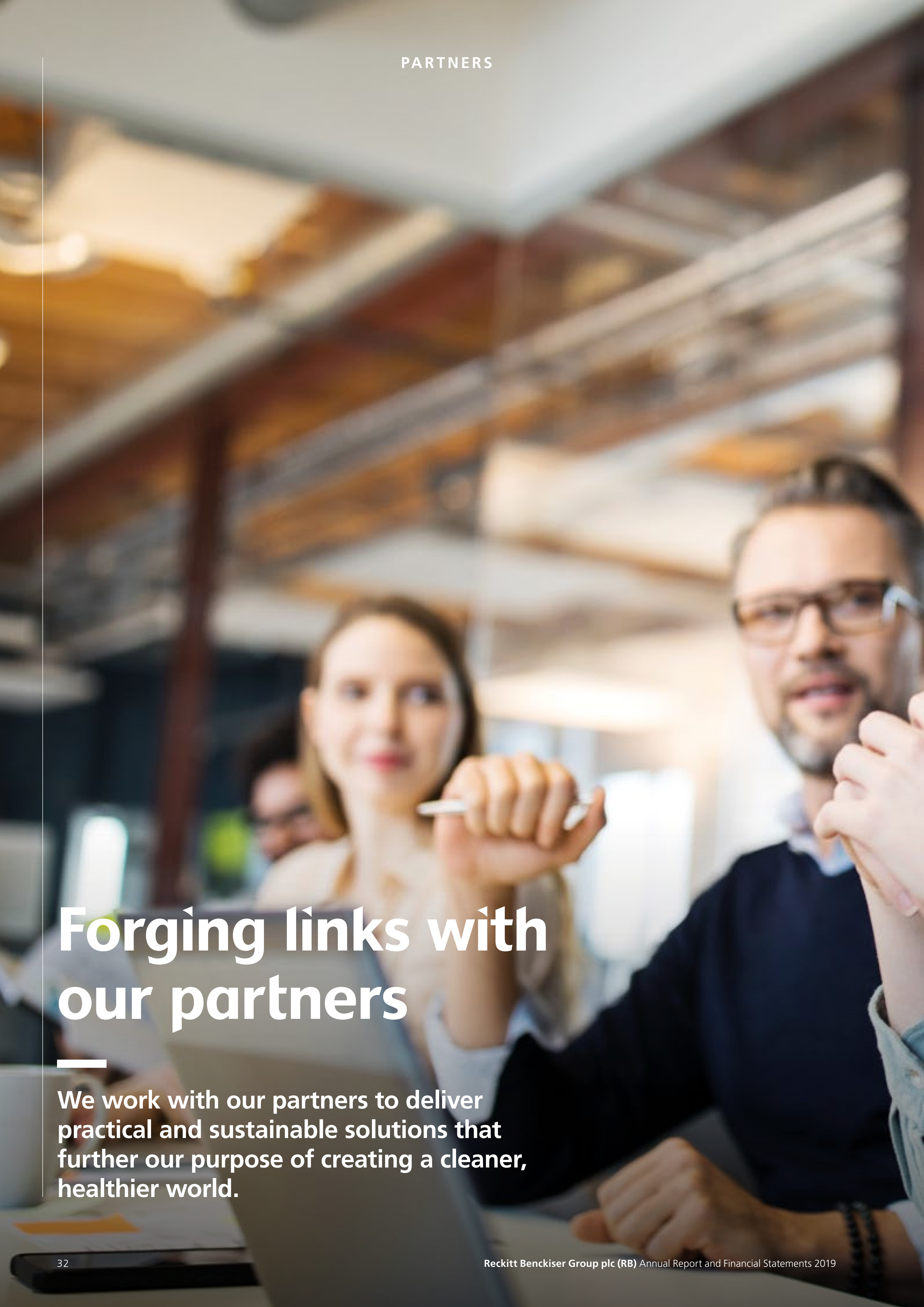
CASE STUDY

FREEDOM TO SUCCEED – GLOBAL PARENTAL LEAVE POLICY

We want all children to get the best start in life, including the children of those that work at RB

Our new global policy on parental leave positions RB as one of the most supportive FTSE 100 companies for parents. The policy gives every new mother six months paid leave to rest and bond with her newborn, and the option to take another six months' unpaid. Fathers and partners get four weeks paid leave and an additional four unpaid weeks. The policy allows for extra paid leave for premature births. And because families come in all shapes and sizes, LGBTQ+ employees get exactly the same rights, as do adopting and surrogacy families.

The support continues for mothers returning to the workplace. Mentors are available, where needed, to help guide their re-entry into the working environment. We have set up over 100 wellness rooms at our various locations where they can rest, express milk and extend their ability to breastfeed.



Forging links with our partners

We work with our partners to deliver practical and sustainable solutions that further our purpose of creating a cleaner, healthier world.

How we engage

Partnerships are key to enabling us to deliver lasting solutions that have real social impact. We look for partners that share our purpose and endorse our values.

External partners support our efforts with expertise, objective assurance, research and local knowledge. We work with our trading partners to build efficient and resilient global supply chains. We forge purpose-led alliances that link with our categories and brands. We participate in local and global campaigns to advance social and environmental objectives.

EPA SAFER CHOICE PARTNER OF THE YEAR

The US Environmental Protection Agency's Safer Choice label promotes the use of safer chemicals in the home. RB has been a Safer Choice partner since 2009. It is recognised for having adopted chemicals that meet Safer Choice criteria at an early stage. The 2019 award recognises its outreach and education campaign over the previous year. This resulted in all 50 US states adopting Safer Choice labelling for antimicrobial products. Consumers can now find safer antimicrobial products much more easily.

Sparking innovation

In our hyperconnected society, the purpose-led network is a highly effective structure for delivering impact at scale. Boundaries between organisations are becoming less rigid. Businesses are operating in ecosystems that form around common objectives and outcomes, including delivering against the SDGs. The sharing economy and open-source thinking have moved mainstream, opening up a number of new opportunities for co-development and collaboration.

RB is at the centre of a global network of expert individuals and organisations. We've built up international links over many years with product innovators, suppliers, digital developers, regulators, researchers and academics.

We have opened up our organisation to embrace other approaches. External partners bring fresh perspective and inject new thinking. By sharing insights and capabilities with them we can disrupt traditional models and accelerate innovation. We collaborate with scientists to accelerate the development of novel ingredients and solutions. Our innovation partner programme invites entrepreneurs to make a difference with us to people's lives by co-creating, developing and scaling up their ideas into global solutions.

Responsible supply chains

Our trading partners, suppliers and distribution centres are located around the globe and we have contractual arrangements with them that set out our standards and requirements. As a responsible business, we expect all employees, contractors and suppliers to adhere to our human rights policy and supply chain monitoring programme.

All our manufacturing and hub locations are subject to regular on-site auditing, assessing product quality, the safety of our people, our environmental and human rights performance.

Together with our trading partners, we focus on creating safe, high-quality, effective products for consumers around the world. We promote end-to-end sustainable business principles that take account of our products, the environment and ecosystems we are part of, and the people within our global value chains.

CASE STUDY

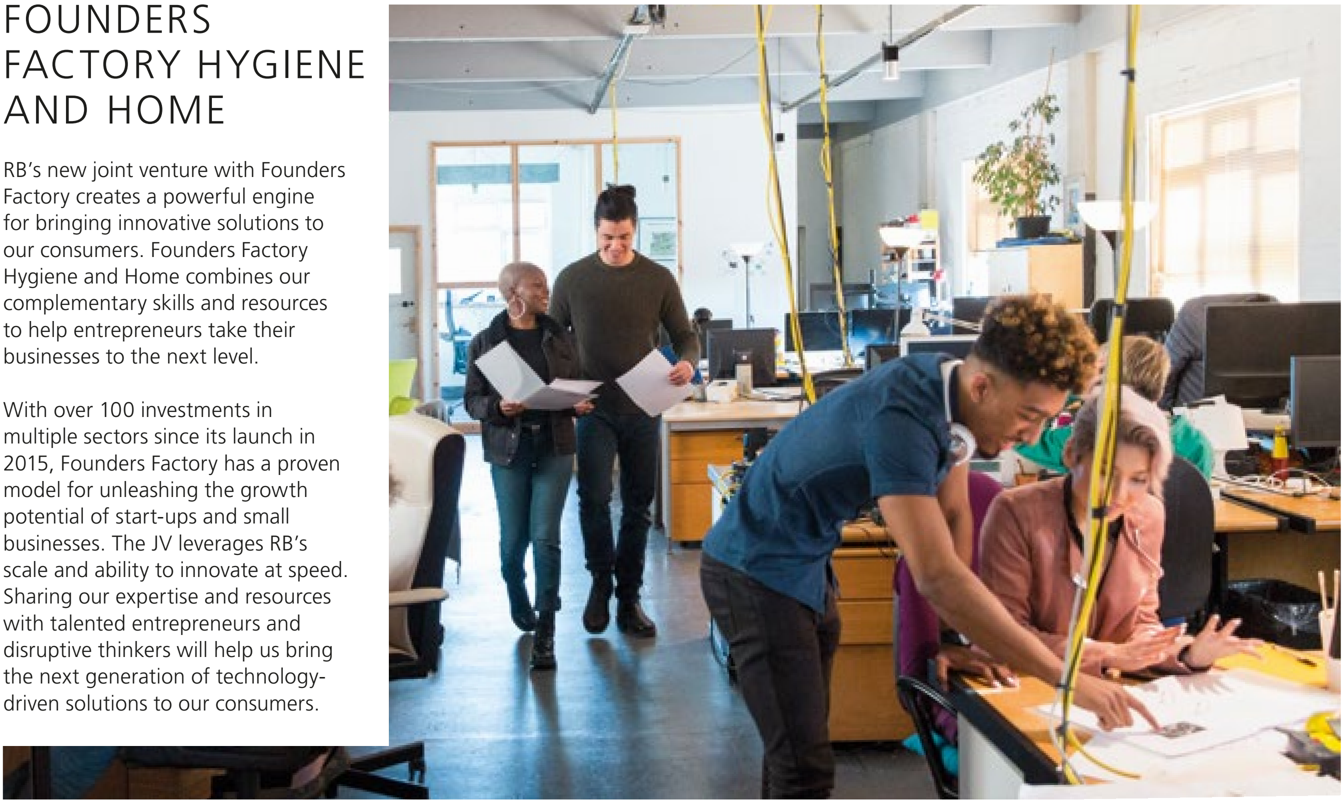
LYSOL HERE FOR HEALTHY SCHOOLS

The best weapon against germs is knowledge. RB has partnered with the National Education Association and Parent Teacher Association to develop the Lysol Healthy Habits programme with interactive and downloadable lesson plans to teach primary school children the importance of healthy habits. To help alert schools when it is most important to protect their children, Lysol partners with health technology company Kinsa on the FLUency in Action initiative. Together, Lysol and Kinsa have provided 1,300 schools with Smart Thermometers to create connected communities that help teachers and parents fight illness together.

FOUNDERS FACTORY HYGIENE AND HOME

RB's new joint venture with Founders Factory creates a powerful engine for bringing innovative solutions to our consumers. Founders Factory Hygiene and Home combines our complementary skills and resources to help entrepreneurs take their businesses to the next level.

With over 100 investments in multiple sectors since its launch in 2015, Founders Factory has a proven model for unleashing the growth potential of start-ups and small businesses. The JV leverages RB's scale and ability to innovate at speed. Sharing our expertise and resources with talented entrepreneurs and disruptive thinkers will help us bring the next generation of technology-driven solutions to our consumers.



CASE STUDY

DANISH INSTITUTE FOR HUMAN RIGHTS

In 2019, we partnered with the Danish Institute for Human Rights (DIHR) to help us develop a more holistic understanding of our human rights responsibilities.

We asked the DIHR to conduct a gap analysis to assess human rights performance across our organisation and identify opportunities for improvement. This resulted in 35 recommendations that further embed a human rights lens into our day-to-day activities. We are now engaging with the relevant stakeholders to prioritise and implement these.

The Institute also piloted a country-level human rights impact assessment focusing on key elements of our Durex and Enfa brand value chains within Thailand to identify any adverse impacts within our value chain and offer recommendations to prevent, mitigate and remedy them. Its report will be published in 2020 together with our corresponding action plan.

Advancing best practice

We regularly engage academic and research institutions and think tanks to research key categories and markets. We collaborated with the Economist Intelligence Unit in 2019 to map out the future of self-care and review global policy progress and requirements.

We consult with clinical professionals and health organisations to ensure our healthcare solutions are advancing public health objectives. For example we have been strengthening our links in the past year with healthcare professionals to align infant nutrition with the latest advice.

Regulatory intelligence

We reach out to regulators, both directly and through trade associations and industry bodies, to ensure we are fully compliant and get early notice of any regulatory changes that may affect our categories and brands. We also work with them on consumer-related campaigns linked to our brands.

We are active in local and regional trade associations, especially in Europe, Latin America and the ASEAN region. In 2020, we joined the Consumer Goods Forum, a major global CEO led platform that brings together consumer goods retailers and manufacturers to partner and collaborate together to build consumer trust and drive positive change, including greater efficiency.

We also joined Cosmetics Europe, the European trade association for the cosmetics and personal care industry. As board members of the Global Self-Care Federation, we aim to promote discussion on the role of self-care for both positive health outcomes and sustainable healthcare systems.

Fostering close links with regulators allows us to participate in discussions on policy and adapt more quickly to upcoming regulatory change, either to maintain compliance or innovate to address new opportunities.

With the EU health business to protect, ensuring internal preparedness for Brexit was a priority during 2019. A core Brexit team worked cross-functionally alongside local and regional partners to ensure continued compliance with European legislation. We established a new European regulatory location outside the UK, there were close to 1,000 changes to medicines submitted, 3,200 cosmetic notifications prepared and circa 3,000 artworks amended. All but one of our medical devices have now been transferred to EU-notified bodies, with the last one due to be finalised in the first half of 2020.

Investing in communities

Everyday changes can make a difference that lasts a lifetime. An investment in small changes today is an investment in all of us. As individuals in our own communities, and as a business, we all do better when societies thrive and prosper. Our purpose and fight will define how we engage with communities.

How we engage

Health, hygiene, nutrition, proper sanitation, a solid education and a safe environment – these are basic rights and they should be within everyone's reach. With the right support and enough persistence, even small interventions can ignite movements that transform entire communities and make a lasting difference.

Our current social impact strategy is built on this idea. We focus on three areas with a direct connection to our business: sexual health and rights, maternal and child health, water and sanitation.

We engage with women, girls and children, the people who shape these communities, to understand what steps we can take to help them transform their homes and lives. We use our deep understanding of consumer behaviour to make sustainable improvements that address complex global issues.

We don't have all the answers. We work closely with local partners who understand conditions on the ground. Together, we are introducing everyday improvements and amplifying their effects into life-changing impacts across the globe.

How we make a difference

Our overall objective with all our social impact investment is to build programmes through our brands that enable us to bring RB's purpose to life at scale.

Our investment comes in three forms: financial support, donated products and volunteering. Alongside brands that enable the same purpose, we support projects that are in line with our three focus areas and which have a measurable sustainable impact.

We have a robust process when selecting partners and projects. We conduct extensive financial due diligence and use an independent external assessor for human rights due diligence. Our grant agreements link funding to delivery against an agreed set of KPIs. Once the project goes live we monitor its performance against the specified criteria.

During 2019, our focus has been on strengthening partnerships established in previous years which are delivering sustained, significant impact. Programmes in India, Nigeria and Pakistan drew to a close, while new programmes in Nepal and Colombia are yet to report. This led to fewer people reached in the year, reducing our performance on impact, until the results of new programmes are realised.

CASE STUDY

MAKING WATER SCARCITY A PUBLIC PRIORITY WITH FINISH

RB and Finish teamed up with National Geographic to take on water scarcity in Turkey. The country's declining water resources, growing population and large agricultural sector are expected to result in intense scarcity within the next decade. Despite this, the threat of scarcity is still little understood. A National Geographic documentary asked what would it be like for the average citizen if they only had access to 25 litres of water a day? It brought the issue vividly to life.

The Finish campaign urged households to abandon manual pre-rinsing and save an average 57 litres per wash. Since the launch over 100,000 people have pledged to save 15 million tonnes of water and do what they can to conserve water for the future.

The success of the Turkey campaign provides a template for raising consumer consciousness on water saving that can be applied globally. A similar campaign was launched in Australia. The Finish global sustainability campaign will now continue in other countries.

Sexual Health and Rights

Our sexual health and rights projects promote sexual wellbeing, protect young people from sexually transmitted diseases and reduce the risk of teenage pregnancies.

In 2018, Durex joined forces with (RED) in South Africa to reduce the incidence of teenage pregnancy and protect girls and young women from sexually transmitted diseases. RB and Durex have committed US$5 million over three years and the Bill and Melinda Gates Foundation has pledged to match this, taking the total commitment to US$10 million.

All funds raised from the partnership will go to the Global Fund to fight AIDS, tuberculosis and malaria, directed specifically to a school-based intervention programme, Keeping Girls in School, in South Africa. The programme identifies girls at risk of dropping out and implements preventative measures through services such as tutoring and homework support, peer education, sexual reproductive health education, career jamborees and home visits, to ensure they complete their education and lead healthy, productive lives. With this investment, Keeping Girls in School is aiming to reduce new HIV infections in young women, reduce teenage pregnancies, improve access to sexual reproductive health services and education and encourage school retention among adolescent girls and young women.

Maternal and Child Health

By giving mothers and communities the support and facilities they need, we can give the next generation the best start in life. Our partnerships in this area, focus on reducing stunting in children, in the first 1000 days of life, by 40 percent.

In India, RB is funding a programme in the remote tribal region of Maharashtra, where rates of malnutrition in children under five are particularly high – 1.5 times the national average. Together with a consortium of partners, RB is working with local communities to build up a workforce of travelling Community Nutrition Workers (CNWs), who are rigorously trained by a team of public health experts, paediatricians, gynaecologists and community development specialists. So far, the programme has 40 Community Nutrition Workers going village to village, reaching out to 204 communities across the Maharashtra region. Over the next five years, the Nutrition India Programme aims to reach 177,000 young mothers of undernourished children across 1,000 villages.

SOCIAL IMPACT PERFORMANCE 2019

Individuals impacted through our programmes

KPI: Total number of people who have reported positive change, or where a positive change has been observed and evidenced.

2016	1.4m
2017	2.1m
2018	2.6m
2019	0.6m

Target to 2025: 4 million people impacted through our programmes each year

Social impact investment

KPI: Total value of cash contributed, employee time in working hours and in-kind product donations valued at cost to the business

2016	£5.2m
2017	£10.5m
2018	£14.4m
2019	£12.2m

Target to 2025: £20m per year

Employee engagement

KPI: Hours contributed by employees who are actively engaging in volunteering and fundraising during company time.

2016	13.2k
2017	19.6k
2018	31.7k
2019	53.9k

Target to 2025: 100,000 employee volunteering hours per year

Purpose-led brands

KPI: Total number of people informed through health and hygiene messaging and campaigns since 2013.

2016	365m
2017	568m
2018	765m
2019	956m

Target to 2025: Inform 1 billion people through health and hygiene educational programmes and behaviour change communications

In China, our partnership with China Children and Teenagers' Fund (CCTF), aims to directly impact 10,000 pregnant women and babies and reduce stunting by 40 percent in rural China. In addition, the 1,000 days of nutrition education will reach millions of Chinese families with valuable nutrition education through public communication

Water and Sanitation
Providing access to adequate sanitation and proper hygiene means providing education, safety and freedom from disease.

Access to safe water and sanitation are among the most fundamental of social needs, and their absence affects almost every part of life. In 2018, RB entered into a partnership with Water.org, investing US$1 million to support their work. Half of the investment was channelled into Water.org projects in India, the other half supporting various Water.org projects all over the world. With RB's investment, Water.org and their implementing partners were able to advance a range of activities to help families at the base of the economic pyramid access improved water and sanitation sources. RB's support specifically enabled Water.org to reach 176,275 people in India, helping them secure their own empowering water and sanitation solutions.

Today, RB and Water.org are building upon our work in 2019 with a second partnership through 2021, with a focus on supporting Water.org programmes in India and Indonesia. We're exploring ways to deepen our collaboration between our teams in India and Indonesia to further help people secure their own empowering water and sanitation solutions. Within this partnership extension, Water.org will help mobilise $29.1 million in funds, and their partners will disburse 138,000 loans, changing the lives of 641,400 people across India and Indonesia with improved water and sanitation access by 2021.

Give Time
Colleagues are encouraged to make a tangible impact by giving skills and time in their local communities. Our Give Time programme allows every one of RB's employees two days paid leave annually for voluntary activity. In 2019, RB employees gave over 47,000 hours to good causes. We are committed to encouraging our employees to 'Give Time' and have a goal of donating 100,000 hours a year by 2025.

CASE STUDY

LIVING OUR PURPOSE THROUGH VOLUNTEERING IN TANZANIA

The Global Volunteer Challenge is the biennial flagship event in RB's Give Time volunteering programme. For 2019, we partnered with sustainable development charity Raleigh International. This year, for the first time, the challenge leveraged volunteers' skills and connected directly with our business purpose.

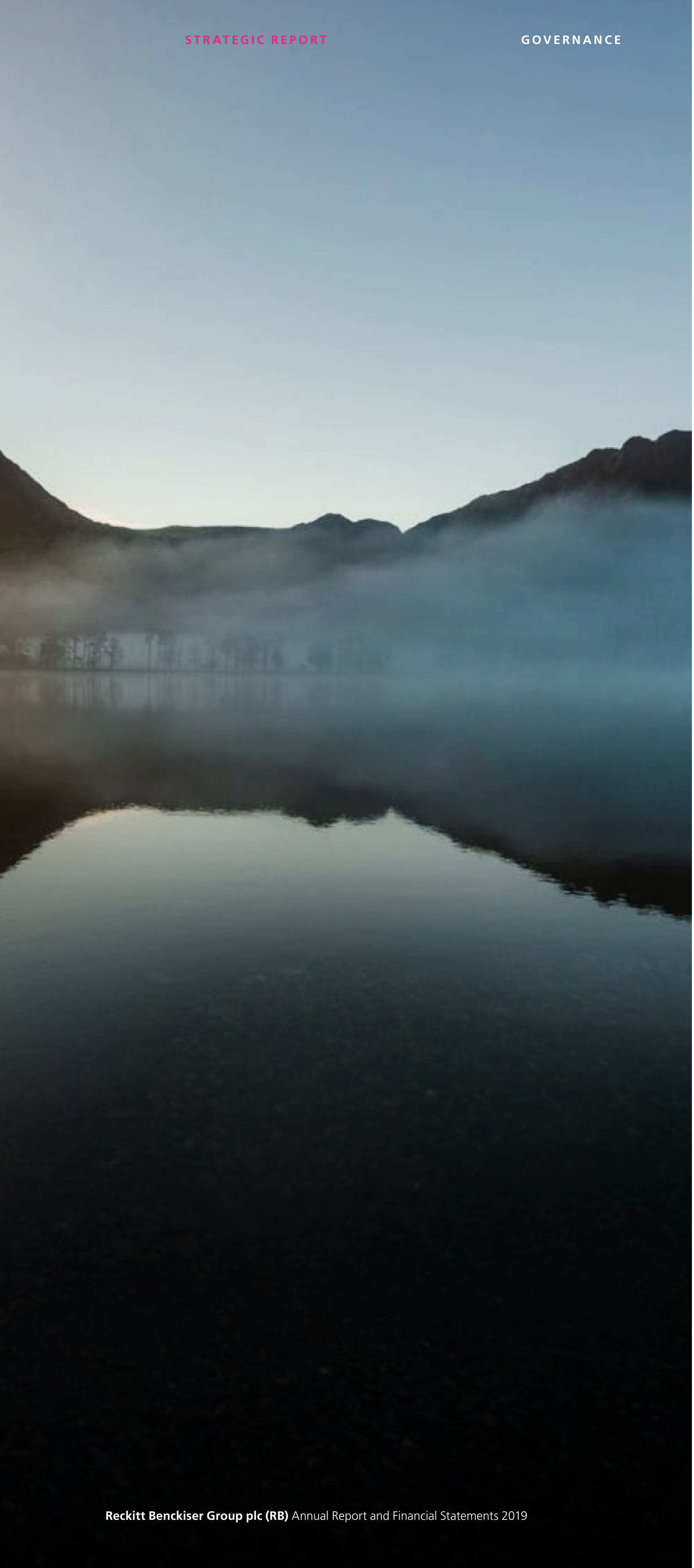
Raleigh has been supplying water, installing toilets and teaching about hygiene in rural Tanzania since 2013, but people there were still getting sick. It was looking for fresh insights.

Thirty colleagues from 23 countries stayed in the villages to get a real sense of the villagers everyday problems. They worked in small groups alongside local volunteers to develop ideas for improving hygiene. At the end of two weeks they pitched their proposals. Two of these were selected for further development. They are currently being implemented on the ground.

One of these focuses on persuading male household heads (or Babbas) of the importance of good sanitation, encouraging them to spend more of the household budget on hygiene and sanitation products. Already, more than 2000 Babbas have committed to promote positive hygiene in their homes. The Shujaa Wa Usafi project aims to improve hand-washing, toilet cleaning and water treatment practices by training students to become SWASH (School Water, Sanitation and Hygiene) heroes, delivering hygiene education in their respective communities.

Safeguarding the future

As a responsible business we play our part in addressing key societal and environmental issues.



How we engage

There has been a seismic shift in public concern for the scale and urgency of the global challenges the world faces. Consumers are increasingly conscious and expect the brands and companies behind the brands to take action to address them. For brands to continue to be trusted they must be seen as part of the solution and not part of the problem.

RB's engagement with sustainability issues has evolved accordingly. In the past, sustainability was not always fully integrated into our core business. It had a focus on compliance, and was influenced by industry benchmarking, regulatory and, to an extent consumer considerations.

Today, there has been a fundamental shift in attitude within the business. We now have a more active stance that pays attention not just to how we mitigate negative impacts, but on how we can contribute positively to society.

Sustainability is viewed internally as a driver of long-term growth rather than a limiter of risk. Integrating sustainability into our core strategy helps to bring our purpose to life for our brands, and across the wider business.

We have been gathering data, strengthening tools and plans, and laying the groundwork for the 2020 launch of our new strategy and targets. This extends our existing strategy, which was underpinned by non-financial KPIs that set targets for 2020, with broader, more ambitious objectives.

We want to be a force for positive change. RB can play an active role on a wide range of environmental issues, tackling GHG emissions, eliminating waste and managing water scarcity. But these are huge issues with global consequences. We cannot expect to solve them on our own. To have any impact we need to combine our strengths with others. We are forging partnerships with trading partners, consumers and communities.

Our purpose-led brands champion compelling causes. Their reach and recognition enables them to be powerful agents for positive change. To underpin that, the wider business needs the right foundations in place. We have to be rigorous about examining the issues, tackling them where we can and addressing those areas where we fall short. That requires integrity and full transparency.

25%

Total net revenue from more sustainable products[1,2]

1 Excluding our Infant and Child Nutrition (IFCN) business – See RB Insights (www.rb.com/responsibility/insights) and RB Reporting Criteria Basis for Preparation (www.rb.com/responsibility/policies-and-reports) for details.
2 Calculated for 12 months ending 30th September 2019.

Promoting the circular economy

As global prosperity increases, populations are consuming more, but with the current linear model, much of that consumption is disposable. Single-use packaging is a pervasive and growing problem. Very little is recycled, most ends up being burned, on landfill sites or in our oceans. This wastes valuable resources, contaminates the planet and contributes to global warming.

In a circular economy resources stay in use for far longer, cycling through the system. It emphasises reuse ahead of recycling, which means less energy and fewer processes are required to transform used products back into useful ones. Making that happen relies on concerted action and the involvement of all stakeholders.

We are engaging across our value chain to raise awareness about single-use packaging. In the US, we have teamed up with TerraCycle. The Healthy You, Healthy Planet partnership is a national recycling programme encompassing all brands of health and nutrition packaging.

This programme is part of RB's continuing commitment to the circular economy, which also includes ensuring at least 25 percent of our plastic is recycled and making all of our packaging recyclable or reusable by 2025.

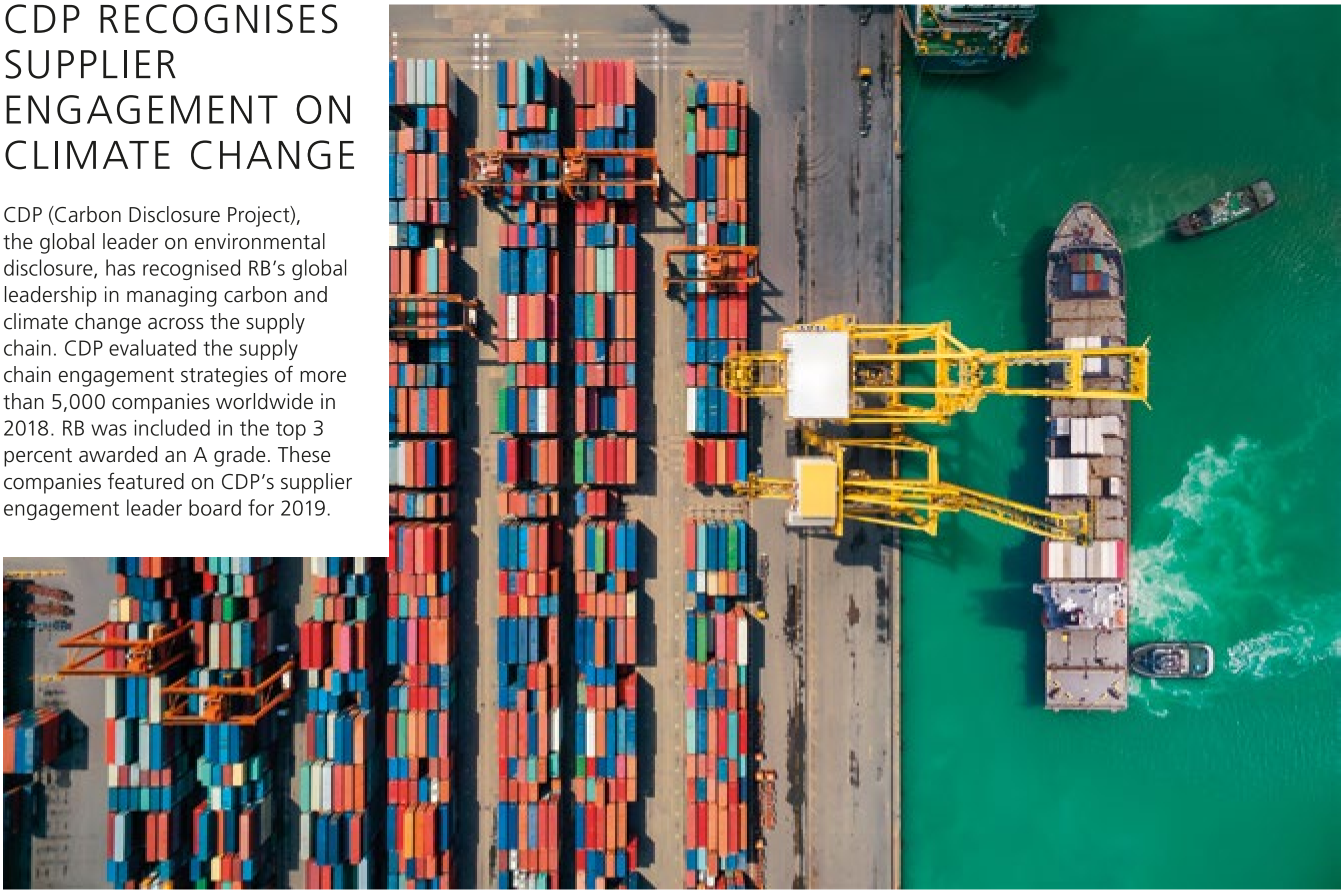
Sustainable innovation

We can make our products more sustainable through innovation. We set ourselves a deliberately ambitious target for 2020, for a third of net revenue to be earned from more sustainable products. Although this has not yet been achieved, setting the target has helped to focus minds on this issue.

We use our sustainable innovation app to benchmark product innovation and evaluate sustainability credentials. The app is a streamlined life cycle assessment tool that models a product's carbon footprint, water impact, non-recyclable packaging and ingredients on a per dose basis. Only those products registering significant improvement in at least one category, with no categories made worse, qualify as more sustainable.

CDP RECOGNISES SUPPLIER ENGAGEMENT ON CLIMATE CHANGE

CDP (Carbon Disclosure Project), the global leader on environmental disclosure, has recognised RB's global leadership in managing carbon and climate change across the supply chain. CDP evaluated the supply chain engagement strategies of more than 5,000 companies worldwide in 2018. RB was included in the top 3 percent awarded an A grade. These companies featured on CDP's supplier engagement leader board for 2019.



RECOGNISED FOR SUSTAINABILITY

RB has been commended as one of the top-scoring companies in its industry for its corporate sustainability achievements. In the 2019 edition of RobecoSAM's Sustainability Yearbook, we earned a Silver Class distinction for our sustainability performance in 2018.

SAM | Sustainability Award Silver Class 2019

Plastics and packaging

To make the transition to a circular economy we need to think differently about how we use plastics. There are big challenges. The microplastics littering our oceans are getting into the food chain and over 350 million tons of plastic are produced globally every year.

Stakeholder interest in this topic has grown rapidly in recent years, but more research is needed and the necessary infrastructure is not yet in place. The Ellen MacArthur Foundation (EMF) has done important work on plastics as part of its mission to promote the transition to a circular economy. RB is a committed EMF member. We endorse its New Plastics Economy initiative and share its vision of a future where plastics never become waste. We aim to eliminate plastic items wherever possible; innovate so that where plastic is needed it can be safely reused, recycled or composted; and reuse any plastics to keep them in the economy and out of the environment.

Currently, plastic is expensive and inconvenient to recycle, but for many products, it also provides the best solution in terms of safety, cost and carbon footprint. We are researching and introducing durable packaging for our own brands that is more sustainable in an effort to reduce our environmental impact.

In 2019, we made strides in understanding plastics and packaging issues across our markets, and our impact across the whole product life cycle. RB is continuing to embed new tools and knowledge across the organisation, especially in the product development process. Some major improvements are in the pipeline, but research, development and implementation will require patience.

Product stewardship

Product stewardship is about protecting the integrity of our products. It starts with responsible sourcing, from both a social and an environmental perspective, of materials and ingredients. It extends through to the quality and safety of the product and brand, and the accuracy and transparency of the information we give to consumers. At every stage we aim to be transparent, to do no harm and to improve environmental and social impacts wherever we can.

Our supply chains can be long and complex. Palm oil, latex, dairy, paper and board are all key raw materials for RB, but we are often far removed from their original suppliers. It is therefore critical to maintain traceability and integrity. We have introduced global standards for product quality and safety and apply these across our supply chains in all our territories – in many cases the RB standards are far superior to the local regulations.

We commission an external risk assessment of all the natural raw materials we use. They are graded from low risk to high risk according to a range of social and environmental criteria. We use this assessment to ensure we continue to focus our efforts on the highest priority materials.

We are continually strengthening the sustainability of our ingredients by adopting safe and effective alternatives (SEA). The long-term focus is on building resiliency by prioritising purer, simpler and transparent products and innovations that adopt SEA technologies and follow green chemistry principles.

Responsible sourcing

A progressive approach to human rights and responsible sourcing is fundamental to our sustainability ethos. We want to have a positive impact on society in the way we develop our products, as well as through their functional benefits.

We work closely with our suppliers to ensure universal standards on employment rights and wider sustainability issues and to ensure product quality and safety are upheld.

100%

management employees completed human rights training

CASE STUDY

FINISH TACKLES PLASTIC WASTE

RB has pledged that our packaging will be 100 percent recyclable and contain at least 25 percent recycled content by 2025. With Finish, we plan to meet this pledge well before then. In January 2019, we launched Finish Quantum Ultimate in fully recyclable black plastic tubs. These use a non-carbon black plastic, an industry first, which overcomes technical constraints for recyclers.

Finish is also available in light, resealable plastic pouches. We sells millions of pouches every year. Currently these use bonded plastics to meet strict technical requirements for safety and storage. That makes them hard to recycle. We joined forces with Dow and Drukpol. Flexo to develop recyclable pouches. The fruits of that collaboration – award-winning eco-pouches made of a single, specially developed plastic – will be on sale globally from 2020.

And we went further. In 2020, RB will launch new Finish Quantum Ultimate tubs containing 30 percent recycled polypropylene (rPP) and become the first FMCG company to use undyed rPP at scale in its packaging. rPP is unpopular with most manufacturers; its strong smell and matt grey colour make it hard to recycle. We have worked with leading recycler Veolia to develop a low-odour grade for our tubs. The tubs themselves are intentionally grey – proudly proclaiming their rPP content as a product credential.

IN THE LOOP – PROMOTING THE CIRCULAR ECONOMY

RB was a founding partner in the US launch of TerraCycle's Loop global recycling programme. Our Airborne, Move Free, MegaRed and Neuriva products are being made on the Loop shopping platform in reusable packaging. After using the products, customers put empty containers in a Loop tote bag and leave it on their doorstep. The containers are collected, cleaned, refilled and reused.

To achieve traceability and achieve positive impacts, we work with a range of expert partners. With the Earthworm Foundation, we support programmes that enable detailed monitoring of complex supply chains and use this to improve the livelihoods of smallholder farmers, limiting their impacts on important ecosystems. In 2019, The Danish Institute for Human Rights supported our first ever human rights impact assessment, which included a focus on risks and impacts associated with our Durex brand on smallholder rubber tapper farmers in Thailand.

Managing water resources

Climate change is exacerbating the negative effects of water scarcity and poor water quality on health and hygiene. According to the UN Food and Agriculture Organization, 1.8 billion people will be exposed to absolute water scarcity and more than 5.4 billion are expected to face water stress by 2025.

Managing water resources efficiently is a key operational issue for RB. We look at the life cycle of our products, initially prioritising the way we produce them but increasingly looking at their total footprint. We monitor water use per unit of production and water impact per product dose.

We have successfully reduced our water use in manufacturing by using and recycling water more efficiently. However, most of our water impact happens upstream and downstream of our own production and we recognise we need to do more to help our suppliers and consumers reduce their water usage.

We have conducted a global water scarcity assessment to focus our efforts on where we can have the greatest positive impact both now and in the future. 24 of our sites operate in water-stressed locations, notably in India where we have a significant presence.

A litre of water in India has to go far further than a litre elsewhere. We need to take account of this in our product development when assessing water use alongside other sustainability priorities. For instance, producing concentrates reduces packaging material and lowers transport-related carbon emissions, but these benefits must be balanced with the need for the consumer to add water at point of use.

Global water scarcity is a huge and complex issue. We are strengthening the water-saving credentials of key brands, including Dettol, Lysol and Finish. We participate in national and global campaigns to promote water saving. We can only make a relatively minor contribution, but every drop is valuable. We are researching what more we could do to reduce the water impact from consumer use, especially in water-stressed areas.

37%

reduction in water use per unit of production since 2012[1]

Waste

RB has established a good track record of local and regional compliance for waste management. In 2019, we continued identifying, implementing and tracking initiatives to reduce waste at our manufacturing sites. Many of our sites have already met our 2020 global target of a 30 percent reduction in manufacturing waste. Our recently incorporated IFCN sites are not included in these waste targets as we progressively integrate them.

One of our 2020 targets is disposing zero waste to landfill. This is especially challenging In parts of the world where recycling or even energy from waste disposal routes are not yet practical. We made significant improvements in waste reduction and recycling during the year, with all but two of our manufacturing sites around the world achieving zero waste to landfill in 2019. We are currently seeking a different route to dispose of waste from those sites where a local waste-to-energy disposal option closed in 2019.

Waste generation is not just about efficiency in the production process. Quality control, oversupply, obsolete machinery and changes in packaging can also require materials to be disposed of or reused elsewhere. By minimising all kinds of waste, we enhance our operational efficiency.

Revised Global Waste Management standards introduced this year harmonise and enhance the product waste management requirements at our sites. The new guidelines include specific requirements to prevent the misuse of waste and ensure safe disposal of products and materials. This has particular relevance for our OTC health products.

GHG emissions

Around 2 percent of RB's carbon footprint is associated with emissions stemming mainly from our manufacturing sites (Scope 1 and Scope 2). Most of our operational emissions come from electricity use, making our commitment to buying only renewable electricity by 2030 all the more important. Other emissions from either upstream in our supply network or downstream to our consumers and the final disposal of products after their use, account for the remaining

98 percent. Major causes of these indirect (Scope 3) emissions include the consumer use of our products, accompanied by the ingredients we use, packaging and logistics.

Our factories and operations are becoming more energy efficient and adopting renewable energy sources. We had made good progress in reducing our carbon footprint but this slowed a little in 2019, with lower production levels increasing energy intensity as compared with the previous year. Renewable energy purchases helped reduce our overall Scope 1 and 2 GHG emissions against our 2012 baseline (IFCN sites are excluded). As we review our position and targets beyond 2020, we recognise the need for stronger focus on these areas of environmental performance.

Reducing our Scope 3 emissions is much more challenging. Innovative solutions, such as better product design and closer collaboration with intermediaries such as appliance manufacturers, can have some impact. We can also influence consumer behaviour when using our brands by encouraging the use of lower temperatures or less water where practical. However, like many others, we recognise that change here can be much more difficult and requires collaboration with trading partners and the active engagement from consumers.

In recent years, we have focused on strengthening product quality, safety and production efficiency. These have all helped to reduce energy use but this has also meant that transformative environmental initiatives were a less immediate priority.

We are currently reframing these plans and looking ahead to 2030 with new science-based targets for reducing global warming and tackling climate change. There will be a stronger focus on the IFCN sites, our largest users of energy and water. We will examine both the energy we use and how we use it at all our sites. It will also mean reviewing our products, their design, their ingredients, packaging and how they are used by consumers from a sustainability perspective.

42%

reduction in GHG emissions per unit of production since 2012[1]

1 Excluding our Infant and Child Nutrition (IFCN) business – See RB Insights (www.rb.com/responsibility/insights) and RB Reporting Criteria Basis for Preparation (www.rb.com/responsibility/policies-and-reports) for details.

CASE STUDY

TACKLING DEFORESTATION WITH THE EARTHWORM FOUNDATION

Our comprehensive programme with the Earthworm Foundation focuses on securing positive social and environmental change in the sourcing and production of palm oil and latex.

RB continues to support Earthworm's programme to prevent deforestation in our supply chains. This uses real-time satellite imagery to identify recently deforested areas that may be used for palm oil plantations. We have started working systematically with our suppliers to remove such locations, not just from our own, but from all supply chains. Combined with other industry efforts, our programme has the potential to tackle deforestation across the entire palm oil landscape.

We support efforts to engage governments, producers, communities and NGOs to develop comprehensive land use plans across palm oil sourcing areas, relevant to our supply chains. Through Earthworm's Rurality programme, we are working to improve conditions for small-scale farming communities in Malaysia, Indonesia and Thailand. Efforts are centred on diversifying farmer incomes, increasing the efficiency of agricultural practices and reducing pressure on farmers to clear forests to grow crops.

This statement, which forms part of the Strategic Report, is intended to show how RB's Directors have approached and met their responsibilities under s172 Companies Act 2006 during 2019. The statement has been prepared in response to the obligations as set out in the Companies (Miscellaneous Reporting) Regulations 2018, and the UK Corporate Governance Code 2018.

As required by s172 of the UK Companies Act 2006, a Director of a Company must act in a way s/he considers, in good faith, would most likely promote the success of the company for the benefit of its Shareholders. In doing this, the Director must have regard, amongst 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;
- Company's reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

As a Board our aim is always to uphold the highest standards of governance and conduct, taking decisions in the interests of the long-term sustainable success of the Company, generating value for our Shareholders and contributing to wider society. We understand that our business can only grow and prosper over the long term if we understand the views and needs of our stakeholders. Understanding our stakeholders is key to ensuring the Board can have informed discussions and factor stakeholder interests into decision-making.

Factoring stakeholder interests into Board deliberations

During 2019, we reviewed our approach to engagement with the workforce, Shareholders and other stakeholders. The Board decided on a series of measures to ensure stakeholders' views and interests were properly understood and were factored into decision-making.

In line with the UK Corporate Governance Code 2018, the Board appointed Mary Harris as the designated Non-Executive Director for engagement with the Company's workforce in July 2019. We also undertook a detailed mapping exercise to assess other key external stakeholder groups. A 'top 50' stakeholder list was established, of which the key stakeholder groups were identified as customers; consumers; partners; communities; NGOs and ratings agencies; and Government and international organisations. The Board is also commissioning independent perception research into other external stakeholders' views and expectations of RB as a Company. The Board will review these research findings – along with other external stakeholder insights – as part of our ongoing decision-making.

Stakeholder influence on strategic decisions

Following the announcement in January 2019 of CEO Rakesh Kapoor's intention to retire during the year, the Board focused in the succeeding months on the appointment of his successor. We considered the candidates' fit with the existing RB culture as well as the need to evolve that culture. We looked for an individual that would improve performance, while strengthening RB's stakeholder relationships and sustainability focus. The Board took account of feedback from Shareholders, employees and other stakeholders in appointing Laxman Narasimhan in June 2019.

Laxman joined the Company in the following month, with his appointment as CEO becoming effective at the beginning of September. He consulted widely, both internally and with a range of external stakeholders. Discussions with employees highlighted the distraction from performance caused by some of the Project Gemini activities to enable the two business units created by RB 2.0 to operate autonomously. This led to Laxman's recommendation, which the Board approved, to pause such activities pending the outcome of his strategic review. Feedback from multiple stakeholders, including customers, Shareholders and employees, also informed that strategic review, the conclusions of which were reviewed and approved by the Board in February 2020.

Process for taking stakeholder views and interests into account

Templates for Board papers were updated to require a stakeholder impact analysis to be completed for any strategic decisions requiring its approval. The stakeholder impact analysis provides the Board with assurance that potential impacts on our stakeholders are being carefully considered by management when developing plans for Board approval. It also helps the Board to take into account the views and needs of stakeholders when making decisions. The paper template will be used for strategic decisions made during 2020.

HOW THE BOARD ENGAGED WITH ITS STAKEHOLDERS DURING THE YEAR

Our people

We understand the importance of engaging with, and understanding the perspectives of, our workforce. The Board has regular reviews of talent, employee engagement and culture and direct interactions at Board meetings with key people in the business on a variety of topics. We also recognise the benefits of personal interaction and informal discussions in learning more about the day-to-day operations; the development and execution of strategy and gathering direct insight into our culture and workforce engagement.

The Board held several round-table discussions with employees during 2019 to understand the issues that are important to them and how to strengthen engagement with the Company's purpose. Group and individual sessions took place in Parsippany and Montvale, NJ and Slough and Hull, UK with employees from a range of backgrounds and job roles. The Board plans to expand these sessions in 2020 and will consider the feedback in decision-making. During the year, the Chairman and other Board members were also actively involved in meeting top talent and future leaders.

Our values are key to our distinct culture and are encapsulated in Freedom to Succeed, our new employee value proposition, which we rolled out during 2019.

Our culture has been further enhanced in early 2020 with our renewed purpose, fight and compass, as detailed on pages 10 and 11. During 2020 the Board will be looking to understand how this cultural change is being received by the broader workforce through surveys, as well as through direct engagement across the organisation.

The Company's non-hierarchical structure encourages all employees to make their voices heard. In 2019, we established our Purpose Council, comprised mainly of younger employees, to identify and add momentum to social and environmental initiatives. Senior managers have youth mentors that are empowered to provide input, and share the wisdom of youth. Our Speak-Up whistleblowing policy provides safe communication channels for those wishing to raise concerns.

The Board has undertaken a thorough exercise to understand the composition of the RB workforce, and while we are primarily focused on permanent employees, we remain alert to any issues with employees of our subcontractors and ensure our procurement contracts have the highest possible requirements regarding working conditions.

Customers

Our CEO has visited several key customers since his appointment as CEO in September 2019, including major US retailers, to maintain and build on our existing relationships and ensure that key stakeholder concerns are understood and reported back to the Board.

Communities and Partners

During 2019, RB partnered with the world-renowned Danish Institute for Human Rights and completed its first-ever country level human rights impact assessment. The assessment focused on our entire value in Thailand, from sourcing to consumers, and that means a particular emphasis for two brands – Durex and Enfa. Completing the assessment at a country level gives us a holistic view of the human rights impacts across the entire value chain for these two brands: from latex plantations to our immediate suppliers and business partners; from our own manufacturing operations and the communities around them, to our customers and finally our consumers. This robust and in-depth process demonstrates RB's commitment to acting responsibly by understanding and tackling social issues, such as sanitation and sexual health.

In December, we also held a workshop on human rights which was attended by our CEO, where he met with representatives from the Danish Institute for Human Rights an international NGO and major customers. The workshop focused on how we are embedding human rights in our work at RB and our value chain. The outcomes of the workshop will be reported back to the Board and the Board will look to continually engage stakeholders to tackle these issues and drive positive impact.

Throughout this Annual Report are further examples of how we take into account the likely consequences of our long-term decisions; build relationships with our stakeholders; understand the importance of engaging with our employees; understand our impact on the environment and the communities in which we operate; and how we strive always to behave responsibly.

Shareholders

The Board also continued engagement with investors. Several Non-Executive Board members participated in one-on-one investor meetings, in addition to the normal meetings between executive management and investors and analysts. Our Chairman had extensive interactions with many of our key Shareholders, particularly upon the announcement of our retiring CEO and the appointment of Laxman, our new CEO. This ensured they were kept abreast of Company strategy and transition plans during this important succession period.

The Chair of our Remuneration Committee has continued to have a close dialogue with Shareholders in respect of executive remuneration, and we are pleased to note the wide-ranging acceptance of the improvements that we made to our Remuneration Policy during 2019. The Chairs of both our Audit and CRSEC Committees also participated in one-on-one investor meetings on an ad hoc basis.

We welcome the opportunity for individual Shareholders to attend our AGM each year where they can meet the Directors and ask questions of the Board. Board members listen and respond to Shareholder views and feed back to the business as necessary.

"We make better decisions with input from our workforce

Mary Harris
Designated Non-Executive Director for engagement with the Company's workforce (see page 101)

As a Board, direct interaction with employees, both at Board meetings and more informally, adds real value to our decision-making. We regularly hold our September Board over several days in a key market. In 2019, we went to our Parsippany site in the US. We held townhalls and smaller group meetings there and gained invaluable insights into three key themes – our purpose; employee wellbeing and our culture. These are reflected in the new strategy.

In my first six months in the role, I have focused on ensuring the full Board has a thorough understanding of workforce composition and key metrics, including gender, age, ethnicity, as well as turnover and internal promotion rates. The Board reviewed employee concerns and sentiment, as well as examining the existing communication channels and workforce engagement mechanisms, to ensure its interaction plan leverages the comprehensive and well-functioning procedures already in place. The Board's 2020 engagement plan covers topics that will be brought to Board and Committee meetings as well as site visits and other direct engagement.

Health

2019 PERFORMANCE HIGHLIGHTS

LFL Net Revenue growth

(1.0)%

Adjusted Operating Margin[1]

26.7%

Double-digit growth in e-commerce[2]

Improved supply chain resilience

OUR 2019 PRIORITIES

Reinforcing our strong foundations in safety, quality and regulatory compliance (SQRC)

Innovating to empower people globally to manage their own health more effectively

Focusing on operational performance and execution

Driving growth on digital platforms

Investing in our people, capabilities and resources

> "2019 fell short of expectations, the focus now is on restoring operational performance and improving our execution
>
> Adi Sehgal
> Chief Operating Officer – Health

Our markets and performance in 2019

This was a disappointing year for the Health business unit. Despite the good growth prospects in many of our markets and stable consumer off-take during the year, Health net revenue was £7,815 million, with a like-for-like decline of -1.0%, comprised of -4% volume and +3% price/mix.

Within this, we continue to make strong progress in e-commerce as we meet consumers' changing shopping habits. E-Commerce[1] activities made up 11 percent of total Health net revenue during 2019 led by IFCN (Infant and Child Nutrition), VMS (Vitamins, Minerals and Supplements) and our sexual wellbeing brands.

Overall for Health, adjusted operating profit was £2,088 million, with a 26.7 percent margin. This was -180bps lower than the prior year. This reflected a gross margin decline (negative product mix, lack of operational leverage and investment in capacity), and increased investment in brand building initiatives.

1 Non GAAP measures are defined on page 62.
2 Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

Our brand portfolio

The Health business unit has strong brands in categories with good structural growth characteristics. Most of our revenue comes from brands that are market leaders in their category market combinations. Brand equity is foundational to the business success and we continue to invest in this.

Infant and child nutrition

In our first two full-years of ownership of the Mead Johnson Nutrition (MJN) business, we have grown revenue at 3 percent per annum, compared to two years of net revenue decline previously. From a macro perspective, however, we have seen a slowing of volume growth and more competitive market conditions in Greater China in particular. Following the 2018 supply disruption, we have also identified a need to focus on key aspects of the IFCN supply chain. As a result, we no longer expect to improve margins to the levels originally envisaged at the time of acquisition. These factors have been considered within our annual impairment review of IFCN goodwill and other intangible assets. As a result of this review, we have recognised an impairment of £5,037 million as a non-cash exceptional item in our 2019 income statement. Detailed information can be found in Note 9 to the accounts on page 172 of this Annual Report.

The market in China continues to see growing demand for premium products, offset by a recent decline in births. We are however seeing improving shares trends, and the recent launch of our grass-fed innovation has been well received by consumers to date. We expect the first quarter of 2020 to see some weakness as these factors remain relevant. The timing of the Chinese New Year will impact phasing of shipments, and disruption from COVID-19 is leading to some temporary changes in channel and 'pantry' stocking levels. IFCN net revenue in 2019 was lapping the manufacturing disruptions in the prior year.

Our North American business had another strong year following the successful launch of Enfamil NeuroPro during 2018 in the mainstream IFCN segment, and strong growth in the specialist allergy segment, which is both a faster growing segment and one where our key brand Nutramigen is gaining market share.

Other IFCN markets continue to be mixed, and they remain a focus area for future development.

Over-the-counter

Our over-the-counter (OTC) brands declined -4.4% with solid growth in Europe, offset by a decline in the US following lower than average incidence of cold and flu at the beginning of the year, significant retailer destocking in the US and some limited supply challenges. Overall share trends were positive, as were in-market consumption trends.

Gaviscon and Nurofen delivered mid-single digit growth behind a combination of recent innovations, such as Guardium PPI (by Gaviscon), and improved execution and education from medical marketing, doctor detailing and digital activation.

Mucinex delivered an extremely weak net revenue performance in 2019 due to the reduction in retailer inventory impacting our US business. This is not reflective of in-market trends where we saw mid-single digit market growth and improving share trends during the course of the year as we lapped the re-entry of private label competition. Mucinex continues to build on its strong brand equity via the launch of its new innovation – Mucinex NightShift, for relief at night, and better mornings.

Local OTC brands experienced a mixed year with growth in Lemsip (UK), Luftal and Naldecon (Brazil) more than offset by Delsym (US) due to retailer destocking and declines in a number of other small, local brands.

Wellness, health, hygiene and VMS

Our other health segment declined by -2.2% on a like-for-like basis in 2019.

Dettol, our largest brand in other health grew despite a competitive pricing environment across multiple emerging markets, combined with slowing market conditions in India, which impacted our net revenue performance. Measures have been put in place to restore our price competitiveness and we have returned to share growth in recent months. Dettol's powerful purpose agenda, and trusted reputation in emerging markets position this brand well to drive significant value creation over the coming decade.

Durex also experienced a tough year with a relatively flat net revenue performance as we faced increased competitive pressures in China. We expect these pressures to remain throughout 2020 as we build a strong innovation pipeline, consistent with the Durex promise of quality excellence.

For our VMS brands, our overall performance was subdued given seasonal factors at the beginning of the year and some channel destocking in the US.

Scholl was again a headwind for the business in the year, as we implemented a strategic re-focusing of the brand towards a more sustainable portfolio. Our foot aid segment stabilised during the year and gadgets, a major contributor to the decline in recent years, now represent only 17 percent of the Scholl portfolio, building a stronger mix for recovery going-forward.

Supply chain resilience

The manufacturing issues that arose for our IFCN business in 2018 highlighted the importance of managing a strong and flexible supply chain. We have been investing in stronger foundations to build supply chain resilience, rolling out global standards for safety and quality, and bridging gaps in supply to ensure we aren't caught out by changes in demand. We are targeting improvements with substantial investments in resources, teams and tools.

We rolled out new enterprise resource planning (ERP) software during the year. This significantly extends our ability to automate linked processes and manage our supply chain in a more integrated and agile way.

Science-led innovation

Our research effort retains scope for rapid innovation in response to changing market conditions, but our core strengths lie in longer term, science-led innovations in support of our purpose that add value to people's lives. We more than doubled our investment in clinical trials during the year.

In the US, there was an encouragingly positive market reception for our new Mucinex NightShift range. The product helps cold and flu sufferers gain a good night's sleep and wake feeling fresh, while getting to work on their symptoms.

Broader and deeper stakeholder engagement

We continue to advocate for a healthcare future where self-care plays a more important role. In the last year we have commissioned reports into the future of self-care, teamed up with Walmart to offer free video-based medical consultations and distributed education and advice on cognitive development.

Our strategic investment in Your.MD is another example of RB partnering with others to help unlock self-care. Your.MD is an online marketplace for trusted health service providers and products. It provides personalised advice to consumers via an Artificial Intelligence-based assistant. RB's investment will accelerate its speed-to-market and improve access to pre-primary care for consumers globally.

Sustainable performance

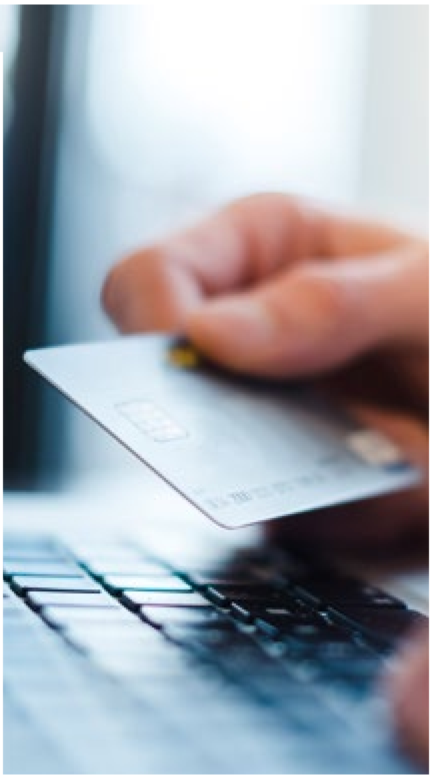
Our focus on operational execution implies closer engagement with customers, suppliers, consumers – all our major stakeholders. We are allocating more resources to front-line operations to build stronger, more consistent delivery as we continue to invest in our brands.

The Health business unit has leading brands in structurally attractive markets. Growth prospects are even greater in developing markets and these make up approximately 50 percent of total net revenue. We are making more direct connections between our purpose and our brands and investing in supply chains, e-commerce capabilities as well as in the brands themselves. These are firm foundations for restoring performance and growth.

INVESTING IN DIGITAL

Led by a strong performance in China we achieved double-digit growth on digital platforms during 2019. By the end of the year, e-commerce activities made up 11 percent of total net revenue for health. Our sexual wellbeing, IFCN and VMS category brands were the most active online, but growth was broad-based across all Health brands.

E-commerce is a key growth driver and we are investing to grow our capabilities. Digital has been integrated as a core skill for our brand marketing people. More than 40 percent of our global media spend is now online. We now have 6 agile, in-house content studios. We are building a data ecosystem that connects all brands and channels. We are in the process of centralising first-, second- and third-party data for insights and audience building.



CASE STUDY

RB TACKLES BRAIN HEALTH WITH NEURIVA

In April 2019, RB launched Neuriva, a scientifically proven supplement that boosts brain function. Neuriva includes two natural, GMO-free ingredients, Neurofactor and the plant-sourced Sharp Phosphatidylserine (PS), that are clinically proven to fuel five indicators of brain performance, including accuracy, concentration, focus, learning and memory.

We worked with external partners to enter the brain health category within just 12 months. Without our collaboration with Futureceuticals, a world-class ingredient discovery company, Neuriva might have been years in the making.

Consumers today want personalised, digitally driven solutions. With Neuriva, for the first time, we are combining a pill with a digital service. We partnered with specialist brain health software company CogniFit to build a complementary smartphone app with its own clinical benefit. Neuriva consumers can subscribe to an online brain gym to manage and monitor their brain health. They can track and test cognitive fitness, monitor their use of the supplement and benchmark their performance against others. A multidisciplinary network of nutrition and brain health experts, including physicians, researchers, dietitians and chefs, support app users with brain-boosting tips and brain-healthy recipes.

REJUVENATING RB

Restoring sustained strong performance to Health is our top priority. In the shorter term, the focus is on restoring stability and consistency to operational performance and improving our execution. In the longer term, we will do that by building a more resilient business through innovation-led growth, investing in purpose-led brands and outperformance in e-channels.

From July 2020, Health will be operated as two global business units; Health and Nutrition. This will help provide additional strategic focus on the initiatives necessary to improve customer service, revenue growth and profit performance. Kris Licht will lead Health and Adi Sehgal will lead Nutrition, with additional responsibility for developing our business in e-commerce and Greater China.

Our strategy for Health and Nutrition

The health and nutrition categories are set to benefit from the strong global trends set out on page 10 of this Annual Report. In particular, the trend to urbanisation, constraints on the provision of state-funded healthcare, growing populations and the move to online commercial environments should all benefit strong brands in our spaces.

We will invest behind our businesses to capitalise on these growth drivers offering consumers relevant innovation, trusted products and availability, supported by education and information. This includes investment in supply chain infrastructure, R&D and online capabilities, as well as developing partnerships and advocacy across the communities in which we operate.

Hygiene Home

2019 PERFORMANCE HIGHLIGHTS

LFL Net Revenue growth

3.6%

Adjusted Operating Margin[1]

25.4%

Launch of start-up incubator with Founders Factory

Strong innovation pipeline

OUR 2019 PRIORITIES

Identifying powerful social causes and developing purpose-led innovations

Focusing on low-penetration, higher-growth categories

Expanding e-commerce opportunities

Unlocking emerging markets

Increasing the contribution that innovation makes to our growth rates

Investing in capabilities and innovation while sustaining our best-in-class operating margins

> "Our highly integrated model has allowed us to adapt, innovate quickly and deliver solid performance
>
> Harold van den Broek
> Chief Operating Officer – Hygiene Home

Our markets and performance in 2019

Our core markets grew 3% in 2019, made up of a combination of volume and value growth. Against this backdrop, we benefited from a generally solid pricing environment. As a result, Hygiene Home net revenue was £5,031 million in 2019, with like-for-like growth of +3.6%. Within this, volume growth was +1% and price/mix +3%.

Our growth was broad-based across all our leading brands – delivering growth in both developed and emerging market areas. From a channel perspective, e-commerce continued to grow strongly in Hygiene Home, contributing 4% to total 2019 net revenue. We continue to focus on this important high-growth channel with increased investment and channel specific innovation.

Overall for Hygiene Home, adjusted operating profit was £1,279 million, with a 25.4% margin. This was 150bps higher than the prior year, reflecting a strong expansion in gross margin, plus operating leverage and efficiencies in the fixed cost base, partly offset by increased brand equity investment.

Our brand portfolio

We aim to build on our global presence by focusing investment on our leading global brands. These account for around 80 percent of net revenue, delivering solutions to improve hygiene and living experience in the home. We invest in innovation to improve the quality of our products and their fit with evolving consumer needs and aspirations. We invest in purpose-led partnerships and brand-building campaigns to inform and educate people on water, waste and hygiene-related issues. These initiatives underpin our performance in 2019 and the strength of our brands going forward.

In North America, we saw continued good growth from our Airwick Essential Mist diffuser technology. Lysol, fuelled by the success of our laundry sanitiser innovation, was another growth driver. H1 growth was limited by the lapping effect of a big cold and flu season, but this gave way to stronger growth in H2. Lysol was also aided by some seasonal benefit in the fourth quarter.

Finish delivered a good performance in a competitive environment, behind Finish Quantum Ultimate and a focus on machine cleaner and rinse-aid additives. This was offset by a slow performance from Air Wick which experienced competitive market conditions.

Our operations in Europe, Australia and New Zealand delivered a strong performance, led by the region's largest brands of Finish and Air Wick. Finish saw strong growth behind the roll-out of Finish Quantum Ultimate in multiple markets across Europe, the launch of our new eco range of products, combined with new purpose campaigns aimed at reducing water usage. Air Wick saw success from its new electrical range, aided by its new i8 electrical plug which offers improved air diffusion compared to a normal plug.

Our business in developing markets delivered broad-based growth across our Powerbrands. Year-end results were boosted by a one-off indirect tax benefit, but we nonetheless achieved high single-digit underlying growth. Highlights included excellent growth in Mexico across all brands and strong performance in Brazil backed by successful innovations.

Harpic had success with its recently launched premium liquid, continued progress on its purpose campaign in India around toilets and water sanitation, and with the expansion of its range to all areas of the bathroom. Lysol delivered good growth in India following the launch of its cement surface cleaner. Vanish and Finish also delivered strong growth.

An integrated business model

The value chains for our brands are highly integrated. This allows us to respond rapidly to changes on the ground. Being able to manage procurement, supply, distribution and sales in a very integrated way unlocks agility, optimises value and creates space for growth. This was a key factor underpinning our margin expansion during 2019.

Our integrated model has a demonstrable payoff in speed to market. In the premium segment where we operate,

1 Non GAAP measures are defined on page 62.

continued strong performance depends on identifying the right innovations and getting them to market quickly. Brand-wide innovation is managed globally, but around a third of our innovations come from local insights. These feed directly into our category organisations. The best ideas emerge quickly and resources get allocated to product improvements. Our integrated approach smooths this process.

29%

of our growth contributed by e-commerce[1]

1 Sales achieved on our brands' own website + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data)

Science-led innovation

Innovation is a key driver for the business. Increasingly, we are focusing on longer term, purpose-led innovation that makes a difference to people's lives.

One metric for innovation is its absolute contribution to growth. We also monitor portfolio vitality, the proportion of the portfolio that is made up of new products. We aim to meet and exceed peer group performance on the vitality of our portfolio. We made good progress in 2019, our products launched within the last three years increased. We aim to maintain that momentum to reach a position of innovation leadership in our markets.

Lysol's laundry sanitiser product illustrates the benefits of science-led innovation. The sanitiser uses the credentials of the Lysol brand, germ killing and safe protection, and applies them to a novel process. Unlike a typical fabric softener, Lysol's sanitiser actually kills the germs and bacteria in the laundry. This hygiene-based approach to laundry cleaning has unlocked significant interest, particularly in the US. Penetration is still low, but there is tremendous potential in this rapidly growing market.

Working with external partners

We are exposing the organisation to external inspiration by working with suppliers and start-ups in the technology and product spaces. In 2019, we set up a joint venture, Founders Factory Hygiene and Home to incubate and scale-up promising start-ups that address human needs.

We are also collaborating with external partners to bring our purpose to life. Finish teamed up with National Geographic in Turkey and launched a global campaign to tackle the pressing issue of water scarcity. Following their success with the Brazilian Red Cross and the London School of Tropical Medicine, Mortein and SBP are extending their mosquito eradication programme to other countries.

INVESTING IN DIGITAL

E-commerce[1] continued to perform strongly in 2019. It contributed more than 30 percent of our growth and now accounts for over 4 percent of total sales, up from 3 percent in 2018. Our most active platforms are in our three main markets – the US, China and India.

Our digital journey is well underway. We are building digital skills companywide. A more rigorous approach to programmatic buying is adding clarity to our strategies for targeting specific communities in key markets, especially the US. Real-time engagement with consumers is improving customer service and accelerating innovation.

CASE STUDY

VEO – TOUGH ON GRIME KIND TO THE PLANET

VEO's breakthrough formula goes beyond surface cleaning. Bio-based surfactants and active-probiotics remove dirt and grime at the microscopic level from crevices and cracks. And it carries on working for up to three days.

It contains active probiotics that preserve the home microbiome. It adds up to a natural, efficient cleaning agent that works with, rather than against, the beneficial bacteria that keep our homes healthy, hygienic and safe.

VEO's formula is 99 percent biodegradable, free from chlorine bleach, formaldehyde, phosphates and quats. The sustainable bottle features a removable label and uses 95 percent post-consumer recycled plastic to aid recycling.

Sustainable performance

Clearer focus and more clarity within the organisation have contributed to our improved operating margin this year. Net revenue growth is in line with our medium-term objectives. But we operate in a fast-changing world and we can never be complacent, we continue to sharpen operational performance, enhance execution and minimise waste. Our strategic priorities are setting us up for sustained growth. With our purpose-driven, innovation-led approach we service the needs of consumers across the world and build shared successes with local and international customers. We aspire to be known for our entrepreneurship and excellence in execution, delivered by a capable, diverse organisation that acts responsibly and with integrity. These are the active ingredients for sustained success.

REJUVENATING RB

Many of our markets benefit from global macro trends, including urbanisation and the growth of the middle classes. We offer consumers purpose-led products that meet their needs and advance positive social impacts. We focus mainly on higher-margin, under-penetrated markets that provide a combination of attractive margins and volume growth.

From 2020 onwards, Hygiene Home will be known as Hygiene, still offering the same strong portfolio of trusted household hygiene and wellness products. Headquartered in Amsterdam, the business will continue to be led by Harold van den Broek, who becomes President, Hygiene (previously Chief Operating Officer, Hygiene Home).

Our strategy for Hygiene

Our Hygiene business is today a solid performer amongst its peer group with steady revenue growth and strong margins. The focus going forward will be to capitalise on its strengths – leading, trusted brands and a strong science-base – to develop its market positions through increased penetration in existing markets and developing new markets where our products and brands are not yet present or well represented.

To achieve this, we will invest in broadening our focus on new growth markets by increasing our 'core' category market units, with increased spending on people, marketing and product development. We will invest in digital and accelerate innovation through external partnerships, while ensuring purpose is at the heart of our brand strategies. At the same time, we will address the changing needs of consumers and customers for sustainable solutions around packaging, product performance and e-commerce.

99%

biodegradable, free from chlorine bleach, formaldehyde, phosphates and quats

The information below is intended to help our stakeholders understand our position on key non-financial matters, following the new non-financial reporting requirements contained in sections 414C(7), 414CA and 414CB of the Companies Act 2006.

Reporting requirements	Policies and standards which govern our approach	Additional information and risk management	
Environmental matters	• Environmental policy • Responsible sourcing of natural raw materials policy • Plastics Pledge	Group Environmental Management System[1] Mapping what matters to our stakeholders Our Sustainability Performance Environment	 **page 14-17** **page 18-19** **page 40-45**
Employees	• RB Code of Conduct • Our Values • Occupational Health & Safety • Speak Up policy • RB Corporate Diversity & Inclusion Policy	Mapping what matters to our stakeholders Our Sustainability Performance People CRSEC Committee Report Gender Pay Gap Report Group Occupational Health & Safety Management System[1]	**page 14-17** **page 18-19** **page 28-31** **page 111-116**
Human rights	• Policy on Human Rights and Responsible Business • Modern Slavery Act Statement • Commitments to international standards	Mapping what matters to our stakeholders Our Sustainability Performance Partners Environment	**page 14-17** **page 18-19** **page 32-35** **page 40-45**
Social and community matters	• Breast-Milk Substitute (BMS) and Marketing Policy • Consumer Safety	Our commitment to auditing and transparency on BMS Mapping what matters to our stakeholders Our Sustainability Performance Communities Social Impact Investment Report	 **page 14-17** **page 18-19** **page 36-39**
Anti-bribery and anti-corruption	• RB Code of Conduct • Speak Up policy	People CRSEC Committee Report	**page 28-31** **page 111-116**
Policy embedding, due diligence and outcomes		Risk Management and Principal Risks CRSEC Committee Report	**page 64-76** **page 111-116**
Principal risks and impact of business activity		Principal Risks	**page 66-74**
Description of business model		Our Business Model	**page 10-11**
Non-financial key performance indicators			**From pages 18-19**

1 Information not in the public domain.

Most of our reporting on these topics and KPIs are contained in our Strategic Report under the sections entitled Mapping What Matters Most to our Stakeholders, Our Sustainability Performance, Consumers, Customers, Employees, Partners, Communities, Environment, and Risk Management (or are incorporated into the Strategic Report by reference for these purposes from the pages noted). RB has formulated appropriate policies and due diligence procedures regarding all the non-financial information presented in this Annual Report. We make it our responsibility to follow legislation and policy diligently. Insights into key policies and due diligence procedures, and the basis and methodological principles for the collation of our key sustainability metrics, can be found online at www.rb.com/responsibility/insights.

Gender diversity

Definition: the percentage of women in our global workforce.
Target: expand our focus on diversity and talent by improving the retention rates of women from managers to senior managers. This is in line with our goal of doubling the number of women in senior management roles from a 2016 baseline.

Board Directors	Senior managers	Other employees*
7 (2018: 8) male	417 (2018: 424) male	20,472 (2018: 20,624) male
4 (2018: 3) female	148 (2018: 139) female	16,708 (2018: 16,147) female

* 24 persons with undisclosed gender.

Greenhouse Gas (GHG) emissions

Our GHG data includes emissions from operations covered by the Group Financial Statements for which we have operational control. Where we acquire new businesses, we include their emissions from the first full calendar year of our ownership onwards.

In 2019, our GHG emissions from our entire operations, including manufacturing, R&D, offices and distribution centres, were made up of:

- Scope 1: 140,117 tCO_2e (2018: 148,214) – emissions from combustion of fuel in our facilities
- Scope 2: 201,902 tCO_2e (2018: 247,856) – emissions from energy supplied to us, such as electricity, heat, steam or cooling

Total emissions from Scope 1 and Scope 2 activities in 2019 were 342,019 (2018: 396,070). We calculate our emissions intensity per unit of production[1], which in 2019, equated to 0.0424 tCO_2e. (2018: 0.0423).

We reported the above on a market-based approach in line with the WRI/WBSCD Greenhouse Gas Protocol, Scope 2 Guidance and our Reporting Criteria. Following a location-based approach, our Scope 2 emissions for 2019 were 273,688 tonnes of CO_2e (2018: 309,179) and our total Scope 1 and 2 tonnes of CO_2e were 413,805 (2018: 457,393).

1 The scope of our GHG emissions per unit of production KPI is manufacturing and warehousing. Including R&D and offices the GHG emissions intensity per unit of production would be 0.0447 tCO_2e.

Our policies

Anti-bribery and corruption

Our policy is that all RB companies, employees and contractors must comply with the anti-bribery, anti-corruption and competition laws of all countries in which they operate. Directors and managers must ensure that the employees and contractors they supervise are aware of and comply with this policy. All employees and contractors must certify annually that they have complied with our Code of Conduct and the Audit Committee reviews Internal Audit findings in relation to this.

Employee policies

RB's Code of Conduct governs standards of conduct in relation to our employees, as well as our stakeholders. In addition, RB has policies committing to equal opportunities at work and to providing a safe and healthy working environment. Health and safety performance is monitored through our Group Occupational Health and Safety Management system, enabling us to investigate any incidents and take any necessary action. We have a Speak Up policy and process, allowing any employee or third party to confidentially report a violation of the Code of Conduct, local law or regulation, or unethical behaviour.

Human rights

Our Human Rights and Responsible Business Policy is based on the International Bill of Human Rights and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work. We also follow the UN Guiding Principles on Business and Human Rights and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Consumer safety

Our Consumer Safety Policy commits us to complying with relevant laws, assessing our products, packaging, labelling and ingredients, and evaluating consumer safety issues. We apply consistent global standards, freely disclose consumer safety information and check that our products comply with our Restricted Substances List (RSL).

Responsible sourcing policy

This commits us to ensuring that natural raw materials in our products are produced in a manner that meets or goes beyond applicable laws and regulations, respects human rights, safeguards health and safety, protects the environment and generally supports sustainable development.

Environmental policy

This sets out our objectives for reducing our environmental impacts. It requires us to comply with relevant legislation, consider environmental issues in key decisions, and engage with multiple stakeholders for better environmental performance.

See more
www.rb.com/responsibility/policies-and-reports

GOOD FINANCIAL PROGRESS IN HYGIENE HOME, BUT WEAKER IN HEALTH

ADRIAN HENNAH

Net Revenue

£12.8bn

+2.0%
+0.8% LFL[1]

Adjusted Operating Profit[1]

£3.4bn

(0.1%)[3]

Operating Loss

(£2.0bn)

(163.9%)[3]

Adjusted Operating Margin[1]

26.2%

(50bps)[3]

Operating Margin

(15.2%)

n/m[4]

Net Income – Adjusted[1,2]

£2.5bn

+2.7%[3]

Net loss from continuing operations[2]

(£2.8bn)

(228.7%)[3]

Earnings Per Share – Adjusted[1]

349p

+2.8%[3]

Loss Per Share from continuing operations

(393p)

(228.8%)[3]

Free Cash Flow[1]

£2.1bn

87% free cash flow conversion

1 Non-GAAP measures are defined on page 62
2 Net (loss)/income attributable to the owners of the parent company
3 Restated for the adoption of IFRS 16 (see note 31)
4 Not meaningful

The Group delivered 0.8% like-for-like (LFL) revenue growth in 2019; a 50bps decrease in operating margin; a 2.8% increase in Adjusted Diluted Earnings per share; and free cash flow conversion of 87%. The Group incurred an impairment charge of £5.0bn on the net book value of its investment in MJN, resulting in a reported net loss of £2.8bn.

The Group was run as two discrete business units during the year; and this is reflected in the segment reporting in this Report.

The momentum created in the Hygiene Home business in 2018 continued in 2019, delivering 3.6% LFL revenue growth, and 150bps of margin improvement; ahead of our expectation for the progress of this business. The business benefited from the focus on its brands, the further optimisation of its operating model, and from the increase in investment in the business in 2018.

Conversely, the performance of the Health business was below our expectation; delivering a 1.0% LFL revenue reduction and a 180bps margin reduction. It has taken longer than we expected to integrate MJN and RB Health and to implement focused operating models for the different parts of the business at a time of leadership change. We have also concluded that the business should increase investment in some areas. These lessons and changes are reflected in the changes in the direction for the Group set out on pages 6-9 of this Report.

Cash flow continued to be strong. We generated £2.1bn of free cash flow in the year. Cash flow conversion, expressed as free cash flow divided by adjusted continuing Net Income, was 87%. This was slightly below our target, principally as a result of exceptional cash spend on the MJN acquisition and RB2.0, which reduced conversion by 8%.

Capital Allocation

Our capital allocation policy remained unchanged during the year. Our priorities were:

- Reinvesting in the business
- A dividend of 50% of Adjusted Net Income
- Reducing debt levels

Net debt was £10.7bn at the year-end, broadly equal to the start of the year. Payments in respect of the settlement with the DoJ (see page 201) substantially used the free cash flow generated after paying the dividend.

The Group is currently rated A- by S&P and A3 by Moody's. In both cases the rating has a negative outlook reflecting the expectation of somewhat reduced operating margins and free cash flow generation over the next three years, as described on pages 6-9. The Board's gearing policy remains unchanged – to seek to run the company in the long-term as a single A credit rating. This reflects the Board's view of the long-term nature of our brands, the core of our business; the importance of having a long-term view in managing them well for stakeholders; and the desire to have a balance sheet consistent with this long-term view.

Return on Capital Employed (ROCE)

The Group continues to focus on employing capital appropriately to drive long term value creation for its Shareholders. The Group's ROCE in 2019, excluding the impairment of goodwill and other intangible assets, was 10.3%, a decrease against 10.7% (restated for IFRS 16) for 2018. The decrease was principally due to a 1.9% reduction in adjusted operating profit at constant exchange rates and a slight increase in the adjusted tax rate.

RB2.0

The Group was engaged from late 2017 in implementing the RB2.0 programme. This was designed to deliver by mid-2020, Health and Hygiene Home as commercially distinct units with separate infrastructures, which would allow the units to operate as substantially autonomous businesses. This programme was paused in mid-2019, and subsequently stopped. It has been replaced by the strategy set out in pages 6 to 9.

2020 Outlook

For 2020 the Group expects to generate a higher level of revenue growth on a like-for-like basis than achieved in 2019 (2019: 0.8%) and make steady progress toward our medium-term target.

While the Group has started the year strongly, there are a number of challenges, including uncertainty around the impact of COVID-19.

From an operating margin perspective, in addition to the 100 basis points of operating margin headwind principally normalising variable pay levels, the Group plans to invest £200m (c.150 bps) in the business to rejuvenate commercial capabilities and address issues where needed with consumer service and value. And, in addition, to invest in cost-to-achieve transformation spending of roughly £125m (c.100 bps) in each of the next two years (total of £250m). These one time costs to achieve will be included within adjusted operating profit. As a result, we expect 2020 adjusted operating margins to be around 350 bps lower in 2020 than those achieved in 2019.

COVID-19

The Group continues to monitor the impact of COVID-19. The Group has assessed the impact of COVID-19 on its going concern and viability statement which is on page 77.

Due to illiquidity in the short-term market for commercial paper, in March 2020, the Group drew down around £750m from its committed borrowing facilities. Committed facilities total £5,500m (2018: £4,500m), of which £4,750m remains undrawn, and available to draw. The Group remains compliant with its banking covenants.

Dividends

The Board of Directors recommends a final 2019 dividend of 101.6 pence (2018: 100.2 pence), to give a full year dividend of 174.6 pence (2018: 170.7 pence). The dividend, if approved by Shareholders at the AGM on 12 May 2020, will be paid on 28 May 2020 to Shareholders on the register at the record date of 17 April 2020. The ex-dividend date is 16 April 2020. The final dividend will be accrued once approved by Shareholders.

The Board intends to maintain its policy of paying an ordinary dividend equivalent to around 50% of total adjusted net income over the medium term. However, in anticipation of a reduction in adjusted earnings in the short term, it is the Board's current intent to maintain the 2019 absolute sterling value of the dividend until the 50% of adjusted net income policy indicates an increase.

Detailed Financial Review

Total full year ("FY") net revenue was £12,846m, with growth of +0.8% on a LFL and constant exchange basis. The majority of our revenue and profits are generated outside of the UK, and the translation impact of consolidating local business into our reporting currency, resulted in a +1.2% increase to net revenue due to the depreciation of sterling against the weighted average of currencies we operated in during 2019. Total net revenue growth at actual rates was therefore +2.0% for the year.

	Year ended 31 December			
			% change	
	2019 £m	2018[2] £m	exch. rates actual	const.[1]
Total Net Revenue				
IFCN	**2,980**	2,839	+5.0	+2.6
Rest of Health	**4,835**	4,923	-1.8	-2.9
Health	**7,815**	7,762	+0.7	-0.9
Hygiene Home	**5,031**	4,835	+4.1	+3.6
Total	**12,846**	12,597	+2.0	+0.8

Health

	FY			
By Geography	£m	LFL[1]	FX	Reported
North America	1,916	-6.1%	+4.6%	-1.5%
Europe/ANZ	2,006	+0.5%	-0.7%	-0.2%
DvM	3,893	+0.8%	+1.5%	+2.3%
Total	**7,815**	**-1.0%**	**+1.7%**	**+0.7%**

Hygiene Home

	FY			
By Geography	£m	LFL[1]	FX	Reported
North America	1,598	+1.0%	+4.4%	+5.4%
Europe/ANZ	2,187	+2.7%	-1.2%	+1.5%
DvM	1,246	+8.6%	-1.6%	+7.0%
Total	**5,031**	**+3.6%**	**+0.5%**	**+4.1%**

1 Non-GAAP measures are defined on page 62.
North America comprises United States and Canada.
Europe/ANZ comprises Europe, Russia/CIS, Turkey, Israel, Australia and New Zealand.
DvM comprises all remaining countries in the Group.

Our Health business unit ("Health") declined by -1.0% on a LFL basis, with positive benefits from price/mix offsetting lower volumes in Health due to a combination of share loss and retailer destocking. Within Health, IFCN grew +2.6% reflecting a strong performance in North America, partially offset by weaker performance elsewhere. Over-the-counter ("OTC") revenues declined -4.4% following lower than average incidence of cold and flu at the beginning of 2019 and retailer destocking in the US. OTC share and in-market consumption trends were positive. The "rest of Health" (our wellness, VMS and hygiene brands) declined by -2.2% on a LFL basis. Dettol was weak due to a slowdown in India and the Middle East and a competitive pricing environment. Durex saw competitive challenges in China, and Scholl remained weak.

Our Hygiene Home business unit saw a stable and consistent performance in 2019 with +3.6% LFL growth. Growth was broad-based across our brands, with growth in Finish, Lysol, Harpic and Vanish, and comprised balanced price/mix and volume growth.

On a geographical basis, Europe, Australia and New Zealand ("Europe/ANZ") returned to growth across both Health and Hygiene Home. North America saw in-market consumption growth ahead of net revenue, due mainly to retailer destocking and supply challenges in the Health business. Developing Markets ("DvM") delivered strong growth in our Hygiene Home portfolio but weakness in Health, particularly across Africa, the Middle East, ASEAN and LATAM.

The year on year movement in our operating margin comprised:

(bps impact on Adjusted operating margin)	% of Net Revenue	Impact on operating margin
Gross Margin	60.5%	(10bps)
Brand Equity Investment ("BEI")	14.4%	(60bps)
Other costs	19.9%	20bps
Operating Margin (adjusted)	26.2%	(50bps)

FY gross margin was 60.5%, a decline of -10bps, reflecting a decline in Health offset by expansion in Hygiene Home. Health experienced a combination of negative volume leverage, cost increases, and negative mix. Hygiene Home benefited from net positive pricing and mix.

Investment behind our brands (as defined by our BEI metric), was 14.4% of net revenue, a 60bps increase from the prior year. Investment increased in both businesses behind the launch of new initiatives.

Our fixed cost base was relatively stable during the year, reflecting a modest underlying increase, more than offset by lower variable incentive accruals due to the weak performance of Health. We expect a return to long term levels of variable pay to provide a headwind of approximately 100 bps in 2020.

Following the annual impairment review, the value of the IFCN net assets was impaired by £5,037m. The book value of the IFCN net assets prior to the impairment was £14,927m. The relevant IFRS impairment test focused only on the current geographies and current product types of the business. Future "white space" was not included.

At the time of the acquisition of MJN in H1 2017, we expected medium-term market growth of 3-5%; and we expected to move the annual growth of the business from an inherited decline to c.5% over a few years. We also expected to be able to increase the inherited c.23% operating margin by an incremental 6-7% with £200m annual synergies, largely from removing duplicated corporate costs and greater procurement effectiveness. The acquisition model implied a 3% terminal growth rate.

The most significant changes, evident over the last year, have been in the China market. The prospects for market growth have lowered, as a sustained materially lower birth rate has become likely. In addition, the competitive dynamics have changed with evolving regulation and the progress of a number of local competitors. We have also revised our view on the optimum long-term design of the supply network for the business as a whole. This will be more capital intensive than we had expected. More short-term in nature, the integration of the MJN and RB Health businesses has progressed more slowly than expected, particularly in LATAM and ASEAN, which has led to weaker performance. When combined, these factors have led to a reduction in expected revenue growth to c.3% at constant rates over the next five years; and only a moderate net margin improvement from the current position. The geographies we serve have on average general inflation about 1% higher than sterling. In this context, we now also see a 2.5% terminal growth rate to be more appropriate. Valuing these cash flows at a pre-tax discount rate of 9.0% gives a value-in-use of £9,890m. We continue to see opportunities in nutrition more broadly, in "white spaces" outside the impairment model.

As a result, operating loss as reported was £1,954m. Operating profit adjusting items were a pre-tax charge of £5,321m (2018: £311m). On an adjusted basis, operating profit was marginally lower (down -0.1%, -1.9% on a constant basis) to £3,367m. Overall, the adjusted operating margin for the Group declined -50bps to 26.2%, driven primarily by increased investment in BEI.

	Year ended 31 December			
			% change	
	2019 £m	2018[1] £m	exch. rates actual	const.
Operating profit				
Health	**2,088**	2,213	-5.6	-7.7
Hygiene Home	**1,279**	1,156	+10.6	+9.2
Operating profit – adjusted	**3,367**	3,369	-0.1	-1.9
Adjusting items	**(5,321)**	(311)		
Total Operating (loss)/profit	**(1,954)**	3,058	-163.9	-166.0
	%	%		
Operating margin – adjusted				
Health	**26.7**	28.5	-180bps	
Hygiene Home	**25.4**	23.9	+150bps	
Total	**26.2**	26.7	-50bps	

1 Restated for the adoption of IFRS 16 (see note 31).

Net finance expense

Net finance expense was £153m (2018: £338m). The decrease reflects the repayment of term loans and bonds, £35m finance income on tax balances (2018: £29m expense) and other significant items that went in the Group's favour in the year. These include a settlement of litigation in Latin America, a gain due to a fair value credit relating to a downward revaluation of a put option held by our partners in a joint venture and a higher hedged return from temporary intercompany deposits with group treasury. Adjusted finance expense excludes £35m of finance income on tax balances reclassed into income tax expense (2018: £29m expense).

Tax

The adjusted tax rate, which excludes the effect of adjusting items, was 22% (2018: 21%), benefiting from the settlement of a number of tax issues during the year. We continue to expect our ongoing adjusted tax rate to be approximately 23%.

Adjusting items

In 2019, adjusting items comprised of £5,321m of expenses recorded in operating profit (2018: £311m) driven primarily by the impairment of IFCN goodwill of £5,037m. See Note 9. Other adjusting items include £79m due to the impairment of intangible assets on Oriental Pharma, acquired in 2012, £113m of costs relating to MJN/RB2.0 restructuring programs and £81m due to the amortisation of certain intangible assets. Further details of these items can be found in Note 3.

Discontinued operations

The £898m loss reported in discontinued operations (2018: loss of £5m) reflects the $1.4bn settlement agreed with the Department of Justice ("DoJ"). See Note 30.

Net Loss/Income

Continuing net loss attributable to owners of the parent company as reported was £2,785m including the £5,037m MJN impairment charge. Diluted earnings per share from continuing operations were -393.0 pence on a reported basis; on an adjusted basis, the growth was +2.8% to 349 pence.

Total reported net loss attributable to owners of the parent company was £3,683m. This includes the charge of £898m in respect of the settlement of Indivior related matters with the US DoJ reported at the half year. On an adjusted basis, total net income was £2,473m, +2.7% (+0.7% constant) versus 2018.

Net working capital

During the year, inventories increased to £1,314m (2018: £1,276m), trade and other receivables decreased to £2,079m (2018: £2,097m), and trade and other payables increased to £4,820m (2018[1]: £4,811m). Net working capital was minus £1,427m (2018: minus £1,438m). Net working capital as a percentage of net revenue is -11% (2018: -11%).

Cash flow

Cash generated from continuing operations was £3,408m (2018: £3,400m). Net cash generated from operating activities was £1,411m (2018: £2,524m) after net interest payments of £210m (2018: £321m) and tax payments of £647m (2018: £567m) and net cash out flow attributable to discontinued operations of £1,140m (2018: cash inflow of £12m).

Free cash flow is the net cash generated from operating activities (excluding discontinued operations) after capital expenditure on property, plant and equipment and intangible assets and any related disposals. Free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt, to fund acquisitions or other strategic objectives. Free cash flow as a percentage of continuing adjusted net income was 87% (2018[1]: 87%).

	31 December 2019 £m	(Restated)[2] 31 December 2018 £m
Cash generated from continuing operations	**3,408**	3,400
Less: net interest paid	**(210)**	(321)
Less: tax paid	**(647)**	(567)
Less: purchase of property, plant & equipment	**(306)**	(342)
Less: purchase of intangible assets	**(137)**	(95)
Plus: proceeds from the sale of property, plant & equipment	**37**	24
Free cash flow	**2,145**	2,099

2 Restated for the adoption of IFRS 16 (see note 31).

Net debt

At the end of the year, net debt was £10,749m (2018[1]: £10,746m). This reflected strong free cash flow generation of £2,145m, offset by the payment of dividends totalling £1,242m (2018: £1,200m) and payments relating to the DoJ for the Indivior PLC settlement of £1,140m. The Group regularly reviews its banking arrangements and currently has adequate facilities available to it.

In March 2020, the Group drew down around £750m from its committed borrowing facilities due to illiquidity in the short-term market for commercial paper. Committed facilities total £5,500m (2018: £4,500m), of which £4,750m remains undrawn, and available to draw. The Group remains compliant with its banking covenants. Our committed facilities are not subject to renewal until from 2022 onwards. The Group has also assessed the impact of COVID-19 on its going concern and viability statement set out on page 77.

Balance sheet

At the end of 2019, the Group had total equity of £9,407m (2018[1]: £14,771m), a decrease of 36%.

The Group has non-current assets of £27,106m (2018[1]: £33,002m), of which £24,261m (2018: 30,278m) is goodwill and other intangible assets, lower this year primarily due to the impairment of goodwill in relation to the MJN acquisition of £5,037m. Property, plant and equipment is £2,140m (2018[1]: £2,162m) and includes £289m (2018[1] £304m) of right of use assets as a result of the adoption of IFRS 16. The Group has net working capital of minus £1,427m (2018: minus £1,438m), current provisions of £178m (2018[1]: £537m) and long-term liabilities other than borrowings of £5,256m (2018[1]: £5,564m).

The Group continues to focus on employing capital appropriately to drive long term value creation for its Shareholders. The Group's ROCE, excluding the impairment of goodwill and other intangible assets, is 10.3%, a decrease against 10.7% (restated for IFRS 16) for 2018. The decrease was principally due to a 1.9% reduction in adjusted operating profit at constant exchange rates and slight increase in the adjusted tax rate.

Return on Shareholders' funds (total net income attributable to owners of the parent company divided by total equity) was -39.3% on a reported basis and 26.4% on an adjusted basis (2018[1]: 14.7% on a reported basis and 16.4% on an adjusted basis).

Basis of Presentation and Non-GAAP measures

Throughout the report, certain measures are used to describe the Group's financial performance which are not defined by International Financial Reporting Standards (IFRS).

Adjusted Measures

The Executive Committee of the Group assesses the performance based on net revenue and certain adjusted measures which exclude the effect of adjusting items.

As described in Note 3, adjusting items are significant items included in operating profit, net finance expense or income tax expense, which are relevant to an understanding of the underlying performance of the business. These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances. Management believes that the use of adjusted measures provides additional useful information about underlying trends. The table below reconciles the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2019. Descriptions of the adjusting items are included in Note 3.

1 Restated for the adoption of IFRS 16 (see note 31).

Year ended 31 December 2019	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclass £m	Adjusted £m
Operating (Loss)/ Profit	**(1,954)**	**5,240**	**81**	**–**	**3,367**
Net finance expense	**(153)**	**–**	**–**	**(35)**	**(188)**
(Loss)/profit before income tax	**(2,107)**	**5,240**	**81**	**(35)**	**3,179**
Income tax (expense)/ credit	**(665)**	**(45)**	**(18)**	**35**	**(693)**
Net (loss)/income for the year from continuing operations	**(2,772)**	**5,195**	**63**	**–**	**2,486**
Less: Attributable to non-controlling interests	**(13)**	**–**	**–**	**–**	**(13)**
Continuing net (loss)/ income attributable to owners of the parent company	**(2,785)**	**5,195**	**63**	**–**	**2,473**
Net loss for the year from discontinued operations	**(898)**	**898**	**–**	**–**	**–**
Total net (loss)/ income attributable to owners of the parent company	**(3,683)**	**6,093**	**63**	**–**	**2,473**

Adjusted net income is used in the calculation of adjusted EPS. Adjusted EPS is defined as adjusted net income attributable to owners of the parent company divided by the weighted average number of ordinary shares. A reconciliation is included in Note 8.

The adjusted tax rate is defined as the adjusted continuing income tax expense as a percentage of adjusted profit before tax.

Other non-GAAP measures and terms

Like-for-Like ("LFL") growth excludes the impact on net revenue of changes in exchange rates, acquisitions, disposals and discontinued operations. LFL growth also excludes Venezuela. A reconciliation of LFL to reported net revenue growth by operating segment is shown on page 60.

Constant exchange rate adjusts the actual consolidated results such that the foreign currency conversion uses the same exchange rates as were applied in the prior year.

Free cash flow, the Group's principal measure of cash flow, is defined as net cash generated from operating activities (excluding discontinued operations) less net capital expenditure. Free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt, to fund acquisitions or other strategic objectives. A reconciliation of cash generated from operations to Free cash flow is shown on page 61.

Brand equity investment ("BEI") is the marketing support designed to capture the voice, mind and heart of our consumers.

Continuing operations excludes any charges related to the previously demerged RB Pharmaceuticals business that became Indivior. Net loss from discontinued operations is presented as a single line item in the Group Income Statement.

Return on capital employed ("ROCE") is defined as adjusted operating profit after tax divided by monthly average capital employed. Capital employed comprises total assets less current liabilities other than borrowings-related liabilities. Total assets exclude cash, retirement benefit surplus, current tax and a technical gross-up to goodwill that arises because of deferred tax liabilities recorded against identified assets acquired in business combinations. Current liabilities exclude legal provisions recorded as a result of exceptional items and current tax.

Adrian Hennah
Chief Financial Officer
26 March 2020

Our approach to integrated risk management at RB

Risk management occurs at different levels in RB with identification and assessment performed at the functional, business unit, corporate and Group levels to provide both a 'top-down' and 'bottom-up' three-dimensional view of risk and is implemented as follows:

	Functional risk assessments	Business unit/corporate risk assessments	Group principal and emerging risk assessment	Board oversight	Annual Report
		Consolidation and critical challenge by Internal Audit	Reviewed by business unit/ corporate function leadership teams	Principal and emerging risks identified through the Group Risk Assessment are disclosed in RB's Annual Report	
WHAT	• Identifies and monitors risks impacting the operation of each function or functional area • Controls are mapped to the three lines of defence • Detailed management action plans are developed to address control gaps	• Identifies and monitors risks with the potential to impact each business unit and the corporate centre • High-level control strategies and action plans are documented for each risk. Supporting functional risks are referenced	• Identifies the most significant principal and emerging risks with potential to impact the Group • Principal and emerging risks are disclosed in the Annual Report	• Oversight across each principal risk provided by a nominated Board Committee	
WHEN	• Completed annually, reviewed quarterly with updates provided to the Audit Committee	• Completed annually in advance of the business unit strategic planning process	• Completed annually in advance of the business unit strategic planning process	• Periodic reporting and risk deep dives occur with input from the risk owner	
HOW	• Risks identified through a series of 1:1 interviews with management • Workshops build out and stress test input from interviews • Formal sign-off by functional Head with Group CFO	• Risks identified and assessed through a series of 1:1 meetings with business unit leadership • For corporate functions, the functional risk assessments are reviewed and challenged	• 1:1 meetings are held with all Executive Committee (EC) members, Group functional and assurance heads, external advisors and Non-Executive Directors (NEDs) • Synthesised output formally reviewed and signed off by the EC and thereafter by the Board		
WHO	• Initial exercise facilitated by Internal Audit • Risk assessment owned by functional leadership team • Functional risk owners assigned to each specific risk, controls and action plans • Quarterly reporting to the Audit Committee on actions taken to address the top functional risks	• Business unit/corporate management teams led	• Internal Audit led • Executive owners assigned with principal and emerging risks circulated to the Board for final review and sign-off	• Executive member	

Our approach to principal and emerging risk assessment

The Group principal and emerging risk assessment is an integral part of the integrated risk management framework above, identifying the principal and emerging risks with the greatest potential to impact the Group. The assessment is completed annually in advance of the business unit and corporate strategic planning process as follows:

Identification of risks	Control strategy	Assessment of net risk and prioritization	Management action
What could impact RB and the achievement of its objectives?	What are we doing to manage the risk?	How comfortable are we with the level of risk?	What more do we need to do?
• Identifies the most significant principal and emerging risks with potential to impact the Group • 1:1 meetings are held with all Executive Committee members, Group functional and assurance heads, external advisors and Non-Executive Directors • Functional, business unit and corporate risk assessments feed into this process • Identifies sources of risk, key drivers and areas of impact • Completed annually in advance of the business unit strategic planning process	• Control strategy is appropriate and reviewed to establish if it is operating as intended • Where we identify control gaps, what more do we need to do?	• Considering the controls we have in place to manage each risk: – What is the probability that the risk will materialise? – If it did, what would the likely impact be? – How comfortable are we with how the risk is being managed? • Assessment identifies those risks and controls where management should focus its effort • The decision to act will be based on which risks are no longer acceptable	• Having identified areas of highest risk that require attention, action plans are developed by management to: – address any control gaps identified – improve the effectiveness of existing controls, thereby reducing the probability and impact to an acceptable level • Executive owners assigned, with principal and emerging risks circulated to the Board for final review, sign-off and ongoing monitoring • Principal and emerging risks are disclosed in the Annual Report

Our principal and emerging risks, as at 31 December 2019

KEY TO PRINCIPAL RISKS

Category	ID	Risk title	**Risk statement**
Strategic	1	Innovation	The current innovation pipeline does not meet the changing needs of our consumers and new go-to-market channels and is not sufficient to achieve organic growth ambitions and drive gross margin accretion.
	2	Disruption	Inability to respond, adapt and evolve both our products and processes to disruptive market forces including e-commerce, digital and new formats, impacting our ability to effectively service our customers and consumers with the required agility.
Operational	3	Product safety	Risk of robust process, systems and culture for the development and assessment of product safety not being in place or operating effectively, leading to safety risk to consumers.
	4	Supply disruption	Disruption to the continuity of supply as a result of inability to procure critical ingredients and reliance on single factories that supply key markets without actively qualified alternative manufacturing sites in place.
	5	Cyber-security	As a global complex organisation, there is a risk that RB falls victim to increasingly sophisticated cyber-attacks aimed at causing disruption to our information assets by circumventing confidentiality, integrity or availability controls.
	6	Fatality/major employee safety incident	Work accidents leading to death, injury or illness on RB premises or premises under RB supervision, in case of outsourced operations.
	7	People	Failure to achieve strategic objectives as a result of significant management churn and inability to attract and retain top talent.
	8	Sustainability	We do not increase the sustainability of our environmental and social footprint across the immediate and longer term impacting market share and increasing the risk of longer-term climate change related impacts such as extreme weather events and water shortages.
	9	Adherence to product Quality Standards	Non-compliance with applicable quality regulations, guidelines, internal/external standards across the product lifecycle governing how we produce and supply product.
Compliance	10	Tax disputes	Risk of significant unprovisioned cash outflows as a result of tax authority challenge to filed tax positions in territories.
	11	Product Regulations	Risk of non-compliance with product classification regulations, guidelines, internal standards and/or registrations across the supply chain and throughout the product life cycle.
	12	Legal & Compliance	Risk that we are not fully compliant with relevant laws and regulations, including anti-corruption laws, data privacy laws and global competition laws.
	13	South Korea Humidifier Sanitizer (HS)	Financial and reputational risk as a result of the health issues caused by consumers inhaling Oxy Sac Sac (a humidifier sanitizer sold by Oxy, which RB acquired in 2001).
Other	BS	Black Swan event	Multiple brands impacted by unforeseen reputational incident(s).

Principal risks

Mitigation activity

Colour indicates extent of activity outstanding to mitigate in-line with risk appetite.

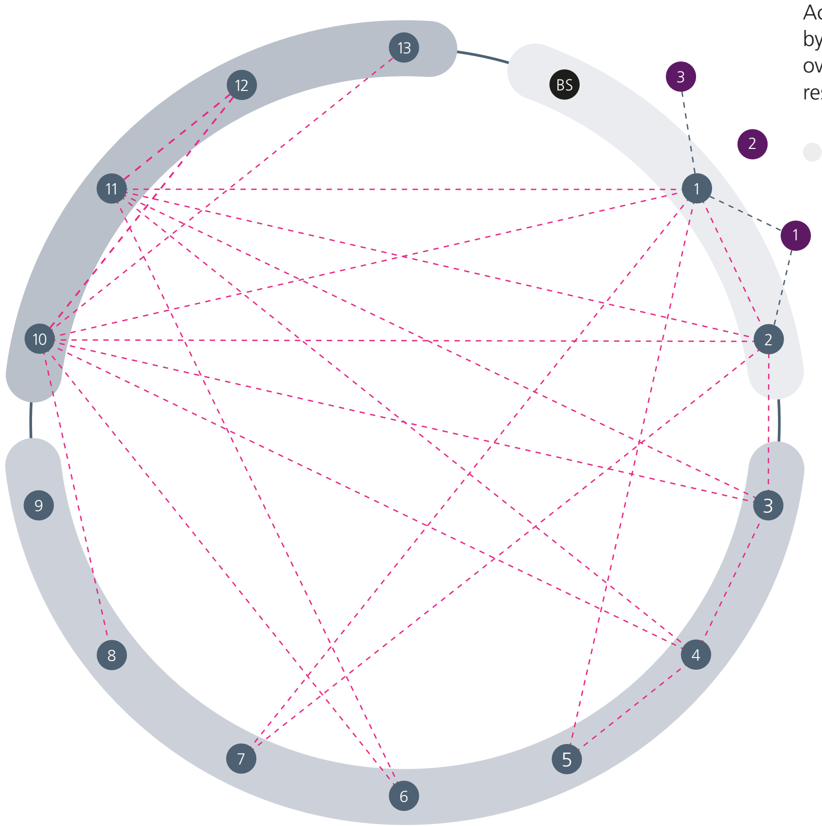
- Significant and urgent actions remain underway
- Some significant actions remain in progress
- All significant mitigating actions are in place and operating effectively

Risk movement

Arrows indicate movement from prior year position.

------> Direction and distance of movement.

Interconnectivity of risks



Action planning to mitigate principal risks is complicated by the interconnectivity between them, requiring robust oversight by leadership teams to prioritise time and resources as appropriate.

Strategic Operational Compliance Emerging

*See Viability Statement on page 77

1 Innovation*

Risk movement: **No change**

Oversight accountability
Executive ownership resides directly with the President of each business unit. Board oversight is provided by the main Board.

The risk: The current innovation pipeline does not meet the changing needs of our consumers and new go-to-market channels and is not sufficient to achieve organic growth ambitions and drive gross margin accretion.

Potential impact

Failure to understand and effectively meet the needs of our consumers, and adapt our products for new channels, may result in loss of market share to small entrepreneurial companies leveraging new channels and digital media.

Inability to execute innovation may result in failure to achieve the necessary innovation rate hurdles (in terms of growth contribution and GM accretion), impacting organic top line growth.

Mitigation progress in 2019

The R&D organisation has been split between dedicated innovation teams that focus on delivering innovation for key global brands and operational teams focused on local brands.

Front line resources have been deployed in-market to drive proximity to consumers.

Resources dedicated to deliver on e-commerce first focused innovations.

Our external partnership capability has been strengthened through internal initiatives to drive greater co-creation of innovations.

In 2019 we opened our Centre for Scientific Excellence in Hull, a world leading R&D facility for the healthcare portfolio. In China, we have established the Hygiene Home Innovation Hub to fast-track new innovation across key segments.

Current control strategy

Continued focus on building technical capability across priority areas through internal and external initiatives.

Base business innovation is driven through a three-year pipeline and resource allocation. Investment in cross-functional teams to assess and participate in new growth platforms and whitespace partnership with manufacturers.

Consumer data and insights team focused on insight generation and idea validation through new digital tools for faster and more accurate innovation modelling.

Activity impact for 2020

It is expected that further enhancement of our innovation pipeline monitoring and reporting will focus on identifying root causes of execution slippage.

We will continue to strengthen our innovation and consumer data and insights capability to help better identify and respond to emerging trends, product and other opportunities.

Target rating from current Amber to remain Amber at the end of 2020. This is a multi-year deliverable to build and embed the significant actions required.

2 Disruption*

Risk movement: **Decreasing**

Oversight accountability
Executive ownership resides with the President of each business unit. Board oversight is provided by the main Board.

The risk: Inability to respond, adapt and evolve both our products and processes to disruptive market forces, including e-commerce, digital and new formats, impacting our ability to effectively service our customers and consumers with the required agility.

Potential impact

Share loss to insurgent brands that are more consumer-centric and leveraging 21st century technology.

Failure to identify and exploit rapidly growing channels (i.e. e-commerce and discounters) means our products are not 'on the shelf', impacting top-line growth.

Mitigation progress in 2019

End-to-end structures and accountabilities implemented to drive disproportionate growth in key opportunity markets and categories.

Significant investment in building our e-commerce and digital capability, with resourcing and technology strengthened in 2019. Success models rolled out to new markets.

Current control strategy

Broader strategy under development but examples include category management reorganisation to provide the right mix between product life cycle and national brand support in store.

Activity impact for 2020

Internal and external initiatives will continue to increase capability and drive incremental growth across priority channels and segments.

Target rating from current Amber to remain Amber at the end of 2020. This is a multi-year deliverable to build and embed the significant actions required.

3 Product safety*

Risk movement: **No change**

Oversight accountability
Executive ownership resides directly with the Group Chief SQRC Officer, who drives activity through each of the business unit executive leadership teams. Board oversight is provided by the CRSEC Committee.

The risk: Risk of robust process, systems and culture for the development and assessment of product safety not being in place or operating effectively, leading to safety risk to consumers.

Potential impact

Consumer safety issues lead to reputational damage with consumers, customers or regulators. Significant financial losses could arise from supply disruption, product recalls, delayed launches, penalties and a loss of consumer trust, as well as possible criminal liability for senior management.

Any gaps in the completion of our safety assessments and a lack of anticipation of new safety concerns could exacerbate any potential impact.

Mitigation progress in 2019

Several product safety related programmes completed or remain on plan for completion, piloting of a product lifecycle management system and establishing a global template for roll out is instrumental to improve compliance with internal processes and reduce manual intervention.

Roll out of product safety training to all employees, as well as specific training for relevant employees to understand their role in ensuring safety, quality and regulatory compliance for RB products.

Investment in consumer relations to improve consumer data insights and awareness of social media to identify emerging trends, themes and safety concerns.

Current control strategy

A robust quality management system is underpinned with clear policies and supporting systems, which are subjected to comprehensive and independent regular audit review. A consumer safety and vigilance team monitor and reports on adverse events.

Safety and vigilance is part of the SQRC (safety, quality and regulatory compliance) team which reports directly to the CEO and is accountable to the Risk, Sustainability & Compliance Committee (RSCC) and thereafter to the CRSEC Committee.

Activity impact for 2020

2020 will see the continued roll out of an upgraded product lifecycle management system to better enable compliance management throughout the life cycle. Target rating from current Amber to remain Amber at end 2020. This is a multi-year deliverable to replace current systems.

By the end of 2020 the Product Integrity Review program will have completed, ensuring that all RB products have a refreshed evaluation and compliance review.

Fully embed safety processes at all key stages of the product lifecycle to retain the product safety integrity of the remediation work.

4 Supply disruption*

Risk movement: **No change**

Oversight accountability
Executive ownership resides directly with the Group Chief Supply Officer, with each business unit responsible for their respective deliverables. Board oversight is provided by the main Board.

The risk: Disruption to the continuity of supply as a result of inability to procure critical ingredients and reliance on single factories that supply key markets without actively qualified alternative manufacturing sites in place.

Potential impact

Such disruption could result in supply shortages and importation barrier issues, leading to loss of sales and market share. Also, potential loss of competitiveness and profitability from service level deterioration arising from factory capacity constraints, warehouse or transport set-up charges or insufficient change capability in factory and/or supply services, including forecasting accuracy and capabilities.

Mitigation progress in 2019

Increased investment in manufacturing facilities to enhance reliability and continuity of supply.

Factories have been assessed and those considered key or strategic have received investment to attain Highly Protected Risk (HPR) status by our insurers. In 2019 HPR certification achieved for all but one key ex-Mead Johnson Nutrition (MJN) manufacturing locations.

Business Continuity Plans (BCPs) reviewed and strengthened to ensure that business continuity arrangements remain appropriate.

Current control strategy

Continuous review of new and alternative suppliers of key ingredients.

Procurement, manufacturing and supply services have defined manufacturing and quality control processes to ensure products are safe and meet all regulatory and legal requirements.

Ongoing review of business interruption insurance policies to ensure adequate cover is in place.

Activity impact for 2020

Continued development of ingredient planning across specific brands and markets, alongside qualification of secondary manufacturing sites, will allow us to provide more robust BCP throughout the portfolio.

Target rating from current Red to Amber by the end of 2020.

*See Viability Statement on page 77

5 Cyber-security

Risk movement: **Decreasing**

Oversight accountability
Executive ownership resides directly with the Group Chief Information Technology Officer. Board oversight is provided by the main Board.

The risk: As a global complex organisation, there is a risk that RB falls victim to increasingly sophisticated cyber-attacks aimed at causing disruption to our information assets by circumventing confidentiality, integrity or availability controls.

Potential impact

Significant business disruption, data theft, regulatory non-compliance, reputational damage and financial loss through theft, regulatory/legislative fines or inability to operate the business normally.

This risk is heightened by increasing volume and types of sensitive personal data held, a strengthened regulatory environment including significant financial penalties for non-compliance and a growing number and complexity of connected systems. This includes third parties, cloud and digital service providers.

Mitigation progress in 2019

Assessment of enterprise cyber-security risks complete to identify, document and prioritise downstream risks.

Implementation of first phase of cyber defence monitoring partnership (including end-to-end execution to detect and respond in a highly proactive and controlled way to identified cyber events).

Deployment of external digital threat and risk monitoring and alerting capability.

Current control strategy

Cyber-security risk working group will continue to govern, track and report on risk management activities and oversee control effectiveness testing.

The Cyber Transform Programme (CTP) which was established to bring risk down by implementing relevant controls to achieve a better cyber risk posture is largely complete with a few activities due to close by end of Q1 2020.

Continued investment, enhancement and optimisation of security controls and operating model to provide ongoing security controls, global awareness and continuous improvement. This includes the implementation of a cyber Governance Risk and Control (GRC) system and complete refresh of Cyber Security Policies and Standards.

Activity impact for 2020

Continuous monitoring of vulnerabilities and implementation of an advanced management service to continuously track and drive remediation of discovered system vulnerabilities will help to further strengthen our defences and reduce the risk associated with introduction of vulnerabilities into RB environments. Target rating from current Amber to remain Amber at end 2020. While a number of actions are completed, further significant actions are foreseen to remain current as the threat evolves. Enhancement of Identity and Access Management controls will continue to be a focus for the Cyber team in the first half of 2020.

6 Fatality/major employee safety incident

Risk movement: **No change**

Oversight accountability
Executive ownership resides directly with the President of each business unit. Board oversight is provided by the CRSEC Committee.
The employee health and safety standards (EH&S) are set and audited against by a second line of defence compliance team within SQRC, accountable to the CRSEC Committee.

The risk: Work accidents leading to death, injury or illness on RB premises or premises under RB supervision, in case of outsourced operations.

Potential impact

Impacts are wide ranging and variable in materiality; they may include loss of life, ongoing damage to brand/employer reputation, reduced operational efficiency from factory closure or significant supply disruption, impaired financial performance from lost sales, fines or remediation cost and possible criminal liability for senior management.

Mitigation progress in 2019

Extensive programme to embed heightened employee health and safety (EH&S) culture across the enlarged Group through rigorous auditing, culture days/surveys and training initiatives.

Driver Safety Standard Programme deployed.

Engineering standards and Global Engineering Compliance team for structural auditing now in place.

Current control strategy

Policy and enhanced EH&S standards in place, audit compliance programme ongoing (including self-assessment, site visits, assurance of improvement actions, KPI tracking and culture surveys) and ongoing EH&S training including commercial offices.

Oversight from Supply and R&D leadership teams as well as the Group RSCC and CRSEC Committees.

Activity impact for 2020

It is expected that the refreshing of Group minimum standards into Highly Protected Manual format, Group 18001 Certification across all RB sites, will be completed in 2020. We will continue to roll out the program of culture surveys and safety days to increase awareness.

Target rating from current Amber to remain Amber at the end of 2020.

7 People*

Risk movement: **Increasing**

Oversight accountability
Executive ownership resides directly with the Group Chief HR Officer, with each business unit responsible for their respective deliverables. Board oversight is provided by the main Board.

The risk: **Failure to achieve strategic objectives as a result of significant management churn and inability to attract and retain top talent.**

Potential impact

Disruption to business performance as a result of churn across senior management positions and the risk of fatigue arising from a period of sustained business change.

Mitigation progress in 2019

Talent identification, mapping and calibration workstreams for critical senior management positions completed and reviewed periodically. This has helped to optimise both talent management and succession planning processes.

Current control strategy

Succession plans for key management positions are in place.

Retention risk analysis is undertaken regularly, including review of turnover rates. Continuous review of competitiveness of the total compensation programmes and Employee Value Proposition (EVP) set by management with focus groups undertaken at each business unit level.

RB's DARE programme (to Develop, Attract, Retain and Engage talented women) continues, with the aim of increasing the retention rate of females from manager to senior management positions.

Activity impact for 2020

The current reward structure is kept under review to ensure it remains fit for purpose and appropriate targets are set for both external and internal stakeholders.

Strategic workforce planning is in progress to understand the shape of the workforce and how it will change over the next three years to facilitate proactive intervention.

Target rating from current Red to Amber by the end of 2020.

8 Sustainability*

Risk movement: **New risk**

Oversight accountability
Executive ownership resides directly with the CEO and the SVP Corporate Affairs & Sustainability. Each business unit is responsible for their respective deliverables. Board oversight is provided by the CRSEC Committee.

The risk: **We do not increase the sustainability of our environmental and social footprint across the immediate and longer term impacting market share and increasing the risk of longer-term climate change related impacts such as extreme weather events and water shortages.**

Potential impact

Failure to respond to increasing scrutiny on our sustainability practices from consumers, customers, NGOs and ratings/investment agencies may lead to resource inefficiency; loss of market share as consumers shift towards 'greener' products; omission from established sustainability indices impacting future investment and potential regulatory penalties.

Continued deterioration of the global climate has the potential to significantly disrupt RB's operations through an increased number of extreme weather events, water crises and ecosystem loss.

Mitigation progress in 2019

We have focused on continuing to deliver and strengthen our processes, programmes and controls alongside our external stakeholder relationships, through partnerships with NGOs, academia, and critical opinion formers.

Our sustainability and governance capability has been enhanced through the establishment of the Risk, Sustainability & Compliance Committee.

Current control strategy

2020 will see the launch of our new Sustainability strategy and plan which will include revised sustainability targets.

We continue to embed sustainability into the product development process, ensuring that the environmental and social footprint of our products can be reduced across the full product lifecycle.

Activity impact for 2020

Internal and external initiatives, along with greater transparency on non-financial sustainability indicators, will help to drive increased awareness of our sustainability agenda across our global network.

Target rating from current Amber to remain Amber at the end of 2020. This is a multi-year deliverable to build and embed the significant actions required.

*See Viability Statement on page 77

9 Adherence to product Quality Standards*

Risk movement:
New risk

Oversight accountability
Executive ownership resides directly with the Group Chief SQRC Officer, who drives activity through each of the business unit executive leadership teams. Board oversight is provided by the CRSEC Committee.

The risk: Non-compliance with applicable quality regulations, guidelines, internal/external standards across the product lifecycle governing how we produce and supply product.

Potential impact

Impacts are wide ranging and may include a consumer safety incident, regulatory failures, loss of sales (including product recall) and adverse reputational impact, a supply disruption or factory closure, or potential civil criminal actions against individuals. The risk is heightened by the increasing scrutiny, complexity, frequency and stringent audit requirements enforced on our factories by regulators.

Mitigation progress in 2019

We have made significant investment in ensuring the upmost quality of our products and compliance with all applicable regulations and standards. These measures include quality audit programs covering manufacturing sites and supplier facilities, compliance programs to ensure compliance with chemical control legislation, safety monitoring procedures for products during production and in-market, and transformation of our consumer relations function.

Quality KPIs and metrics routinely presented and discussed at BU and by the Compliance Management Committee (CMC) & CRSEC Committee.

Current control strategy

RB quality standards have been defined and communicated.

Audit schedule (against defined expected standards) has been established and delivered against.

Implementation of a systemised product safety and compliance program continues through the Product Lifecycle Management (PLM) project, due for completion in 2022.

Our end-to-end quality review of the product portfolio is scheduled to be completed in 2020 alongside enhancements to our artwork labelling and approval systems.

Activity impact for 2020

We continue to look for opportunities to optimise our quality control processes and the use of quality data to drive continuous improvement across the product lifecycle.

Target rating from current Amber to remain Amber at the end of 2020. This is a multi-year deliverable to build and embed the significant actions required.

10 Tax disputes*

Risk movement:
No change

Oversight accountability
Executive ownership resides at corporate directly with the Group CFO. Board oversight is provided by the Audit Committee. Material issues are communicated to the Board directly.

The risk: Risk of significant unprovisioned cash outflows as a result of tax authority challenge to filed tax positions in territories.

Potential impact

If our filing positions around transfer pricing are not considered in any country to be compliant or our operating model is not sufficiently communicated, implemented and embedded, both internally and externally, tax authorities may successfully challenge our tax return filings with a potentially significant financial impact on the Group.

Mitigation progress in 2019

Ongoing timely and robust responses to progress outstanding disputes and continual monitoring of progression in relation to Advanced Pricing Agreements and subsequent operating model tax audits.

Detailed and thorough documentation and technical support from advisors.

Current control strategy

Ongoing review by RB Tax, country FDs and external advisors with central provisioning for anticipated exposures. Continuous monitoring of information on EC State Aid investigations and possible application to RB. Monitor impact of the BEPS initiative and other law changes to identify possible adverse impacts and put in place remedial strategies.

Activity impact for 2020

Timely and robust responses to progress outstanding disputes, continual monitoring of progression in relation to APAs and subsequent operating model tax audits and increased prioritisation of projects and senior management overview.

Target rating to remain Green at the end of 2020.

11 Product regulations*

Risk movement: **No change**

Oversight accountability
Executive ownership resides directly with the Group Chief SQRC Officer, who drives activity through the business unit executive leadership teams. Board oversight is provided by the CRSEC Committee.

The risk: Risk of non-compliance with product classification regulations, guidelines, internal standards and/or registrations across the supply chain and throughout the product life cycle.

Potential impact

Non-compliance with a product classification regulation may result in a consumer safety incident, financial impact (including product recall), damage to company reputation and potential civil/criminal liability.

Regulations impacting our products across the portfolio are continually evolving. If we do not anticipate these changes and be ready and to drive innovation and competitive advantage, we may see an increase in costs and a loss of market share to competitors.

This risk is enhanced by the extensive range of product regulatory classifications across the portfolio, emerging regulations in key markets and fragmented IT systems lacking end-to-end integration.

Mitigation progress in 2019

A detailed review of the portfolio is ongoing with expected completion in 2020. The programme reviews critical compliance elements of the portfolio and covers all business units. The schedule follows a risk-based approach.

Also, an upgraded Product Lifecycle Management (PLM) system is being developed and piloted.

Current control strategy

Multiple control programmes in place to manage regulatory compliance risks, including: product integrity review (compliance with registration and/or regulatory requirements) and Company Core Datasheet updates.

Strengthened Regulatory Intelligence process and system.

Evolved Regulatory KPIs established and reported.

The Risk, Sustainability & Compliance Committee structure ensures KPIs are reported from the top to all levels in the organisation. There is an appropriately resourced single system for consumer complaints in place and specialist audit teams providing independent assurance.

Activity impact for 2020

Completion of the first phase of the upgraded Product Lifecycle Management (PLM) system will enable compliance management throughout the life cycle.

Focus on Artwork improvements and China regulations.

Ensure that RB is positioned to credibly engage in regulation development and to assess impact and opportunities of future regulations to drive readiness, innovation and competitive advantage.

Target rating from current Amber to remain Amber at the end of 2020. This is a multi-year deliverable to replace current systems.

12 Legal & compliance*

Risk movement: **No change**

Oversight accountability
Executive ownership resides directly with the Group SVP General Counsel and Company Secretary, with each business unit responsible for their respective deliverables. Oversight by RB's Chief Ethics and Compliance Officer. Board oversight is provided by a combination of the Audit and CRSEC Committees to ensure full and appropriate coverage of the compliance programme.

The risk: Risk that we are not fully compliant with relevant laws and regulations, including anti-corruption laws, data privacy laws and global competition laws. There remains some residual risk associated with the DoJ settlement, specifically further litigation from individual US states and investor class actions.

Potential impact

Damage to RB's reputation, significant potential fines and possible criminal liability for RB senior management.

Increased data privacy risk due to new regulations in key markets (e.g. GDPR, CCPA) and as companies hold growing amounts of personal data.

The acquisition and integration of MJN has increased our exposure with regard to anti-corruption laws, specifically Health Care Professional (HCP) interactions.

Mitigation progress in 2019

Advancement of RB Compliance Programme, including specific compliance risk assessments conducted in key markets.

Development and roll out of online Compliance training mandatory for all employees and contractors incorporating the acquired MJN business.

Project developed for monitoring and preventing any potential abuse of market position.

Progression of data privacy readiness projects in key markets, including Europe and the US. Appointment of RB's Group Data Privacy Officer, establishment of RB's Privacy Office and the definition of broader privacy objectives to ensure that "privacy by design" is embedded across the Group.

Current control strategy

Group compliance programme with dedicated Ethics and Compliance personnel in each Business Unit supported by internal compliance liaisons and external local legal experts as and when required.

Launching of RB's new Policy regulating HCP interactions extended to cover the full portfolio of the Health Business Unit.

Global Compliance online training modules required to be completed by all employees, with refresher deployment each year; core modules include code of conduct, anti-bribery, antitrust, data privacy and separately product safety.

Group-wide Speak Up hotline operational, widely communicated and reinforced through robust independent investigation process and follow-up.

Activity impact for 2020

Relaunch of RB Code of Conduct to enhance levels of engagement in the organisation.

Continue to embed the Ethics and Compliance function through activities including competition law targeted risk assessments and e-learning modules; delivery of core data privacy requirements. Data privacy transition from project management to business as usual.

Target rating from current Amber to remain Amber at the end of 2020. This is an ongoing and dynamic programme for which significant new actions are expected as we respond to new situations and evolving legal requirements.

*See Viability Statement on page 77

13 South Korea Humidifier Sanitizer (HS)

Risk movement: **No change**

Oversight accountability
Executive ownership resides directly with the Group General Counsel. Board oversight is provided by the main Board.

The Humidifier Sanitizer ("HS") issue in South Korea was a tragic event. The Group continues to make both public and personal apologies to victims.

The risk: **Financial and reputational risk as a result of the health issues caused by consumers inhaling Oxy Sac Sac (a humidifier sanitizer sold by Oxy, which RB acquired in 2001).**

Potential impact
While a provision was made in 2016 to cover the initial government classification rounds and certain other costs, the risk of additional exposure remains. There is still some uncertainty around the number of outstanding claimants from the ongoing final government classification round, as well as from potential other injuries which may be designated by the Korean Ministry of the Environment and recent adverse legislative changes in South Korea.

Mitigation progress in 2019
RB South Korea has continued to work with the government, victims and other businesses to progress settlement with claimants, address legal claims, as well as to restore trust among consumers in South Korea.

Current control strategy
Full public apology formally and repeatedly made by RB South Korea to affected parties. Regular review meetings continue with the Group, to oversee and guide settlement progress and other issues as they arise.

Modelling continuously updated to quantify and monitor evolving risk and ensure adequacy of provisioning for financial exposure.

Activity impact for 2020
Continue to work with the government, victims and other businesses to progress settlement with claimants, address legal claims, as well as to restore trust among consumers in South Korea.

Target rating from current Amber to Green by the end of 2020.

Emerging risks

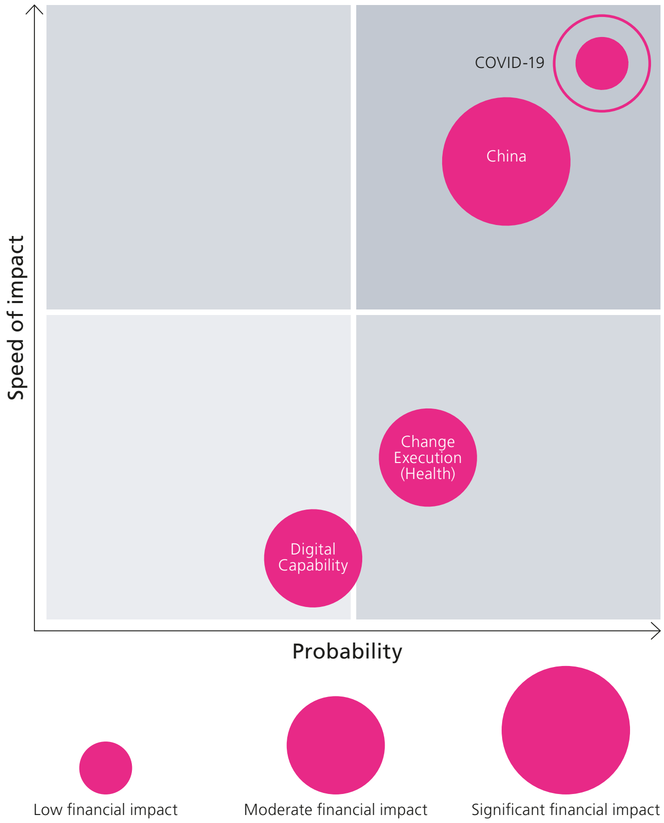
The implementation of an effective risk management framework within an organisation remains a cornerstone of the corporate governance expectations contained within the 2018 revisions to the UK Corporate Governance Code.

A new requirement (for accounting periods starting 1 January 2019 or later) is described in Provision 28 as follows: for management to carry out a robust assessment of emerging risks as well as principal risks and explain in the Annual Report what procedures are in place to identify emerging risks, including how these risks are being managed or mitigated. We have defined an emerging risk as an event that has the potential to significantly impact RB's financial position, competitiveness and reputation, specifically;

- When the nature and value of the impact is not yet fully known or understood, giving the emerging nature of the risk; and/or
- With an increasing impact and probability over a longer time horizon (i.e. 5+ years)

2019 EMERGING RISKS

Category	ID	Risk title	**Risk statement**
Strategic	1	Digital Capability	We lack strategic direction and investment in capability to succeed in an increasingly digital marketplace.
Operational	2	Change Execution (Health)	We do not execute the required changes to create an effective operating model and deliver the required improved performance across the Health business.
	3	China	Risk of economic uncertainty in China, changing regulations and changes in current or new partners impacting growth and business performance.



COVID-19
We are closely monitoring the outbreak of COVID-19, and how it will affect our operations in key markets. While the full scale of the disruption is still evolving, immediate impacts may include shortages of raw and pack materials, potential closure of supply sites and restrictions on the movement of people. Planning is underway in affected countries to ensure we are prepared for the impact of the outbreak on our people and supply chains, and appropriate contingencies put in place.

As an organisation, we are taking whatever steps we can to minimise any risk that we may contribute to the virus spreading. These include restrictions on travel, providing up-to-date resources to all employees and guidance on working remotely where required.

*See Viability Statement on page 77

1. Digital Capability

The risk: We lack strategic direction and investment in capability to succeed in an increasingly digital marketplace.

Potential impact

While we have made significant investment to build our e-commerce capability, continued investment in developing and executing our digital strategy is critical in order to enhance our digital solutions, protect market share and drive sustained growth across priority channels.

Mitigation

As we begin the next phase of transformation, understanding how we can both continue to build digital capability and increase the quality and efficiency of core processes through digital solutions, is a priority. We also plan to further develop our digital marketing and CRM capability. Chief among these projects will be the continued development of the Product Lifecycle Management (PLM) system, and enhanced integration of resource planning and reporting systems.

2. Change Execution (Health)

The risk: We do not execute the required changes to create an effective operating model and deliver the required improved performance across the business.

Potential impact

Failure to effectively execute the key change programs required across the Health business may result in cost overruns and inefficient use of resources, loss of key talent and distract us from future growth priorities.

Mitigation

By focusing on stabilising brand performance, simplifying the operating model and increasing productivity, we are working to return Health to outperformance. A number of internal initiatives are underway to drive this, with appropriate oversight and governance from the Health leadership team.

3. China

The risk: Risk of economic uncertainty in China, changing regulations and changes in current or new partners impacting growth and business performance.

Potential impact

China is a critical market increasingly characterised by economic uncertainty. This includes trade conflicts between China and other major trading partners and regional tensions. The behaviours of Chinese consumers are also changing alongside other domestic economic factors that, all combined, have the potential to impact how we manufacture and supply this market.

Mitigation

We maintain a strong network in China so that we can understand both international and domestic economic developments that may impact our footprint. This includes active engagement with industry associations and regulators, external affairs capability and collaborative partnerships with government agencies.

Our China based regulatory intelligence teams provide insight on any changes in regulation that may impact us, and we work closely with local industry to ensure we are working within government set parameters.

Our global operations are subject to appropriate forex hedging that allows us to maintain accurate balance sheet forecasting and minimise any unwanted exposures.

Viability Statement

The Board conducted a Viability Review covering a five-year period. This period was selected as it is the period covered in the Group's long-term forecasting process, which covers the introduction to market of the current new product pipeline. The five-year Viability Review first looks at the Group's ability to continue in operation if it performs in line with the Group forecast. This assumes that normal market conditions continue and current trends remain.

The evaluation takes into account the Group's cash flow, historical Group planning accuracy, available banking facilities and interest cover ratios in connection with financial covenants. The analysis concluded that if RB performs in line with forecasts it would have sufficient funds to trade, settle its liabilities as they fall due, and remain compliant with financial covenants.

The analysis goes on to consider the viability of the business should adverse unexpected events arise. To illustrate this, a sensitised view of the Group forecast was produced. The adverse assumptions are based primarily upon the realisation of key Group principal risks, which have the most relevant potential impact on viability (see risks marked '*' on pages 64 to 76). The adverse assumptions also took account of the potential impact of COVID-19 on the Group's production sites, supply chains, distribution channels and customers.

The sensitivity assigns each adverse assumption an estimated annual monetary value and estimates the impact on interest cover ratios and headroom over available borrowing facilities. The analysis concludes that even with the occurrence of key unexpected scenarios, RB would still have sufficient funds to trade, settle its liabilities as they fall due, and remain compliant with financial covenants.

The Board has further considered the occurrence of a Black Swan event: an event with sufficient potential impact to risk the future of RB as a strong and independent business operating in its chosen markets. The occurrence of a major issue could result in significant reputational impact, a substantial share price fall, significant loss of consumer confidence, and the inability to retain and recruit quality people. Such an event could have an impact on the viability of the business.

As there are a number of mitigating controls in place across the business, the occurrence of a Black Swan event is considered sufficiently unlikely that it has not been factored into the sensitivity analysis.

As a result of the Viability Review, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period covered in the Viability Review.

The Strategic Report, as set out on pages 1 to 77, has been approved by the Board.

On behalf of the Board

Rupert Bondy
Company Secretary
26 March 2020

The Board consists of a balance of Executive and Non-Executive Directors who together have collective accountability to RB's Shareholders and stakeholders.

From left to right –

Laxman Narasimhan
Chief Executive Officer

Sara Mathew
Non-Executive Director

Warren Tucker
Non-Executive Director

Andrew Bonfield
Non-Executive Director

Elane Stock
Non-Executive Director

Pam Kirby
Non-Executive Director

Nicandro Durante
Senior Independent Director

Adrian Hennah
Chief Financial Officer

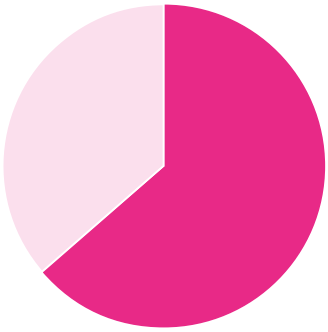
Mehmood Khan
Non-Executive Director

Rupert Bondy
SVP, General Counsel/
Company Secretary

Mary Harris
Designated Non-Executive Director for engagement with the Company's workforce

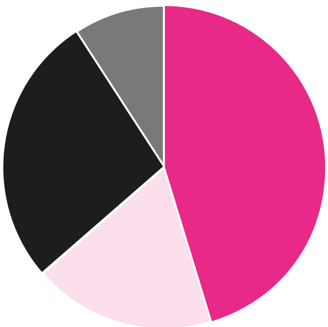
Chris Sinclair
Chairman of the Board

Directors as at 31 December 2019



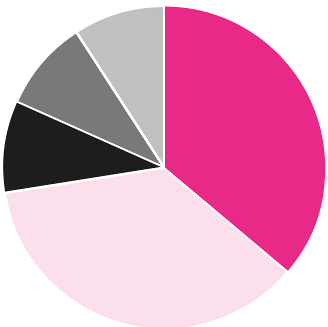
Male	7
Female	4

Length of tenure as at 31 December 2019



0-3 years	5
3-6 years	2
6-9 years	3
9 plus	1

Nationality as at 31 December 2019



British	4
American	4
British/Dutch	1
American/British	1
Brazillian/Italian	1

Key

Chair

COMMITTEES

R	Remuneration	A	Audit
N	Nomination	C	Corporate Responsibility, Sustainability, Ethics and Compliance

Laxman Narasimhan

Chief Executive Officer

N

Nationality
American

Board tenure
9 months

Appointment
Appointed as CEO-Designate in July 2019 and appointed as CEO on 1 September 2019.

Career
Prior to joining RB, Laxman held various senior roles at PepsiCo from 2012 to 2019, including, Global Chief Commercial Officer, Chief Executive Officer of Latin America, Europe and Sub-Saharan Africa operations, where he ran the Company's food and beverage businesses across the regions and Chief Executive Officer of Latin America. Prior to PepsiCo, Laxman served as a Director of McKinsey & Company and held various roles from 1993 to 2012. He was also an Advisory Board member of the Jay H. Baker Retailing Centre at The Wharton School of The University of Pennsylvania.

Laxman holds a degree in Mechanical Engineering from the College of Engineering, University of Pune, India. He has an MA in German and International Studies from The Lauder Institute at The University of Pennsylvania and an MBA in Finance from The Wharton School of The University of Pennsylvania.

Skills and experience
Laxman is an outstanding leader who brings wide experience across the consumer goods sector, both operationally and at scale. Laxman has exceptional strategic capabilities and consumer insight with a proven track record in developing purpose-led brands and driving consumer-centric and digital innovation. He has previously led complex operational businesses and inspired teams across developed and emerging markets to achieve market-leading performance. This, combined with his excellent people engagement and leadership skills, makes him well qualified for the role.

Current external appointments
Trustee of Brookings Institution

Member of the Council on Foreign Relations

Chris Sinclair

Chairman of the Board

N R C

Nationality
American

Board tenure
5 years, 2 months

Appointment
Appointed as a Non-Executive Director in February 2015 and appointed as Chairman of the Board in May 2018.

Career
Chris is the former Chair and CEO of Mattel, Inc. Previously, he served as CEO for various private-equity backed companies, including Caribiner International and Quality Food Centers (now part of the Kroger Co.). Earlier in his career, Chris held a number of senior positions at PepsiCo, including Chair and CEO of Pepsi-Cola Co. (worldwide beverages), and CEO of PepsiCo Foods and Beverages International. He was also a Director of Foot Locker, Inc. and Perdue Farms, Inc.

Chris graduated with a degree in Marketing from the University of Kansas and received an MBA from the Tuck School of Business at Dartmouth College.

Skills and experience
Chris brings strong leadership skills to the Board through his experience as CEO and Chair for other major companies. He also has a strong understanding of international consumer-focused businesses.

Adrian Hennah
Chief Financial Officer

Nationality	Board tenure
British	7 years, 3 months

Appointment
Appointed as CFO-Designate in January 2013 and appointed as CFO in February 2013. Adrian will retire from the Board on 9 April 2020.

Career
Adrian started his career working in audit and consultancy with PwC and Stadtsparkasse Koeln, the German regional bank. He then spent 18 years at GlaxoSmithKline plc where he held a number of senior management and financial roles. After this, Adrian spent four years as CFO at Invensys plc and six years as CFO at Smith & Nephew plc.

Adrian has a degree in Law from the University of Cambridge and is a Sloan Fellow of the London Business School.

Skills and competencies
Adrian has significant financial and strategic expertise through leading the performance and strategy of many large companies. His global experience within the healthcare industry has been extremely valuable to the growth of RB's Health and Hygiene brands, especially within emerging markets.

Current external appointments
Non-Executive Director of RELX plc

Nicandro Durante
Senior Independent Director

N R C

Nationality	Board tenure
Brazilian/Italian	6 years, 4 months

Appointment
Appointed as a Non-Executive Director in December 2013 and appointed as Senior Independent Director in January 2019.

Career
Nicandro started his career working in finance in Brazil and joined British American Tobacco plc (BAT) in 1981. Whilst at BAT, Nicandro worked in the UK, Hong Kong and Brazil and held a number of senior positions including Regional Director for Africa and the Middle East, Chief Operating Officer and, from 2011 to 2019, as Chief Executive Officer.

Nicandro holds a degree in Business administration from PUC-Pontificie Universidade Católica and has obtained post graduation qualifications in Finance and Economics.

Skills and competencies
Nicandro has strong leadership skills, developed in various senior positions held throughout his career which is of great benefit to the Board. He has a strong background in the consumer goods industry and has strong international business experience, bringing a global perspective to his role.

Current external appointments
Chairman of TIM Participações S.A.

Mary Harris
Designated Non-Executive Director for engagement with the Company's workforce

R N

Nationality	Board tenure
British/Dutch	5 years, 2 months

Appointment
Appointed as a Non-Executive Director in February 2015, as Chair of the Remuneration Committee in November 2017 and as Designated NED for engagement with the Company's workforce in July 2019.

Career
Mary is currently a Non-Executive Director of ITV plc, where she is also a member of the Audit & Risk Committee, the Nomination Committee and Chair of the Remuneration Committee. Mary is also vice-Chair of the Supervisory Board and Chair of the Remuneration Committee of Unibail-Rodamco-Westfield S.E. She is also a member of the Remuneration Committee of St. Hilda's College, Oxford. Mary was previously a Partner at McKinsey & Company. She also held the position of Member of the Supervisory Board of TNT NV, Scotch and Soda NV and TNT Express NV. She was formerly a Non-Executive Director and Chair of the Remuneration Committee of J. Sainsburys plc.

Mary graduated from the University of Oxford with an MA in Politics, Philosophy and Economics and completed her MBA at Harvard Business School.

Skills and competencies
Mary has substantial experience in consumer and retail businesses across China, South East Asia and Europe. She brings to the Board a top-level strategic outlook, with international and consumer focus. Her previous experience in other Non-Executive Director roles and as Chair of other Remuneration Committees, is invaluable in allowing her to effectively Chair the Remuneration Committee.

Current external appointments
Non-Executive Director of ITV plc

Member of the Supervisory Board of Unibail-Rodamco-Westfield SE

Member of the Remuneration Committee of St. Hilda's College, Oxford University

Andrew Bonfield
Non-Executive Director

A N

Nationality	Board tenure
British	1 year, 9 months

Appointment
Appointed as a Non-Executive Director in July 2018 and Chair of the Audit Committee in January 2019.

Career
Andrew has been Chief Financial Officer of Caterpillar Inc. since September 2018. He was previously Group CFO of National Grid plc from 2010 to 2018. Prior to this, he held the position of Chief Financial Officer at Cadbury plc and also served as Executive Vice President & Chief Financial Officer at Bristol-Myers Squibb.

Andrew is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of KwaZulu-Natal in Durban, South Africa.

Skills and competencies
Andrew brings more than three decades of financial expertise to the Board. He is a strong leader and has a history of driving strong financial performance in the UK and globally. These skills are valuable to Andrew's membership of the Board and to his role as Chair of the Audit Committee.

Current external appointments
Chief Financial Officer of Caterpillar Inc.

Mehmood Khan

Non-Executive Director

C

Nationality
American/British

Board tenure
1 year, 9 months

Appointment
Appointed as a Non-Executive Director in July 2018.

Career
Mehmood has been Chief Executive Officer of Life Biosciences Inc. since April 2019. He was previously Vice Chairman and Chief Scientific Officer, Global Research and Development, at PepsiCo Inc. Mehmood previously held the position of President, Global Research & Development Centre at Takeda Pharmaceutical Company. He was a faculty member at the Mayo Clinic and Mayo Medical School in Rochester, Minnesota, serving as Consultant Endocrinologist and Director of the Diabetes, Endocrine and Nutritional Trials Unit in the endocrinology division.

Mehmood has a Medical degree from the University of Liverpool, is a Fellow of the Royal College of Physicians, London and of the American College of Endocrinology and holds two ad honorem PhDs in Humanities and International Law.

Skills and competencies
Mehmood is a highly skilled medical practitioner and researcher. He brings to the Board extensive experience in both developing and developed markets, adding value to the CRSEC Committee through his knowledge of creating sustainable initiatives and past experiences of leading R&D efforts to create breakthrough innovations.

Current external appointments
CEO of Life Biosciences Inc.

Director of CorMedix Inc.

Director of Indigo Agriculture Inc.

Pam Kirby

Non-Executive Director

C N A

Nationality
British

Board tenure
5 years, 2 months

Appointment
Appointed as a Non-Executive Director in February 2015 and Chair of the CRSEC Committee in July 2016.

Career
Pam served as Chairman of SCYNEXIS, Inc. until June 2015. She was formerly CEO of Quintiles Transnational Corporation and held senior positions in the international healthcare industry at AstraZeneca plc and Hoffman-La Roche.

Pam holds a first class BSc honours degree and a PhD in Clinical Pharmacology from the University of London.

Skills and competencies
Pam brings to the Board extensive knowledge of the healthcare sector and a wealth of pharmaceutical experience. These skills are highly valuable to her role as Chair of the CRSEC Committee.

Current external appointments
Non-Executive Director of DCC plc

Non-Executive Director of Hikma Pharmaceuticals plc

Member of the Supervisory Board of AkzoNobel N.V.

Elane Stock

Non-Executive Director

R

Nationality
American

Board tenure
1 year, 7 months

Appointment
Appointed as a Non-Executive Director in September 2018.

Career
Elane was previously Group President at Kimberly-Clark International where she was responsible for business operations in EMEA, Asia Pacific and Latin America. Prior to this, Elane was Global President at Kimberly-Clark Professional with responsibility for the division selling workplace hygiene and safety products. In her earlier career, Elane was a Partner at McKinsey & Company in the US and Ireland.

Elane holds a BA in Political Science from the University of Illinois and an MBA in Finance from The Wharton School of The University of Pennsylvania.

Skills and competencies
Elane brings great sector-relevant experience and insight of consumer goods products to the Board, particularly in personal care and wellness. She also brings wide experience of emerging markets and the changing channels of trade and consumer preferences.

Current external appointments
Director of Yum! Brands, Inc.

Director of Equifax Inc.

Sara Mathew

Non-Executive Director

A

Nationality
American

Board tenure
9 months

Appointment
Appointed as a Non-Executive Director in July 2019

Career
Sara was previously Chair and Chief Executive Officer of Dun & Bradstreet. In this role, she led the transformation of the Company into an innovative digital enterprise. Prior to her role as Chair and Chief Executive Officer, she also served as President and Chief Operating Officer, and Chief Financial Officer where she initiated and managed the redesign of the Company's accounting processes and controls. Prior to her career at Dun & Bradstreet, Sara spent 18 years at Procter & Gamble serving as CFO of the Baby Care and Pamper Products businesses and Vice President of Finance in Asia. Previously, she served on the boards of Shire Pharmaceuticals Limited, Campbell Soup Company and Avon.

Sara received her undergraduate degree from the University of Madras in Chennai, India and holds an MBA in Marketing and Finance from Xavier University in Cincinnati, Ohio.

Skills and competencies
Sara has extensive Board experience across a number of industries including healthcare, consumer products and financial services. She has experience with consumer goods products and digital technologies and has led strategic and digital transformations. She brings great insight to the Board through her previous positions and demonstrates valuable leadership qualities.

Current external appointments
Chair of Freddie Mac

Director of State Street Corporation

Warren Tucker

Non-Executive Director

A

Nationality
British

Board tenure
10 years, 2 months

Appointment
Appointed as a Non-Executive Director in February 2010. Warren will retire from the Board in May 2020.

Career
Warren has held various senior finance positions at Cable & Wireless plc and British Airways plc. He was Executive Director and Chief Finance Officer at Cobham plc from 2003 to 2013 and previously Non-Executive Chairman at PayPoint plc. He was also previously a Non-Executive Director of Thomas Cook Group plc until May 2019.

Warren is a Chartered Accountant and holds an MBA from INSEAD.

Skills and competencies
Warren has extensive Board experience and brings a wealth of financial expertise to the Board. He has provided continuity to the Board with his deep insight and experience of RB.

Current external appointments
Non-Executive Director of Tate & Lyle plc

Non-Executive Director of the UK Foreign & Commonwealth Office

Rupert Bondy

Senior Vice President, General Counsel/Company Secretary

Joined RB as SVP, General Counsel/Company Secretary in January 2017 and is responsible for legal matters across RB.

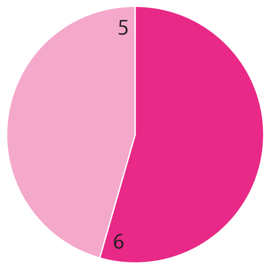
Company Secretary to the Board, see page 85 for further biographical details

Other Directors who served during the year

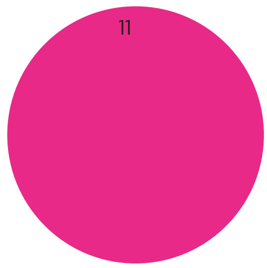
Rakesh Kapoor
Rakesh joined RB in 1987 and was appointed as Chief Executive Officer in 2011. Rakesh retired as Chief Executive Officer on 2 September 2019.

Board members skills overview

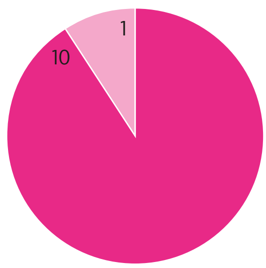
Financial expertise



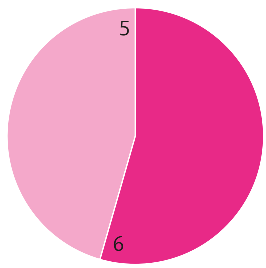
Strategy



Consumer goods & retail

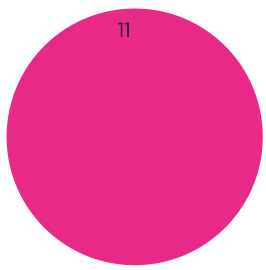


Healthcare & pharmaceuticals



With skill Without skill

Leadership



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01 Laxman Narasimhan
Chief Executive Officer

Nationality	Company tenure
American	9 months

Experience
Joined RB as CEO-Designate in July 2019 and appointed as CEO on 1 September 2019. Prior to joining RB, Laxman held various senior roles at PepsiCo from 2012 to 2019, including, Global Chief Commercial Officer, Chief Executive Officer of Latin America, Europe and Sub-Saharan Africa operations, where he ran the Company's food and beverage businesses across the regions and Chief Executive Officer of Latin America. Prior to PepsiCo, Laxman served as a Director of McKinsey & Company and held various roles from 1993 to 2012. He was also an Advisory Board member of the Jay H. Baker Retailing Centre at The Wharton School of The University of Pennsylvania.

Laxman holds a degree in Mechanical Engineering from the College of Engineering, University of Pune, India. He has an MA in German and International Studies from The Lauder Institute at The University of Pennsylvania and an MBA in Finance from The Wharton School of The University of Pennsylvania.

02 Jeff Carr
Chief Financial Officer

Nationality	Company tenure
British	Starting on 9 April 2020

Experience
Jeff will join RB as Chief Financial Officer and an Executive Committee member on 9th April 2020. Jeff is Chief Financial Officer and Management Board member at Ahold Delhaize, the Dutch retailer operating across Europe and the USA. Before joining Ahold Delhaize, Jeff held the role of Chief Financial Officer at First Group plc and easyJet plc and held senior finance roles at Associated British Foods plc and RB. Jeff started his career as a graduate trainee at Unilever.

Jeff is currently Chairman of the Audit Committee and Non-Executive Director of Kingfisher plc.

Jeff holds a degree in Chemical Engineering from the University of Exeter and is a Chartered Management Accountant.

03 Kris Licht
Chief Transformation Officer

President Health, and Global Chief Customer Officer, from 1 July 2020

Nationality	Company tenure
American	5 months

Experience
Kris joined RB in November 2019 in the newly created role of Chief Transformation Officer and as an Executive Committee member. Prior to joining RB, Kris held a number of senior strategic and operational positions at PepsiCo. Most recently he served as Division President in PepsiCo's North American Beverage Business. Prior to this, Kris was a Partner at McKinsey & Company working for over 12 years in the firm's consumer, health and retail practices. Kris will become President Health, and Global Chief Customer Officer on 1 July 2020.

04 Harold van den Broek
Chief Operating Officer, Hygiene Home

President Hygiene, from 1 July 2020

Nationality	Company tenure
Dutch	6 years

Experience
Harold joined RB in 2014. He was appointed Chief Operating Officer for the Hygiene Home business unit in December 2019, with responsibility for the overall management of the business unit. Before his current role, Harold was the CFO of the Hygiene Home business unit, a position he had held since the formation of the business unit in January 2018. Prior to joining RB, Harold worked at Unilever, where he started his career. During his tenure there, he held many senior financial positions spanning categories in developed and emerging markets and corporate roles.

Harold will become President Hygiene on 1 July 2020.

05 Aditya Sehgal
Chief Operating Officer, Health

President Nutrition, and President China and E-RB from 1 July 2020

Nationality	Company tenure
Indian	25 years

Experience
Aditya joined RB in 1994 as a management trainee in India. After various roles in sales and marketing he moved to his first General Manager role in 2009. He was appointed SVP North Asia in 2012 and in 2015 he was promoted to Global Category Officer Health. In 2017, Aditya became EVP Infant & Child Nutrition (IFCN) with responsibility for leading the on-boarding of Mead Johnson into RB and the integration of the IFCN division into Health. In January 2018, he was appointed EVP Health for Developing Markets and E-commerce.

Aditya became Chief Operating Officer, Health in January 2019, with responsibility for the global operations of the Health business unit.

Aditya will become President Nutrition, and President China and E-RB on 1 July 2020. As part of this role, he will also lead RB's e-commerce and digital marketing/CRM businesses.

06 Ranjay Radhakrishnan
Chief Human Resources Officer

Nationality	Company tenure
Indian	1 month

Experience
Ranjay Radhakrishnan joined RB as Chief Human Resources Officer on 1 March 2020. Ranjay brings with him 27 years of experience in the Human Resources function across different geographies and industries. Prior to joining RB, Ranjay was the Chief Human Resources Officer at InterContinental Hotels Group plc, one of the world's leading hotel companies. Previously Ranjay spent over two decades at Unilever, in a range of senior leadership roles at global, regional and country levels. His last role at Unilever was Executive Vice President Global HR, where he led HR for Unilever's eight regions and four global product categories under a unified global HR leadership role.

Ranjay has worked in a number of specialist areas of HR such as Talent, Learning, Reward, Change and Organisational Effectiveness, complementing large generalist roles in both mature and developing markets. Ranjay has worked and lived in several countries, including the UK, The Netherlands, Singapore, UAE and India. He graduated from Mumbai University in Commerce and Accounting and has a Master's degree in Personnel Management and Industrial Relations from the Tata Institute of Social Sciences in Mumbai, India.

07 Rupert Bondy
Senior Vice President, General Counsel/Company Secretary

Nationality	Company tenure
British	3 years, 4 months

Experience
Joined RB as SVP, General Counsel/Company Secretary in January 2017 and is responsible for legal matters across the Group. Rupert began his career as a lawyer in private practice. In 1989 he joined US law firm Morrison & Foerster, working in San Francisco and London, and from 1994 he worked for Lovells in London. In 1995 he joined SmithKline Beecham as Senior Counsel for mergers and acquisitions and other corporate matters. When SmithKline Beecham and Glaxo Wellcome merged to form GlaxoSmithKline, Rupert was appointed Senior Vice President and General Counsel. In 2008, Rupert became Group General Counsel of BP plc, holding that position until he joined RB.

Other Executive Committee members who served in the year

Rakesh Kapoor
Chief Executive Officer, joined RB in 1987 and retired on 2 September 2019 following a handover with Laxman Narasimhan, who was appointed Chief Executive Officer on 1 September 2019.

Adrian Hennah
Chief Financial Officer, joined RB in January 2013 and will step down from the Board on 9 April 2020. Adrian will retire from the business on 21 October 2020 following a handover with Jeff Carr, who will be appointed as Chief Financial Officer and Executive Committee member on 9 April 2020.

Gurveen Singh
Chief Human Resources Officer, joined RB in 1993 and will retire in June 2020, following her handover to Ranjay Radhakrishnan, current Executive Committee member and Chief Human Resources Officer.

Rob De Groot
President, Hygiene Home, retired from RB in February 2020, following a handover to Harold van den Broek, current Executive Committee member and Chief Operating Officer, Hygiene Home.

Seth Cohen
Group Chief Information Officer, joined RB in September 2017 and left on 1 November 2019.

Mike Duijser
Chief Supply Officer, joined RB in November 2018 and left in January 2020 and his successor will be announced in due course.

CHAIRMAN'S STATEMENT

> As a Board, we have a clear focus on promoting the long-term sustainable success of the Company, creating value for our Shareholders, and contributing to wider society

Chris Sinclair
Chairman

On behalf of the Board, I present the Company's Corporate Governance Report for the financial year ended 31 December 2019.

The revised UK Corporate Governance Code (the Code), published by the Financial Reporting Council (FRC) in July 2018, applies to financial accounting periods beginning on or after 1 January 2019.

The revised Code requires Boards to:

- effectively engage with employees and consider the interests of a wider group of external stakeholders in company decision-making;
- review and align company culture with purpose, values and business strategy;
- focus on company diversity plus the skills and experience of Board members; and
- ensure that company executive remuneration is proportionate and consistent with the long-term success of the business.

During 2019, the Board reviewed its practices in relation to the Code and this Report details some of the new provisions adopted. These include Mary Harris, Chair of the Remuneration Committee, being appointed as the designated Non-Executive Director, responsible for engagement with the Company's workforce.

There have also continued to be a number of other changes in the political and regulatory landscape affecting the corporate governance agenda over 2019 and into the future. The Shareholder Rights Directive II, The Companies (Miscellaneous Reporting) Regulations 2018, the implications for the Group of the ongoing negotiations relating to the withdrawal of the UK from the EU, and the UK General Election in 2019 were reviewed by the Board during the year, and we have continued to enhance our high governance standards.

Stakeholder engagement

As well as updating our procedures for engaging with employees and Shareholders, the Board undertook a detailed mapping exercise to assess its other key external stakeholder groups. This identified RB's 50 most important stakeholders list as being in the following groups: customers, consumers, partners, communities, NGOs, rating agencies, Government and international organisations.

The Board commissioned independent perception research to identify external stakeholders' views and their expectations of RB. These research findings along with other external stakeholder insights are incorporated into its decision-making process. Templates for Board papers have been prepared to ensure the impact on stakeholders is factored into any strategic decisions that require its approval. All strategic decisions made during 2020 will use these templates to incorporate formal stakeholder impact analysis.

Long-term focus

The Board continues to pursue policies and reinvest resources so as to safeguard the long-term health of RB. It believes that this is best achieved through a holistic approach that pursues sustainable rewards for Shareholders, while also addressing social needs and meeting environmental obligations. The Board has approved investment in new capabilities that will help RB return to sustainable outperformance and growth in the medium to long term.

The Board is responsible for good stewardship of the Company to protect Shareholders' long-term interests and ensure its social and environmental obligations are fulfilled. Through the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee, it is working to integrate sound governance principles in business decision-making as it moves from a risk and safety-led approach to one that aligns environment and sustainability issues with performance and purpose.

Culture and values

Our values define the way that RB does business. Our Code of Conduct reinforces our principles of business conduct and is communicated to all employees at the start of each year with mandatory training. Our values underpin our Code of Conduct and have been further enhanced in early 2020 with our renewed purpose, fight and compass set out on pages 10 and 11. All Directors lead by example and promote the Company's values and culture.

Board and succession planning

There were a number of changes to the Company's leadership during 2019.

After 32 years with RB, Rakesh Kapoor retired from the Board and from his role of Chief Executive Officer (CEO) on 2 September 2019. The Board carried out an extensive formal search process for Rakesh's replacement, considering both internal and external candidates, and in June 2019 we announced the appointment of Laxman Narasimhan. Laxman was appointed as CEO-Designate on 16 July 2019 and became CEO on 1 September 2019. On behalf of the Board, I would like to take this opportunity to once again thank Rakesh for his many significant contributions to RB, transforming the Company with his vision, passion and leadership throughout his tenure. Looking ahead, the Board and I are confident that Laxman will continue to evolve the strong culture of RB in this next phase. Laxman is an outstanding leader who brings a wealth of experience in the consumer goods industry and has a proven track record in developing purpose-led brands. Further details on the CEO recruitment process are provided in the Nomination Committee Report on pages 97 to 102.

In October, we announced that Adrian Hennah, Chief Financial Officer (CFO) would be retiring from the Board and his role as CFO in 2020, and Jeff Carr would be appointed as Adrian's successor. Adrian will be stepping down as CFO and retiring from the Board when Jeff starts on 9 April 2020, remaining with the Company until his retirement date of 21 October 2020 to ensure a seamless transition. I would like to thank Adrian for the important role he has played in the strategic transformation of RB and in helping drive our strong track record of value creation. I wish Adrian all the best for the future.

After ten years with RB, Warren Tucker will be retiring from the Board and Audit Committee and will not stand for re-election at this year's AGM. On behalf of the Board, I would like to thank Warren for his valued service and strong commitment to RB, and wish him well for the future.

As part of the ongoing refreshment of the Board, and following an extensive search and thorough recruitment process, we strengthened the Board with the appointment of Sara Mathew as a new Non-Executive Director. On her appointment in July 2019, Sara also joined the Audit Committee. Sara has extensive experience with consumer goods products, digital technologies and healthcare and brings great insight to the Board. I am delighted to welcome Sara to the Board.

The Board also appointed Mary Harris as designated Non-Executive Director, for engagement with the Company's workforce on 26 July 2019 and further information on Mary's role can be found on pages 47 and 101.

Further details on the Board and Executive Committee's succession plans, including the recruitment process and selection criteria, can be found in the Nomination Committee Report, commencing on page 97. Biographies of the members of our Board and Executive Committee can be found on pages 78 to 85.

Code

The Board considers compliance with the Code of utmost importance. Any instances of non-compliance are only allowed through the authority of the Board if it can be shown that the spirit of the Code and good corporate governance within the Company generally continues.

The Corporate Governance Statement outlines the Company's governance processes in greater detail and is on pages 86 to 96. The Company has complied with the Code throughout the year ended 31 December 2019.

I am extremely proud of the Board and all our RB colleagues for their commitment to creating value for our Shareholders and for contributing to the good governance and stewardship of our business, on behalf of all our stakeholders.

Chris Sinclair
Chairman
26 March 2020

Key areas of Board focus in 2019

Board meetings are structured in an open atmosphere conducive to challenge and debate. Agendas are tailored to the requirements of the business, and agreed in advance by the Chairman, CEO and General Counsel/Company Secretary. Five formal meetings are held each year. Additional meetings, which may be held in person, by phone or consist of written resolutions, are held throughout the year to consider topics that may arise outside the formal standing agenda.

The Board receives operating and financial reports from the CEO and CFO on strategic and business developments as well as financial performance and forecasts at each meeting. Detailed presentations are also made by non-Board members on material matters to the Group. In addition, the Chairs of the Audit, Remuneration, Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) and Nomination Committees update the Board on the proceedings of those meetings, including key topics and areas of concern.

At the conclusion of every formal Board meeting, the Chairman holds a session with the other Non-Executive Directors, without the Executive Directors present, providing further opportunity for the Non-Executive Directors to assess the performance of the Executive Directors and help drive future agenda items. Details of each Director's attendance at Board meetings can be found on page 91.

The Board uses its meetings as a way of discharging its responsibilities set out in s172 of the Companies Act 2006, and considers the various stakeholder groups when making decisions to promote the success of the Company as a whole.

The following areas formed substantial areas of focus for the Board in the year:

Strategy and planning	**Key stakeholder groups considered**
Group budgets, forecasts and key performance targets, including assumptions, scenarios and projections	Employees, Shareholders, Consumers, Customers
Potential mergers and acquisitions and post-acquisition reviews. This year RB acquired UpSpring LLC, an innovative pre- and post-natal health company	Shareholders, Partners, Consumers, Customers
Group debt and funding arrangements	Shareholders, Employees, Partners
RB Strategic Review	Shareholders, Employees, Customers, Consumers, Partners, Communities
Investment into new Chinese factory in Taicang, Jiangsu province	Shareholders, Employees, Customers, Consumers, Communities
Approval of interim and final dividend payments	Shareholders, Employees

Risk management and internal control	**Key stakeholder groups considered**
Review of RB's principal risks and internal controls, emerging risks and the Group's risk register	Shareholders, Employees, Customers, Consumers, Partners, Communities, Government and industry associations
Consideration and approval of the Viability Statement	Shareholders, Employees, Customers, Consumers, Partners, Communities, Government and industry associations
Agreement with US Department of Justice (DoJ) to settle investigation into the Group's former pharmaceuticals business, Indivior, which was demerged at the end of 2014	Shareholders, Communities, Government and industry associations
Review and update of the Group's Treasury Policy	Employees

Results and Financial Statements	**Key stakeholder groups considered**
Annual Report and Financial Statements including compliance with reporting requirements	Shareholders, Employees, Customers, Consumers, Communities
Results and presentations to analysts	Shareholders, Customers

Leadership and governance	**Key stakeholder groups considered**
Board and Committee evaluation and effectiveness	Shareholders, Employees
Director and senior management succession planning, including appointment of a new CEO and CFO	Shareholders, Employees, Customers, Consumers, Partners, Communities, Government and industry associations
Relations with Shareholders and stakeholders	Shareholders, Employees, Customers, Consumers, Partners, Communities, Government and industry associations
Review of Board Matters Reserved, Share Dealing Code and compliance with Corporate Governance Code and best practice	Shareholders, Employees

Other	**Key stakeholder groups considered**
Independent review of the Group's management of sustainability and social impact issues	Shareholders, Employees, Customers, Consumers, Partners, Communities, Government and industry associations
Pensions	Employees

Colour key

- Communities
- Customers
- Shareholders
- Government and industry associations
- Consumers
- Employees
- Partners

UK Corporate Governance Code

The Company is premium listed on the London Stock Exchange (LSE) and this Statement is prepared with reference to the Financial Reporting Council's (FRC) UK Corporate Governance Code 2018 (the Code) in effect for the financial periods beginning on or after 1 January 2019, which can be found on the FRC's website at www.frc.org.uk, and the Disclosure Guidance and Transparency Rules requirements to provide a corporate governance statement. The Code sets out the framework of governance for premium listed companies within the UK, emphasising the value of good corporate governance to long-term sustainable success. It sets out governance practices in relation to Board leadership, purpose and culture; division of responsibilities on the Board; Board composition and effectiveness; procedures for audit, risk and internal control; and remuneration practices and policies.

We are pleased to report that we have complied with the provisions of the Code. This Statement sets out how the Company has applied the Principles of the Code throughout the year ended 31 December 2019 and as at the date of this Statement.

Board responsibilities

The Board is responsible for the effective leadership of the Group and for promoting its long-term sustainable success, generating value for Shareholders and contributing to wider society, whilst focusing on governance with the highest regard to the principles of the Code. The Board provides leadership by setting the Company's purpose, strategy and values, monitoring our culture and ensuring alignment with purpose, strategy and values, and overseeing implementation by management. All Directors must act with integrity, lead by example and promote the Company's values and culture. The Board also ensures there are appropriate processes in place to manage risk, including the Company's risk appetite and monitors the Company's financial and operational performance against objectives.

The Board consists of a balance of Executive and Non-Executive Directors who together have collective accountability to RB's Shareholders and stakeholders as well as responsibility for the overriding strategic, financial and operational objectives and direction of RB. It is the Board's responsibility to ensure there are effective engagement methods in place with its stakeholders. Further information on the Board's engagement activities can be found in the s172 Statement set out on pages 46-47.

The Board manages the overall leadership of the Group with reference to its formal Schedule of Matters Reserved for the Board. This schedule is reviewed annually, with the last review undertaken in November 2019, and broadly covers:

- matters which are legally required to be considered or decided by the Board, such as approval of RB's Annual Report and Financial Statements, declaration of dividends and appointment of new Directors;
- matters recommended by the Code to be considered by the Board, such as terms of reference for the Board and its Committees, review of internal controls and risk management;
- compliance with regulations governing UK publicly listed companies, such as the UK Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules; and
- matters relating to developments in, or changes to, the Group's strategic direction, material corporate or financial transactions.

The full Schedule of Matters Reserved for the Board is available at www.rb.com.

The principal activities undertaken by the Board are set out over the following pages. A summary overview is set out in the table on Board Focus Areas in 2019 on page 88.

Board governance structure – Committees of the Board

The Board has established four Board Committees to assist in the execution of its responsibilities. These are the Nomination Committee, Audit Committee, Remuneration Committee and Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee. Each Committee operates under terms of reference approved by the Board. The terms of reference are reviewed regularly, the last review taking place in November 2019, and can be found on the Company's website, www.rb.com. The current Committee membership of each Director is shown on pages 80 to 83. The Board has also established two supporting management committees: the Disclosure Committee and the Executive Committee.

BOARD

The Board is responsible for the overall leadership of the Group and for promoting its long-term success whilst focusing on its governance with the highest regard to the principles of the Code.

NOMINATION COMMITTEE

Chaired by Chris Sinclair

The Nomination Committee's key objective is to make recommendations to the Board on suitable candidates for appointment to the Board, its Committees and senior management and regularly review and refresh their composition to ensure that they comprise individuals with the necessary skills, knowledge and experience to effectively discharge their responsibilities, whilst keeping in mind the importance of diversity.

More details are set out in the Nomination Committee Report on pages 97 to 102

AUDIT COMMITTEE

Chaired by Andrew Bonfield

The Audit Committee is responsible for monitoring the integrity of RB's Financial Statements and is responsible for ensuring effective internal financial control and risk management. It is also responsible for managing the Company's relationship with the External Auditor.

More details are set out in the Audit Committee Report on pages 103 to 110

REMUNERATION COMMITTEE

Chaired by Mary Harris

The Remuneration Committee assists the Board in fulfilling its oversight responsibility by ensuring that Remuneration Policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance. The Committee is responsible for determining the remuneration for the Chairman, Executive Directors and senior management.

More details are set out in the Remuneration Committee Report on pages 117 to 137

CRSEC COMMITTEE

Chaired by Pam Kirby

The CRSEC Committee was established in July 2016 to support the Board in reviewing, monitoring and assessing the Company's approach to responsible, sustainable, ethical and compliant corporate conduct and to assist the Board in upholding its values of honesty and respect.

More details are set out in the CRSEC Committee Report on pages 111 to 116

DISCLOSURE COMMITTEE

Chaired by Laxman Narasimhan

The Disclosure Committee's key objective is to ensure accuracy and timeliness of disclosure of financial and other public announcements.

EXECUTIVE COMMITTEE

Chaired by Laxman Narasimhan

The Executive Committee is responsible for overseeing RB's management and recommending and implementing the strategy and budget as approved by the Board. It ensures liaison between functions, reviews major investments and approves business development plans.

Board attendance at scheduled meetings

In 2019, there were five scheduled Board meetings, plus 12 additional Board meetings relating to various matters, including the appointment of a new CEO and CFO, settlement of federal investigations into RB in connection with the subject matter of the Indivior indictment and ongoing reviews of the Company's strategy. There were four scheduled and two additional Audit Committee meetings, five scheduled and six additional Remuneration Committee meetings, three scheduled and three additional Nomination Committee meetings and four scheduled meetings of the CRSEC Committee. The table sets out the attendance by individual Directors at the regularly scheduled Board and individual Committee meetings which each Director was eligible to attend. Directors who were not members of individual Board Committees were also invited to attend one or more meetings of those Committees during the year. Where a Director is unavoidably absent from a Board or Board Committee meeting, they still receive and review the papers for the meeting and typically provide verbal or written input ahead of the meeting, usually through the Chairman of the Board or the Chair of the relevant Board Committee, so that their views are considered at the meeting. Given the nature of the business to be conducted, some of the additional Board meetings are convened at short notice, which can make it difficult for some Directors to attend due to prior commitments and their home locations.

Board attendance at scheduled meetings

	Board	Audit Committee	Remuneration Committee	CRSEC Committee	Nomination Committee
Andrew Bonfield	5 of 5	4 of 4	–	–	3 of 3
Nicandro Durante	5 of 5	–	5 of 5	3 of 4[4]	3 of 3
Mary Harris	5 of 5	–	5 of 5	–	3 of 3
Adrian Hennah	5 of 5	–	–	–	–
Rakesh Kapoor[1]	3 of 3	–	–	–	1 of 2[1]
Mehmood Khan	5 of 5	–	–	3 of 4[4]	–
Pam Kirby	5 of 5	4 of 4	–	4 of 4	3 of 3
Sara Mathew[2]	3 of 3	2 of 2	–	–	–
Laxman Narasimhan[3]	3 of 3	–	–	–	1 of 1
Chris Sinclair	5 of 5	–	5 of 5	4 of 4	3 of 3
Elane Stock	5 of 5	–	5 of 5	–	–
Warren Tucker	5 of 5	4 of 4	–	–	–

1 Retired from the Board on 2 September 2019. He did not attend one Nomination Committee meeting as it was in respect of his succession.
2 Appointed to the Board and Audit Committee on 1 July 2019.
3 Appointed to the Board as CEO-Designate on 16 July 2019 and as CEO on 1 September 2019.
4 Did not attend one CRSEC Committee meeting due to a long-standing commitment.

Leadership

To ensure the Board performs effectively, there is a clear division of responsibilities, set out in writing and agreed by the Board, between the leadership of the Board and executive leadership of the business. The key roles have been defined in greater detail below.

THE CHAIRMAN

- Leading the Board and taking responsibility for the Board's overall effectiveness in directing the Company.
- Chairing Board and Shareholder meetings and setting Board agendas.
- Encouraging constructive challenge and facilitating effective communication between Board, management, Shareholders and wider stakeholders, whilst promoting a culture of openness and constructive debate.
- Leading the annual performance evaluation process for the Board and its Committees and addressing any subsequent actions.
- Promoting the highest standards of corporate governance.
- Ensuring Directors receive accurate, timely and clear information.
- Ensuring there are appropriate induction and development programmes for all Board members.

THE CHIEF EXECUTIVE OFFICER

- Principally responsible for the day-to-day management of RB, in line with the strategic, financial and operational objectives set by the Board.
- Chair of the Executive Committee, consisting of the CEO, the CFO and senior management executives, who together are responsible for execution of the Company's strategy and achieving its commercial aims.
- Effective development and implementation of strategy and commercial objectives as agreed by the Board.
- Managing RB's risk profile and establishing effective internal controls.
- Ensuring there are effective communication flows to the Board and the Chairman, and that they are regularly updated on key matters, including progress on delivering strategic objectives.
- Regularly reviewing the organisation structure, developing an executive team and planning for succession.
- Ensuring the long-term sustainability of the business.

THE SENIOR INDEPENDENT DIRECTOR

- Acting as a sounding board for the Chairman on Board-related matters.
- Acting as an intermediary for other Directors as necessary.
- Evaluating the Chairman's performance on an annual basis.
- Chairing meetings in the absence of the Chairman.
- Being available to Shareholders and stakeholders to address any of their concerns, which they have been unable to resolve through normal channels.
- Leading the search and appointment process for a new Chairman, if necessary.

CHIEF FINANCIAL OFFICER

- Supporting the CEO in developing and implementing the Company's strategy.
- Leading the global finance function, developing key talent and planning for succession.
- Responsible for establishing and maintaining adequate internal controls over financial reporting.
- Developing and recommending the long-term strategic and financial plan.

NON-EXECUTIVE DIRECTORS

- Providing independent input into Board decisions through constructive challenge and debate, strategic guidance and specialist advice.
- Setting/approving the Company's long-term strategic, financial and operational goals.
- Examining the day-to-day management of the business against the performance targets and objectives set, ensuring that management is held to account.
- Reviewing financial information and ensuring it is complete, accurate and transparent.
- Ensuring there are effective systems of internal control and risk management and that these are continually monitored and reviewed.
- Setting appropriate levels of remuneration for Executive Directors and ensuring performance targets are closely aligned with Shareholder interests.
- Development of succession planning and the appointment and removal of senior executives and management.

COMPANY SECRETARY

- Providing advice and support to the Chairman and all Directors.
- Advising and keeping the Board up to date on all relevant legal and governance requirements and ensuring the Company is compliant.
- Ensuring the Board receives high-quality, timely information in advance of Board meetings to ensure effective discussion.
- Facilitating the induction program for all Board members.
- Ensuring there are policies and processes in place to help the Board function efficiently and effectively.

A full description of the roles and responsibilities of the Chairman, Chief Executive Officer and Senior Independent Director can be found in the Corporate Governance section of our website: www.rb.com.

Effectiveness

Board composition and succession planning

The Board regularly reviews its composition to determine whether it has the right mix of skills, experience, diversity and background to effectively perform its duties. The Board also reviews internal executives and senior management positions to ensure a proper breadth of talent is developed. Appointments are subject to a formal, rigorous and transparent procedure and are based on merit and objective criteria, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board has appointed Directors from a wide variety of business backgrounds to provide it with a strong balance of skills and experience. The Board is comprised of the Chairman and a majority of Non-Executive Directors who, together with the Executive Directors, help maintain a solid, collective understanding of the Company and its daily business.

More details about the current Board members can be found on pages 80-83. More details about succession planning can be found in the Nomination Committee Report on pages 97-102.

In accordance with the Code, every Director submits himself or herself for election or re-election at every AGM.

Board balance and independence

On appointment, Non-Executive Directors are made aware and are required to confirm that they will allocate sufficient time to their role to discharge their responsibilities effectively. They are also required to seek agreement from the Chairman before taking on additional commitments, and to declare any actual or potential conflicts of interest. Non-Executive Directors are engaged under the terms of a letter of appointment. Initial terms of appointment are for three years with one month's notice, with all Directors standing for election or re-election at every AGM. The Board has examined the length of service of each Director and considers that the Chairman and each Non-Executive Director standing for re-election or election at this year's AGM is independent. The Board considered all Non-Executive Directors who served during the year to be independent. Warren Tucker has served for ten years since his first election at the 2010 AGM. However, Warren continued to demonstrate appropriate challenge, act independently and provided newly appointed Non-Executive Directors with a wealth of experience to avail themselves of in respect of the RB business. Warren Tucker will not be standing for re-election at this year's AGM.

The Nomination Committee has principal responsibility delegated to it for making recommendations to the Board on new appointments and the composition of the Board and its Committees. The Board and each Director are confident that each Director individually has the expertise and relevant experience required to perform the role of a Director of a listed company and to contribute effectively to the Board and Committees to which they are appointed. The Company recognises the developmental advantages of an external non-executive role on a non-competitor board and Executive Directors are permitted to seek such a role, provided that they do not take on more than one non-executive directorship in, or become the Chairman of, a FTSE 100 company. Adrian Hennah is currently a Non-Executive Director of RELX plc and Jeff Carr, who will become a Director on 9 April 2020, is currently a Non-Executive Director of Kingfisher plc.

The 2019 evaluation of the Board's performance during the year concluded that the Chairman and other Non-Executive Directors continue to devote sufficient time to carrying out their duties to the Company. Each Director standing for election or re-election has individually provided assurances that they remain committed to their roles and can dedicate sufficient time to perform their duties. Accordingly, the Board recommends that Shareholders vote in favour of the resolutions to elect or re-elect the Directors put forward for election or re-election at the 2020 AGM.

Board support

The Company Secretary is responsible for organising Board meetings, as well as collating any papers for the Board to review and consider. Board and Committee papers are accessible to all Directors through a secure and confidential electronic document storage facility. This facility is maintained by RB's Secretariat function and additionally holds other information which the Chairman, the CEO or Company Secretary may deem useful to the Directors, such as press releases and pertinent Company information.

All of the Directors have individual access to advice from the Company Secretary and a procedure exists for Directors to take independent professional advice at the Company's expense in furtherance of their duties.

Conflicts of interest and indemnity

Directors have a duty under the Companies Act 2006 (CA 2006) to avoid interests, direct or indirect, which might conflict with the interests of the Group. Under the terms of the Company's Articles of Association, such conflicts can be authorised by the Board. Procedures are in place to manage and, where appropriate, approve such conflicts. Any authorisations granted by the Board are recorded by the Company Secretary in a Register of Conflicts, together with the date on which the conflict was authorised. Any conflicts authorised during the year are reviewed annually by the Board. In addition, each Director certifies on an annual basis that the information contained in the Register of Conflicts is correct.

The Company indemnifies the Directors and Officers of the Company and any Group subsidiary to the extent permitted by CA 2006 and the FCA Listing Rules in respect of the legal defence costs for claims against them and third-party liabilities. The indemnity would not provide cover for a Director or Officer if that individual was found to have acted fraudulently or dishonestly. Additionally, Directors' and Officers' liability insurance cover was maintained throughout the year at the Company's expense.

Evaluation of the Board

The Board undertakes an annual review of its own and its Committees' performance and effectiveness, with a formal externally facilitated evaluation of the Board conducted every three years. An externally facilitated evaluation took place in 2019, conducted by MWM Consulting Limited (MWM). MWM is independent of and has no other links with the Company or its Directors in connection with the evaluation, apart from having undertaken a limited number of executive searches. The process consisted of two elements: the completion of a questionnaire by all Directors; and individual interviews between each Director and MWM. These confidential discussions explored the efficiency and effectiveness of the Board and focused on the following key areas:

- Board composition and diversity
- Capability and alignment
- Efficiency and effectiveness (both of the Board and individual Board Committees)
- Board dynamics
- Strategy
- Risk and financial controls

A report, with action points and recommendations for the Board to consider, was distributed to Directors and the results of the evaluation were subsequently discussed by the Board at its September meeting, facilitated by MWM. The key areas outlined in the 2018 internal evaluation were reviewed and have been and continue to be addressed including: CEO succession planning; strategic review, supporting a culture of responsibility; risk management; and maintaining Shareholder engagement.

In addition, the Chairman's performance was considered by the Senior Independent Director with input from his fellow Non-Executive Directors and discussed following the November Board meeting without the Chairman present. The discussion concluded that the Chairman continued to devote sufficient time to his role, and continued to lead the Board constructively, demonstrating objective judgement, and encouraging a culture of openness and debate.

Principal outcomes of the Board evaluation

BOARD COMPOSITION AND DIVERSITY

- The Board has been through a period of significant change with a number of new members, but has quickly established itself and is developing into a strong collaborative team. Positive progress has been made in building Board capability as well as successfully hiring a new CEO and this new talent has contributed additional capability, experience and diversity to the Board.

BOARD DYNAMICS

- There was a culture of increased openness and dialogue evolving between the Non-Executives and the executive team and the Board is well positioned to provide highly effective governance and strong strategic challenge in the business.

STRATEGY

- Reviewing and determining strategy and ensuring appropriate support and challenge to the executive team will be key.
- The Board should continue to monitor and oversee the delivery of the strategy against clear performance KPIs.

CAPABILITY AND ALIGNMENT

- The Board should continue to build a culture of ongoing strategic dialogue between the Board and executive team, creating a clear annual framework for the discussion of key topics (strategy, talent, succession) which follows the cycle of the business.

EFFICIENCY AND EFFECTIVENESS (OF THE BOARD, INDIVIDUAL BOARD COMMITTEES AND INDIVIDUAL DIRECTORS)

- The Board and its Committees worked well together, with thorough debate and challenge demonstrated. There was a good balance of appropriate skills, knowledge and experience of Non-Executives on each Committee and Committees were considered to be well chaired and managed.

RISK AND FINANCIAL CONTROLS

- The Board's focus on risk was considered to be appropriate. Continuing to support a culture of responsibility, including health, safety, compliance and risk management was noted.
- Ensuring that the Board has sufficient oversight and control on reputational-related risks, and that the Board understands the key assumptions, uncertainties and risks associated with strategic proposals was key.

PEOPLE AND DIVERSITY

- Monitoring people, culture, succession planning and ensuring that the organisation is building capability for the future should be a key focus.

The 2019 review of the Board's performance and that of its Committees concluded that the Board, its Committees and individual Directors were performing effectively. The Board was considered to have a good mix of skills and sector-relevant experience and the degree of support and challenge provided by Directors was appropriate. The Board has reviewed the recommendations of the evaluation and is taking steps to address these. The principal outcomes of the review will be reviewed and reassessed as part of the Board's 2020 evaluation.

Accountability

Risk management

The Board has ultimate responsibility for preparing the Annual Report and Financial Statements. RB has implemented robust internal controls to safeguard the integrity of both the Group and its subsidiary Financial Statements and ensures that adequate verification processes are in place to enable it to confirm that the Group's Financial Statements present a fair, balanced and understandable assessment of RB's position and prospects, in line with the Code's requirements. The Board considers that the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable and provide sufficient information for Shareholders to be able to assess the Company's position, performance, business model and strategy.

RB's finance function, headed by the CFO, has implemented a number of policies, processes and controls to enable the Company to review and fully comply with changes in accounting standards, financial regulations and recognised practices. These processes are kept under review on an ongoing basis. Multiple teams including consolidation and financial accounting, together with technical support, ensure both internal and external developments are reviewed and responded to. The Group also maintains a Finance Policy Manual setting out the required standards of financial reporting and approvals across the Group and its operating units, including a structured process for the appraisal and authorisation of any material capital projects.

The basis for the preparation of the Group Financial Statements is set out on page 157 under Accounting Policies.

The Company's External Auditor's Report, setting out its work and reporting responsibilities, can be found on pages 143 to 151. The terms, areas of responsibility and scope of the External Auditor's work are agreed by the Board and set out in the Auditor's engagement letter.

More information on the Group's principal and emerging risks and strategy for growth and achieving targeted goals is detailed in the Strategic Report, which can be found on pages 64 to 76.

The Viability Statement can be found on page 77.

The Statement of Directors' Responsibilities on page 141 details the going concern statement as required by the Listing Rules and the Code and the Directors' responsibility for the Financial Statements, for disclosing relevant audit information to the External Auditor and for ensuring that the Annual Report is fair, balanced and understandable.

Risk appetite

The Board has overall responsibility for complying with the Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. It oversees the internal controls established, and monitors their effectiveness, in managing risk. The sectors and environment within which RB operates are dynamic and fast-moving, and in some areas highly regulated, and the controls are continually kept under review to minimise the potential exposure to risk. The system is designed to assess and manage, rather than eliminate, risks to RB's business objectives, and the Board relies on these controls in-so-far as they are able to provide reasonable, but not absolute, assurance against material misstatement or loss. The Group's principal risks and mitigating factors are detailed on pages 64-76.

As part of its risk control, RB regularly evaluates its risks to achieving objectives, and the likelihood of such risks materialising and determining the ability of the Group to cope with the circumstances should they occur. In doing so, we are inherently considering our risk appetite through the actions that can be taken, controls that can be implemented and processes that can be followed to reduce the chances of risk events taking place, mitigating the potential impact and ensuring that the cost of doing so is proportionate to the benefit gained.

Internal control

Internal control processes are implemented through clearly defined roles and responsibilities, supported by clear policies and procedures, delegated to the executive team and senior management.

RB operates three strands in monitoring internal control systems and managing risk:

- Management ensures that the controls, policies and procedures are followed in dealing with risks in day-to-day business. Such risks are mitigated at source with controls embedded into the relevant systems and processes. Supervisory controls either at management level or through delegation ensure appropriate checks and verifications take place, with any failures dealt with promptly and awareness raised in order to review gaps in existing controls. Throughout RB, a key responsibility for any line manager is to ensure the achievement of business objectives with appropriate risk management and internal control systems.
- Each function and business unit has its own management which acts as a second line of oversight and verification. This level sets the local level policies and procedures, specific to its own business environment, subject to Group policy and authorisation. They further act in a supervisory capacity over the lower level management implementation of controls. The financial performance of each function and business unit is monitored against pre-approved budgets and set against forecasts, developed higher up the management chain, and ultimately overseen by the executive management and the Board.
- The third strand is provided through independent review by the Internal Audit team, who challenge the information and assurances provided by the first two strands. This review ultimately gets reported back to the Board, via the Audit Committee, with action taken to address matters identified. More details on the Audit Committee and its activities can be found on pages 103 to 110. The Group's compliance controls further include operating an independent and anonymous Speak Up whistleblower hotline, annual management reviews and providing training specific to individual needs within the business. The Board is also provided with reports on the effectiveness of these controls to ensure full oversight of the business.

RB is committed to maintaining strong internal controls. Functions and operating management meet to discuss performance measured against strategic aims and goals, with risks and risk controls incorporated into the discussions. During the year, the Directors undertook a robust assessment of the principal and emerging risks facing the Company, including those that could threaten RB's business model, future performance, solvency and liquidity. More detail on the Group's principal strategic risks and uncertainties can be found in the Strategic Report on pages 1 to 77.

The CRSEC Committee focuses on the Company's corporate social responsibilities, environmental and sustainability issues and overall ethical conduct and regulatory compliance. Further details of the work of the Committee can be found in the report of the CRSEC Committee Chair from page 111.

The Audit Committee focuses on maintaining the integrity of financial reporting, reviewing and challenging management on the robustness of internal controls and risk management systems, and providing oversight and reassurance to the Board on risk management processes and control procedures. Further details of the work of the Committee can be found in the Audit Committee Report from page 103.

The Board confirms that reviews and monitoring of the appropriateness and effectiveness of the system of internal control and risk management throughout the financial year and up to the date of approval of the Annual Report and Financial Statements have been satisfactorily completed with no significant failings or weaknesses identified.

Annual General Meeting and Shareholder voting

The Board views the AGM as a valuable opportunity to meet with its private Shareholders, giving them an opportunity to put questions to the Chairman, Chairs of the Committees and the Board.

All Shareholders can vote on the resolutions put to the meeting. In line with good governance, voting is by way of poll, providing one vote for each share held. Results of the poll are released to the LSE and published on the Group's website shortly after the AGM.

The Investment Association (IA) has launched a public register of FTSE All-Share companies which have received votes of 20% or more against any Shareholder resolution, or which withdrew a resolution prior to a Shareholder vote, along with Company statements of actions taken following the vote. At our AGM in May 2019, all resolutions were passed and no resolution had a vote of 20% or more against it.

Website

The Investor Relations section on the RB website provides the Board with an additional method of communicating to Shareholders. As well as the latest regulatory disclosures, copies of the latest and previous years' Annual Reports, latest share price information and copies of previous investor presentations and key calendar dates are available. The page can be found at www.rb.com/investors.

Shareholders can also access information on all our sustainability activities, our Modern Slavery Statement, our Gender Pay Gap Report and associated policies on the RB website at www.rb.com/responsibility.

NOMINATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Nomination Committee Report for the financial year ended 31 December 2019.

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2019 was a busy year for the Committee, which saw the search for and appointments of a new CEO and new CFO, changes to the Executive Committee and the appointment of an additional Non-Executive Director

Chris Sinclair
Chair of the Nomination Committee

There were many changes to the Board and at Executive Committee level during the year which necessitated extensive time-commitment from Committee members. I am grateful to my fellow Directors for their support and dedication during this busy period. Our main priority during 2019 was to find a successor for our outgoing Chief Executive Officer. We also undertook the appointment of the successor for our outgoing Chief Financial Officer, continued the review and refresh of our Non-Executive Directorships and worked on succession planning for other Executive Committee roles.

Board changes during the year

Following André Lacroix’s departure from the Board and as Audit Committee Chair last year, with effect from 1 January 2019 we appointed Nicandro Durante as Senior Independent Director and Andrew Bonfield as Chair of the Audit Committee. Nicandro and Andrew became members of the Nomination Committee on the same day.

We announced in January 2019 that Rakesh Kapoor would retire as Chief Executive Officer (CEO) and a Director of RB by the end of 2019, after more than 32 years with RB. Following an extensive search, in June 2019 we announced we had selected Rakesh’s successor for the position of CEO – Laxman Narasimhan. Laxman joined the Board on 16 July 2019 as CEO-designate and Executive Director, and became CEO on 1 September 2019. Laxman joined us from PepsiCo, Inc., where he had been Global Chief Commercial Officer, responsible for the long-term growth strategy, and a member of PepsiCo’s executive committee. I provide more details of Laxman’s priorities and further insight into the CEO recruitment process later in this report.

Rakesh retired from the Board on 2 September 2019 and left the Group at the end of December. I would like to acknowledge the enormous contribution and leadership that Rakesh provided to RB over the past three decades. RB has transformed and, while it has not been without its challenges, we would not be where we are today without Rakesh’s vision, passion and leadership throughout his tenure.

As also announced in January 2019, as part of our succession planning for the Board and Audit Committee, Warren Tucker was asked to remain on the Board for an additional 12 months from the 2019 AGM, when he had been intending to retire. Warren will not stand for re-election at this year's AGM and accordingly will retire from both the Board and Audit Committee on conclusion of the AGM on 12 May 2020. Warren has been a long-standing and valued member of both the Board and Audit Committee and has provided continuity during a period of change and assisted with the induction of new Board members. On behalf of the Board, I would like to extend our gratitude to Warren for his excellent service and wish him well in his future endeavours.

We strengthened the Board with the appointment of Sara Mathew as a Non-Executive Director from 1 July 2019 and are confident that Sara is a great fit for RB. Sara brings a wealth of relevant sectoral experience in healthcare and consumer goods, and we are delighted that she accepted our offer to join the Board, where she has already made a strong contribution.

The Board also appointed Mary Harris as designated Non-Executive Director, for engagement with the Company's workforce on 26 July 2019.

Chief Financial Officer succession

On 21 October 2019 we announced that Adrian Hennah, Chief Financial Officer and Executive Director, had signalled his intention to retire from the business on 21 October 2020. Adrian has been with RB since 2013 and has helped to navigate many changes at RB including the Mead Johnson Nutrition acquisition and RB 2.0. We thank Adrian for his many contributions during his time at RB, but are delighted to welcome back Jeff Carr as Adrian's successor. Jeff previously worked at RB in senior finance roles between 1994 and 2004. He brings extensive experience across consumer and retail companies, with a strong record of transformational strategic and operational leadership. Jeff is currently CFO of Koninklijke Ahold Delhaize N.V. and has held many financial roles at other large companies such as Grand Metropolitan plc, Associated British Foods plc and easyJet plc. Adrian will be stepping down as Chief Financial Officer and Executive Director when Jeff starts on 9 April 2020, though he will remain with the Company until his retirement date of 21 October 2020 to ensure a seamless transition.

Refreshment of Executive Committee

During the year, there were other changes to our Executive Committee, including: the retirement of Amedeo Fasano, Chief Supply Officer; Seth Cohen, Chief Information Officer, departed the Company; we announced the retirement of Adrian Hennah, Chief Financial Officer, in October 2019; and the departure of Rob de Groot, President, Hygiene Home in December 2019. Rakesh Kapoor, who was Chief Executive Officer, stepped down from the Board and as CEO in September 2019. Following the year end, regretfully Mike Duijser, Chief Supply Officer, and Gurveen Singh, Chief Human Resources Officer, both indicated they would leave RB in 2020. On behalf of the Committee and the Board, I would like to express gratitude to the outgoing Executive Committee members for their commitment and dedication during their time with RB.

We were pleased to welcome a number of new Executive Committee members: Laxman Narasimhan, Chief Executive Officer, joined us in September 2019; Kris Licht, Chief Transformation Officer – a newly-created role – joined us in November 2019; and in December 2019 it was announced that Harold van den Broek had been promoted from CFO Hygiene Home to Chief Operating Officer, Hygiene Home. In October 2019 we also announced the appointment of Jeff Carr as Chief Financial Officer from April 2020. Since the year end we announced in January 2020 Ranjay Radhakrishnan's appointment as Chief Human Resources Officer from 1 March 2020. We are delighted to have these new Executive Committee members with us and are confident they will make a great contribution to RB.

In February, at the time of our strategy announcement, we also confirmed new senior leadership roles with effect from 1 July 2020 for Harold van den Broek, Kris Licht and Adi Sehgal, as Presidents of Hygiene, Health, and Nutrition and E-RB/China respectively. Kris Licht will also be the Global Chief Customer Officer for the Group.

Committee priorities for 2020

- Succession planning and bench strength for senior executive roles and above at RB.
- Ensuring successful handover and onboarding of our new Executive Committee members, and our new Chief Financial Officer, Jeff Carr.
- Ongoing renewal of the Non-Executive Directors of the Board.

I would like to thank my fellow Committee members for their exceptional support during another busy year for the Committee.

Chris Sinclair
Chair of the Nomination Committee
26 March 2020

Composition

The members of the Committee during the year were:

Composition	Tenure during the year
Chris Sinclair (Chair)	Chair and member of the Committee for the whole year
Nicandro Durante	Member for the whole year
Andrew Bonfield	Member for the whole year
Laxman Narasimhan	Member from 17 September 2019
Rakesh Kapoor	Member until resignation on 2 September 2019
Pam Kirby	Member for the whole year
Mary Harris	Member for the whole year

Members of the Committee are appointed by the Board. Membership is set out in the Committee's terms of reference and comprises the Chairman, CEO, Senior Independent Director and Chair of each of the Board's Committees. In accordance with the principles of the 2018 UK Corporate Governance Code (the Code), the Committee is made up of a majority of independent Non-Executive Directors. The Company Secretary acted as Secretary to the Committee during the year.

The membership of the Committee is reviewed annually by the Chairman, as part of the annual performance evaluation of the Committee. All Directors are required to seek re-election each year at the AGM. Biographical details of the Directors, explaining their skills and expertise, can be found on pages 80 to 83.

Meetings

The Committee meets as needed but is required to meet at least once a year. In 2019 the Committee met six times. Meetings usually take place ahead of Board meetings and the Chair of the Committee reports formally to the Board on its proceedings.

During the year, Committee members met with candidates shortlisted for the positions of CEO, CFO and Non-Executive Director, reported their feedback at Committee meetings and made ensuing recommendations to the Board. Further details on the recruitment process are discussed on the following pages.

Role of the Nomination Committee

The role of the Committee is to ensure there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, to lead the process for Board appointments and make recommendations to the Board. The Committee also assists the Board in succession planning for top management. The role of the Committee includes, but is not limited to, the following matters:

- Regularly reviewing the structure, size and composition (including skills, experience, independence, knowledge and diversity) of the Board and making recommendations to the Board with regard to any changes deemed necessary, taking into account the length of service of the Board as a whole and the need to regularly refresh membership.
- Reviewing the composition of each of the Board Committees and evaluating the performance and effectiveness of each Director.
- Keeping under review the leadership capabilities of the Company, covering executive, non-executive and senior management positions and ensuring plans are in place for orderly succession, with a view to ensuring the continued ability of the Company to compete effectively in the markets in which it operates.
- Ensuring that all new Directors undertake an appropriate induction programme to ensure that they are fully informed about the strategic and commercial issues affecting the Company and the markets in which it operates, as well as their duties and responsibilities as a Director of the Board and member of Board Committee(s).
- Keeping under review and continually monitoring potential conflicts of interest, and, if appropriate, authorising situational conflicts of interest, whilst ensuring the risk of unacceptable influence resulting from any conflict of interest is minimised.

A further description of the Committee's roles and responsibilities is set out in its terms of reference which can be found on our website at www.rb.com.

Executive Director succession planning

Chief Executive Officer

Following the announcement on 16 January 2019 of Rakesh Kapoor's decision to retire as CEO by the end of 2019, during the year we undertook a formal search for his successor. The Committee instructed an independent executive search firm, MWM Consulting Limited (MWM), to assist with the search, considering both internal and external candidates. MWM is independent of and has no other links to the Company or its Directors in connection with the executive search, apart from having undertaken the Board's 2019 externally facilitated evaluation. I was delighted to announce on 12 June 2019 that we had concluded our search and the Committee appointed Laxman Narasimhan as Rakesh's successor. Rakesh formally resigned from the Board and Committee on 2 September 2019. Laxman was appointed as CEO-designate and as an Executive Director from 16 July 2019, and became CEO on 1 September 2019, at which time he also took over leadership of the Health business unit. Laxman became a member of the Committee on 17 September 2019.

Laxman is an outstanding leader who brings wide experience across the consumer goods sector, both operationally at scale, and from his time at McKinsey & Company. In previous roles, he has led complex operational businesses and inspired teams across developed and emerging markets to achieve market-leading performance. He has exceptional strategic capabilities and consumer insight with a proven track record in developing purpose-led brands and driving consumer-centric and digital innovation. This, combined with his excellent people engagement and leadership skills, filled the Board with confidence that Laxman will continue to evolve the strong culture of RB in its next phase.

I would like to thank Rakesh for his outstanding leadership and express my gratitude for his commitment and enormous contribution to RB over more than three decades.

Selection process

If I had one word to describe the selection process, it would be 'comprehensive'. Whilst I led the process, I was assisted by the Committee. The Board defined its key attributes for RB's new CEO, which included strong cultural fit, demonstrable operational leadership at scale, strong consumer orientation, strategic capability and commitment to RB's purpose and corporate responsibility.

We initially identified over 60 candidates, shortlisted 12 and interviewed eight. The candidates included CEOs, former CEOs, divisional heads of large companies and specialists in our sector, consumer goods. The candidates were diverse from both a gender and nationality perspective and included both internal and external candidates. The top three candidates were interviewed extensively by the Board and we unanimously agreed that Laxman was the right candidate and are delighted that he agreed to join us. Laxman's leadership, talent development capabilities and business acumen are without parallel and made him stand out above the other candidates.

Overview of selection process – in numbers

60	→	12	→	08
Candidates		Shortlisted		Interviewed

Induction

Laxman had a handover with Rakesh where they both travelled to key RB sites so Laxman could be immersed into the RB business and build his knowledge and understanding of how our businesses operate. Laxman met with customers, brand and category teams and visited factories in Evansville (US) and Nijmegen (Netherlands) and operations in Parsippany (US) and Amsterdam (Netherlands). Laxman and Rakesh also travelled to China where Laxman had an opportunity to meet customers, partners and colleagues and visit stores. Leaders across both the Health and Hygiene Home business units and corporate group spent time with Laxman, and employee town halls, roadshows and broadcasts were held to give employees an opportunity to say farewell to Rakesh and to learn more about Laxman and his initial priorities following his appointment.

Chief Financial Officer

During the year, Adrian Hennah, Chief Financial Officer and Executive Director, announced his intention to retire from his positions in 2020. At the same time as announcing Adrian's retirement, we were able to confirm Jeff Carr as Adrian's successor. Adrian will be stepping down as Chief Financial Officer and Executive Director when Jeff starts on 9 April 2020, remaining with the Company until his retirement date of 21 October 2020 to ensure a seamless transition.

We instructed Egon Zehnder International Ltd to carry out the search for a new Chief Financial Officer. Both internal and external candidates had been considered and a shortlist drawn up, which was followed up by meetings with the Chairman and the Chair of the Audit Committee. Jeff was considered the most suitable candidate and best fit, given his wealth of experience in global consumer goods and retail companies and strong track record, coupled with his previous experience at RB and understanding of the business and our culture. Jeff is an RB alumnus, having previously worked at RB in financial roles for some ten years.

Adrian has played an important role in the strategic transformation of RB and in helping drive our strong track record of value creation. We wish Adrian all the best for the future and are happy to welcome Jeff back.

Egon Zehnder International Ltd is an independent executive search firm which undertakes a number of executive searches for the Group and is a signatory to the Voluntary Code of Conduct for Executive Search Firms in the UK to address diversity and best practice relating to Board appointments. They do not provide any other services to the Group.

Non-Executive Director search

We instructed Egon Zehnder International Ltd to carry out the search for new Non-Executive Directors. Upon their recommendation we reviewed a list of candidate profiles and I had exploratory meetings with potential candidates who were considered a good fit for RB, in terms of international experience, skills, culture and diverse talent ahead of recommending for further consideration. This was followed up by individual meetings with each of the Committee members, the CEO (who is a Committee member) and the CFO.

Following recommendation by the Committee, we announced the appointment of a new Non-Executive Director to the Board, Sara Mathew, with effect from 1 July 2019. Sara became a member of the Audit Committee on the same day. Sara has extensive Board experience across a number of industries, including healthcare, consumer goods and financial services and has held several senior management roles. In previous roles, Sara led strategic and digital transformations and she holds an MBA in Marketing and Finance. We believe Sara brings great insight and we have been delighted to welcome her to the Board.

During the recruitment process, the Committee followed a formal, rigorous and transparent assessment of all potential candidates and considered potential conflicts of interest in making recommendations to the Board. As a Committee we will continue to regularly review and refresh the Board where appropriate.

Director induction and training

RB has established a comprehensive induction programme for new Directors. The programme covers RB's business, legal and regulatory requirements of Directors and includes one-to-one presentations from senior executives across the Group covering topics such as strategy, investor relations, taxation, internal audit, CRSEC Committee matters, supply and the Company's two business units – Health and Hygiene Home. The induction programme has several aims and serves multiple purposes. It provides new Directors with an understanding of RB, its businesses and the markets and regulatory environments in which it operates, provides an overview of the responsibilities for Non-Executive Directors of RB and builds links to RB's people and stakeholders. Incoming Board members will also have legal due diligence meetings and an open offer to meet with the Group's External Auditor.

During 2019 Sara Mathew was appointed Non-Executive Director and Laxman Narasimhan was appointed as Chief Executive Officer. Both received tailored inductions following their appointment. Consistent across the separate inductions were meetings with the CEO, CFO, SVP General Counsel/Company Secretary. The new Directors then met with pertinent individuals depending on the Committees they had joined/were joining. For example, Sara Mathew is a member of the Audit Committee and met with key individuals in RB's IT, Treasury, Finance and Safety, Quality, Regulatory & Compliance (SQRC) teams, in addition to receiving presentations on topics covered in all Director inductions, such as tax, Internal Audit and strategy.

Ad hoc site visits are arranged to the Group's operations to gain an insight into the business, and form part of the annual Board meeting cycle, and we aim to have one Board strategy meeting held at an off-site business location.

The Chairman has overall responsibility for ensuring that the Directors receive suitable training to enable them to carry out their duties. As part of their role, Directors are also expected to personally identify any additional training requirements they feel would benefit them in performing their duties to the Company. Ongoing training arranged by the Company covers a wide variety of sector-specific and business issues, as well as legal and financial regulatory developments relevant to the Company and the Directors. Training is also provided by way of briefing papers or presentations at each scheduled Board meeting, as well as meetings with senior executives or other external sources.

Renewal of existing Board members

Non-Executive Director appointments are generally made for three-year terms. During the year the Committee considered the renewal of existing Non-Executive Directors. Details of the specific reasons each Director contributes to and continues to be important to RB's long-term success are set out in the Notice of Annual General Meeting, available at www.rb.com.

With the exception of Warren Tucker, who will not stand for re-election at the AGM on 12 May 2020, the Committee recommended that all existing Board members have their appointments renewed, and as such, resolutions to this effect will be proposed to Shareholders for approval at the AGM.

Executive Committee changes

We announced the appointment of Kris Licht to the new position of Chief Transformation Officer and as an Executive Committee member in November 2019. Kris has held several transformation roles at other large companies and we believe his contributions in this area will be extremely valuable during a period of strategic change and focus for RB. We were sorry to see Amedeo Fasano, Chief Supply Officer, and Seth Cohen, Chief Information Officer, leave RB in June and July 2019 respectively. We thank both Amedeo and Seth for their contributions and wish them well.

In December 2019 we announced that Rob de Groot, President of our Hygiene Home business, would step down from his role and leave the Group in February 2020. Rob has been an excellent leader of our Hygiene Home business and has seen great success over his long career at RB. We would like to thank Rob and wish him good luck for the future. We were happy to announce Harold van den Broek as Rob's successor. Harold was previously CFO to the Hygiene Home business and has worked closely with Rob for a number of years. Harold became Chief Operating Officer, Hygiene Home and an Executive Committee member on 4 December 2019 and we have every confidence that Harold will be a great leader of the Hygiene business and continue its growth.

Since the year end, further changes to the Executive Committee were announced. In January 2020, regretfully we announced that Mike Duijser, Chief Supply Officer, had decided to leave RB to return to the US for personal reasons. Mike had been instrumental in building the strategy for the supply function and implementing transformational change within supply. We are grateful to Mike for his contribution and wish him all the best for the future. Mike left in February 2020 and his successor will be appointed in due course.

We also announced in January 2020 that after 27 years at RB, Gurveen Singh, Chief Human Resources Officer, decided to retire in June 2020. During her tenure, Gurveen has held a number of roles at RB and in her current role she has led and improved many HR initiatives and is known for her passion for people. We wish Gurveen all the best in her future endeavours. Ranjay Radhakrishnan joined RB on 1 March 2020 as Chief Human Resources Officer (and Executive Committee member). Ranjay is a skilled and experienced HR leader; he was previously CHRO at InterContinental Hotels Group plc and prior to that, he worked at Unilever for 23 years in senior HR leadership roles – his last role being Executive Vice President Global HR, where he was responsible for eight regions and four global product categories. Ranjay holds degrees in Commerce and Accounting and Personnel Management and Industrial Relations. We were delighted to welcome Ranjay to RB and are positive that he will contribute greatly to both RB and the HR function.

In February, at the time of our strategy announcement, we also confirmed new senior leadership roles with effect from 1 July 2020 for Harold van den Broek, Kris Licht and Adi Sehgal, as Presidents of Hygiene, Health, and Nutrition and E-RB/China respectively. Kris Licht will also be the Global Chief Customer Officer for the Group.

More information about our current Executive Committee membership can be found on pages 84 to 85.

Review of potential conflicts of interest

During the year the Committee reviewed Board members' potential conflicts of interest. The Committee reviewed a schedule of external appointments and other potential situational conflicts as disclosed by each Director. Having reviewed the schedule, the Committee concluded that the appointments did not affect any Director's ability to perform his/her duties and recommended that the Board authorises each Director to continue in each of his/her external commitments.

We acknowledge that Pam Kirby sits on four Boards, and some Shareholders are concerned she is 'overboarded'. The Committee monitors her time devoted to her duties, her attendance at meetings and availability to Shareholders, and believes that Pam continues to be effective, committed and diligent in her role.

Governance

Committee evaluation

This year, the Committee did not carry out its own self-evaluation, as it was covered under the main Board external evaluation, conducted by MWM Consulting Limited. Respondents scored the Committee highly in key areas, specifically noting excellent new Board member inductions, and the Board as a whole is satisfied that the Committee works well and is effective. The main area of focus relevant to the Committee, identified as a result of the evaluation, is to ensure succession planning remains a top priority. Further details on the Board evaluation can be found on page 94.

Review of Committee terms of reference

At the Committee's November meeting, we reviewed our terms of reference and proposed minor changes regarding the evaluations of the Committee, Board and Chairman and those of individual Board members. The revised terms of reference were approved by the Board in November 2019 and can be found on our website at www.rb.com. We review our terms of reference annually.

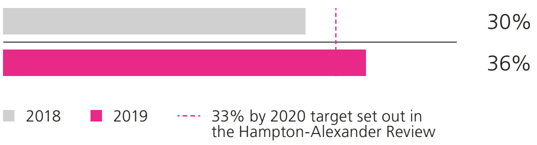
Designated Non-Executive Director

On 26 July 2019, following consideration of the best manner of Board engagement with the workforce, Mary Harris was appointed as designated Non-Executive Director in line with the provisions of the Code. Whilst Mary holds the title of designated Non-Executive Director, for engagement with the Company's workforce, it is not intended to delegate all such Board engagement to Mary, but rather that she should have oversight of a programme of engagement in co-ordination with management. A proposed plan and areas of focus have been drawn up. Details of engagement activities carried out during 2019 are set out on page 46 to 47.

Inclusion and diversity

The Board and Committee fully recognise the importance of diversity, including gender and ethnicity, at Board level and senior management roles at RB. We do not have a written Board diversity policy but the Committee and the Board are committed to recruit members of the Board on the strict criteria of merit, skill, experience and cultural fit of any potential candidates, and to seek diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. This commitment is demonstrated by the composition of the Board, which comprises five nationalities, and four women, two of whom are Committee Chairs. I am pleased to report that 36% of our Board members are women, which exceeds the original 25% target set by the Davies Report and we have achieved the 33% target by 2020, set out by Lord Davies, and subsequently outlined in the Hampton-Alexander Review. We also meet the requirements of the Parker Review published in October 2017, with at least one person from an ethnic minority on the Board.

Female representation on the Board



Our Executive Committee, comprising the most senior management level in the business, represents five different nationalities from across the globe, embodying our corporate inclusion and diversity policy. The Company's wider global leadership community holds over 50 nationalities between them, representing a broad background of collective skills, cultures and experience. This widens our understanding of our consumers, who themselves come from the broadest possible backgrounds, allowing us to be best placed in serving their needs.

At 31 December 2019, female representation within the Executive Committee (and their direct reports) was 26%. We are cognisant of our poor performance towards the 33% target for female leadership within the Executive Committee (and their direct reports) as detailed in the Hampton-Alexander Review (and in provision 23 of the Code), and we are working to improve gender balance amongst our senior management.

Our Group diversity policy can be found at www.rb.com/responsibility/people-and-culture/diversity-and-inclusion/. We are committed to equality of opportunity in all areas of employment and business, regardless of personal characteristics. We always recruit the best and most suited candidates for any role and we strive for a well-balanced representation of backgrounds, nations, cultures, skills and experiences, at all levels across the Group. Ultimate responsibility and sponsorship for this policy rests with the Executive Committee. Senior management is accountable, and all RB employees are responsible, for ensuring that our diversity policies and programmes are actively implemented and followed.

We continue to work hard on our inclusion and diversity programmes, and further details can be found in our Stakeholder Engagement section from page 12.

AUDIT COMMITTEE REPORT

"Maintaining the integrity of our financial reporting and monitoring the robustness and effectiveness of internal controls and risk management systems remain our primary objectives. To achieve this, we work closely with the Board and other Committees, as appropriate

Andrew Bonfield
Chair of the Audit Committee

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 December 2019.

This report details how the Committee has discharged its role, duties and performance during the year under review in relation to internal control, financial and other reporting, risk management, the internal audit function and our relationship and interaction with the External Auditor.

The Committee has a detailed annual standing agenda of matters to be considered and reviewed based on its terms of reference, which, during 2019, included focused reviews in the following areas: risk assurance mapping; delivery of the RB 2.0 programme; the structure of shared services; IT risk; compliance risk; and taxation matters.

The risk and control challenges around the RB 2.0 reorganisation were reviewed to track implementation of the programme and mitigation of the risks associated with it. The Committee met with operational management at each scheduled meeting to review the RB 2.0 workstreams and to consider programme governance and the associated financial, legal, regulatory and IT risks and controls. Though some work remains in relation to this programme, much of the work has now been completed. The Committee and I would like to convey our thanks to the teams involved in the successful implementation of the programme and for their hard work during a busy year for RB.

During the year, we also reviewed the Company's major risk assessment process, which identifies and prioritises the principal and emerging strategic risks and uncertainties which may affect the Group, how they can be mitigated and whether they have increased, diminished or remained the same, compared to the previous year. Looking at the major risk assessment process is a key element of our review of the effectiveness of RB's risk management and control systems and identified risks are clearly and transparently reflected in our communications to Shareholders in the Annual Report. Details are set out on pages 64 to 76.

The Committee also considered many other matters outside its annual standing agenda, such as: UK payment reporting practices; implementation of the UK Corporate Governance Code 2018 (the Code); the potential impact of Brexit; the US Department of Justice (DoJ) settlement; the annual impairment testing of goodwill and indefinite-life assets; the adoption of IFRS 16 (Leases) from 1 January 2019; and revised Group finance policies. Further detail on our activity during the year can be found on pages 106 to 107.

The Committee is responsible for the External Auditor's effectiveness and independence. In 2017, the Committee led a rigorous external audit tender process leading to the Board's recommendation to Shareholders at the 2018 AGM to appoint KPMG LLP (KPMG) as External Auditor for the 2018 financial year. I am pleased to report that the Shareholders passed a resolution to re-appoint KPMG at the 2019 AGM, and as the Committee has recommended to the Board that KPMG be re-appointed by the Shareholders, a similar resolution to re-appoint KPMG as External Auditor for the 2020 financial year will be proposed at the AGM on 12 May 2020. Further details on our interaction with the External Auditor can be found on pages 108 to 109.

Committee priorities for 2020

- Maintaining oversight and reassurance to the Board on RB's risk management process and internal control procedures, including monitoring key areas in the context of risk and control, such as IT, tax and legal and compliance.
- Aligning RB's new strategic aims and priorities within our risk assessment process.
- Sustaining a strong culture of risk management across the Group.
- Monitoring IT controls and embedding new IT and finance systems across the Group.
- Continuing to monitor legislative and regulatory changes which may affect the work of the Committee.
- Closely monitoring developments in the UK audit profession.

During the year, we strengthened the membership of the Committee with the appointment of Sara Mathew. Sara has an MBA in Marketing and Finance and has held various senior roles during her career, including roles as Chief Financial Officer at Dun & Bradstreet Corporation and Procter & Gamble's global baby care business. She has extensive experience in the consumer goods, digital technologies and healthcare sectors and the Committee is confident that Sara's appointment has added valuable insight, relevant financial and sectoral expertise and challenge.

I would like to acknowledge and thank my fellow Committee members, Pam Kirby, Warren Tucker and Sara Mathew, for their diligence and service during the year.

Andrew Bonfield
Chair of the Audit Committee
26 March 2020

Committee membership

	Member from	Meetings attended	Recent and relevant financial experience	Sectoral experience relevant to RB's operations
Andrew Bonfield (Chair)[1]	July 2018	6/6	• Financial expert • Chartered Accountant • Has held numerous CFO roles at other large companies, including those in the consumer goods sector	• Consumer goods • Pharmaceuticals/healthcare
Pam Kirby	February 2015	6/6	• Sits on another FTSE 100 company's Audit Committee	• Pharmaceuticals/healthcare • Technology
Warren Tucker[2]	February 2010	6/6	• Financial expert • Chartered Accountant • Has held senior finance roles at other large companies • Sits on a FTSE 250 company's Audit Committee	• Manufacturing
Sara Mathew[3]	July 2019	2/2	• Financial expert • Holds Master's degrees in Finance and Accounting • Has held senior finance roles and CFO roles at other large companies	• Consumer goods • Pharmaceuticals/healthcare

There were four scheduled meetings and two additional meetings (held by telephone) during the year.

1 Andrew became Chair of the Committee on 1 January 2019.
2 Earlier this year we announced that the Board had asked Warren to remain as a Director and member of the Committee until the Company's AGM in 2020, when he will not stand for re-election and will retire from the Board and Committee.
3 Sara was eligible to attend two of the scheduled meetings during the year, having been appointed on 1 July 2019.

The Chair of the Committee is a Chartered Accountant with recent and relevant financial experience. He is currently Chief Financial Officer of Caterpillar Inc. and has previously held CFO roles for large, multinational companies.

All Committee members are independent Non-Executive Directors who have financial, economics and/or business management expertise in multinational companies. Committee members are expected in particular to have an understanding of:

- the Group's operations, policies and internal control environment;
- the principles of, and recent developments in, financial reporting;
- relevant legislation, regulatory requirements and ethical codes of practice; and
- the role of internal and external auditing and risk management.

The Board is satisfied that, in compliance with the Code, Committee members as a whole have competence relevant to the Company's sector (consumer goods). The skills and expertise of each Committee member are summarised in the table on page 104.

Committee appointments are generally made for a three-year period. Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, experience, independence, knowledge and diversity. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with management covering internal audit, risk management, legal, tax, treasury and financial matters as well as meetings with the External Auditor. All members of the Committee receive regular briefings from senior executives on matters covering governance and legislative developments, accounting practices and policies and tax and treasury.

The Assistant Company Secretary was Secretary to the Committee throughout the year.

Meetings

During 2019, the Committee held four scheduled meetings at times aligned to the Company's reporting cycle, two additional calls and an informal session with local finance management in the US, as part of the Board's overseas strategy meetings in September 2019. Committee meetings usually take place ahead of Board meetings and the Committee Chair provides an update to the Board on the key issues discussed at each meeting. Committee papers are provided to all Board Directors in advance of each meeting, including a copy of the minutes of the previous meeting(s).

Meetings are attended by senior representatives of the External Auditor, the Group Head of Internal Audit, Group CFO and SVP Corporate Controller. The Chairman of the Board and the Group CEO are also invited to attend. Other senior management attend when deemed appropriate by the Committee. Time is allocated at the end of each meeting for private discussion with the Internal and External Auditors without other invitees being present, as well as a private session of the Committee members. Committee member meeting attendance is set out in the table on page 91.

Role and responsibilities

The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's financial reporting, internal controls and overall risk management process and relationship with the Company's External Auditor. There were no significant changes to the Committee's role and responsibilities during the year. The Committee's role and responsibilities are set out in its terms of reference, which can be found at www.rb.com.

Committee meetings cover matters set out in its terms of reference related to the reporting and audit cycle, including: half- and full-year results; Internal and External Audit work plans and reports; and regular updates from senior financial management and the External Auditor.

The Committee's responsibilities include, but are not limited to, the following matters:

Financial and other reporting matters

- Monitoring the integrity of the Group Financial Statements including annual and half-yearly reports, interim management statements, preliminary announcements and any other formal announcements relating to the Company's financial performance. Reviewing and challenging, where necessary, the actions and judgements of management before submission to the full Board, paying particular attention to: the clarity and completeness of financial reporting disclosures; the application and appropriateness of significant accounting policies; methods used to account for significant or unusual transactions; whether judgements and estimates are appropriate; and considering the External Auditor's views on the Financial Statements.
- As requested by the Board, reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy and whether it informs the Board's statement in the Annual Report on these matters that is required under provision 25 of the Code.
- Reviewing all material non-financial information presented with the Annual Report and Financial Statements, such as the Strategic Report and the Corporate Governance Statements, insofar as it relates to activities or functions within the Committee's remit.
- Reviewing and approving the statements to be included in the Annual Report concerning internal control, risk management, going concern and the Viability Statement.
- Receiving updates on accounting matters, including consideration of relevant accounting standards, underlying assumptions and the impact of changing or adopting new accounting standards.
- Considering significant legal claims and regulatory issues.

Risk management and internal controls

- On behalf of the Board, overseeing and ensuring that the assessment process for the Group's principal and emerging risks is robust and of a high quality, that procedures are in place to identify emerging risks and considering the Company's response to identified risks.
- Advising the Board on the Group's current risk exposure and future risk strategy.
- Reviewing and monitoring, on behalf of the Board, the Group's internal financial controls and systems and, at least annually, carrying out a review of its effectiveness and reviewing and approving the statement to be included in the Annual Report concerning internal risk management.
- Ensuring that appropriate procedures are in place for detecting fraud and prevention of bribery, and secure whistleblowing arrangements by which staff may raise concerns including possible wrongdoings in matters of financial reporting and financial controls.

Internal Audit

- Monitoring and assessing the effectiveness of the Internal Audit function, including its role and mandate, assessing the effectiveness of its work and satisfying itself that the function has the requisite skills, expertise and standing within the Group.
- Reviewing Internal Audit activities, significant recommendations and findings and related management actions.
- Assessing and approving Internal Audit's annual work plan to ensure it is aligned to the key risks of the Group and receiving reports on progress.
- Ensuring that the Internal Audit function has unrestricted scope, the necessary resources and appropriate access to information to enable it to perform effectively.

External Audit

- Overseeing the relationship with the External Auditor, negotiating, agreeing and approving their terms of engagement and their remuneration to ensure that the level of fees is appropriate to enable an effective and high-quality audit to be undertaken.
- Annually reviewing and monitoring the External Auditor's independence, objectivity and effectiveness, taking into account relevant UK law, the Ethical Standard and other professional and regulatory requirements.
- Considering and making recommendations to the Board to put to Shareholders for their approval at the AGM regarding the appointment, reappointment or removal of the External Auditor.
- Receiving the annual Audit plan and receiving the External Auditor's findings and reports on the annual Audit and interim review.
- Meeting with the External Auditor following each formal Committee meeting without management being present, to review and discuss the External Auditor's remit and the findings of the audit including (but not limited to) any major resolved or unresolved issues arising from the audit, the External Auditor's explanation of how risks to audit quality were addressed, key accounting and audit judgements, the External Auditor's view of their interactions with senior management and levels of errors identified during the audit.
- Considering communications from the External Auditor on audit planning and findings on material weaknesses in accounting and internal control systems that come to the External Auditor's attention, including a review of material items of correspondence between the Company and the External Auditor.
- Developing, implementing and keeping under review the policy on non-audit services provided by the External Auditor, considering relevant ethical guidance and the impact this may have on independence.
- Agreeing with the Board the Group's policy for the employment of former employees of the External Auditor, taking into account the Ethical Standard and legal requirements and monitoring the application of this policy.
- At the end of the audit cycle, assessing the effectiveness of the External Audit process.
- Monitoring the rotation of the External Audit lead partner and managing the competitive tendering process of the external audit services contract, ensuring a competitive tender for the external audit services contract is conducted at least once every ten years.

Activity during the year

Standing agenda items reviewed by the Committee throughout the year

- Received reports from the SVP Corporate Controller, Internal Auditor and External Auditor.
- Considered tax and treasury matters, including provisioning and compliance with statutory reporting obligations.
- Considered legal matters, including provisioning and compliance risk.
- Kept abreast of changes in financial reporting and governance matters by way of technical updates throughout the year.
- Received focused risk and control reviews concerning the delivery of RB 2.0 (in particular, in the areas of the shared services function, deployment of IT systems, legal entity restructuring, operating model review and financial reporting); risk assurance mapping; IT risk; legal and compliance; and tax disputes risk.
- Monitored the Group's risk assessment processes.

Other items considered by the Committee at meetings during the year

Meeting	Topic	
January 2019	• Additional meeting held by telephone, following Corporate Control's 2018 impairment review exercise, to consider the outcome in detail	
February 2019	• Conclusion of 2018 impairment reviews • Review of 2018 preliminary results, draft unaudited Financial Statements and related announcement and recommendation for approval by the Board • Review of going concern and viability statements • Refinements to Group return on capital employed (ROCE) definition • Review of KPMG's 2018 audit findings report and draft management representation letter • Approval of KPMG's final non-audit fees for 2018 and review of 2019 non-audit fees forecast • Results of KPMG's assessment of its objectivity and independence • KPMG's report on the reform of the External Audit profession • Review of work undertaken in respect of the 2018 Internal Audit plan	• Review of risk management and internal controls, including developments undertaken in 2018, review of three lines of defence and in-depth review of risks across each of the Group functions and associated controls • UK payment reporting practices • Corporate governance developments and their impact (UK Corporate Governance Code 2018, new reporting requirements under section 172 of the Companies Act 2006 and the Companies (Miscellaneous Reporting) Regulations 2018) • Update on adoption of IFRS 16 (Leases) effective 1 January 2019 • Potential impact of Brexit
March 2019	• Additional meeting held by telephone, to consider whether the Committee could recommend that the Board approve RB's 2018 Annual Report and Financial Statements	• Review of KPMG's findings on RB's 2018 Annual Report and Financial Statements
May 2019	• Review of full year 2019 Internal Audit plan • Review of KPMG's 2019 audit strategy • KPMG's observations of RB's internal controls for the 2018 financial year, including their report on the 2018 Annual Report	• Review of revised Risk Management policy • Review of Speak Up whistleblowing facility
July 2019	• Review of the half-year results announcement and recommendation for approval by the Board • Review of going concern and Viability Statement • Review of KPMG's half-year review report findings to 30 June 2019 and draft management representation letter • Review of KPMG's response to Audit Quality Review findings	• Review of the impact of adopting IFRS 16 (Leases) on a fully retrospective basis • Review of changes to finance policies (e.g. trade spend policy) • Review of internal control environment • US Department of Justice (DoJ) settlement and provisioning
November 2019	• Review of the Committee's 2020 standing agenda • Review of the Committee's terms of reference and recommendation to the Board for approval • Review of the results of effectiveness reviews of the Committee, Internal Audit function and External Auditor	• Annual tax function 'deep dive' • Review of updated Group Treasury policy • Review of KPMG's interim IT control findings relating to the 2019 audit cycle • Review of 2020 Internal Audit plan covering the first half of 2020

Significant and key financial reporting matters

The key matters reviewed and evaluated by the Audit Committee during the year were as follows:

Accounting and financial reporting

The Audit Committee is responsible for reviewing and approving the appropriateness of the interim and annual Financial Statements and related announcements, including:

- recommending that, in the Committee's view, the Financial Statements are fair, balanced and understandable. In addition to the detailed preparation and verification procedures in place for the 2019 Annual Report and Financial Statements, management continued its focus on narrative reporting and clear written and visual messaging to communicate the Group's strategy; and
- reviewing the appropriateness of the accounting policies, judgements and estimates used as set out on page 157 and concluding that the judgements and assumptions used are reasonable.

Areas of significant financial judgement

The significant financial judgements and complex areas in relation to the 2019 Group Financial Statements considered by the Committee, together with a summary of the actions taken, were as follows:

Impairment assessments

Under International Financial Reporting Standards (IFRS), goodwill and indefinite life assets must be tested for impairment on at least an annual basis.

As in prior years, management performed this testing over the course of late 2019 and early 2020. The testing utilised cash flow projections included within one-year budgets and three- to five-year strategic plans. Cash flows beyond the five-year period were projected using steady or progressively decreasing growth rates followed by terminal growth rates.

Impairment testing is inherently judgemental and requires management to make multiple estimates, for example around future price and volume growth, future margins, and discount rates.

As a result of the 2019 testing, management recorded a £5.0 billion impairment against Infant and Child Nutrition (IFCN) goodwill and a £0.1 billion impairment against Oriental Pharma intangible assets.

In February 2020, the Audit Committee reviewed the detailed results of the 2019 testing and understood both the external (e.g. declining birth rates in China) and internal (e.g. performance against budgets) drivers behind the impairments. The Committee confirmed the appropriateness of the key judgements and estimates made by management (see Note 9 for further details) and reviewed the sensitivity of the impairment models to reasonable changes in key assumptions.

As required under IFRS, management has included additional impairment-related disclosures in the Financial Statements. The Committee has reviewed these disclosures, included within Note 9, and considers them appropriate.

Trade spend

Trade spend remains a significant cost for the Group, and the main judgements relate to trade accruals, specifically the timing and extent to which temporary promotional activities occurred. The Committee reviewed with management its assessment of the control environment, a revision to trade spend policy and the findings of Internal Audit relating to trade spend, and considered that management operates an appropriate control environment which recognises the risks in this area.

Tax provisioning

From time to time, the Group may be involved in disputes in relation to ongoing tax matters in a number of jurisdictions around the world where the approach of the local authorities is particularly difficult to predict. The level of provisioning for these investigations is an issue where management and tax judgement are important. The Committee debated the key judgements made with management, including relevant professional advice that may have been received in each case, and considers the tax provisioning levels and disclosures to be appropriate.

Legal liability provisioning

At 31 December 2019, a provision of £151 million (2018: £461 million) was held on the Group's Balance Sheet in relation to regulatory, civil and/or criminal investigations as well as litigation proceedings and a provision in respect of the South Korea Humidifier Sanitizer (HS) and the US DoJ issues. The Committee challenged management on legal judgements made in determining the level of provisioning and was satisfied with the level of provisioning and disclosure.

Adjusting items

The Committee considered the presentation of the Group Financial Statements and, in particular, the presentation of adjusting items and the elements included within such measures. The Committee discussed this with management and agreed that the presentation provided meaningful information to Shareholders about the underlying performance of the Group.

Going concern and Viability Statement

A viability review was undertaken by management, encompassing its going concern review. The Committee reviewed and challenged the key assumptions used by management in its viability review and going concern assessment, as well as the scenarios applied and risks considered, including the risks associated with COVID-19. Based on its review, the Committee considers that the application of the going concern basis for the preparation of the Financial Statements was appropriate and confirmed the suitability of the Viability Statement covering a five-year period, as set out on page 77. The use of a five-year period for the viability review was approved by the Board in 2019 as it is the period of the Group's long-term forecasting process and covers the various business cycles.

Risk management and internal control

In monitoring the adequacy and effectiveness of the system of risk management and internal controls, the Committee reviewed compliance procedures and RB's overall risk framework (including the Group's whistleblowing arrangements) and considered financial, operational risk and internal control processes. There were no significant failings or weaknesses during the year meriting disclosure in this report. The Committee reported to the Board in February 2020 that it considers the internal control framework to be functioning appropriately, to enable the Board to meet its obligations under section C of the Code, to maintain sound risk management and internal control systems and to report to Shareholders on these in the Annual Report (see pages 95 to 96).

External Auditor

The Committee is responsible for maintaining the relationship with RB's External Auditor on behalf of the Board. The Company's External Auditor is KPMG LLP (KPMG). Following a competitive tender undertaken in 2017, KPMG was formally appointed as the Group's External Auditor by Shareholders in 2018. There are no current plans to commence an External Audit tender. The Company will be required to conduct its next External Audit tender no later than 2027.

The Committee considers and makes a recommendation to the Board in relation to the appointment, reappointment and removal of the External Auditor, taking into account independence, effectiveness, lead audit partner rotation and any other relevant factors, and oversees the tendering of the External Audit contract. The Committee approves the External Auditor's terms of engagement and remuneration and reviews the strategy and scope of the audit and the work plan. The Committee also monitors the rotation of the lead audit partner, who rotates every five years in accordance with the Ethical Standards. The current lead audit partner, Richard Broadbelt, has just completed the second year of his five-year term. A new lead audit partner will be required for the year ending 31 December 2023.

The Committee reviews the nature and level of non-audit services undertaken by the External Auditor during the year to satisfy itself that there is no impact on its independence and is required to approve all non-audit services. The Board recognises that in certain circumstances the nature of the service required may make it more timely and cost-effective to appoint an auditor that already has a good understanding of RB. The total fees paid to KPMG for the year ended 31 December 2019 was £14.5 million, of which £1.9 million related to audit-related and non-audit work (to which KPMG was appointed principally for the above reasons). Details of services provided by the Auditor are set out in Note 4 on page 167.

Following the introduction of EU reforms, the Group's internal policy on non-audit fees was revised, effective 1 January 2017, to reflect prohibited non-audit services, including all tax services provided to entities within the EU. The policy states that, on an annual basis, non-audit fees should not exceed 50% of the Group's external audit and audit-related fees for the year. The Board confirms that, for the year ended 31 December 2019, non-audit and audit-related fees were 15% of the audit fees.

RB has a formal policy in place to safeguard the External Auditor's independence. In addition, as part of its audit strategy presentation to the Committee in May 2019, KPMG identified its own safeguards in place to protect its independence and confirmed their independence in March 2020 to the Committee.

The Group has a policy that restricts the recruitment or secondment of individuals employed by the External Auditor into positions that provide financial reporting oversight where they could exercise influence over the financial or regulatory statements of the Group or the level of audit and non-audit fees.

The External Auditor is a key stakeholder in helping the Committee fulfil its oversight role for the Board. In the opinion of the Committee, the relationship with the External Auditor works well, the Committee remains satisfied with the External Auditor's independence and effectiveness and believes KPMG is best placed to conduct the Company's audit for 2020. KPMG has expressed a willingness to continue as External Auditor of the Company. Following a recommendation by the Committee, the Board concluded, on the Committee's recommendation, that it was in the best interests of Shareholders to appoint KPMG as the Company's External Auditor for the financial year ending 31 December 2020. In accordance with s489 of the Companies Act 2006, resolutions to propose the re-appointment of KPMG as the Company's External Auditor and to authorise the Committee to fix its remuneration will be put to the Shareholders at the AGM on 12 May 2020.

For the year ended 31 December 2019, the Company has complied with the Competition & Markets Authority Order: The Statutory Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

During the financial year under review, the Company had no interaction with the FRC's Corporate Reporting Review Team or its Audit Quality Review Team.

Internal Audit

The Committee is responsible for reviewing and monitoring the effectiveness of the Internal Audit function. The Group Head of Internal Audit reports to the Chair of the Committee and to the CFO for administrative matters and updates the Committee at each meeting. The Internal Audit function is responsible for impartially assessing the key risks of the organisation and appraising and reporting on the adequacy and effectiveness of RB's risk management and internal controls in financial, information systems and other business and operational areas to develop and improve the effectiveness of the Group's risk management control and governance processes and strategies.

The Internal Audit plan is prepared on a half-yearly basis under an agreed cover and scope policy and reflects a risk-based approach within the cover policy. Designated audit locations are determined at the start of each year following a risk and control assessment of each commercial and supply unit. Information systems, change programmes and head office locations also fall within Internal Audit's remit and are subject to audit. Following each audit, findings are reviewed and reported to management and to the Committee, together with recommendations and updates. Resulting management actions and progress are tracked until a report is satisfactorily closed. In 2019, routine Internal Audit work delivered 61 audits, which covered 39% (by Net Revenue) of RB's global commercial business and 40% (by industrial sales) of global manufacturing facilities. The failure rate for 2019 audits was broadly consistent with previous years; all failed audits receive a follow-up audit within six to 18 months as appropriate.

Fair, balanced and understandable

The Committee reviewed the 2019 Annual Report and Financial Statements to ensure that they are fair, balanced and understandable and provide sufficient information to enable the Shareholders to assess the Group's position, performance, business model and strategy.

The Annual Report project team was primarily comprised of individuals in RB's Company Secretarial, Finance, Investor Relations, Corporate Communications and Sustainability teams. Individuals from those teams with sufficient knowledge and experience undertook the drafting of sections of this Annual Report. The overall governance and coordination of the Annual Report was managed by the Company Secretarial team, in conjunction with the Corporate Communications team. The project team held regular meetings and accountability was ensured by obtaining internal sign-off from key stakeholders in the project team for the section(s) they were responsible for.

The Directors, individually and collectively, were provided with drafts of the Annual Report at set stages, and information contained within the Annual Report was verified internally and by our External Auditor as required. The preparation and verification processes were determined to be robust.

Following the Committee's review, the form, content and consistency of narrative within the 2019 Annual Report and Financial Statements, the disclosures contained in the Financial Statements and the underlying processes and controls were confirmed as appropriate. The Committee was satisfied that the 2019 Annual Report and Financial Statements, taken as a whole, met its objectives and accordingly we recommended to the Board that the 2019 Annual Report and Financial Statements be approved and we supported the Board in making its statement on page 141.

Governance

Terms of reference

We review our terms of reference annually. During the year, the Committee's terms of reference were reviewed and updated, to more closely align all RB Committee terms of reference and to ensure that the Committee's terms of reference continue to reflect best practice. Following a recommendation from the Committee to approve its updated terms of reference, the Board approved the changes in November 2019. The updated terms of reference can be found at www.rb.com.

Informal Committee evaluation

In addition to the Committee's inclusion in the Board's external performance evaluation this year, the Committee chose to undertake a separate, informal evaluation of its performance. The informal evaluation of the Committee consisted of two internally facilitated questionnaires; one was sent to Committee members and regular meeting attendees, and the other was sent to individuals who regularly present at Committee meetings. The rationale was to provide the Committee with a more holistic view from other internal Stakeholders and to gather their views of the Committee's operation and interaction with them.

Matters reviewed by Committee members included effectiveness in the areas of: risk strategy and framework; Internal and External Audit; external reporting; Committee role and composition; information and support; meeting logistics and focus; and engaging internally and externally. The questionnaire used for presenters was more narrative based and sought views on interaction with Committee members and levels of engagement, feedback and challenge.

The overall conclusions drawn from both questionnaires depicted a Committee with strong foundations and talented members, recognising there was a continual learning and improvement process.

Internal Audit evaluation

The Internal Audit effectiveness review was carried out through a combination of direct post-audit feedback together with questionnaires targeted at Committee members, Executive Committee members, business unit leadership teams and local finance management.

The evaluation of the Internal Audit function, which covered audit scope, cost and communications, quality process, governance and independence, and calibre and capability, indicated that respondents deemed the Internal Audit team to have a strong degree of integrity, a reputation for producing high-quality audits and as a function are well respected.

The Committee considered the effectiveness review and the work carried out by the Internal Audit function as reported at every Committee meeting and concluded that it was an effective operation and the Committee remains satisfied that the resourcing, quality, experience and expertise of the function is appropriate for the Company.

External Audit evaluation

As 2018 was KPMG's first year as RB's External Auditor, the assessment was conducted during the November 2018 Committee meeting. This year, the assessment of the External Auditor was conducted using a questionnaire which was circulated to the Board, Committee, Executive Committee, business unit, finance and other functional leadership and local finance management.

The questionnaire covered the four competency areas outlined in the Financial Reporting Council's Guidance on Audit Quality Practice (published in May 2015) (Guidance): mindset and culture; skills and knowledge; quality control; and judgement. In addition, specific areas in the questionnaire included the audit team, fees, communication, governance and independence. In terms of the Guidance, KPMG scored particularly highly in 'mindset and culture' and 'quality and control' and the overall results were largely consistent with those attained by RB's previous External Auditor.

The Committee is satisfied with the effectiveness, expertise, quality, review, and in particular, challenge from the External Auditor and is confident that KPMG remains best placed to conduct a high-quality audit of the Group for the 2020 financial year.

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee Report for the financial year ended 31 December 2019.

> “We are committed to always acting responsibly and with integrity, for the health, safety and benefit of our consumers and employees
>
> Pam Kirby
> Chair of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee

The CRSEC Committee supports the Board in reviewing, monitoring and assessing the Company’s approach to responsible, sustainable, ethical and compliant corporate conduct and assists the Board in upholding its values of responsibility, honesty, integrity and respect. The following report details the work undertaken by the Committee during 2019 and our role in ensuring that our approach to CRSEC is aligned to the Group’s purpose-led strategy and societal responsibility. We have worked hard, together with the RB management team, to continue to build on our foundations and ensure that momentum is maintained to deliver planned safety, quality and compliance objectives within and across each of our business units.

I am pleased to report on our good progress over the last year. In addition to reviewing matters at our CRSEC Committee meetings, I have held regular meetings with our CEO, Chief Safety, Quality, Regulatory and Compliance (SQRC) Officer and SVP Corporate Communications and External Affairs, and the Chief Ethics and Compliance Officer, to review progress against the strategy and to represent the Board in supporting the efforts in these critical areas. I was also able to visit our R&D sites in Hull, UK and Montvale, US with my fellow Committee member Mehmood Khan and the CEO over the last year to see our R&D facilities and speak with employees on any matters of concern. The visit to Hull incorporated an inspection of the newly built innovation centre that links our proud history in RB to the future of science and technology. In Montvale, the science platforms were reviewed and it was an excellent opportunity to meet some of the inspiring scientists in our organisation.

During 2019, a strong compliance plan was implemented focusing on key priorities such as strengthening and driving consistency in our global standards for quality and employee safety, delivering systems and infrastructure initiatives that will strengthen our foundation of compliance and our operating model and building essential capabilities to meet the obligations we have today as well as anticipating the future. In the area of legal compliance, due diligence assessments to a total of 7,743 new third parties (vendors and distributors) were conducted to ensure we are selecting reliable partners to work with. New policies have been implemented to mitigate major risks, such as a policy related to interactions with healthcare professionals.

With the arrival of our new CEO, we took the opportunity to review and further strengthen management's approach to governance, and instituted a new management Risk, Sustainability and Compliance Committee which will report into the CRSEC Committee.

At the start of the year, following disruption at our European Infant and Child Nutrition (IFCN) plant in late 2018, the Committee undertook a programme to strengthen foundations at its Nijmegen site in the Netherlands and improve performance, innovation and business continuity. A focus was placed on safety and people, quality assurance and strengthening operational rigour.

We recognise the central element of non-financial delivery as part of our purpose, supporting brands and performance going forward. As a manufacturer, we are ever mindful of the emerging risks relating to the sustainability of our products and packaging using plastics. In addition, we are taking steps to reduce our environmental footprint, including reduced emissions. We have monitored and supported the varying requirements arising from such issues to ensure RB is equipped to manage its obligations and remains a responsible global citizen, on behalf of all its stakeholders. More details on our sustainability aims, activities and progress can be read from page 40 and online at www.rb.com/responsibility.

We have continued to further our human rights strategy. We have been working with the Danish Institute of Human Rights on our total value supply chain, embedding human rights into our overall business activity. To date, I can report a good improvement in first-tier supply chain performance. RB has also mapped areas with migrant labour of high potential risk, for example the Gulf States and Malaysia, and is also addressing the repayment debt potentially accrued by those migrant workers during their international recruitment process.

We were delighted in September 2019 to re-join the Dow Jones Sustainability Index, after two years. This result reflects the improvements we have been making to run our entire business in a responsible way. Also, in December 2019 RB secured continued accreditation for the 16th year in the FTSE4Good Index, the world's leading global responsibility investment index.

In January 2020 we donated £5.5 million in cash and antibacterial products to combat the COVID-19 outbreak in China. Soap and sanitiser products were donated to help meet the cleaning and disinfection requirements in Wuhan's hospitals, as well as cash to support front line health working in the promotion of hand washing.

Finally, although not mentioned specifically in the following report, the Committee continues to oversee the efforts to mitigate the impact and alleviate the suffering caused by the tragic Humidifier Sanitizer issue in South Korea. Further details on the event and our remediation efforts can be found at www.rb.com/responsibility/humidifier-sanitizer.

I should like to thank my fellow Committee members, Chris Sinclair, Nicandro Durante and Mehmood Khan, for their diligence and service to the Committee, and all my fellow Board colleagues for their strong support and focus on our work throughout the year. I also thank the RB management team for the timeliness, quality and rigour of their reporting.

Pam Kirby
Chair of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee
26 March 2020

Activities

Some of the key achievements in the reporting period follow.

RB Code of Conduct

During 2019 we ran RB's Compliance Passport training, achieving a completion rate of 96% of employees and contractors worldwide. This training uses RB's Code of Conduct, its mission and values as a cornerstone to address RB's most relevant and mandatory topics which all employees need to understand. Our Code of Conduct is divided in to key sections including RB's leadership tone at the top, living our values, respect for each other, caring for our consumers and customers, responsibility to our Shareholders and acting with integrity in any market in which we sell our products.

Additionally, in 2019 we also developed RB's Third-Party Code of Conduct which serves as an independent guide and standard of our expectations that our suppliers and vendors need to meet to work with RB, aiming to build trusted business relationships in accordance to the Company's values, policies, procedures and applicable laws.

With the arrival of our new CEO in 2019, we have developed a new Code of Conduct that is being launched in 2020, incorporating RB's new vision and values.

Interactions with healthcare professionals and healthcare entities

RB Health launched a new global policy, along with eight related Standard Operating Procedures, which set the minimum compliance standards for interacting with healthcare professionals, healthcare entities and government officials. It applies to all of the RB Health portfolio of products, as well as to all RB Health employees, contractors and sub-contractors including any third parties interacting on behalf of RB. Online training has been developed and is mandatory for all relevant employees.

Speak Up service

2019 was an opportunity to continue raising awareness of the confidential Speak Up service available for all employees and third parties to ask questions and raise concerns on potential violations of regulations, internal policies or any misconduct observed at RB.

A campaign was launched globally that promoted a significant increase in reported cases. To ensure the increase in cases were managed and investigated in a timely manner, investigation training was delivered globally to all regions and included both business units. RB received a total of 466 Speak Up cases during 2019 in both Health and Hygiene Home. From those cases, 339 were from Health, 115 from Hygiene Home and 12 related to the Corporate Centre. All cases were or are in the process of being investigated. 160 reports have been so far substantiated or partially substantiated. The complete report can be viewed online at www.rb.com/responsibility/policies-and-reports.

GDPR

With the implementation of the European General Data Protection Regulation, RB developed a programme to increase the internal levels of privacy awareness and compliance through the remediation of several areas. This is consistent with RB's vision to create a 'Privacy by Design' culture, where the privacy rights of our employees, consumers and business partners are considered at the forefront of all projects and future innovation developed by the Company.

RB has appointed a Group Data Privacy Officer (DPO) and established a Group Privacy Office to support the DPO in overseeing and maintaining RB's privacy risk framework. The Privacy Office also established an extended network of Heads of Privacy and Privacy Champions for all EU markets and other relevant jurisdictions. This network is now starting to be extended outside of the EU, in markets like the US, Brazil, Russia, India and China, which have been identified as relevant from a privacy compliance perspective. The second phase of the programme focused on identifying and mitigating privacy risks through the implementation of RB's privacy strategy both in central functions, as well as more broadly across EU offices and factory sites.

Global Anti-Money Laundering Policy

In 2019, RB launched the Global Anti-Money Laundering Policy, which aims to ensure that all business transactions are accomplished in full compliance with applicable laws aimed at combating money laundering and terrorist financing. The Policy is further evidence of RB as a responsible company that only conducts business with those who are involved in legitimate business activities. The Policy can be found online at www.rb.com/responsibility/policies-and-reports.

Global Sanctions Policy

In 2019, RB launched the Global Sanctions Policy, as part of our commitment to complying with all applicable trade sanctions laws that restrict activities with certain countries, entities, or individuals worldwide. The objective is to support RB in making the right decisions in line with this corporate position and the Policy applies to all RB operations globally and other third parties acting on RB's behalf. The Policy can be found online at www.rb.com/responsibility/policies-and-reports.

Environment

Our environmental performance was not where we wanted to see it against our 2020 targets, while we focused on quality, safety and supply chain consolidation in the past three years. We are reinstating our environmental programme with new targets for 2020 looking beyond to 2025/2030 so we effectively play our part in tackling global climate change. During the year, we have made progress on plastics and improving our packaging and use of recycled materials, but recognise that there is more to do. Our overriding objective is responsible use of plastic for packaging, using the 4R approach – reduce, replace, reuse and recycle. Further details can be found at: www.rb.com/responsibility/plastics. In September 2019, we partnered with TerraCycle to announce a free 'Healthy You, Healthy Planet' national recycling programme in the US. Packaging waste from vitamins, sexual health and well being, cold and flu, infant formula and personal care items are cleaned and melted into hard plastic that can be remoulded to make new recycled products.

Climate change was and continues to be a material issue within our sustainability activity and we continue to review our strategies and operational activity on energy and water specifically, and climate change more broadly. This includes considering risks arising from both low-carbon transition policies and physical climate impacts in the context of the Task Force on Climate-related Financial Disclosures.

Infant and Child Nutrition (IFCN)

In December 2019, we introduced a supportive and inclusive Global Parental Leave Policy, increasing fully paid maternity leave to 26 weeks. The policy places RB in the top tier of all FMCG companies. In addition, 100 wellness suites are available at our sites to support nursing mothers.

During 2019, as part of RB's commitment to monitoring and transparency, we responded to the Globalisation Monitor Report and undertook two external audits. The audit reports, RB's responses and corrective action plan are all publicly available. We also reported on our Breast Milk Substitute (BMS) progress over 2018 and will be preparing a similar report for fiscal year 2019. Please refer to www.rb.com/responsibility/infant-and-child-nutrition/policies-and-progress-reports/ for further related materials.

As a result of RB securing continued accreditation in the FTSE4Good Index, FTSE undertake independent verifications of RB's BMS marketing practices. In late 2019, the first step was completed – a review of our Corporate Centre. FTSE will undertake further field work during 2020, with public reporting expected by the end of the year. The CRSEC Committee has final oversight of all IFCN related reporting.

Ingredients

There was continued focus on the management and safety of ingredients in products. The Committee continued to monitor emerging concerns on any ingredients, and RB's approach to both developing new ingredients to address these and collaboration with relevant regulators where appropriate. Efforts were being made to reduce our chemical footprint, alongside our commitment to transparent product labelling for consumers. More information can be found on page 43.

Human Rights and Modern Slavery Act Statement

In May 2019, RB published its third Slavery and Human Trafficking Statement following the Committee's recommendation to the Board. The Statement can be found at: www.rb.com/media/news/2019/may/rb-releases-2018-modern-slavery-act-statement/. The statement is based on our established Human Rights Policy that commits to no slavery and human trafficking, and our monitoring and improvement programme to prevent modern slavery and improve supply chain standards. During the year we partnered with the Danish Institute for Human Rights to further enhance our existing human rights strategy. In conjunction with the Institute, we have carried out an analysis of our business model and geographical footprint to identify where we can strengthen respect for human rights and evaluated those countries where our activities might impact human rights and develop recommendations to minimise negative and maximise positive impacts.

Corporate security

RB's corporate security team is responsible for supporting the implementation of strategies to secure RB people, assets and operations. They have supported RB management to deal with sensitive and relevant business matters. In January 2019, they assisted the secure evacuation of employees in Nairobi following a terrorist incident near to the RB office there.

Global Responsible Advocacy Policy

Advocacy means the interaction we have with NGOs, public authorities or associations in general, at global, regional, national or local level, regarding legislation, public policy or administrative decisions. A new Advocacy Policy was launched during the year to help employees and relevant contractors understand and comply with our approach to conducting any advocacy activity in a transparent, ethical and responsible way. Our advocacy activities typically include dialogue around: product quality and safety; self-care and the role of OTC (over-the-counter) medicines; health; hygiene; infant nutrition; sustainability; and changes to legislation. The Committee assists the Board in discharging its responsibilities regarding this policy, which can be found at www.rb.com/responsibility/policies-and-reports.

Safety, Quality and Regulatory Compliance (SQRC) programmes

The Committee has continued its oversight of the SQRC remediation and infrastructure programmes. The Product Lifecycle Management programme was successfully piloted in our Bangpakong factory and this has informed the development of a global template which was designed and built during 2019. It now goes into the final stages of testing before being fully deployed, with a planned completion date of 2023. We have continued to monitor quality, safety and sustainability leading and lagging indicators which have driven real-time improvement actions where needed and which are demonstrating improved performance in areas such as quality and employee health and safety audits. The Committee has also been briefed and provided guidance on issues as they have occurred during the year.

We recognise that we have the responsibility of maintaining the high quality our consumers expect, and our commitment to quality runs though everything we do. In November 2019, we celebrated World Quality Day aimed at instilling responsibility and pride for quality into all areas of the business and this was coupled with the launch of Quality Days at each of our manufacturing and commercial sites.

Performance review

During the year, the Committee reviewed its performance from the 2018 evaluation, which focused on the Committee's role and responsibilities, getting the right picture, quality of controls and manner of working together with management. Positive feedback had been received in all areas. The Committee and management undertook to focus on the following areas in 2019:

- ensuring reports provide the right level of detail and are presented in a way that makes it easy for the Committee to understand the important issues; and
- looking sufficiently at the root cause and accountabilities in the analysis of incidents.

The Committee reviewed its manner of Committee meeting preparation so that more concise, focused pre-reads were submitted to the Committee before meetings, and meetings themselves focused on interactive discussion.

An external Board evaluation was carried out by MWM Consulting Limited in 2019 and the Committee's performance review was undertaken in conjunction with that of the Board. Details are set out on page 94.

Focus for 2020

Looking ahead, we will continue our focus on consumer safety and creating a consumer experience that builds confidence and trust while continuing to strengthen our operational foundations.

We continue to review our sustainability objectives and chart progress against our targets. We are developing a new set of targets that reach beyond 2020, to 2025 and 2030 for our most material issues. We will share more details of this during the year. With the new strategy announced by our CEO on 27 February 2020 (see page 8 for details), we will be especially vigilant to ensure that there is no loss in momentum and focus on delivering the safety, quality and compliance agenda that management has committed to. We will monitor the progress of a number of Group-wide initiatives, as well as the establishment of proper governance and oversight.

Composition

The members of the Committee during the year were:

Composition	Tenure during the year
Pam Kirby (Chair)	Chair and member of the Committee for the whole year
Nicandro Durante	Member for the whole year
Chris Sinclair	Member for the whole year
Mehmood Khan	Member for the whole year

The Deputy Company Secretary was Secretary to the Committee until 18 November 2019, when the Senior Assistant Company Secretary assumed the role.

Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, knowledge and experience. The Board is satisfied that each member of the Committee is independent and that Committee members as a whole have competence relevant to the Company's sector and industries in which it operates. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with internal management covering CRSEC matters. All members of the Committee receive regular briefings from senior executives on matters covering governance, regulatory and legislative developments, and RB practices and policies.

Responsibilities

The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's corporate responsibility and sustainability, ethics and compliance strategies, policies, programmes and activities. Its role and responsibilities are set out in its terms of reference, which can be found at www.rb.com. In November 2019, the Board approved the Committee's proposed changes to its terms of reference, to take account of the UK Corporate Governance Code 2018 and recommended best practice. We review our terms of reference annually.

The Audit Committee has a monitoring function in respect of risk management and internal control systems, especially financial controls, but which also includes the assurance framework established by management to identify and monitor risks identified by the CRSEC Committee. The Committee liaises with the Audit Committee as appropriate.

The Committee is expected to meet at least three times per year. During 2019, the Committee held four scheduled meetings, and the attendance of members at the meetings is set out in the table on page 91. The CEO and the CFO, the Chief SQRC Officer, the Group Head of Audit, the SVP General Counsel/Company Secretary and the Chief Ethics & Compliance Officer regularly attend meetings. Other Board members are invited to attend all meetings. Other senior management attend when deemed appropriate by the Committee. Time is allocated at each meeting for private discussion with the Chief SQRC Officer, the Chief Ethics and Compliance Officer and the Chief Internal Auditor without other invitees being present, as well as a private meeting of the Committee members.

Committee meetings usually take place ahead of Board meetings and the Committee Chair provides to the Board an update of the key issues discussed at each meeting. Copies of Committee papers are provided to all Board Directors in advance of each meeting and minutes of each Committee meeting are provided to the Board.

See more
www.rb.com

Agenda items

The Committee has a number of standing agenda items which it considers in line with its terms of reference:

- Review of constitution, terms of reference and performance.
- Assessment, benchmarking and recommendations on policies, processes and procedures for corporate responsibility, sustainability and compliance and ethical conduct.
- Monitoring and review of processes for risk assessment for corporate responsibility, sustainability & compliance and ethical conduct.
- Agreeing targets and KPIs for corporate responsibility, sustainability and compliance and ethical conduct. Review of internal and external reports on progress towards set targets and KPIs.
- Reports from Management Committees in respect of corporate responsibility, sustainability, ethics or compliance and to investigate and take action in relation to issues raised or reported to it.

Specific matters which were considered by the Committee at its meetings during the year are shown below:

Meeting	Topic	
February 2019	• Review of the Committee's performance evaluation carried out in 2018 • SQRC Matters • Review of reports for Product Safety Evaluation, Product Integrity Reach and Product Lifecycle Management • Quality performance • Brexit impact • 2019 SQRC Priorities	• Ethics & Compliance • Review of the Speak Up whistleblowing programme • New RB Advocacy Policy • 2019 Legal Compliance and Ethics Priorities • Sustainability & External Affairs • IFCN Performance and Breast Milk Substitute Pledge
May 2019	• SQRC Matters – Quality review of Nijmegen facility in The Netherlands – Corporate Risk Assessment – Review of Audit of Corporate Quality function – Review of PLM plan and PIR control process – Organisation review • Ethics & Compliance – Corporate Security review	– New Policy for interactions with Healthcare Professionals and Healthcare Entities – Review of the Speak Up whistleblowing programme • Sustainability & External Affairs – IFCN Progress, including Policy and Breast Milk Substitute Pledge compliance training – Modern Slavery Act Statement
July 2019	• SQRC Matters – Review PLM plan – SQRC Organisation – Report of the Compliance Management Committee – Health Regulatory Review – Employee Health & Safety Compliance Review • Ethics & Compliance – Speak Up Review – Monitoring of Compliance Passport Training	– Review of the Competition Law Compliance Programme – Roll out of Trade Sanctions and Anti-Money Laundering Compliance Programme – GDPR Project Implementation and Data Privacy Compliance • Sustainability & External Affairs – IFCN Update. Breast Milk Substitute Pledge – Danish Institute for Human Rights update
November 2019	• Governance – Review of the Committee's terms of reference and recommendation to the Board for approval – Change of Secretary • SQRC Matters – PLM and PIR review – SQRC Risk Register – Regulatory update – 2020 Audit Schedule Endorsement	• Ethics & Compliance – Speak Up Review – GDPR Update – Refresh of RB Code of Conduct and associated mandatory employee training • Sustainability & External Affairs – Sustainability and Human Rights update – Breast Milk Substitute Pledge

Contents of Directors' Remuneration Report

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2019.

> "Central to our remuneration philosophy are the principles of pay for performance and Shareholder and strategic alignment
>
> Mary Harris
> Chair of the Remuneration Committee

Firstly, I would like to thank Shareholders for their approval of our new Directors' Remuneration Policy at our AGM on 9 May 2019. The Committee were particularly pleased with the support for the new Policy with a vote in favour of 87%, an increase on the previous policy which attracted a vote of 76%. I would also like to thank Shareholders for their time taken in providing feedback as we consulted with them ahead of the 2019 AGM, which gave valuable input to the Committee as we finalised the proposals which received Shareholder approval. In addition, our Annual Report on Remuneration was approved at the AGM with a vote in favour of 86%.

The substantial vote in favour of our Remuneration Policy reflects the changes we made to further strengthen the link between remuneration and RB's strategic priorities and Shareholders' interests, which we outline in this Report.

Context for executive remuneration at RB

RB strives for leading global performance. Our management team is multinational, and we compete for talent against a peer group of global companies. Central to our remuneration philosophy are the principles of pay for performance and Shareholder and strategic alignment. Combined with RB's compass and business model, they define how decisions are made, how people act and how we assess and reward them.

This Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The Report meets the requirements of the FCA Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules. In this Report we describe how the principles of good governance relating to Directors' remuneration, as set out in the UK Corporate Governance Code (July 2018) (the Code), are applied in practice. The Remuneration Committee confirms that throughout the financial year the Company has complied with these governance rules and best practice provisions.

As you will have seen, Laxman Narasimhan recently announced the findings of his strategic review of the Company. RB will focus on three global business units of Hygiene, Health and Nutrition, as we fulfil our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

The new strategy of the Company is intended to rejuvenate sustainable growth and deliver Shareholder value. The Group's key strategic priorities in the mid-term are restoring organic growth on the top line, focusing on achieving sustainable increased earnings growth and maintaining disciplined capital allocation.

Remuneration Policy

Our Remuneration Policy strives to ensure that the management team is rewarded appropriately for delivering against RB's strategic priorities, reflects the global nature of our business and delivers significant benefits for Shareholders.

Substantial changes were made to the Remuneration Policy last year and approved by Shareholders at the 2019 AGM and it is intended that this Policy will operate unchanged in 2020 as the Committee is of the view that it remains fit for purpose. As a reminder, some of the key changes made to the Policy and to the implementation of the Policy for 2019 were as follows:

- Reinforcing Shareholder alignment – the introduction of a two-year holding period for LTIP awards from 2019 onwards and the introduction of bonus deferral with one-third of any bonus paid being deferred into awards over RB shares for three years.
- Reduction in pension levels for new hires to the Board – both the CEO and CFO recruited to the Board in 2019 have been appointed with a pension contribution of 10% of salary, in line with our wider workforce in the UK.
- Malus and clawback – expanded to include corporate failure.
- Shareholding requirements – shareholding requirements for the recent new hires to the Board are 200,000 shares for the CEO and 100,000 for the CFO, remaining the most demanding in the UK market. There has also been the introduction of a formal post-employment shareholding requirement, at 50% of the shareholding requirement (or actual shareholding on leaving if lower) for two years after departure.
- LTIP performance measures – the introduction of two new LTIP performance measures for 2019 awards – like-for-like Net Revenue growth and return on capital employed (ROCE) – to be used alongside earnings per share (EPS).

In addition, the Committee made further reductions to the CEO LTIP award. The 2019 award made to Laxman Narasimhan as incoming CEO was 150,000 share options and 75,000 shares, a substantial reduction from awards made under the previous Policy of 400,000 share options and 240,000 shares. The Committee has also implemented an adjustment mechanism to annually review the numbers of shares and options granted.

To reinforce our remuneration philosophy, the majority of the Executive Directors' remuneration packages are made up of variable at-risk pay, linked to stretching financial targets that align with our strategy and Shareholder value creation, and are largely delivered in RB shares. In addition, we have market-leading shareholding requirements for executives. This approach is cascaded throughout our senior management.

The Committee is aware of the sensitivity around executive pay and in taking decisions throughout the year we have taken into account Shareholders' views and guidelines and the new UK Corporate Governance Code, whilst ensuring that the Policy incentivises delivery of the Company's strategic priorities and creation of Shareholder value. The Committee will also review the Remuneration Policy during 2020 and may propose further changes for Shareholder approval in 2021 depending on the outcome of this review; if this is the case the Committee will consult with Shareholders later in the year.

Further information regarding the composition, role and work of the Committee during 2019 can be found on page 123.

2020 LTIP performance conditions and targets

Within the Policy the Committee is in the process of reviewing the weightings of the performance conditions and the performance targets themselves that apply to LTIP awards in respect of the 2020-22 performance period.

This is to ensure that the weighting of the LTIP conditions and targets better reflect the Company's new strategic priorities following the CEO's recently announced findings of his strategic review, which consists of three phases to rejuvenate sustainable growth to drive mid-term outperformance.

Due to the timing of publication, the weightings and targets are not finalised in time to set out in this report. We are currently consulting with Shareholders on the performance conditions before making the awards, and will disclose them externally when we make the awards and in next year's Annual Report.

Board changes

During 2019 RB announced two changes to the Executive Directors.

Laxman Narasimhan was appointed as Chief Executive Officer to succeed Rakesh Kapoor, joining the Company as CEO-designate and the Board as an Executive Director effective 16 July 2019, and becoming Group CEO with effect from 1 September 2019. Rakesh Kapoor remained with the company until his retirement date of 31 December 2019 to ensure a seamless transition.

Jeff Carr has been appointed as Chief Financial Officer and Executive Director to succeed Adrian Hennah, who will be retiring. It is intended that Jeff will join the Company and the Board on 9 April 2020. Adrian will be stepping down as Chief Financial Officer and Executive Director when Jeff starts, remaining with the Company until his retirement date of 21 October 2020 to ensure a seamless transition.

The remuneration arrangements for both the outgoing Executive Directors and the incoming Executive Directors are in line with the Remuneration Policy approved by Shareholders and published on announcement. In particular for Laxman and for Jeff the salaries and incentive opportunities are either in line with or lower than those paid to their predecessors, and there has been a reduction in pension contribution to 10% of salary, which is aligned with our wider workforce in the UK. The other enhancements made to the Remuneration Policy in 2019 also apply. Further detail on the packages are set out in the Annual Report on Remuneration.

2020 remuneration

There is no change in base salaries for the CEO and the CFO for 2020. Laxman's salary is £950,000, unchanged since his appointment, and Adrian's salary remains at £680,000. When Jeff joins RB his salary will also be £680,000, reflecting his extensive experience across consumer and retail companies.

There are also no changes to the bonus opportunity for the CEO and CFO, remaining at 120% and 100% of salary at target respectively.

The 2020 LTIP award for Laxman will be in line with the 2019 LTIP award, consisting of 150,000 share options and 75,000 shares. The Committee is mindful of current investor sentiment around LTIP award levels where the share price has fallen year-on-year. As the LTIP award is made as a fixed number of shares and options as opposed to as a fixed percentage of salary, individuals at RB are not awarded a greater number of shares or options when the share price is lower year-on-year. As previously disclosed, Jeff's initial LTIP award for the 2020-22 performance period will be 80,000 share options and 40,000 shares and Adrian will not be granted an LTIP award in 2020.

Annual bonus in respect of 2019 performance

RB operates an annual bonus plan that is strongly aligned to performance, measured against stretching targets set by the Committee at the start of the year for Net Revenue growth and profit before tax.

2019 was a difficult year for the Company. The like-for-like Net Revenue growth was 0.8%, made up of -1.0% in Health and +3.6% in Hygiene Home. The growth in adjusted profit before income tax was 2.0%. As set out in more detail on page 126 these results reflect performance towards the bottom end of the performance ranges set for the 2019 annual bonus.

As a result, the formulaic outcome of the 2019 annual bonus for the Executive Directors is 12% of maximum which is in line with all other employees on the same Group-wide measures. This is a substantial reduction in comparison to last year. In line with the Remuneration Policy, for Laxman and Adrian, one-third of the annual bonus will be deferred into an award over RB shares for three years and two-thirds will be paid in cash.

In addition to the annual bonus plan, Laxman will receive a buyout in respect of the annual bonus that was forfeited on leaving PepsiCo of £670,652. While this payment is included in the 2019 single figure, it relates to legacy arrangements implemented by his previous employer. As with the RB annual bonus, one-third of the payment will be deferred into an award over RB shares for three years and two-thirds will be paid in cash.

Vesting of the 2017-19 LTIP

The 2017-19 LTIP award was subject to EPS growth over the three-year performance period. The EPS growth targets were set at 6% per annum for threshold vesting with 10% per annum required for maximum vesting. Earnings per share growth for LTIP purposes, over the three-year period from 2017 to 2019, was 3.8% per annum, on an adjusted diluted basis. This results in zero vesting when measured against the vesting schedule approved by Shareholders.

As previously disclosed, Laxman received a buyout in respect of long-term incentive awards he forfeited on leaving PepsiCo. To replace his forfeited awards on a like-for-like basis in terms of form of award, time horizons and actual pay-out levels, he was awarded RB shares and a cash award which vest based on PepsiCo performance to 2019. The cash award has vested at 102% of target and the share award vested at 75.6% of target. Whilst these awards are included in the 2019 single figure, they relate to legacy arrangements implemented by his previous employer.

Overall assessment of performance

As we do every year, the Remuneration Committee has also reviewed the overall performance of the Company and of the Executive Directors to ensure alignment of pay with performance.

This broad performance assessment included consideration of the quality of earnings, the shareholder experience and the performance of Mead Johnson Nutrition (MJN) measured against the expectations of the Board at the time of the acquisition. In light of this review of the 2019 performance the Committee determined it appropriate to adjust the annual bonus outcome for Rakesh Kapoor in order to ensure it better reflected this overall performance of the Company, during 2019. As a result Rakesh will not receive a 2019 annual bonus.

The bonus for Adrian and Laxman is in line with the formulaic outcome of 12% of maximum.

The Remuneration Committee noted that the formulaic outcome for the vesting of the LTIP for the period 2017-19 was zero. It was not felt appropriate to adjust this outcome and as such there is zero LTIP vesting for the Executive Directors.

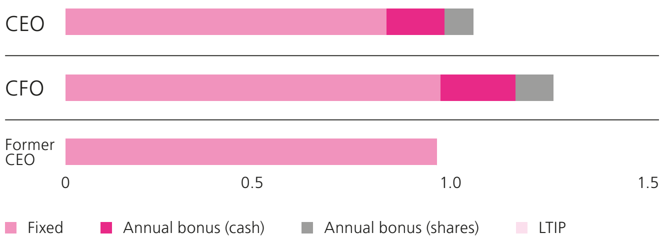
In addition, the Remuneration Committee reviewed the impairment of goodwill in respect of the MJN acquisition. As this reduces the capital employed it has the potential to increase the calculation of ROCE. However, the Committee will ensure that the impairment does not lead to an increase in vesting in respect of the proportion of the LTIP related to ROCE in future years.

The final part of the annual assessment is for the Committee to consider the potential use of malus and clawback. As set out in our Remuneration Policy, these are aligned with the terms seen in the UK market and apply in cases of gross misconduct, a material misstatement or an error in the calculation, and, in the case of most recent awards, corporate failure. The Remuneration Committee has carefully considered all of the relevant factors and is satisfied that none of the above terms has been triggered and therefore no malus and clawback have been applied at this time.

2019 single figure

The impact of this bonus payment and LTIP vesting is a total single figure of £1.0 million for Laxman (£4.6 million including the buyout of legacy arrangements from his previous employer) and £1.2 million for Adrian. This figure for Laxman reflects the period since he joined RB, and includes one-off relocation benefits provided. For the period until he stepped down from the Board the single figure for Rakesh was £0.9 million, comprising salary, benefits and pension. The chart below illustrates the breakdown of the single figure (excluding buyout).

Single figure illustration (£m)



Chair and NED fee increases

During 2019 the Chairman and Non-Executive Director fees have been reviewed taking into account the additional time commitment required to meet the scope and responsibilities of the roles, which have increased over recent years.

The fee for the Chairman was set in 2017, in advance of his appointment at the 2018 AGM, at £500,000 with 25% of the fee paid in shares. This fee level was set at the bottom end of FTSE 30 market practice. Taking into account the significant additional time commitments required for the role beyond those anticipated at the time of appointment and performance in the role to date, the fee was increased to £550,000 with effect from 2020, with 25% of the fee being paid in shares. This is still below the median for the Chair of FTSE 30 companies.

The Non-Executive Directors receive a base fee together with additional fees paid based on Committee membership. The base fees were last reviewed in 2018 and the additional fees have not been increased since 2013. Since that time the levels of responsibility and time commitments of the role of NEDs has increased, given the changes to the Corporate Governance Code and expectations of Shareholders, as well as the broader business scope of the Company. In particular, the workload of the Board Committees has increased markedly since 2013 as the responsibilities and expectations of those Committees have increased.

Following this review, no change is being made to the amount of the base fee paid to NEDs. However, there is a change to the fees paid in respect of additional responsibilities, increasing by £5,000 for Committee Chairs and Committee members and by £10,000 for the SID, with effect from 1 January 2020. With effect from 26 July 2019, a new role of the designated NED for engagement with the Company's workforce was created. Given the additional responsibilities and time commitments that come with this, an additional fee of £20,000 is paid for the role with effect from 1 January 2020.

The base fee for the NEDs continues to have a proportion required to be invested in RB shares; however, this is increasing by £5,000 to £21,750, with the cash element of the base fee reducing by the same amount, such that around 24% of the base fee is now required to be invested in RB shares.

Context for remuneration in the wider workforce

During the year, the Committee reviewed the revised UK Corporate Governance Code (the Code) which requires the Committee to review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration.

The Remuneration Committee has had the opportunity to understand the remuneration of the wider workforce and has been provided with an overview of workforce remuneration and related policies, as well as the alignment of incentives and rewards with culture. Information provided to the Remuneration Committee includes salary structures, bonus design and targets, the long-term incentive plan, share ownership, RB's International Transfer Policy and RB's all-employee Share Plans.

The Committee is pleased to note from this review that the Company's remuneration policies are aligned with those of the Executive Directors, with a cascade throughout the organisation.

The Remuneration Committee was very supportive and pleased with the changes made during the year including formal accreditation by the Living Wage Foundation, enhancement of RB's global maternity policy to 26 weeks' paid leave and an increase in paid paternity leave to four weeks. In addition, the Remuneration Committee was delighted that RB's all employee share plan won Best International Share Plan at the ProShare Awards, recognition of the design and communications of the Plan resulting in our high take-up rate of more than 55% of our global employees participating.

Further details on wider workforce remuneration, including enhanced disclosure, are set out on page 130.

Finally, since 26 July 2019, I have been the designated NED for engagement with the Company's workforce and have been able to feed back the views of the workforce to the Remuneration Committee as well as the wider Board.

Conclusion

Our Remuneration Policy reflects Shareholders' views and guidelines and the UK Corporate Governance Code. It continues to drive the appropriate behaviours and performance to support the Company's business strategy and delivery of shareholder value. I trust that I can count on your support at the upcoming AGM.

I would also like to acknowledge and thank my fellow Committee members for their diligence and service during the year.

Mary Harris
Chair of the Remuneration Committee
26 March 2020

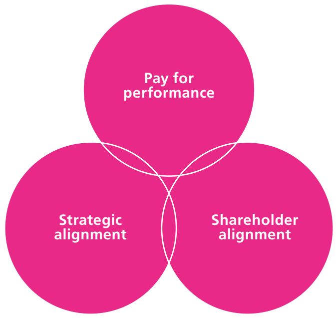
REMUNERATION AT A GLANCE

RB's compass

RB's strategic priorities

- Rejuvenate RB to deliver shareholder value
- Restore organic top-line growth
- Achieve sustainable increased medium term earnings growth
- Maintain disciplined capital allocation

RB's remuneration philosophy



Combining RB's compass, strategy and remuneration philosophy drives RB's remuneration principles

1 High proportion of long-term variable pay
- Drive outperformance and shareholder value
- Stretching performance targets

2 Attract and retain the best global talent
- Engage highly performance-driven individuals
- Reflect global competitive practice across our industry peer group

3 Market Leading Share Ownership Policy
- Align the interests of management and Shareholders
- A culture of ownership

4 Ensure alignment with strategy across the business
- Alignment of performance metrics with strategic priorities
- Alignment across the business of metrics and ownership

Element		Key features of Policy	How we implemented for 2020	Link to strategy	2020	2021	2022	2023	2024	2025
Salary, benefits and pension		• Salaries and benefits set competitively against peers • Salary increases and pension contribution set in context of wider workforce	• No salary increases for 2020 • Pension contribution set at 10% of salary	• To enable the total package to support recruitment and retention						
Annual bonus (APP)		• Target bonus of 120% for CEO and 100% for CFO • One-third deferred into awards over RB shares for three years. • Malus and clawback provisions apply	• Targets set for Net Revenue growth and adjusted profit before income tax growth. • Threshold performance results in zero payout, with maximum of 3.57x target	• To drive strong performance with significant reward for overachievement of annual targets linked to RB's strategic priorities • Use of deferral for longer-term Shareholder alignment		Cash APP paid			Deferred APP vests	
LTIP	Performance shares	• Three-year performance period and two-year holding period • Malus and clawback provisions apply until two years after vesting • Options have seven years to exercise post-vesting	• We are currently consulting with Shareholders on the measures and weightings for the 2020 awards, in order that KPIs are aligned with strategic priorities.	• To incentivise and reward long-term performance and align the interests of Executive Directors with those of Shareholders • Two-year holding period for longer-term Shareholder alignment	Award granted			Award vests		Holding period ends
	Performance options				Award granted			Award vests		Holding period ends
Shareholding requirements		• CEO: 200,000 shares • CFO: 100,000 shares	• Period of eight years from appointment to achieve • Two-year shareholding requirement post-departure	• Promotes long-term alignment with Shareholders • Promotes focus on management of corporate risks						

REMUNERATION AT A GLANCE: PAY OUTCOMES FOR THE YEAR

2019 Fixed Remuneration

Base salary

CEO	CFO	Former CEO
£437,138	**£680,000**	**£653,489**

Pension

CEO	CFO (retiring 2020)	Former CEO
10% of salary	**25% of pensionable salary**	**30% of pensionable salary**

Annual performance plan

The performance outcomes for the annual bonus were below target and have resulted in a payout of 12% of maximum, of which a third is deferred, by way of an award over RB shares.

Performance measure	Threshold (zero bonus)	Maximum (3.57 x target)	Actual
Net Revenue growth	0.5%	5.0%	0.8%
Profit before tax growth	0.0%	6.5%	2.0%

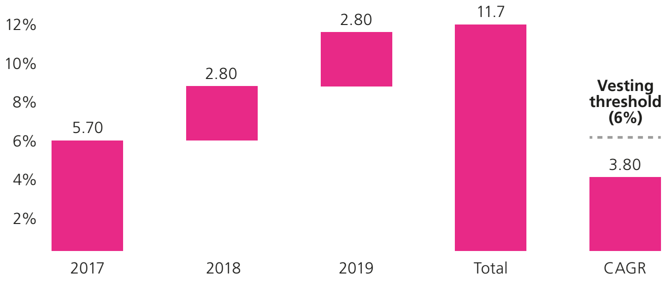
Performance range ■ Achieved

	Base salary	Target	Multiplier	Delivery Cash	Delivery Shares
CEO	£437,138	120%	0.42	2/3	1/3
CFO	£680,000	100%	0.42	2/3	1/3
Former CEO	£653,489	120%	0		

Long-term incentive plan

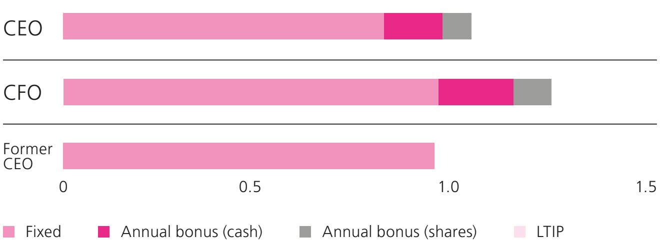
Earnings per share growth, as measured for LTIP purposes, over the three-year period was 3.8% per annum. As this is below the threshold required of 6% per annum the LTIP will not vest for the period 2017-19.

EPS performance



The single figure for 2019 is therefore comprised of the elements in the graph below.

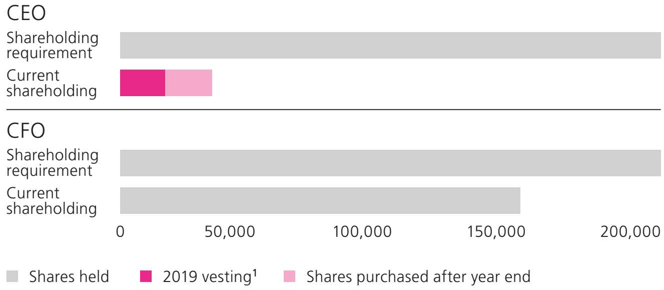
Single figure illustration (£m)



In addition Laxman Narasimhan also received a buyout in respect of legacy arrangements from his previous employer, as detailed on page 127.

Shareholding of Executive Directors vs requirement

RB operates a market leading shareholding requirement with an eight year timeframe to achieve. The chart below illustrates the progress towards this of the executive directors.



1 2019 LTIP includes the estimated after tax value of buyout award.

REMUNERATION COMMITTEE GOVERNANCE

Who's on the Committee	The Remuneration Committee is made up entirely of Non-Executive Directors who are appointed by the Board on the recommendation of the Nomination Committee. Membership of the Remuneration Committee during the year was as follows: Mary Harris (Chair) Nicandro Durante Chris Sinclair Elane Stock
Our role	The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance. On behalf of, and subject to approval by, the Board of Directors, the Committee primarily: • sets and regularly reviews the Company's overall remuneration strategy; • determines the general Remuneration Policy for senior executives; and • in respect of the Chairman, the Executive Directors and members of the Executive Committee, sets, reviews and approves: – remuneration policies, including annual bonuses and long-term incentives; – individual remuneration and compensation arrangements; – individual benefits including pension and superannuation arrangements; – terms and conditions of employment including the Executive Directors' service agreements; – participation in any of the Company's bonuses and LTIPs; and – the targets for any of the Company's performance-related bonuses and LTIPs. • reviews wider workforce remuneration and related policies and the alignment of incentives and reward with culture. The Executive Directors and the Company Chairman are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors.
Meetings	During the year the Committee held five scheduled meetings and six additional meetings. The attendance of members at meetings is set out in the table on page 91. The Chief Human Resources Officer was Secretary to the Committee throughout the year. Meetings were also attended by the CEO, CFO, SVP General Counsel and Company Secretary and the Group Head of Reward by invitation. Deloitte acted as advisor to the Committee throughout the year. Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.
Peer group	The Remuneration Committee has determined a peer group of international companies, which is referred to within the report. This peer group is used for benchmarking remuneration packages and as a reference point in ensuring that performance targets are appropriately stretching and when reviewing the Company's relative performance. This peer group is the same group used to benchmark remuneration of senior managers across the Company. The companies included are: Abbott Laboratories Bayer Campbell Soup[1] Church and Dwight Clorox Coca-Cola[1] Colgate Danone GSK Henkel Johnson & Johnson Kellogg[1] Kimberly-Clark[1] Kraft Heinz Nestlé Novartis PepsiCo[1] Pfizer Procter & Gamble Sanofi Unilever 1 Companies used for remuneration benchmarking only and not for performance comparison.

The table below summarises the key activities at the Committee's meetings in 2019:

Meeting	Topic
January 2019	• Determined exit arrangements for Rakesh Kapoor
February 2019	• Reviewed performance to 2018 in respect of bonus outcomes and LTIP vesting • Reviewed draft Remuneration Policy and Shareholder consultation • Approved 2019-21 LTIP measures, definitions and targets
March 2019	• Considered Shareholder feedback • Final approval of 2018 bonus and 2016-18 LTIP vesting • Final approval of new Executive Directors' Remuneration Policy • Approved revised LTIP and Deferred Bonus Plan rules, in line with Policy
May 2019	• Reviewed 2019 AGM voting • Approved LTIP awards and associated plan documents
June 2019	• Determined remuneration package for Laxman Narasimhan
July 2019	• Reviewed wider workforce remuneration and demographics • Reviewed corporate governance, shareholder guidelines and market practice
September 2019	• Reviewed wider workforce remuneration and demographics • Approved all-employee share plan
October 2019	• Determined exit arrangements for Adrian Hennah • Determined remuneration package for Jeff Carr
November 2019	• Determined 2020 remuneration packages for Executive Directors and Executive Committee members • Determined Chairman fees • Reviewed updates to corporate governance and Shareholder guidelines • Agreed Shareholder consultation • Reviewed shareholding for senior employees with share ownership requirements • Reviewed Remuneration Committee terms of reference
December 2019	• Approved 2020 bonus targets

RB's Remuneration Policy

RB's Remuneration Policy reflects the philosophy of pay for performance, Shareholder alignment and strategic alignment over the short, medium and long term. The full Policy was approved by Shareholders at the AGM on 9 May 2019, and can be found in the 2018 Directors' Remuneration Report, including notes, on pages 98 to 106. It is also available on our website in the Corporate Governance section.

When determining the Policy, provision 40 of the Corporate Governance Code was taken into account as follows:

- **Clarity –** arrangements are transparent, reflect Shareholder alignment and RB's strategic priorities, thereby effectively engaging with the wider workforce and Shareholders.

  The Committee consulted with Shareholders as part of the design phase of the policy.

- **Simplicity –** the Policy is simple and clear, comprised of fixed pay, such as pay and benefits, pension schemes that are offered to most of the workforce, plus variable pay which incorporates the annual bonus, LTIP (share options and performance share awards), and a clear Share Ownership Policy for senior members of the business. Variable pay is set against financial targets to incentivise short- and long-term financial performance and alignment with Shareholders.

- **Risk –** the malus and clawback provisions which apply to annual bonus and LTIP awards encourage the right behaviours which lead to long-term shareholder alignment and sustained value creation. The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards.

- **Predictability –** the total of fixed pay, variable pay (target and maximum) illustrated in the scenarios of total remuneration in our Policy provide an estimate of the potential future remuneration of the Executive Directors, including the total remuneration if a 50% share price growth is achieved.

- **Proportionality –** there is a clear link between pay for performance and link to business strategy, with stretching financial targets applied to annual bonus payouts and LTIP vesting.

- **Alignment to culture –** financial targets apply to the Annual Bonus and LTIP awards across the wider workforce to drive business performance. These targets are reviewed on an annual basis. Malus and clawback provisions apply to annual bonus and LTIP, and together with deferred annual bonus, holding periods and share ownership for the Executive Directors (and any other relevant senior employees), drive the right behaviours expected within RB. The remuneration arrangements of the wider workforce reinforce employee engagement.

In light of the recent strategic review, the Committee will review the Remuneration Policy during 2020 and may propose further changes for Shareholder approval in 2021, depending on the outcome of this review. If this is the case the Committee will consult with Shareholders later in the year.

Annual Report on Remuneration

The rest of this report sets out how we have implemented the Remuneration Policy approved by Shareholders in 2019, as well as how we intend to implement it in 2020.

Remuneration arrangements for the new Chief Executive Officer and Chief Financial Officer

In establishing the remuneration arrangements for the incoming CEO and CFO, all arrangements are in line with the Remuneration Policy.

CEO

Laxman Narasimhan joined the Company as CEO-designate and the Board as an Executive Director effective 16 July 2019, and became Group CEO with effect from 1 September 2019. The remuneration was fully disclosed upon announcement of his appointment on 12 June 2019 and the buyout awards fully disclosed after they were made on 6 August 2019.

His base salary was set on appointment as £950,000 and has remained unchanged for 2020. He has a target APP of 120% of salary, and a maximum opportunity of 3.57x, with one-third of any APP payment deferred for three years. Laxman's pension contribution is 10% of salary, in line with the wider workforce in the UK.

Laxman's shareholding requirement is 200,000 shares, with a post-employment shareholding requirement of 100,000 shares, or his actual shareholding at the date of departure if lower, for two years after departure.

On 5 August 2019, Laxman received a grant under the RB LTIP of 75,000 performance share awards and 150,000 share options. This award vests based on performance conditions over the three-year performance period 2019-21 and is subject to a further two-year holding period, following the end of the performance period. He will receive an LTIP award in 2020 for the performance period 2020-22, which will also be 75,000 performance share awards and 150,000 share options.

In addition, on 5 August 2019, Laxman received further share awards as Replacement Awards in respect of incentives which he forfeited on resigning from PepsiCo, his previous employer. These were made on a like for like basis in terms of the form of award, time horizons, and performance conditions. These were all disclosed at the time of the award and are detailed below.

He was granted Replacement Awards with a target amount of 89,300 shares:

- Of this, 40,890 performance shares were awarded in relation to the long-term incentive award over PepsiCo shares granted to Laxman in March 2017, and vesting based on PepsiCo's performance over the three-year period ended in December 2019. 40,890 shares may vest in March 2020 based on target performance, with full vesting of 71,557 shares if conditions are met in full.
- 48,410 performance shares were awarded in relation to the long-term incentive award over PepsiCo shares granted to Laxman in March 2018, and vesting based on PepsiCo's performance over the three-year period ending in December 2020. 48,410 shares may vest in March 2021 based on target performance, with full vesting of 84,717 shares if conditions are met in full.

These two Replacement Awards will accrue RB dividend equivalents from the time of grant to the time of vesting. There will be no retesting of any of the above awards. No consideration was paid for the grant of these awards. The Replacement Awards will be satisfied by shares purchased in the market.

On the same day, Laxman also received Replacement Awards in the form of cash awards:

- A target cash amount of £1,043,959 was awarded in relation to the long-term cash award granted to Laxman in March 2017, and vesting based on PepsiCo's performance over the three-year period ended in December 2019 and payable in March 2020.
- A target cash amount of £1,252,751 was awarded in relation to the long-term cash award granted to Laxman in March 2018, and vesting based on PepsiCo's performance over the three-year period ending in December 2020 and payable in March 2021.
- The maximum extent to which the performance conditions can be satisfied is 200%, such that the maximum cash amount that Laxman may receive will be £2,087,918 in March 2020 and £2,505,502 in March 2021.

The vesting of these awards will be disclosed in the Annual Report on Remuneration for the relevant year, with those vesting in March 2020, included in this year's report and single figure table.

In addition to the above, RB will make a payment in respect of the PepsiCo annual bonus for 2019 which Laxman forfeited when he resigned. This payment was calculated based on his target bonus for the period in which he was employed with the PepsiCo performance outcome applied to this, based on disclosure of other named officers in their proxy statement. Two-thirds will be paid in cash and one-third deferred by way of an award over RB shares deferred for three years. This payment is included in the single figure table.

Finally, as Laxman was previously employed in the US, relocation benefits have been provided to cover the costs of his move to the UK, including flights, immigration, temporary accommodation, shipping of household goods, etc. These were all provided in line with RB's International Transfer Policy, which we apply to all of our transferees, and the Company also pays any tax due on the benefit on the employee's behalf. The costs of these benefits provided in 2019 are included in the single figure table in this report. As Laxman's family will permanently relocate in 2020, at the end of the school year, there will also be some costs paid in 2020 which will be disclosed in next year's report.

CFO

Jeff Carr has been appointed as Chief Financial Officer and Executive Director to succeed Adrian Hennah, who will be retiring. Jeff will join the Company and the Board on 9 April 2020.

His base salary was set the same as his predecessor, at £680,000 reflecting his extensive experience across consumer and retail companies. He has a target APP of 100% of salary, and a maximum opportunity of 3.57x, with one-third of any APP payment deferred for three years. Jeff's pension contribution will be 10% of salary, in line with the wider workforce in the UK.

Jeff's shareholding requirement is 100,000 shares, with a post-employment shareholding requirement of 50,000 shares, or his actual shareholding at the departure date if lower, for two years after departure.

He will receive an LTIP award in 2020 for the performance period 2020-22, which will be 40,000 performance share awards and 80,000 share options. This award will vest based on performance conditions over the three-year performance period and will be subject to a further two-year holding period, following the end of the performance period.

As Jeff is moving from the Netherlands to the UK, he is eligible for relocation benefits.

There was no buyout of bonus or LTIP associated with Jeff's appointment.

2019 performance and remuneration outcomes

Base salary

Base salaries are reviewed taking into account the salary increases for the wider workforce and individual performance.

For additional context, the Remuneration Committee also reviews market practice for similar roles in the Company's remuneration peer group, comprising 21 international companies and listed on page 123.

The Committee approved base salary increases of 3% for both the CEO and the CFO with effect from 1 January 2019, to £973,565 and £680,000 respectively. During 2019, the Remuneration Committee reviewed salaries and determined that there would be no salary increases for 2020.

The table below sets out base salaries with effect from 1 January 2020:

	Base salary 2019	**Base salary from 1 January 2020**	Percentage increase
Executive Director			
Laxman Narasimhan	£950,000	**£950,000**	0%
Adrian Hennah	£680,000	**£680,000**	0%
Jeff Carr (from 9 April)	n/a	**£680,000**	n/a
Rakesh Kapoor	£973,565	**n/a**	n/a

The average salary increase for our UK employees was c. 3%, effective 1 January 2020.

Annual bonus in respect of 2019 performance

Prior to the start of the year, the Remuneration Committee set stretching performance targets for the Executive Directors in 2019. As set out in last year's report, these were based on Net Revenue growth and adjusted profit before tax growth, both measured in GBP at a constant exchange rate.

In line with the Remuneration Policy, the CEO and the CFO had target bonus opportunities of 120% of salary and 100% of salary respectively. Actual payments can range from zero to 3.57x target depending on performance against the stretching performance ranges as follows:

- For each performance measure a range is set.
- A performance multiplier is calculated for each measure, calculated by the extent to which the performance for that measure is achieved. These multipliers can be up to 1.89 for outperformance of the stretching range set by the Committee.
- The two individual multipliers are then multiplied together to provide the total performance multiplier.

Net Revenue multiplier (up to 1.89x) x Adjusted profit before tax multiplier (up to 1.89x) = Performance multiplier

(Threshold = 0x Target = 1.0x Max = 3.57x)

- The performance multiplier can range from zero for performance at threshold or below, to 3.57 for truly exceptional performance on both metrics (i.e. 1.89 x 1.89).
- This total performance multiplier is then applied to the target bonus opportunity to calculate the overall bonus outcome.

Performance multiplier x Target bonus = Final bonus outcome

- The effect of the multiplicative approach means that a high-performance multiplier can only be achieved for outperformance on both top-line and bottom-line growth.
- Similarly, underperformance in one of the performance metrics will reduce the overall bonus payout including to zero, despite outperformance of the other.
- For example, if we grow Net Revenue above the stretching requirement for maximum performance but fail to convert it into profit growth, the bonus payout will be zero (i.e. 1.89 x 0).
- With effect from 2019, one-third of any APP is deferred into RB shares, to strengthen alignment with Shareholders.

2019 bonus outcomes

2019 was a difficult year for the Company. The like-for-like Net Revenue growth was 0.8%, made up of -1.0% in Health and +3.6% in Hygiene Home. The growth in adjusted profit before income tax was 2.0%.

The chart below illustrates this performance compared to the stretching targets set.

Performance measure	**Threshold (zero bonus)**	**Maximum (3.57 x target)**	**Actual**
Net Revenue growth	0.5%	5.0%	0.8%
Profit before tax growth	0.0%	6.5%	2.0%

Performance range ■ Achieved

As illustrated above, the 2019 growth in Net Revenue (NR) and profit before tax (PBT) growth were towards the bottom end of the ranges set. The NR and PBT results combined give an overall multiplier of 0.42x target – this is 12% of maximum.

The Remuneration Committee has also carried out a broader review of the overall performance of the Company during 2019, as referred to on page 119. In light of this the Committee determined it appropriate to adjust the annual bonus outcome for Rakesh Kapoor in order to ensure it better reflected this overall performance of the Company, during 2019. As a result Rakesh will not receive a 2019 annual bonus.

The bonus for Adrian Hennah and Laxman Narasimhan is in line with the formulaic outcome of 12% of maximum.

Under the Remuneration Policy, one-third of the annual bonus will be delivered by way of an award over RB shares and deferred for a three-year period. The bonuses are as follows:

	Base salary x	Target bonus x	Performance multiplier =	Total bonus =	Cash	Deferred into shares
Laxman Narasimhan	£437,138 x	120% x	0.42 =	£220,318 =	£146,879	£73,439
Adrian Hennah	£680,000 x	100% x	0.42 =	£285,600 =	£190,400	£95,200
Rakesh Kapoor[1]	£653,489 x	120% x	0 =	£0		

1 For the period as Board Director from 1 January 2019 to 2 September 2019.

Vesting of bonus replacement award

The table below details the replacement bonus which will be paid to Laxman Narasimhan in respect of forfeiting his PepsiCo bonus when he joined RB. The table below shows the cash payment, and the amount that will be deferred by way of an award over RB shares.

This bonus relates to legacy arrangements implemented by his previous employer and was calculated based on the bonus he forfeited upon leaving PepsiCo, based on its 2019 performance and pro-rated for time worked in PepsiCo.

	Total value	Cash	Deferred into shares
Laxman Narasimhan	£670,652	£447,101	£223,551

Vesting of the 2017 LTIP – performance versus targets

The RB LTIP is designed to align participants with Shareholders through making awards with stretching performance conditions denominated in both share options and performance share awards.

Vesting of awards under the 2017 LTIP, granted in December 2016, was dependent on adjusted diluted EPS growth over the three-year period 2017-19. Threshold vesting of 20% required EPS growth of 6% per annum, with full vesting requiring EPS growth of 10% per annum, i.e. equivalent to 33% growth over the period.

Earnings per share growth for 2019 measured on an adjusted diluted basis grew by 2.8%. As disclosed in previous years, the 2017 and 2018 EPS growth for LTIP purposes was calculated to exclude any one off benefit from MJN and related transactions. The EPS growth for LTIP purposes for the period 2017-2109 was 11.7%, equivalent to compound average annual growth of 3.8% per annum. This EPS growth performance results in vesting of 0% being achieved when measured against the vesting schedule approved by Shareholders.

This performance is reflected in the value of the LTIP vesting as shown in the table below.

Further details on LTIP vesting (audited)

Based on the performance assessment above, the 2017 LTIP awards to the CEO and the CFO will not vest as detailed below:

	Interests held	Exercise price	Vesting %	Interests vesting	Share price[1]	Estimated value
CEO awards – Rakesh Kapoor						
Share awards	150,000	n/a	0%	0	£60	0
Options	300,000	£67.68	0%	0	£60	0

	Interests held	Exercise price	Vesting %	Interests vesting	Share price[1]	Estimated value
CFO awards – Adrian Hennah						
Share awards	38,250	n/a	0%	0	£60	0
Options	76,500	£67.68	0%	0	£60	0

1 As the share price on the date of vesting is unknown at the time of reporting, the value is estimated using the average market value over the last quarter of 2019 of £60.00. The actual value at vesting will be disclosed in the 2020 Annual Report.

Vesting of buyout arrangements

Upon joining RB, Laxman Narasimhan received awards to compensate for remuneration arrangements forfeited on leaving his previous employer. These awards relate to legacy arrangements implemented by his previous employer, remain subject to PepsiCo performance conditions and mirror the form and the time horizons of forfeited awards.

The awards will vest as set out in the table below.

	Target	Exercise price	Vesting %	Interests vesting	Share price[1]	Value[2]
CEO awards – Laxman Narasimhan						
Cash	£1,043,959	n/a	102%	n/a	n/a	£1,064,838
Share awards[2]	40,890	n/a	75.6%	31,257	£58.65	£1,833,223

1 The share award vested on 23 March 2020. The closing share price on this date was £58.65.
2 These awards accrued dividend equivalents of 344 RB shares during the vesting period which have been included in the shares vesting shown above.

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2019, based on the information set out in the previous sections. This is compared to the prior year figure:

	Current Executive Directors				Former Executive Director	
	Laxman Narasimhan[1]		Adrian Hennah		Rakesh Kapoor[2]	
	2019 £	2018 £	**2019 £**	2018 £	**2019 £**	2018 £
Base salary	**437,138**		**680,000**	660,000	**653,489**	945,209
Taxable benefits[3]	**328,732**		**99,201**	46,315	**89,846**	94,520
Pension benefit[4]	**43,714**		**168,000**	163,000	**194,436**	281,163
Annual bonus[5]	**220,318**		**285,600**	1,776,060	**0**	3,391,410
LTIP[6]	**0**		**0**	1,800,338	**0**	9,601,800
Buyout arrangements[7]	**3,568,713**					
Total (including buyout arrangements)	**4,598,615**		**1,232,801**	4,445,713	**937,771**	14,314,102
– Fixed Remuneration	**809,584**		**947,201**		**937,771**	
– RB Variable Remuneration (excl. buyouts)	**220,318**		**285,600**		**0**	
Total (excluding buyout arrangements)	**1,029,902**		**1,232,801**	4,445,713	**937,771**	14,314,102

1. Joined the Board on 16 July 2019 as CEO-designate. Became CEO on 1 September 2019.
2. Stepped down from the Board on 2 September 2019. Shows the single figure for the period from 1 January 2019 to 2 September 2019.
3. Benefits for Laxman Narasimhan include values for one off relocation expenses and for ongoing annual benefits. The relocation expenses include temporary accommodation, flights to the UK, immigration support, shipping of personal effects, etc. They were provided in line with RB's international transfer policy which applies to all transferees. The ongoing annual benefits include a car and healthcare. For Rakesh Kapoor and Adrian Hennah benefits include car/car allowance, healthcare and one off payment of legal fees related to their retirement agreements. Where relevant the costs above include a gross up for tax.
4. The Company paid the Executive Directors a cash allowance in respect of pension provision to the value shown in the table above. These payments reflect the full pension provision outlined in the Policy Table. Directors are only entitled to prospective pension on defined contribution basis, with no defined benefit accrual.
5. Annual bonus is based on formulaic outcome of 12% of maximum, as set out on page 126. One-third of this is deferred into share awards. The bonus for Rakesh Kapoor is zero.
6. These values have been restated from last year, which used an average share price of £ 64.76 over Q4 2018 to estimate the value of the vesting. The actual values shown above are based on the share price on the date of vesting of £ 61.55 on 9 May 2019. The LTIP vesting in 2019 is zero and therefore there is no share price appreciation included in this value.
7. The buyout includes replacement bonus and LTIP awards, related to legacy arrangements implemented by his previous employer, as detailed on page 127. As the share price at the date of vesting was lower than the share price at the date of the award, none of this value is related to share price appreciation.

Executive Directors' shareholding requirements (audited)

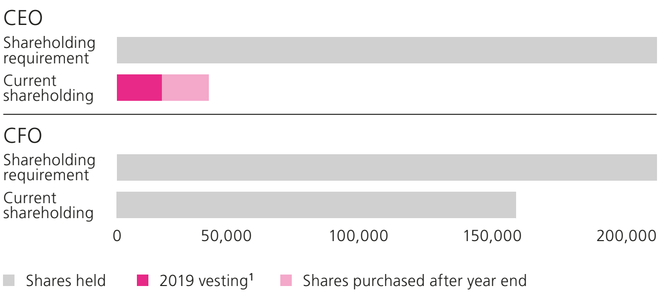
Executive Directors are expected to acquire significant numbers of shares over eight years and retain these until retirement from the Board. Since 2019, we also have post-employment shareholding requirements for a further two years. The table below shows the shareholding of each Executive Director against their respective shareholding requirement as of 31 December 2019:

			Other interests in shares and options under the LTIP				
			Performance shares		Options held		
	Shareholding requirement (number of shares)	Shares owned outright	To vest in 2020	Unvested, subject to performance	Vested but not exercised	To vest in 2020	Unvested, subject to performance
Laxman Narasimhan	200,000	17,421[1]	31,257	159,717	0	0	150,000
Adrian Hennah[2]	200,000	147,900	0	78,250	59,204	0	156,500
Rakesh Kapoor[3]	600,000	710,987	0	66,666	1,159,176	0	66,666

1 At 31 December 2019 shares owned outright was zero. The amount shown above were purchased on 3 March 2020.
2 Adrian Hennah's awards will be subject to pro-rating on his termination date in 2020, in line with the rules of the LTIP.
3 As Rakesh Kapoor stepped down as an Executive Director, and his employment terminated on 31 December 2019, during the performance period of previous long-term awards, the unvested performance shares and options subject to performance have been pro-rated in line with the rules of the LTIP.

The Executive Directors also participate in the all-employee Sharesave Scheme. Details of options held under this plan are set out on page 137.

Shareholding of Executive Directors vs requirement



1 '2019 vesting' shows the estimated number of shares which will vest in respect of performance to 2019, after tax.

Payments to Rakesh Kapoor

As disclosed in last year's Annual Report, Rakesh Kapoor remained employed by the Company until 31 December 2019, with no change to his remuneration package. Rakesh stepped down from the Board on 2 September 2019 and as such the single figure table sets out the remuneration for the period to 2 September 2019. The table below details the remuneration paid for the remainder of 2019 while he remained employed.

Base salary	320,076
Taxable benefits	26,082
Annual bonus	0
LTIP	0
Pension benefit	95,234
Total	**441,392**

2019 LTIP awards

LTIP (audited)

The 2019 LTIP awards were made following the approval of the Company's Remuneration Policy in May 2019. The structure for these awards made to the Executive Directors was in line with the approved Policy. The table below sets out the LTIP awards which were made to Adrian Hennah on 10 May 2019, and the awards made to Laxman Narasimhan on 5 August 2019. These awards do not accrue dividends during the vesting period. Vesting of these awards in full requires achievement of stretching performance conditions over the three-year period. Rakesh Kapoor was not granted a 2019 LTIP award.

	Date of grant	Shares over which awards granted	Market price at date of award[1]	Exercise price[2]	Face value[3]	Performance period	Exercise/vesting period	Holding period
Performance shares								
Laxman Narasimhan	5 August 2019	75,000	£59.72	n/a	£4,479,000	1 Jan 2019-31 Dec 2021	May 2022	1 January 2024
Adrian Hennah	10 May 2019	40,000	£61.45	n/a	£2,458,000	1 Jan 2019-31 Dec 2021	May 2022	1 January 2024
Share options								
Laxman Narasimhan	5 August 2019	150,000	£59.72	£63.72	£0	1 Jan 2019-31 Dec 2021	May 2022-May 2028	1 January 2024
Adrian Hennah	10 May 2019	80,000	£61.45	£60.83	£49,600	1 Jan 2019-31 Dec 2021	May 2022-May 2028	1 January 2024

1 The market price on the date of award is the closing share price on the date of grant.
2 The exercise price is based on the average closing share price over the five business days prior to the date of grant.
3 For performance shares based on the market price at the date of award and assumes the stretching performance criteria are met in order to achieve full vesting. For share options based on the face value of the potential gain at award assuming full vesting, calculated as the difference between market price and exercise price. The face value of shares under option is £8,958,000 for Laxman Narasimhan and £4,916,000 for Adrian Hennah if calculated as the number of shares multiplied by the market price at date of award.

In line with RB's Directors' Remuneration Policy, vesting of the LTIP awards is dependent on the achievement of stretching targets relating to growth in EPS, Net Revenue and ROCE, aligned with the Company's strategic priorities. EPS is measured on a total adjusted diluted basis, as shown in the Group's financial statements, as this provides an independently verifiable measure of performance. It is measured over the three-year period and requires significant compound annual growth in EPS in order for the awards to vest. Net Revenue is measured as like-for-like growth over three years. ROCE is measured based on the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings.

However, the Remuneration Committee maintains the discretion to make adjustments to the measures if this is considered to be appropriate. Any adjustments will be disclosed in the Annual Report on Remuneration.

Awards granted in 2019 will vest on the following schedule, which requires significant outperformance of stretching targets relating to: growth in EPS (50% actual FX, 50% constant FX), growth in Net Revenue and ROCE. The four targets are equally weighted, and each element is considered independently. They are presented in the table below:

	Threshold (20% vesting)	Maximum (100% vesting)
EPS growth (3-year CAGR) (50% weighting – 25% actual FX; 25% constant FX)	4%	9%
Net Revenue growth (3-year CAGR) (25% weighting)	2%	6%
ROCE (final year) (25% weighting)	10.8%	12.8%

The following buyout awards were also granted to Laxman Narasimhan and remained subject to PepsiCo's performance schedule:

Share awards	Shares over which awards granted[1]	Market price at date of award[2]	Face value	Performance period	Vesting
March 2020 vest	71,557	£59.72	£4,273,384	1 Jan 2017-31 Dec 2019	March 2020
March 2021 vest	84,717	£59.72	£5,059,299	1 Jan 2018-31 Dec 2020	March 2021

1 Dividend equivalents to also be added at vesting.
2 The market price on the date of award is the closing share price on the date of grant.

The table below shows the replacement cash awards to Laxman Narasimhan. A target cash amount of £1,043,959 was awarded in relation to the long-term cash award granted to Laxman in March 2017, and vesting based on PepsiCo's performance over the three-year period ending in December 2019 and payable in March 2020. A target cash amount of £1,252,751 was awarded in relation to the long-term cash award granted to Laxman in March 2018, and vesting based on PepsiCo's performance over the three-year period ending in December 2020 and payable in March 2021. The maximum extent to which the performance conditions can be satisfied is 200%, and is shown in the table below:

Long-term cash awards	Value (at maximum)
March 2020 vest	£2,087,918
March 2021 vest	£2,505,502

Wider workforce pay arrangements

RB cascades our Reward Policy fairly and consistently throughout the organisation and the Remuneration Committee takes into account the arrangements for the wider workforce when setting Executive Director remuneration. The appointment of Mary Harris as Designated NED for engagement with the Company's workforce further strengthens this alignment.

The Remuneration Committee has reviewed the remuneration arrangements for the wider workforce throughout the year and these are summarised below.

Total Cash

RB's pay for performance philosophy is applied consistently through the organisation, with employee's paid for their role and location, with internal pay equity, pay ranges and external market benchmarks taken into account. The reward philosophy is for total cash to be competitive for on-target performance but with a high proportion of variable pay to drive outperformance and creation of shareholder value.

- Salary increases are determined by individual performance ratings with any adjustments based on benchmarking, with country specific conditions such as inflation also taken into account.
- Our Annual Performance Plan is operated consistently across the organisation, and has more than 14,000 employees participating. As employees progress and are promoted their target bonus and maximum multiplier typically increases.
- In line with the Executive Directors, bonus pay-outs are based on RB's financial performance, with all employees being incentivised on Net Revenue and a profit measure, which varies based on role. In addition some roles have a third measure related to market share, Net Working Capital or innovation.
- We also operate local bonus plans, for example for employees in sales and factories.

In the UK, RB has been voluntarily paying the living wage for a number of years and in January 2020 we formally joined nearly 6,000 Living Wage Employers who are recognised as paying a living wage to employees and contractors. This is our commitment to employees and staff that they will receive a wage that exceeds not just the minimum wage but recognises the actual cost of living in the UK.

Share Ownership

RB grants LTIP awards to members of the Executive Committee, Group Leadership Team and Senior Management Team to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation.

- Awards are made as a fixed number of shares and share options applied consistently depending on an employee's level in the organisation.
- Adjustments are made to the award level based on performance and talent ratings.
- The awards use the same performance measures as for the Executive Directors, i.e. Net Revenue, EPS and ROCE.

To further align the interests of management and Shareholders, the Share Ownership Policy which applies to the CEO and CFO also cascades to members of the Executive Committee and Group Leadership Team. Shareholding requirements are expected to be met within eight years of appointment and the Committee reviews progress on an annual basis. The total shareholding amongst this population is around £100m and averages more than 6x salary per employee.

RB also operates an award-winning all-employee share plan to foster the culture of ownership amongst employees. This gives employees the opportunity to save over a three year period to purchase RB shares at a discount to the share price.

- 55% of RB employees are currently participating in one of the three share plans.
- We are delighted to have won the ProShare awards for Best International Share Plan and the Most Effective Communication of an Employee Share Plan for 5,001 – 50,000 employees, as well as Best International All-Employee Share Plan by the Employee Share Ownership Centre.

Other benefits
RB's unique International Transfer Policy is key to ensuring global mobility, which is a critical part of RB's career development and our culture. Employees transfer consistently on a local terms basis, to remove inequities of home/host practices, with benefits such as international healthcare, international pension, school fees, tax return support and home leave provided to foster ongoing mobility.

RB regularly reviews the core benefits provided in each country to ensure they remain appropriate and in line with our philosophy of providing market competitive benefits.

- We provide life insurance to the vast majority of our global employee population. Where life insurance is not currently provided we are currently working to implement it.
- RB also provides health insurance, where it is not provided for by the state, for most of our global employee population.
- A pension/gratuity scheme is offered to more than 70% of our global employees. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the State.

At RB we work to ensure diversity and inclusion at all levels and as part of our global commitment to the well-being and success of all our employees, in 2019 we introduced a new approach to parental leave. This supportive and inclusive policy extends paid maternity and paternity leave for families of all kinds, providing employees with the Freedom to Succeed.

The new policy:

- Extends paid maternity leave from 16 weeks to 26 weeks. That's six months to rest and bond with newborns, with the option to take a further 26 weeks unpaid.
- Increases paternity leave for new fathers and partners to a minimum of four weeks paid leave with the option to take a further four weeks unpaid.
- Provides extra support for parents of premature babies by increasing paid maternity leave by the number of full weeks between the date of birth and 37th week. It also allows the flexibility for additional paternity leave at full pay in this event.
- Supports new and breastfeeding mothers returning to work, with the launch of 100+ new wellness suites worldwide.
- Should they wish, returning mothers will also have access to a mentor for six months.
- Recognises that today's families come in all shapes and sizes, so the same principles apply to all LGBTQ+ employees, as well as and including adopting and surrogacy families.

Gender Pay Gap
The Board also review the Company's gender pay gap.

- The median gender pay gap in the UK for the year to April 2019 is -3.8% at median and 6.8% at the mean.
- This compares to the year to April 2018 when the gender pay gap was -4.5% at median and 7.9% at mean.

In addition, RB has set targets to increase the number of women in senior leadership positions. In the interests of transparency, in our gender pay gap report this year we will also voluntarily disclose our gender pay gap for the US, China, India and Mexico. Together with the UK, this covers around 50% of our global employees. A summary is below:

	Gender Pay gap	
	Mean difference	Median difference
US	2.0%	-9.6%
China	13.2%	19.0%
India	-56.0%	-138.0%
Mexico	4.8%	-32.0%

Further data and information on the initiatives RB is taking on diversity and inclusion are set out in our gender pay report.

CEO pay ratio
The table below provides pay ratios of the Chief Executive Officer's total remuneration to the remuneration of UK employees at the lower quartile, median and upper quartile. This is in line with Corporate Governance Code reporting requirements.

In line with the requirements, the total pay and benefits paid to both Laxman Narasimhan and Rakesh Kapoor whilst in the role of CEO have been combined to calculate the total CEO pay. It should be noted that for Laxman this includes both the one off relocation benefits and the buyout in respect of legacy arrangements provided by his previous employer. The disclosure will, over time, cover a ten-year rolling period.

We have also set out in the table the separate pay ratio for Laxman and for Rakesh using the single figure disclosed on page 128.

CEO	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Laxman Narasimhan	2019	Option A	1:138	1:100	1:61
Rakesh Kapoor			1:28	1:20	1:12
Total CEO			**1:158**	**1:115**	**1:70**

The calculations reflect the application of RB's reward policy across the organisation as set out in the section on wider workforce pay arrangements.

In particular, the Remuneration Committee believes the pay ratio is consistent with the Company's wider policies on employee pay, reward and progression. RB ensures that employees are paid fairly for their role, based on the location they work in and their performance in role. As such, the base salary, annual bonus and benefits are based on the same principles for the identified employees as they are for Laxman Narasimhan and Rakesh Kapoor.

The table below summarises the identified employees:

	25th percentile	Median pay	75th percentile
Total employee pay and benefits	£33,224	£45,795	£75,561
Salary component	£27,170	£38,380	£58,721

Each identified employee was a full-time employee in 2019 and received a base salary and employer pension contribution. The employee identified as the 25th percentile was also paid overtime and shift pay. The employees identified as the median and 75th percentile received an annual bonus and healthcare coverage and the employee at the 75th percentile also received a car allowance.

In calculating the ratio we have used Option A, in line with shareholder guidelines. For identifying the three employees at the lower quartile, median and upper quartile, the following methodology has been used:

- All UK employees' total remuneration as at 31 December 2019 has been considered, excluding leavers and employees who were absent for more than 20 days during the financial year, as these would distort the ratio.
- Full-time equivalent salary, variable pay, allowances and benefits (using the part-time values and converting this to a full-time equivalent) have been calculated. In order to calculate the value of taxable benefits we have taken the P11D value, due to ease of accessing data. Actual pension contributions have been used, and, where appropriate, converted to full-time equivalents.

Implementation of Directors' Remuneration Policy for 2020

Salary

As set out earlier in this report, there were no changes to the salaries for 2020 for the CEO and the CFO. The CEO's salary is £950,000 and the CFO's is £680,000.

Pension

The CEO is eligible to receive a pension contribution, or equivalent cash allowance, of 10% of salary in line with the wider UK workforce. The incoming CFO, Jeff Carr, is eligible to receive a pension contribution or equivalent cash allowance of 10% of salary. Adrian Hennah, the current CFO, will continue to receive 25% of pensionable salary until he leaves RB on 21 October 2020.

Annual bonus in respect of 2020 performance

For 2020, there will be no change to the annual bonus opportunity of the CEO and the CFO.

Bonuses for 2020 will be based on RB's Net Revenue growth and adjusted profit before income tax growth, measured in GBP at a constant exchange rate, with the outcome under each of the measures combined multiplicatively to give a maximum bonus outcome of 3.57x the target bonus opportunity if both stretch targets are met, as described on page 126.

We have not disclosed the performance target ranges for 2020 as we consider them to be commercially sensitive. However, we commit to retrospectively disclosing the performance ranges in the Directors' Remuneration Report for the year ending 31 December 2020.

2020 LTIP awards

The Remuneration Policy sets out the operation of the LTIP.

Last year the Committee undertook a thorough review of the performance measures which LTIP vesting is subject to. For the 2019 LTIP awards these were 25% based on Net Revenue, 25% based on EPS calculated on constant FX, 25% based on EPS calculated on actual FX and 25% based on ROCE.

Since becoming CEO, Laxman Narasimhan has carried out a strategic review of the Company. This was announced in February 2020. RB will focus on three business units of Hygiene, Health and Nutrition, as we fulfil our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

The new strategy of the Company is intended to rejuvenate sustainable growth and deliver shareholder value. The Group's key strategic priorities in the mid-term are restoring organic growth on the top line, focusing on achieving sustainable increased earnings growth and maintaining disciplined capital allocation.

As a result of this strategic review, within the Remuneration Policy the Remuneration Committee is in the process of reviewing the weightings of the performance conditions and the performance targets themselves that apply to LTIP awards in respect of the 2020-22 performance period.

This is to ensure that the LTIP conditions and targets better reflect the Company's strategic priorities. Due to the timing of publication the weightings and targets are not finalised in time to set out in this report.

We are currently consulting with Shareholders on the performance conditions before making the awards, and will disclose them externally when we make the awards and in next year's Annual Report.

Other required disclosures

Remuneration arrangements for the departing Chief Executive Officer and Chief Financial Officer

Rakesh Kapoor stepped down as CEO and from the Board on 2 September 2019 and retired from the Company on 31 December 2019. His remuneration arrangements were detailed on page 112 of last year's Annual Report.

The single figure table on page 128 of this report sets out the value of his package in respect of service whilst a Board member. For the remainder of the year his remuneration continued unchanged, with his salary, pension, benefits and bonus opportunity remaining the same, and detailed on page 129.

Rakesh has outstanding LTIP awards, which will be pro-rated for service and are detailed on page 136. These awards are subject to the original performance conditions and time horizon.

The Board announced on 21 October 2019 that Adrian Hennah will be stepping down as Chief Financial Officer and Executive Director when his successor starts, remaining with the Company until his retirement date of 21 October 2020 to ensure a seamless transition.

Our approach for 2019 remuneration was unaffected and is as set out in this report. For 2020, our approach is set out in detail below:

- Salary, benefits and pension will be paid up to the retirement date of 21 October 2020.
- There will be no payments in lieu of notice.
- Eligible for an annual bonus payment in respect of the 2020 financial year, which will be subject to RB performance over 2020, pro-rated for time employed and payable at the time bonuses are paid to other RB employees. One-third of this bonus will be deferred in RB shares.
- The 2018-20 and 2019-21 LTIP awards will remain subject to performance against the original performance conditions over the respective three-year performance periods. Both of these awards will then be subject to a two-year holding period following the end of the respective performance periods.
- These LTIP awards will be reduced pro-rata to reflect the proportion of the performance period that Adrian is employed for.
- There will be no 2020-22 LTIP award made to Adrian.

All payments will be made in line with our Shareholder-approved Policy, and will be set out in the 2020 Annual Report.

Percentage change in CEO remuneration

The table below shows the percentage change in CEO and CFO remuneration (salary, benefits and annual bonus) from the prior year compared to the average percentage change in remuneration for all UK employees.

The analysis is based on a consistent set of employees, i.e. the same individuals or roles appear in the 2018 and 2019 populations.

The percentage change in taxable benefits for other employees excludes international transfer benefits as this is volatile from year to year based on each individual's circumstances.

For 2019, the amounts shown for the CEO reflect the aggregate value of the service of Rakesh Kapoor and Laxman Narasimhan for their respective periods as CEO.

	CEO % change 2018-19	Other employees % change 2018-19
Base salary	2%	5%
Taxable benefits	259%	8%
Annual bonus	-95%	-71%

It should be noted that the taxable benefits include the value of the one off relocation benefits (and tax gross up) in respect of Laxman Narasimhan's move to the UK. As with the change in annual bonus for the CEO, the change in bonus for other employees reflects the performance of the company in 2019 which resulted in lower bonuses in 2019 compared to 2018.

Relative importance of spend on pay

The table below shows Shareholder distributions (i.e. dividends) and total employee pay expenditure for 2018 and 2019, along with the percentage change in both.

	2019 £m	2018 £m	% change 2018-19
Total Shareholder distribution	**1,227**	1,187	3.4%
Total employee expenditure	**1,883**	1,767	6.6%

Exit payments made in the year (audited)

No exit payments were made to Executive Directors during the year.

Payments to past Directors (audited)

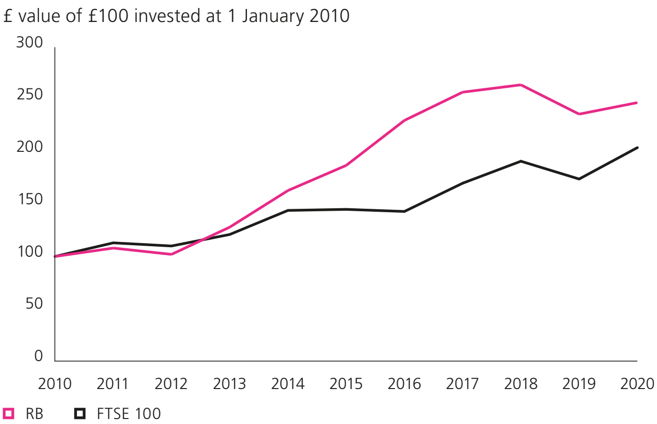
No payments were made to past Directors in the year.

Performance graph

The graphs below shows the TSR of the Company and the UK FTSE 100 Index over the period since 1 January 2010. This shows the growth in the value of a hypothetical holding of £100 invested on 31 December 2009. The FTSE 100 Index was selected on the basis of companies of a comparable size in the absence of an appropriate industry peer group in the UK.

The table below sets out the single figure of total remuneration for the role of CEO over the last ten years.

Total Shareholder Return since 1 January 2010



Based on three-month average share price at start and end of period.

(£000)	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
CEO single figure of remuneration										
Laxman Narasimhan										**£4,599**[1]
Rakesh Kapoor		£4,497	£8,411	£6,840	£12,787	£25,527	£15,289	£8,999	£14,314	**£938**
Bart Becht	£17,150	£18,076								
Annual bonus (as a percentage of maximum)	76%	31%	53%	100%	72%	100%	0%	0%	84%	**12%**[2]
LTIP vesting	100%	100%	100%	40%	40%	80%	50%	50%	65%	**0%**

1 Includes buyouts in respect of legacy arrangements from previous employer.
2 Zero for Rakesh Kapoor.

Single total figure of 2019 remuneration for Non-Executive Directors and implementation for 2020 (audited)
The following Non-Executive Director fee policy was in place for the year ended 31 December 2019. The table also sets out the fees that will apply from 1 January 2020.

	2019 fees		2020 fees	
Role	**Cash fee**	**Fee delivered in RB shares**	Cash fee	Fee delivered in RB shares
Base fees				
Chairman	**£375,000**	**£125,000**	£412,500	£137,500
Non-Executive Director	**£75,250**	**£16,750**	£70,250	£21,750
Additional fees				
Chair of Committee	**£30,000**	**–**	£35,000	–
Member of Committee	**£15,000**	**–**	£20,000	–
Designated NED, for engagement with the Company's workforce	**£15,000**	**–**	£20,000	–
Senior Independent Director	**£20,000**	**–**	£30,000	–

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2019 and the prior year:

	2019 fees			2018 fees		
	Cash	**Shares**	**Total**	Cash	Shares	Total
Chris Sinclair	**£375,000**	**£125,000**	**£500,000**	£278,128	£88,087	£366,215
Nicandro Durante	**£125,250**	**£16,750**	**£142,000**	£105,250	£16,750	£122,000
Mary Harris	**£111,717**	**£16,750**	**£128,467**	£105,250	£16,750	£122,000
Pam Kirby	**£120,250**	**£16,750**	**£137,000**	£120,250	£16,750	£137,000
Warren Tucker	**£90,250**	**£16,750**	**£107,000**	£90,250	£16,750	£107,000
Andrew Bonfield[1]	**£96,875**	**£25,125**	**£122,000**	£53,500	–	£53,500
Mehmood Khan[1]	**£81,875**	**£25,125**	**£107,000**	£53,500	–	£53,500
Elane Stock[1]	**£84,667**	**£22,333**	**£107,000**	£32,883	–	£32,883
Sara Mathew	**£45,125**	**£8,375**	**£53,500**			

1 Directors appointed in the second half of 2018 had the relevant portion of their fees applied in the purchase of shares in relation to 2018 and 2019.

Travel and expenses for Non-Executive Directors are incurred in the normal course of business, for example, in relation to attendance at Board and Committee meetings. The costs associated with these are all met by the Company.

Summary of Shareholder voting at the 2019 AGM

The following table shows the results of the voting on the 2018 Directors' Remuneration Report and 2019 Directors' Remuneration Policy at the 2019 AGM:

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the 2018 Directors' Remuneration Report	455,970,845	86%	71,561,475	14%	527,532,320	1,368,921
Approve the Directors' Remuneration Policy	461,396,628	87%	66,134,073	13%	527,530,701	1,370,761

The Committee has had extensive discussions with Shareholders with a view to obtaining Shareholder support for our remuneration arrangements. In particular, last year, following a comprehensive consultation with our major Shareholders, we made a number of changes to the Remuneration Policy, to further align Executive Directors' remuneration with Shareholders' interests. This resulted in Shareholders supporting the 2018 Directors' Remuneration Report and the Directors' Remuneration Policy, with a significantly increased margin of support compared to the previous vote on Policy in 2016.

The Chair of the Remuneration Committee continues to have ongoing dialogue with Shareholders.

Directors' service contracts

Non-Executive Directors have letters of engagement which set out their duties and time commitment expected. They are appointed for an initial three-year term, subject to election and annual re-election by Shareholders. Appointments are renewable for subsequent three-year terms by mutual consent. Details are set out below:

		Length of service as at 31 December 2019	
Name	Date of appointment	Years	Months
Andrew Bonfield	1 July 2018	1	6
Nicandro Durante	1 December 2013	6	1
Mary Harris	10 February 2015	4	11
Mehmood Khan	1 July 2018	1	6
Pam Kirby	10 February 2015	4	11
Sara Mathew	1 July 2019	0	6
Chris Sinclair	10 February 2015 (appointed Chairman from 3 May 2018)	4	11
Elane Stock	1 September 2018	1	4
Warren Tucker	24 February 2010	9	10

Executive Directors' service contracts contain a 12-month notice period, as set out in the Directors' Remuneration Policy. The date of appointment to the Board for Rakesh Kapoor was 1 September 2011, for Laxman Narasimhan was 16 July 2019 and for Adrian Hennah was 12 February 2013. Directors' service contracts and letters of engagement are available for inspection at the registered office.

External appointments

Adrian Hennah was paid (and is permitted to retain) £129,500 in respect of his directorship of RELX plc.

Advisors

Deloitte LLP (Deloitte) was appointed by the Remuneration Committee as independent advisor effective from 1 January 2014 following a review of the advisor in late 2013. The Committee undertakes due diligence periodically to ensure that Deloitte remains independent of the Company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During 2019, Deloitte LLP also provided the Group with advice in numerous areas, including corporate and employment taxes, safety consulting, D&I assurance and technology and programme management support. These services were provided under separate engagement terms and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Deloitte's total fees for the provision of remuneration services were £481,200 on the basis of time and materials.

It should be noted that although we are required to only disclose the value of fees for services which materially assisted the Remuneration Committee, as with previous years, we have disclosed the full value of remuneration services from Deloitte which includes advice to management and to the Remuneration Committee.

Directors' interests in shares and options under the LTIP (audited)

LTIP	Notes	Grant date	At 1.1.19	Granted during the year	Exercised/ vested during the year	Lapsed during the year	At 31.12.19	Option price (£)	Market price at date of award (£)	Market price at date of exercise/ vesting (£)	Exercise/vesting period
Laxman Narasimhan											
Options	3	05.08.19	–	150,000	–	–	150,000	63.72	–		May 22-Aug 29
Performance-based share awards	4	05.08.19	–	71,557	–	–	71,557		59.72		Mar 20
	4	05.08.19	–	84,717	–	–	84,717		59.72		Mar 21
	3	05.08.19	–	75,000	–	–	75,000		59.72		May 22
Adrian Hennah											
Options		13.2.13	704	–	–	–	704	42.61	–	–	May 16-Feb 23
		13.2.13	73,312	–	73,312	–	0	41.44	–	63.73	May 16-Feb 23
		11.12.13	92,540	–	92,540	–	0	46.51	–	63.73	May 17-Dec 23
		1.12.14	45,000	–	45,000	–	0	50.57	–	63.73	May 18-Dec 24
	1	2.12.15	90,000	–	–	31,500	58,500	63.25	–	–	May 19-Dec 25
	2	1.12.16	76,500	–	–	–	76,500	67.68	–	–	May 20-Dec 26
	2	30.11.17	76,500	–	–	–	76,500	64.99	–	–	May 21-Nov 27
	3	10.05.19	–	80,000			80,000	61.55			May 22- May 29
Performance-based share awards											
	1	2.12.15	45,000	–	29,250	15,750	0	–	64.15	61.11	May 19
	2	1.12.16	38,250	–	–	–	38,250	–	66.28	–	May 20
	2	30.11.17	38,250	–	–	–	38,250	–	64.86	–	May 21
	3	10.05.19	–	40,000	–	–	40,000	–	61.45	–	May 22
Rakesh Kapoor											
Options		5.12.11	164,514	–	–	–	164,514	31.20	–	–	May 15-Dec 21
		3.12.12	329,028	–	–	–	329,028	38.06	–	–	May 16-Dec 22
		11.12.13	627	–	–	–	627	47.83	–	–	May 17-Dec 23
		11.12.13	205,007	–	–	–	205,007	46.51	–	–	May 17-Dec 23
		1.12.14	200,000	–	–		200,000	50.57	–	–	May 18-Dec 24
	1	2.12.15	400,000	–	–	140,000	260,000	63.25	–	–	May 19-Dec 25
	2	1.12.16	300,000	–	–	–	300,000	67.68	–	–	May 20-Dec 26
	2	30.11.17	200,000	–	–	66,667	133,333	64.99	–	–	May 21-Nov 27
Performance-based share awards											
	1	2.12.15	240,000	–	156,000	84,000	–	–	64.15	61.11	May 19
	2	1.12.16	150,000	–	–	–	150,000	–	66.28	–	May 20
	2	30.11.17	100,000	–	–	33,334	66,666	–	64.86	–	May 21

Notes
1 As disclosed in last year's report, vesting of the award made in December 2015 was 65% for the CEO and the CFO. This vested following the AGM in 2019 and any unvested award lapsed.
2 Vesting of the LTIP is subject to the achievement of the following compound average annual growth (CAGR) in adjusted EPS over the three financial years prior to the vesting date.

EPS CAGR for awards granted in 2016-17	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

3 Vesting of the LTIP is subject to the achievement of the following compound average annual growth (CAGR) in Adjusted EPS, Net revenue and ROCE over the three financial years prior to the vesting date.

	Threshold (20% vesting)	Maximum (100% vesting)
EPS growth (3-year CAGR) (50% weighting – 25% actual FX; 25% constant FX)	4%	9%
Net Revenue growth (3-year CAGR) (25% weighting)	2%	6%
ROCE (final year) (25% weighting)	10.8%	12.8%

4 Buyout awards as disclosed on page 125. These vest subject to PepsiCo performance and accrue dividends.

Executive employees also participate in the all-employee Sharesave Scheme on the same basis as all other employees. The table below details options held.

Sharesave Scheme	Grant date	At 1.1.19	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.19	Option price (£)	Market price at exercise (£)	Exercise period
Laxman Narasimhan	02.09.19	–	379	–	–	379	47.44	–	Feb 23-Jul 23
Adrian Hennah	04.09.13	403	–	403	–	–	37.20	63.83	Feb 19-Jul 19
	01.09.15	307	–	–	–	307	48.71	–	Feb 21-Jul 21
	02.09.19	–	316	–	–	316	47.44	–	Feb 25-Jul25
Rakesh Kapoor	02.09.16	509	–	–	–	509	58.86	–	Feb 22-Jul 22

There have been no changes to the Directors' interests as set out in the above tables between 31 December 2019 and 26 March 2020.

Directors' interests in the share capital of the Company (audited)

The Directors in office at the end of the year and those in office at 26 March 2020 had the following beneficial interests in the ordinary shares of the Company:

	26 March 2020	31 December 2019	31 December 2018
Andrew Bonfield	226	226	0
Nicandro Durante	718	718	579
Mary Harris	2,323	2,323	2,114
Adrian Hennah	147,900	147,900	104,190
Laxman Narasimhan	33,780	0	0
Mehmood Khan	227	227	0
Pam Kirby	3,596	3,596	3,452
Sara Mathew[1]	75	75	–
Chris Sinclair	5,138	5,138	4,062
Elane Stock	2,061	2,061	0
Warren Tucker	3,614	3,614	2,471

1 Sara Mathew held her shares in the form of 378 American Depository Receipts. Each ADR is equivalent to five ordinary shares at 10 pence each in the Company.
2 No person who was a Director (or a Director's connected person) on 31 December 2019 and at 26 March 2020 had any notifiable share interests in any subsidiary.
3 The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe for shares.

As approved and signed on behalf of the Board of Directors,

Mary Harris
Chair of the Remuneration Committee
26 March 2020

Introduction

The Directors present their report, together with the Financial Statements of the Group for the year ended 31 December 2019, in accordance with s415 of the Companies Act 2006 (CA 2006).

In accordance with s414C of CA 2006 certain matters required to be included in this Directors' Report are included in the Strategic Report on pages 01 to 77. The Strategic Report includes an indication of the likely future developments of the business, research and development activities of the Group and details of important events affecting the Company. The Corporate Governance Report can be found on pages 86 to 96 and is deemed to be incorporated into this Directors' Report by reference.

Further disclosure requirements contained in CA 2006, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Part 3 of the Companies (Miscellaneous Reporting) Regulations 2018 and the Financial Conduct Authority's (FCA) Listing Rules, Disclosure Guidance and Transparency Rules, which are deemed to form part of the management report can be found on the following pages of the Annual Report for the year ended 31 December 2019, and are incorporated into this Directors' Report by reference:

	Page
Acquisitions and disposals	200
Awards under employee share schemes	196-199
Corporate Governance Statement including internal control and risk management statements	86-96
Statement of Directors' Responsibilities, including disclosure of information to the Auditor	141
Disclosure of greenhouse gas (GHG) emissions	57
Employment policy and employee involvement	139-140
Engagement with employees, suppliers, customers and others	12-47 and 56-57
Environmental, social and governance (ESG) matters	12-47 and 56-57
Financial risk management and financial instruments	179-186
Future developments in the business	1-77
Post Balance Sheet events	203
Research and development activities	12-47 and 56-57
Shareholder information	223-225
Sustainability and corporate responsibility	12-47 and 56-57
Viability Statement	77

Information on subsidiaries of the Company, including overseas branches, can be found in Note 11 (Subsidiary Undertakings) to the Parent Company Financial Statements (pages 205 to 222). Information on the Board's stakeholder engagement and activities is set out in the s172 Statement found on pages 46 to 47.

There is no additional information requiring disclosure under Listing Rule 9.8.4R.

Results and dividends

The Consolidated Income Statement can be found on pages 152 to 153. The loss for the year attributable to equity Shareholders of the Company amounted to -£4,199 million.

In July 2019, the Directors resolved to pay an interim dividend of 73.0 pence per ordinary share (2018: 70.5 pence), which was paid to Shareholders on 26 September 2019.

The Directors recommend a final dividend for the year of 101.6 pence per share (2018: 100.2 pence) which, together with the interim dividend, makes a total for the year of 174.6 pence per share (2018: 170.7 pence). During the year no Shareholders waived their right to receive dividend payments.

The final dividend, if approved by the Shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 28 May 2020 to Shareholders on the register at the close of business on 17 April 2020.

Directors

The members of the Board and biographical details of the Directors are set out on pages 78 to 83 and form part of this report. Rakesh Kapoor retired as Chief Executive Officer of the Company on 2 September 2019.

Appointment of Directors

The Board's power to appoint Directors is contained in the Company's Articles of Association (the Articles) and all appointments are made in accordance with the UK Corporate Governance Code 2018 (the Code). Under the terms of reference of the Nomination Committee, all Director appointments must be recommended by the Nomination Committee for approval by the Board of Directors.

All Directors must submit themselves for re-election each year at the AGM. At the 2020 AGM all Directors will offer themselves for election or re-election in compliance with the Code, except Warren Tucker who will retire immediately after the AGM and Adrian Hennah who is stepping down from the Board on 9 April 2020. Details of the Directors standing for election or re-election can be found in the 2020 Notice of Annual General Meeting. Information on the service agreements of Executive Directors can be found in the Directors' Remuneration Report on pages 117 to 137. The letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office.

Powers of Directors

The Board of Directors is responsible for the management of the business of the Company and may exercise all powers of the Company subject to the provisions of the Company's Articles and the CA 2006.

The Articles contain specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the alteration of share capital are also included in the Articles and Shareholders are asked to renew such authorities each year at the AGM. A copy of the Articles is available on the Company's website at www.rb.com or can be obtained upon written request from the Company Secretary or the UK Registrar of Companies, Companies House.

Directors' insurance and indemnities

The Company indemnifies the Directors and Officers of the Company and any Group subsidiary to the extent permitted by s236 of CA 2006 and the FCA Listing Rules in respect of the legal defence costs for claims against them and third-party liabilities. The indemnity would not provide cover for a Director or Officer if that individual was found to have acted fraudulently or dishonestly. The Directors' and Officers' liability insurance cover was maintained throughout the year ended 31 December 2019 at the Company's expense.

Directors' interests

A statement of Directors' interests in the share capital of the Company is shown on page 137 of the Directors' Remuneration Report. Details of Executive Directors' options to subscribe for shares in the Company are included on page 136 in the audited part of the Directors' Remuneration Report.

During the year, none of the Directors had a material interest in any derivative or financial instrument relating to the Company's shares. Details of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 117 to 137.

No Director has a material interest in any 'contract of significance' (as defined by the FCA) to which the Company, or any of its subsidiary undertakings, is a party as at 31 December 2019.

Share capital

As at 31 December 2019, the Company's issued share capital consisted of 736,535,179 ordinary shares of 10 pence each of which 709,746,644 were with voting rights and 26,788,535 ordinary shares were held in treasury. Each share carries the right to one vote at general meetings of the Company. Details of changes to the ordinary shares issued and of options and awards granted during the year are set out in Notes 23 and 24 to the Financial Statements.

The rights and obligations attached to the ordinary shares are contained in the Company's Articles. There are no restrictions on the voting rights attached to the Company's ordinary shares or the transfer of securities in the Company except in the case of transfers of securities:

- that certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the United Kingdom Listing Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares.

No person holds securities in the Company which carry special voting rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Allotment of shares

At the 2019 AGM, authority was granted to the Directors under s551 of CA 2006 to allot shares or grant rights to subscribe for, or convert any security into shares of the Company. The authority granted to the Directors will expire at the conclusion of this year's AGM. At the 2020 AGM, a resolution will be proposed to the Shareholders to renew the Directors' authority to allot equity shares representing approximately one-third of the Company's issued share capital as at the latest practicable date prior to the publication of the Notice of AGM.

In accordance with the Investment Association Share Capital Management Guidelines, Directors will once again seek authority to allot further ordinary shares, in connection with a pre-emptive offer by way of a rights issue, up to a further one-third of the Company's existing issued share capital on the same date. The authorities sought would, if granted, expire at the earlier of six months after the Company's next accounting reference date, or at the conclusion of the AGM of the Company held in 2021, whichever is the sooner.

Under s561 CA 2006, Shareholders have a right of first refusal in relation to certain issues of new shares. A special resolution will also be proposed to renew the Directors' power to make non-pre-emptive issues for cash up to a nominal amount representing less than 10% of the Company's issued share capital as at the latest practicable date prior to the publication of the Notice of AGM. The resolution would also permit Directors, within the same aggregate limit, to sell for cash, shares that may be held by the Company in treasury.

In accordance with the Pre-Emption Group's Statement of Principles, the Investment Association Share Capital Management Guidelines and the Pensions and Lifetime Savings Associations' Corporate Governance Policy and Voting Guidelines 2019, the Directors confirm their intention that, other than in relation to a rights issue, no more than 5% of the issued ordinary share capital of the Company, exclusive of treasury shares, will be issued for cash on a non-pre-emptive basis and no more than 7.5% of the share capital of the Company, exclusive of treasury shares, will be allotted for cash under a non-pre-emptive basis over a rolling three-year period without prior consultation with Shareholders, in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

This authority will maintain the Company's flexibility in relation to future share issues, including issues required to finance business opportunities, should appropriate circumstances arise.

Authority to purchase own shares

Authority was granted to the Directors at the 2019 AGM for the purposes of s701 of CA 2006 to repurchase shares in the market and this authority remains valid until the conclusion of this year's AGM. There were no share repurchases during 2019.

At the 2020 AGM, the Directors will seek to renew the authority granted to them. Such authority, if approved, will be limited to a maximum of 70 million ordinary shares, representing less than 10% of the Company's issued ordinary share capital (excluding treasury shares) calculated as at the latest practicable date prior to publication of the Notice of AGM, and sets the minimum and maximum prices which may be paid.

The Company's present intention is to hold shares acquired under this authority in treasury to satisfy outstanding awards under employee share incentive plans.

Change of control and significant agreements

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover, such as commercial contracts, bank agreements, property lease arrangements and employee share plans. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole.

There are no significant agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that provisions of the Company's share plans may cause options and awards granted under such plans to vest on a takeover.

There is no information that the Company is required to disclose about persons with whom it has contractual or other arrangements with, which are essential to the business of the Company.

Employees

During 2019, the Group employed an average of 42,400 (2018: 42,400) employees worldwide, of whom 4,025 (2018: 3,654) were employed in the UK. The Group is committed to the principle of equal opportunity in employment: no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, religion, race, ethnicity or disability.

Employment applications are considered on the basis of a person's aptitude and ability, and fair consideration is given to all applications regardless of disability. Where an employee becomes disabled during their employment, every practical effort is made to assist the employee in continuing their employment and to arrange appropriate training.

It is essential to the continued improvement in efficiency and productivity throughout the Group that each employee understands the Group's strategies, policies and procedures. Open and regular communication with employees at all levels is an essential part of the management process. Regular departmental meetings are held where opinions of employees are sought on a variety of issues. The Group operates multi-dimensional internal communications programmes which include the provision of a Group intranet and the publication of regular Group newsletters.

A continuing programme of training and development reinforces the Group's commitment to employee development. The Group aims to provide all employees with equal opportunities and the freedom to succeed at work and recognises the importance of employee health and well-being. RB's values create an inclusive environment for employees to act with integrity, responsibility and consistency and have been further enhanced in early 2020 with our renewed purpose, fight and compass set out on pages 10 to 11.

Employee matters, incentives and share ownership

Group incentive schemes reinforce financial and economic factors affecting the performance of the business. Employees typically have three to five performance objectives which are directly linked to their job and their specific contribution to the overall performance of the Group. In addition, presentations, videos and Q&A sessions are held for employees around the world on publication of the Group's financial results to provide employees with awareness of the financial and economic factors affecting the Company's performance, and so that employee views are fed back to management and taken into account when decisions are made.

The Company operates three all employee share plans, through these schemes, the Board encourages employees to become Shareholders and to participate in the Group's employee share ownership schemes, should they so wish. Savings-related share plans covering most of the world give employees the opportunity to acquire shares in the Company by means of regular savings. We currently have more than 55% of eligible employees participating. Further details on employee share plans and awards made under executive share plans can be found in Note 24 on page 196 of the Financial Statements.

Political donations

During the year, the Company and its subsidiaries did not make any political donations or incur any expenditure, nor were any contemplated. In keeping with previous practice, at the forthcoming AGM Shareholders will be asked in accordance with s366 and s376 of CA 2006 to approve, on a precautionary basis, for the Company and its subsidiaries to make political donations and incur political expenditure for period ending 31 December 2020.

Financial instruments and risk

The financial risk management objectives and policies of the Group are set out in Note 14, page 179 of the Financial Statements. The Note sets out information on the Company's policy for hedging each major types of forecasted transactions for which hedge accounting is used, and our exposure to currency, price risk, credit risk, liquidity risk and cash flow risk.

Amendment to Articles of Association

The Articles of the Company were adopted in 2012 and amended in 2015. Any amendments to the Articles may be made in accordance with the provisions of CA 2006 by special resolution of the Shareholders.

Independent Auditor

The External Auditor, KPMG LLP (KPMG), has indicated its willingness to continue in office and a resolution proposing the reappointment of KPMG, and to authorise the Audit Committee to determine its remuneration for the financial year ending 31 December 2020, will be proposed at the forthcoming AGM. In accordance with section 418(2) of the CA 2006, each of the Directors holding office at the date of this report confirm that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- he or she has taken all of the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Substantial shareholdings

As at 31 December 2019, pursuant to DTR 5 of the FCA's Disclosure Guidance and Transparency Rules, the Company had received the following notices of substantial interests (3% or more) in the total voting rights of the Company:

Holder	Date of last TR-1 notification	Nature of interest	% of voting rights
Massachusetts Financial Services Company and/or its subsidiaries	16 January 2013[1]	Indirect	5.00

1 Under a s.793 CA 2006 request, Massachusetts Financial Services Company confirmed on 3 February 2020 that its aggregate holding had decreased to 49,321,030 shares. The voting percentage was not disclosed.

As at 26 March 2020, the Company has not received any further notifications under DTR 5 of the Disclosure Guidance and Transparency Rules.

Application of the UK Corporate Governance Code 2018

We report against the requirements of the UK Corporate Governance Code 2018 (the Code) issued by the Financial Reporting Council. Details of how the Company has applied the Code principles and provisions can be found in the Corporate Governance Report on pages 86 to 96.

Annual General Meeting (AGM)

The forthcoming AGM of Reckitt Benckiser Group plc will be held on 12 May 2020 at 3.00pm at 103-105 Bath Road, Slough, Berkshire, SL1 3UH.

A separate Notice of Meeting, setting out the resolutions to be proposed to Shareholders, is available at www.rb.com. The Board considers that each of the resolutions is in the best interests of the Company and the Shareholders as a whole. The Directors unanimously recommend that Shareholders vote in favour of all the resolutions as they intend to do so in respect of their own beneficial holdings.

By Order of the Board

Rupert Bondy
Company Secretary
Reckitt Benckiser Group plc
103-105 Bath Road
Slough, Berkshire SL1 3UH
Company registration number: 6270876
Legal Entity Identifier: 5493003JFSMOJG48V108
26 March 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company Financial Statements in accordance with UK accounting standards, including FRS 102, *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU and IFRSs as issued by the International Accounting Standards Board (IASB) and due to a requirement of the US SEC, state they have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB);
- for the Parent Company Financial Statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company Financial Statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

Rupert Bondy
Company Secretary
Reckitt Benckiser Group plc
103-105 Bath Road
Slough, Berkshire SL1 3UH

26 March 2020

FINANCIAL STATEMENTS

Contents of Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECKITT BENCKISER GROUP PLC

1 Our opinion is unmodified

We have audited the Financial Statements of Reckitt Benckiser Group plc (the "Parent Company") and its subsidiaries (together the "Group") for the year ended 31 December 2019 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Statement of Changes in Equity, Group Cash Flow Statement, and the related Notes, including the accounting policies in Note 1 to the Financial Statements, and the Parent Company Balance Sheet, Parent Company Statement of Changes in Equity and the related Notes, including the accounting policies in Note 1 to the Parent Company Financial Statements.

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU");
- the Parent Company Financial Statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

Additional opinion in relation to IFRS as issued by the IASB:
As explained in Note 1 to the Group Financial Statements, in addition to complying with its legal obligation to apply IFRS as adopted by the EU, the Group has also applied IFRS as issued by the International Accounting Standards Board ("IASB").

In our opinion the Group Financial Statements have been properly prepared in accordance with IFRS as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Shareholders on 3 May 2018. The period of total uninterrupted engagement is for the two financial years ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group Financial Statements as a whole	£150 million (2018: £140 million) 4.8% (2018: 4.6%) of Group loss before tax normalised to exclude exceptional adjusting items as disclosed in Note 3	
Coverage	81% (2018: 82%) of Group Net Revenue 87% (2018: 77%) of total profits and losses that made up Group loss before tax	
		vs 2018
Recurring risks	Recoverability of goodwill and indefinite life intangible assets relating to Infant and Child Nutrition ("IFCN")	▲
	Provision for uncertain tax positions	◀▶
	Revenue recognition in relation to trade spend	▼
	Recoverability of Parent Company's investment in subsidiaries	◀▶

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the Financial Statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Recoverability of goodwill and indefinite life intangible assets relating to IFCN (£10,913 million; 2018: £16,407 million) *Refer to page 108 (Audit Committee Report), Note 1 on page 159 (accounting policy) and Note 9 on pages 172 to 175 (financial disclosures).*	**Forecast-based valuation:** The recoverability of goodwill and indefinite life intangible assets relating to the Infant and Child Nutrition ("IFCN") cash generating unit ("CGU") is assessed using forecast financial information within a discounted cash flow model ("the model"). The model is highly sensitive to changes in key assumptions, relating to forecast financial performance, in particular Net Revenue growth and operating margins, as well as external factors such as future growth of the category as a whole, discount rates and terminal growth rates. In the current year the Group has recognised an impairment loss of £5,037 million against IFCN goodwill. This primarily reflects: • the accelerated deterioration in birth rates and GDP growth in China, a significant IFCN market; • increased competition from domestic Chinese companies, driven by regulation and changing consumer tastes; and • increased competitive pricing in bidding for The Special Supplemental Nutrition Program for Women, Infants and Children (known as "WIC") state contracts in the USA, a significant IFCN market. The valuation of the IFCN CGU – and consequent impairment loss – is subject to a high degree of estimation uncertainty. Where a substantial impairment must be recognised, there may be incentive for the Group to use assumptions that are excessively cautious, leading to an overstatement of the impairment. Conversely, if assumptions are over-optimistic, the impairment loss may be understated.	**Our procedures included:** **Methodology implementation:** With the assistance of our own modelling specialists, we critically assessed the interaction of key assumptions and drivers within the model to ensure that the output calculated as intended, and that the methodology behind the calculation was reasonable. **Sensitivity analysis:** We considered the sensitivity of each assumption, identified changes to these assumptions since previous forecasts, and focused our attention on those assumptions we considered to be most sensitive, judgemental or otherwise prone to management bias. **Historical comparisons:** • We compared the performance of IFCN since acquisition against plan and evaluated this in relation to forecast growth. • We challenged the Group on the integrity of the Group's innovation pipeline, and its ability to deliver forecast Net Revenue growth by assessing the Group's past experience in bringing new or improved products to market, and evaluated how that experience can be applied to the IFCN product category. • We critically challenged the operating margin projections by reference to those achieved historically, forecast volume growth and with reference to the marketing and R&D spend required to deliver forecast Net Revenue growth. **Benchmarking assumptions:** • We critically evaluated the delta between Net Revenue growth assumptions within the model and external market data relating to projected growth for the product category as a whole. For China in particular, we considered the extent to which category growth assumptions reflected the latest sentiment on birth rates, GDP growth, and the rise of domestic competitors. • We benchmarked Gross Margin assumptions against industry competitors, and external market volume growth forecasts. We also benchmarked the terminal growth rate assumptions against long-term estimates of GDP growth and inflation in key markets, and considered the appropriateness of real growth in light of global declining birth rates.

2 Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Recoverability of goodwill and indefinite life intangible assets relating to IFCN (continued)	The effect of these matters is that, as part of our risk assessment, we determined that there exists a reasonably possible set of changes in these key assumptions that would result in a change to the IFCN valuation and associated impairment loss well in excess of our materiality for the Financial Statements as a whole and possibly many times that amount. It is also important that disclosures give relevant information and reflect uncertainties inherent in the impairment assessment and its outcome.	**Personnel interviews:** We compared judgements made centrally to direct discussion with local country General Managers and Finance Directors. We considered and challenged the Group's assumptions with reference to alternative views provided locally. **Extended scope:** We responded to the risk of management bias through enhanced market benchmarking, increased professional scepticism where market and internal forecasts deviated, and extending the scope of our valuation specialists to assist in the challenge of key country cash flow assumptions. **Our valuation expertise:** We independently derived a reasonable range of appropriate discount rates with the assistance of our valuation specialists, compared these to those calculated by the Group and identified any differences in assumptions between the calculations. We challenged the Group on any such differences and assessed the discount rate in relation to our appropriate range and those utilised in previous valuations. **Assessing transparency:** We considered the adequacy of the disclosures provided by Note 9 of the Group Financial Statements in relation to relevant accounting standards. We paid particular attention to transparency of disclosure of the events and circumstances that led to the recognition of the impairment loss in 2019, and ensuring the sensitivity disclosures appropriately reflect uncertainty inherent in the assessment of recoverable amount, as well as reasonably plausible changes in key assumptions. This included assessing whether reasonable possible outcomes that could have resulted in a lower impairment were made clear. **Our results** We found the resulting estimate of the carrying value of goodwill and indefinite life intangible assets after recording the impairment loss in the current year to be acceptable (2018 result: acceptable) and the disclosures, including the reasonable possible outcomes, to be acceptable (2018: acceptable).

2 Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Provision for uncertain tax positions (UTPs) (£891 million; 2018: £1,002 million) *Refer to page 108 (Audit Committee Report), Note 1 on page 159 (accounting policy) and Note 21 on page 190 (financial disclosures).*	**Subjective estimate:** Due to the Group operating across a number of different tax jurisdictions, and the complexities of transfer pricing and other international tax legislation, it is subject to periodic challenge by local tax authorities on a range of tax matters arising in the normal course of business. These challenges by the local tax authorities include but are not limited to: • transfer pricing arrangements relating to the Group's operating model; • transfer pricing arrangements relating to the ownership of intellectual property rights that are used across the Group; • deductibility of interest on intra-Group borrowings; and • the European Commission's ongoing State Aid investigations into transfer pricing ruling practices of certain member states. Provision for uncertain tax positions requires the Directors to make judgements and estimates in relation to tax issues and exposures. The effect of these matters is that, as part of our risk assessment, we determined that the estimates of uncertain tax positions has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole.	**Our procedures included:** **Our tax expertise:** We used our own international and local tax specialists to assist us to: • Inspect and assess the centrally prepared transfer pricing policies to determine whether they reflect the risks, activities and substance of each of the entities within the supply chain; and • Assess the Group's tax positions, its correspondence with the relevant tax authorities, and to analyse and challenge the assumptions used to determine provisions for tax uncertainties based on our knowledge and experiences of the application of the tax legislation. **Historical comparisons:** We assessed the historical accuracy of the provision level following any recent court judgements and results of relevant tax authority audits and considered the impact on the remaining provision. **Assessing transparency:** We assessed the adequacy of the Group's disclosures in respect of uncertain tax positions. **Our results** We found the level of tax provisioning to be acceptable (2018 result: acceptable).

2 Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Revenue recognition in relation to trade spend Net Revenue (12,846 million; 2018: 12,597 million) Trade spend accrual (£1,095 million; 2018: £1,025 million) *Refer to page 108 (Audit Committee Report), Note 1 on page 159 (accounting policy) and Note 20 on page 190 (financial disclosures).*	**Subjective estimate:** The Group regularly enters into complex arrangements providing pricing, placement and other promotional rebates and allowances to its customers. These trade spend arrangements can vary in complexity by market, product category and customer. Revenue is measured net of outflows arising from such arrangements which – for agreements or practices spanning a period end – requires an estimate of the extent and value of future activity. These estimates can be subjective and require the use of assumptions that are susceptible to management bias. The effect of these matters is that, as part of our risk assessment, we determined that the estimation of trade spend accruals has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole.	**Our procedures included:** **Accounting policies:** We assessed the appropriateness of the Group's revenue recognition accounting policies, including the recognition criteria for trade spend. **Tests of detail:** For both risk-based and representative samples of trade spend accruals, we: • recalculated the estimate to assess whether it was mathematically accurate; • identified the key assumptions in the calculation of each accrual selected, such as forecast volumes; • agreed those assumptions to relevant documentation, such as invoices received after the balance sheet date, customer agreements or third-party consumption data; and • considered whether the assumptions utilised were acceptable within the context of relevant external data points and the Group's historic experience of comparable trade spend arrangements. **Tests of detail:** We tested the completeness of trade spend accruals by identifying promotional activity in the subsequent financial period and assessed whether these required an accrual at the Balance Sheet date. **Assessing transparency:** We assessed the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the trade spend accrual and the amount of trade spend recognised. **Our results** We found the trade spend accrual and related Net Revenue recognised to be acceptable (2018 result: acceptable).
Recoverability of Parent Company's investment in subsidiaries (£14,963 million, 2018: £14,949 million) *Note 1 on page 207 (accounting policy) and Note 2 on page 209 (financial disclosures).*	**Low risk, high value:** The carrying amount of the Parent Company's investment in subsidiaries represents 99.7% (2018: 99.7%) of the Parent Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Parent Company Financial Statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	**Our procedures included:** **Tests of detail:** We compared the carrying amount of 100% of the total investment balance with the direct subsidiary draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether the direct subsidiary has historically been profit-making. **Comparing valuations:** We performed a reconciliation to market capitalisation, as the subsidiary owns the entire Group excluding its parent. **Our results** We found the assessment of the Parent Company's recoverability of the investment in subsidiaries to be acceptable (2018 result: acceptable).

We continue to perform procedures over liabilities and contingent liabilities arising from investigations by the US Department of Justice (DoJ) and in respect to the South Korea Humidifier Sanitiser (HS) issue. However, following settlement with the DoJ during the year and payments made in relation to the HS issue, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year as a key audit matter.

2 Key audit matters: our assessment of risks of material misstatement continued

Likewise, we also continue to perform procedures over the classification of exceptional items. However, with RB2.0 having broadly concluded in 2019 we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year as a key audit matter.

3 Our application of materiality and an overview of the scope of our audit

Materiality

Materiality for the Group Financial Statements as a whole was set at £150 million (2018: £140 million), determined with reference to a benchmark of Group loss before tax normalised to exclude this year's exceptional adjusting items of £5,240 million as disclosed in Note 3 to an adjusted profit of £3,133 million (2018: Group profit before tax normalised to exclude exceptional and other adjusting items of £311 million to an adjusted profit of £3,033 million) as defined in Note 3, of which it represents 4.8% (2018: 4.6%). The Group team performed procedures on the items excluded from normalised Group loss before tax.

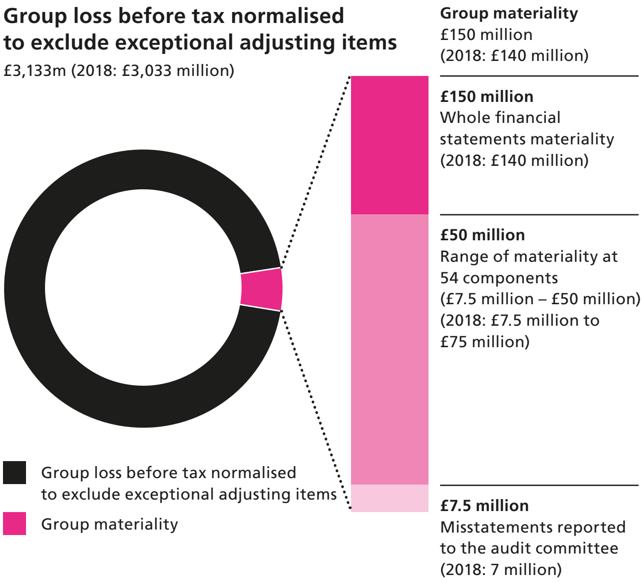
Materiality for the Parent Company Financial Statements as a whole was set at £75 million (2018: £75 million) determined with reference to a benchmark of Parent Company total assets of £15,011 million (2018: £14,997 million) of which it represents 0.5% (2018: 0.5%).

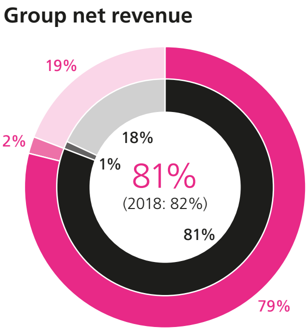
We agreed with the Audit Committee that we would report to the committee any corrected or uncorrected identified misstatements exceeding £7.5 million (2018: £7.0 million) in addition to other identified misstatements that warranted, in our view, reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that are identified when assessing the overall presentation of the Financial Statements.

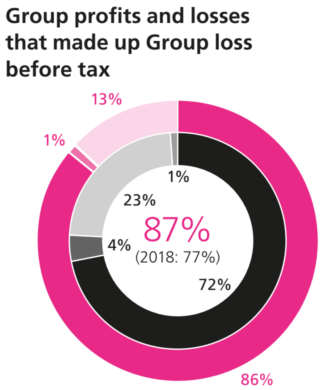
Scope

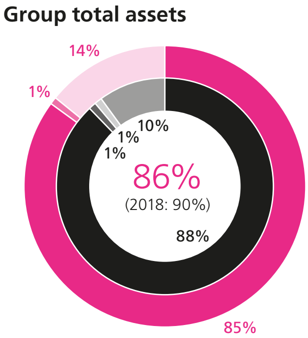
The Group operates in more than 60 countries across six continents with the largest footprint being in the US and China, and from 1 January 2018 the Group has been organised into two business units being Health and Hygiene Home.

We scoped the audit by obtaining an understanding of the Group and its environment and assessing the risk of material misstatement at the Group and component level. We have considered components on the basis of their contribution to Group revenue and Group loss before tax including whether we had sufficient coverage over each business unit and the specific risks in the components. Of the Group's 388 (2018: 368) reporting components, component teams in 22 countries (2018: 23 countries) subjected 44 (2018: 44) to full scope audits for Group purposes and 10 (2018: 3) to specified risk-focused audit procedures including procedures over revenue, trade spend, inventory, cost of sales, PPE, and cash and none (2018: 1) to an audit of account balance over inventory, cost of sales, PPE and cash. The components for which we specified risk-focused audit procedures (2018: and audit of account balance) were not individually financially significant enough to require an audit for Group reporting purposes, but did present specific individual risks that needed to be addressed.









Key:
- Full scope for Group audit purposes 2019
- Specified risk-focused procedures 2019
- Residual components 2019
- Full scope for Group audit purposes 2018
- Specified risk-focused procedures 2018
- Audit of account balances 2018
- Residual components 2018

3 Our application of materiality and an overview of the scope of our audit continued

The remaining 19% (2018: 18%) of Group revenue, 13% (2018: 23%) of total profits and losses that made up Group loss before tax and 14% (2018: 10%) of Group total assets is represented by a number of other reporting components, none of which individually represented more than 2% (2018: 1%) of any of Group Net Revenue, Group profit or loss before tax or Group total assets. For these residual 334 (2018: 320) components, we performed analysis at an aggregated Group level and performed unpredictable procedures at the component level to re-examine our assessment that there were no significant risks of material misstatement within these.

Team Structure

The Group team led a global planning conference to discuss key audit risks and to obtain input from component and other participating locations.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team reviewed and approved the component materialities, which ranged from £7.5 million to £50 million (2018: £7.5 million to £75 million), having regard to the mix of size and risk profile across the components.

The work on 51 of the 54 (2018: 45 of the 48) components in scope was performed by component auditors and the rest, including the audit of the Group's treasury company, were performed by the Group team.

The Senior Statutory Auditor or a senior member of the Group team visited 19 (2018: 21) countries, representing 50 (2018: 46) reporting components of the 54 (2018: 48) in scope for Group reporting purposes. The visits included assessing the audit risk and strategy and attending a balance sheet review with Group and/or business unit management, local management and component auditors. Video and telephone conference meetings were also held with these component auditors and 3 that were not physically visited throughout the conduct of the audit. This included attending the year end clearance meetings. At these visits and meetings, the findings reported to the Group team were discussed in more detail. In addition we reviewed the component auditors' key working papers, including assessing the trade spend risk identified against the procedures performed, and any further work required by the Group team was then performed by the component auditor.

We attended via site visit or telephone calls balance sheet review meetings for 4 (2018: 6) components not in scope for the Group audit as part of our unpredictable procedures, to reconfirm our risk assessment and to further enhance our understanding of the business.

The Group team routinely reviews the audit documentation of all component audits. Following the outbreak of COVID-19, we were unable to visit 4 components in China and for which remote access to audit documentation is prohibited. We instead extended our oversight of those component teams through extended telephone discussions over the audit procedures performed.

4 We have nothing to report on going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Parent Company or the Group or to cease their operations, and as they have concluded that the Parent Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Parent Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and the Parent Company's business model and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period.

The risks that we considered most likely to adversely affect the Group's and the Parent Company's available financial resources over this period were:

- In relation to the COVID-19 pandemic, disruption at one or more of the Group's key production facilities, the viability of key suppliers and customers, and the impact on consumer demand for the Group's brands;
- A product safety issue leading to reputational damage with customers, consumers or regulators; and
- The impact of a significant business continuity issue affecting the Group's manufacturing facilities or those of its suppliers.

As these were risks that could potentially cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as erosion of customer or supplier confidence or a cyber-security attack, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the Financial Statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Parent Company's use of that basis for a period of at least twelve months from the date of approval of the Financial Statements; or
- the related statement under the Listing Rules set out on page 141 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our Financial Statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 77 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the risk management and principal risk disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our Financial Statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our Financial Statements audit and the Directors' statement that they consider that the annual report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 141, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience and through discussion with the Directors and other management as required by auditing standards, and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group team to component audit teams of relevant laws and regulations identified at the Group level.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety (reflecting the nature of the Group's production and distribution process), anti-bribery (reflecting that the Group operates in a number of countries where there is an opportunity to engage in bribery given the lack of regulation by the local governments), interaction with healthcare professionals (reflecting the nature of the Group's products in the Health business unit), competition law (reflecting the nature of Group's business and market positions), consumer product law such as product safety and product claims (reflecting the nature of the Group's diverse product base), data privacy legislation (reflecting the Group's growing amounts of personal data held) and intellectual property legislation (reflecting the potential for the Group to infringe trademarks, copyright and patents). Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance of a scale and nature that is unexceptional for a group of this size and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Parent Company. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Parent Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Broadbelt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
26 March 2020

GROUP INCOME STATEMENT

For the year ended 31 December	Note	2019 £m	2018 (Restated)[1] £m
CONTINUING OPERATIONS			
Net Revenue	2	**12,846**	12,597
Cost of sales		**(5,068)**	(4,962)
Gross profit		**7,778**	7,635
Net operating expenses	3	**(4,616)**	(4,577)
Impairment of goodwill and other intangible assets	9	**(5,116)**	–
Operating (Loss)/Profit	2	**(1,954)**	3,058
Adjusted Operating Profit		**3,367**	3,369
Adjusting items[2]	3	**(5,321)**	(311)
Operating (Loss)/Profit		**(1,954)**	3,058
Finance income	6	**161**	78
Finance expense	6	**(314)**	(416)
Net finance expense		**(153)**	(338)
(Loss)/Profit before income tax		**(2,107)**	2,720
Income tax expense	7	**(665)**	(536)
Net (loss)/income from continuing operations		**(2,772)**	2,184
Net loss from discontinued operations	3	**(898)**	(5)
Net (loss)/income		**(3,670)**	2,179
Attributable to non-controlling interests		**13**	20
Attributable to owners of the parent company		**(3,683)**	2,159
Net (loss)/income		**(3,670)**	2,179
Basic (loss)/earnings per ordinary share			
From continuing operations (pence)	8	**(393.0)**	306.6
From discontinued operations (pence)	8	**(126.7)**	(0.7)
From total operations (pence)	8	**(519.7)**	305.9
Diluted (loss)/earnings per ordinary share			
From continuing operations (pence)	8	**(393.0)**	305.2
From discontinued operations (pence)	8	**(126.7)**	(0.7)
From total operations (pence)	8	**(519.7)**	304.5

1 Restated for the adoption of IFRS 16 (see Note 31).
2 Adjusting items include impairment of goodwill and other intangible assets of £5,116 million (See Note 3).

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2019 £m	2018 (Restated)[1] £m
Net (loss)/income		**(3,670)**	2,179
Other comprehensive (expense)/income			
Items that may be reclassified to income statement in subsequent years			
Net exchange (losses)/gains on foreign currency translation, net of tax	7	**(579)**	67
Gains/(losses) on net investment hedges, net of tax	7	**70**	(44)
(Losses)/gains on cash flow hedges, net of tax	7	**(9)**	8
		(518)	31
Items that will not be reclassified to income statement in subsequent years			
Remeasurements of defined benefit pension plans, net of tax	7	**14**	123
Revaluation of equity instruments – FVOCI	7	**(13)**	–
		1	123
Other comprehensive (expense)/income, net of tax		**(517)**	154
Total comprehensive (expense)/income		**(4,187)**	2,333
Attributable to non-controlling interests		**12**	20
Attributable to owners of the parent company		**(4,199)**	2,313
Total comprehensive (expense)/income		**(4,187)**	2,333
Total comprehensive (expense)/income attributable to owners of the parent company arising from:			
Continuing operations		**(3,301)**	2,318
Discontinued operations		**(898)**	(5)
		(4,199)	2,313

1 Restated for the adoption of IFRS 16 (see Note 31).

GROUP BALANCE SHEET

As at 31 December	Note	2019 £m	2018 (Restated)[1] £m	2017 (Restated)[1] £m
ASSETS				
Non-current assets				
Goodwill and other intangible assets	9	**24,261**	30,278	29,487
Property, plant and equipment	10	**2,140**	2,162	2,068
Equity instruments – FVOCI	14	**58**	53	41
Deferred tax assets	11	**224**	209	118
Retirement benefit surplus	22	**268**	191	90
Other non-current receivables	13	**155**	109	99
		27,106	33,002	31,903
Current assets				
Inventories	12	**1,314**	1,276	1,201
Trade and other receivables	13	**2,079**	2,097	2,004
Derivative financial instruments	14	**30**	38	18
Current tax recoverable		**61**	48	58
Cash and cash equivalents	15	**1,549**	1,483	2,125
		5,033	4,942	5,406
Assets classified as held for sale		–	10	18
		5,033	4,952	5,424
Total assets		**32,139**	37,954	37,327
LIABILITIES				
Current liabilities				
Short-term borrowings	16	**(3,650)**	(2,269)	(1,394)
Provisions for liabilities and charges	17	**(178)**	(537)	(517)
Trade and other payables	20	**(4,820)**	(4,811)	(4,629)
Derivative financial instruments	14	**(138)**	(42)	(19)
Current tax liabilities	21	**(145)**	(10)	(65)
		(8,931)	(7,669)	(6,624)
Non-current liabilities				
Long-term borrowings	16	**(8,545)**	(9,950)	(11,797)
Deferred tax liabilities	11	**(3,513)**	(3,619)	(3,443)
Retirement benefit obligations	22	**(351)**	(318)	(393)
Provisions for liabilities and charges	17	**(56)**	(74)	(81)
Derivative financial instruments		**–**	–	(12)
Non-current tax liabilities	21	**(969)**	(1,105)	(1,012)
Other non-current liabilities	20	**(367)**	(448)	(408)
		(13,801)	(15,514)	(17,146)
Total liabilities		**(22,732)**	(23,183)	(23,770)
Net assets		**9,407**	14,771	13,557
EQUITY				
Capital and reserves				
Share capital	23	**74**	74	74
Share premium		**245**	245	243
Merger reserve		**(14,229)**	(14,229)	(14,229)
Hedging reserve	25	**(2)**	7	(1)
Foreign currency translation reserve	25	**(78)**	430	407
Retained earnings		**23,353**	28,197	27,023
Attributable to owners of the parent company		**9,363**	14,724	13,517
Attributable to non-controlling interests		**44**	47	40
Total equity		**9,407**	14,771	13,557

1 Restated for the adoption of IFRS 16 (see Note 31).

The Financial Statements on pages 152 to 203 were approved by the Board of Directors and signed on its behalf on 26 March 2020 by:

Christopher Sinclair
Director

Laxman Narasimhan
Director

GROUP STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £m	Share premium £m	Merger reserves[2] £m	Other reserves[3] £m	Retained earnings £m	Total attributable to owners of the parent company £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2018 (Reported)		74	243	(14,229)	406	27,039	13,533	40	13,573
Effect of IFRS 16		–	–	–	–	(16)	(16)	–	(16)
Balance at 1 January 2018 (Restated)[1]		74	243	(14,229)	406	27,023	13,517	40	13,557
Comprehensive income									
Net income[1]		–	–	–	–	2,159	2,159	20	2,179
Other comprehensive income		–	–	–	31	123	154	–	154
Total comprehensive income[1]		–	**–**	**–**	**31**	**2,282**	**2,313**	**20**	**2,333**
Transactions with owners									
Treasury shares re-issued	23	–	2	–	–	103	105	–	105
Share-based payments	24	–	–	–	–	14	14	–	14
Current tax on share awards	7	–	–	–	–	7	7	–	7
Deferred tax on share awards	7	–	–	–	–	(12)	(12)	–	(12)
Cash dividends	27	–	–	–	–	(1,187)	(1,187)	(13)	(1,200)
Transactions with non-controlling interests		–	–	–	–	(33)	(33)	–	(33)
Total transactions with owners		**–**	**2**	**–**	**–**	**(1,108)**	**(1,106)**	**(13)**	**(1,119)**
Balance at 31 December 2018 (Restated)[1]		**74**	**245**	**(14,229)**	**437**	**28,197**	**14,724**	**47**	**14,771**
Comprehensive income									
Net income		–	–	–	–	(3,683)	(3,683)	13	(3,670)
Other comprehensive (expense)/income		–	–	–	(517)	1	(516)	(1)	(517)
Total comprehensive (expense)/income		–	–	–	(517)	(3,682)	(4,199)	12	(4,187)
Transactions with owners									
Treasury shares re-issued	23	–	–	–	–	61	61	–	61
Share-based payments	24	–	–	–	–	18	18	–	18
Current tax on share awards	7	–	–	–	–	4	4	–	4
Cash dividends	27	–	–	–	–	(1,227)	(1,227)	(15)	(1,242)
Transactions with non-controlling interests		–	–	–	–	(18)	(18)	–	(18)
Total transactions with owners		**–**	**–**	**–**	**–**	**(1,162)**	**(1,162)**	**(15)**	**(1,177)**
Balance at 31 December 2019		**74**	**245**	**(14,229)**	**(80)**	**23,353**	**9,363**	**44**	**9,407**

1 Restated for the adoption of IFRS 16 (see Note 31).
2 The merger reserve relates to the 1999 combination of Reckitt & Colman plc and Benckiser N.V. and a Group reconstruction in 2007 treated as a merger under Part 27 of the Companies Act 2006.
3 Refer to Note 25 for an explanation of other reserves.

For the year ended 31 December	Note	2019 £m	2018 (Restated)[1] £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from continuing operations	29	**3,408**	3,400
Interest paid		**(371)**	(396)
Interest received		**161**	75
Tax paid		**(647)**	(567)
Net cash flows attributable to discontinued operations	30	**(1,140)**	12
Net cash generated from operating activities		**1,411**	2,524
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(306)**	(342)
Purchase of intangible assets		**(137)**	(95)
Proceeds from the sale of property, plant and equipment		**37**	24
Acquisition of businesses, net of cash acquired	28	**(18)**	–
Purchase of equity instruments – FVOCI		**(18)**	(9)
Net cash used in investing activities		**(442)**	(422)
CASH FLOWS FROM FINANCING ACTIVITIES			
Treasury shares re-issued	23	**61**	105
Proceeds from borrowings	16	**1,548**	697
Repayment of borrowings	16	**(1,122)**	(2,314)
Dividends paid to owners of the parent company	27	**(1,227)**	(1,187)
Dividends paid to non-controlling interests		**(15)**	(13)
Other financing activities		**(75)**	24
Net cash used in financing activities		**(830)**	(2,688)
Net increase/(decrease) in cash and cash equivalents		**139**	(586)
Cash and cash equivalents at beginning of the year		**1,477**	2,117
Exchange losses		**(69)**	(54)
Cash and cash equivalents at end of the year		**1,547**	1,477
Cash and cash equivalents comprise:			
Cash and cash equivalents	15	**1,549**	1,483
Overdrafts	16	**(2)**	(6)
		1,547	1,477

1 Restated for the adoption of IFRS 16 (see Note 31).

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies
The principal accounting policies adopted in the preparation of these Financial Statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

Basis of Preparation
These Financial Statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRIC) interpretations, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements are also in compliance with IFRS as issued by the International Accounting Standards Board (IASB).

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income. A summary of the Group's more important accounting policies is set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of Financial Statements that conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Balance Sheet date and revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge at the time, actual amounts may ultimately differ from those estimates.

New Standards, Amendments and Interpretations
The following standards issued by the IASB and endorsed by the EU have been adopted by the Group from 1 January 2019:

IFRS 16 Leases
On 1 January 2019, the Group adopted IFRS 16 Leases, using the full retrospective approach to previous periods and applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Comparative reported numbers relating to 2018 and 2017 have been restated. Deferred tax adjustments relating to the restatement have not been made as they are not material. The impact of the restatement is included in Note 31.

The standard requires recognition of a 'right of use' asset, representing the right to use the underlying asset and a liability, representing the obligation to make lease payments, for almost all lease contracts. The impact on the Income Statement is that former lease-operating expenses are replaced by depreciation and interest. Total expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with former accounting for operating leases. The main impact on the Statement of Cash Flows is higher cash flows from operating activities, since cash payments for the principal part of the lease liability are classified in the net cash flow from financing activities.

For leases in place on 1 January 2019 IFRS 16 is only applied for contracts that constituted a lease under IAS 17 Leases or IFRIC 4 Determining Whether an Arrangement Contains a Lease.

The following amendments and interpretations issued by the IASB and endorsed by the EU have been adopted by the Group from 1 January 2019:

IFRIC 23 Uncertainty over Income Tax Treatments
On 1 January 2019 the Group adopted IFRIC 23 Uncertainty over Income Tax Treatments. IFRIC 23 further clarifies the accounting for uncertainty in income taxes under IAS 12. The adoption did not lead to any changes to the opening balance of retained earnings and had no material impact on the Income Statement.

A number of new standards are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated Financial Statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated Financial Statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- Interest Rate Benchmark Reform (Amendments to IFRS9, IAS39 and IFRS7).

Going Concern
Having assessed the principal risks and other matters discussed in connection with the Viability Statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated Financial Statements. Further detail is contained in the Strategic Report on pages 01 to 77.

Basis of Consolidation
The consolidated Financial Statements include the results of Reckitt Benckiser Group plc, a company registered in the UK, and all its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Reckitt Benckiser Group plc. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with, the investee and has the ability to use its power over the investee to affect its returns.

Intercompany transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation. Unrealised losses have also been eliminated to the extent that they do not represent an impairment of a transferred asset. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign Currency Translation
Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated Financial Statements are presented in Sterling, which is the Group's presentational currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except where hedge accounting is applied.

1 Accounting Policies continued

The Financial Statements of overseas subsidiary undertakings are translated into Sterling on the following basis:

- Assets and liabilities at the rate of exchange ruling at the year end date.
- Income statement account items at the average rate of exchange for the year.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity on consolidation.

Business Combinations

The acquisition method is used to account for the acquisition of subsidiaries. Identifiable net assets acquired (including intangibles) in a business combination are measured initially at their fair values at the acquisition date.

Where the measurement of the fair value of identifiable net assets acquired is incomplete at the end of the reporting period in which the combination occurs, the Group will report provisional fair values. Final fair values are determined within a year of the acquisition date and retrospectively applied.

The excess of the consideration transferred and the amount of any non-controlling interest over the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities acquired is recorded as goodwill.

The consideration transferred is measured as the fair value of the assets given, equity instruments issued (if any), and liabilities assumed or incurred at the date of acquisition.

Acquisition related costs are expensed as incurred.

The results of the subsidiaries acquired are included in the consolidated Financial Statements from the acquisition date.

Disposal of Subsidiaries

The financial performance of subsidiaries is included in the Group results up to the point the Group ceases to have control over that subsidiary. Any amounts previously recognised in other comprehensive income in respect of that entity, including exchange gains or losses on foreign currency translation, are accounted for as if the Group had directly disposed of related assets and liabilities. This may mean amounts previously recognised in other comprehensive income are reclassified to the income statement.

Non-Controlling Interests

On an acquisition-by-acquisition basis the non-controlling interest is measured at either fair value or a proportionate share of the acquiree's net assets.

Purchases of non-controlling interests are accounted for as transactions with the owners and therefore no goodwill is recognised as a result of such transactions.

Revenue

Revenue from the sale of products is recognised in the Group Income Statement as and when performance obligations are satisfied by transferring control of the product or service to the customer.

Net Revenue is defined as the amount invoiced to external customers during the year and comprises, as required by IFRS 15, gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

Trade spend, which consists primarily of customer pricing allowances, placement/listing fees and promotional allowances, is governed by sales agreements with the Group's trade customers (retailers and distributors). Trade spend also includes reimbursement arrangements under the Special Supplemental Nutrition Program for Women, Infants and Children ("WIC"), payable to the respective US State WIC agencies.

Accruals are recognised under the terms of these agreements to reflect the expected activity level and the Group's historical experience. These accruals are reported within Trade and other payables.

Value-added tax and other sales taxes are excluded from Net Revenue.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee.

Adjusting Items, including Exceptional Items

The Group makes reference to adjusting items in presenting the Group's principal adjusted earnings measures.

These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances.

Exceptional items are material, non-recurring items of expense or income, which are relevant to an understanding of the underlying performance and trends of the business. Examples of exceptional items include the following:

- Restructuring and other expenses relating to the integration of an acquired business and related expenses for reconfiguration of the Group's activities;
- Impairments of current and non-current assets;
- Gains/losses on disposals of businesses;
- Acquisition-related costs, including advisor fees incurred for significant transactions, and adjustments to the fair values of assets and liabilities that result in non-recurring charges to the Income Statement;
- Costs arising because of material and non-recurring regulatory and litigation matters; and
- The Income Statement impact of unwinding fair value adjustments for inventory recorded as the result of a business combination.

1 Accounting Policies continued

Other adjusting items are charges that the Group adjust for because their pattern of recognition is largely uncorrelated with the underlying performance of the business. They include the following:

- Amortisation of acquired brands, trademarks and similar assets; and
- Amortisation of certain other intangible assets recorded as the result of a business combination.

Adjusting items include a reclassification of finance expenses on tax balances into income tax expense, to align with the Group's tax guidance. As a result, these expenses are presented as part of income tax in the adjusted profit before income tax measure.

Research and Development

Research expenditure is expensed in the year in which it is incurred.

Development expenditure is expensed in the year in which it is incurred, unless it meets the requirements of IAS 38 to be capitalised and then amortised over the useful life of the developed product.

Income Tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted in each jurisdiction, or substantively enacted, at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the investor is able to control the timing of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis.

Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill is allocated to the cash generating unit (CGU), or group of CGUs (GCGU), to which it relates and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

(ii) Brands

Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination are recognised at fair value at the acquisition date, where they are separately identifiable. Brands are amortised over their useful economic life (no more than 10 years), except when their life is determined as being indefinite.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. A core element of the Group's strategy is to invest in building its brands through an ongoing programme of product innovation and increasing marketing investment. Within the Group, a brand typically comprises an assortment of base products and more innovative products. Both contribute to the enduring nature of the brand. The base products establish the long-term positioning of the brand while a succession of innovations attracts ongoing consumer interest and attention. Indefinite life brands are allocated to the CGUs or GCGUs to which they relate and are tested annually for impairment.

The Directors also review the useful economic life of brands annually, to ensure that these lives are still appropriate. If a brand is considered to have a finite life, its carrying value is amortised over that period.

(iii) Software

Expenditure relating to the acquisition of computer software licenses and systems are capitalised at cost. The assets are amortised on a straight-line basis over a period of seven years for systems and five years or less for all other software licences.

(iv) Distribution Rights

Payments made in respect of product registration, acquired and re-acquired distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands.

(v) Customer contracts

Acquired customer contracts are capitalised at cost. These costs are amortised on a straight-line basis over the period of the contract.

Amortisation of intangible assets in (ii) to (v) is charged to net operating expenses.

1 Accounting Policies continued

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Except for freehold land and assets under construction, the cost of property, plant and equipment is written off on a straight-line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- Freehold buildings: not more than 50 years;
- Leasehold land and buildings: the lesser of 50 years or the life of the lease; and
- Owned plant and equipment: not more than 15 years (except for environmental assets and spray dryers which are not more than 20 years).

In general, production plant and equipment and office equipment are written off over ten years or less; motor vehicles and computer equipment over five years or less.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each Balance Sheet date. Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds, and are included in the Income Statement.

Leases

The Group has various lease arrangements for buildings (such as offices and warehouses), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and furthermore subjected to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Lease related assets and liabilities are measured on a present value basis. Lease related assets and liabilities are subjected to re-measurement when either terms are modified or lease assumptions have changed. Such an event results in the lease liability being re-measured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the point of the change. The lease assets are adjusted to reflect the change in the re-measured liabilities.

Right of use assets

Right of use assets are measured at cost and at the inception of the lease may include the following components:

- The initial measurement of the lease liability;
- Prepayments before commencement date of the lease;
- Initial direct costs; and
- Costs to restore.

The right of use assets are reduced for lease incentives relating to the lease. The right of use assets are depreciated on a straight-line basis over the duration of the contract. In the event that the lease contract becomes onerous, the right of use asset is impaired for the part which has become onerous.

Lease liabilities

Lease liabilities include the net present value of the following components:

- Fixed payments excluding lease incentive receivables;
- Future contractually agreed fixed increases; and
- Payments related to renewals or early termination, when options to renew or for early termination are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If such a rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The discount rate that is used to calculate the present value reflects the interest rate applicable to the lease at inception of the contract. Lease contracts entered into in a currency different than the local functional currency are subjected to periodic foreign currency revaluations that are recognised in the Income Statement in net finance expenses.

The lease liabilities are subsequently increased by the interest costs on the lease liabilities and decreased by lease payments made.

Impairment of Assets

Assets that have indefinite lives, including goodwill and brands, are tested annually for impairment at the level where cash flows are considered to be largely independent. This testing is performed at either the CGU or GCGU level. All assets are tested for impairment if there is an event or circumstance that indicates that their carrying value may not be recoverable. If an asset's carrying value exceeds its recoverable amount an impairment loss is recognised in the Income Statement. The recoverable amount is the higher of the asset's value in use and its fair value less costs of disposal.

Value in use is calculated with reference to the future cash flows expected to be generated by an asset (or group of assets where cash flows are not identifiable to specific assets). The discount rates used in the asset impairment reviews are based on weighted-average costs of capital (WACCs) specific to each CGU and GCGU, subsequently converted to the implied pre-tax rates.

1 Accounting Policies continued

Fair value less costs of disposal is calculated using a discounted cash flow approach, with a post-tax discount rate applied to projected risk-adjusted post-tax cash flows and terminal value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out (FIFO) basis. Net realisable value represents the estimated selling price less applicable selling expenses.

Trade and Other Receivables

Trade and other receivables are initially recognised at fair value less transaction costs and subsequently held at amortised cost, less provision for discounts and doubtful debts. Allowance losses are calculated by reviewing lifetime expected credit losses using historic and forward-looking data on credit risk.

Trade and Other Payables

Trade and other payables are initially recognised at fair value including transaction costs and subsequently carried at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and other deposits with a maturity of less than three months when deposited.

For the purpose of the cash flow statement, bank overdrafts that form an integral part of the Group's cash management, and are repayable on demand, are included as a component of cash and cash equivalents. Bank overdrafts are included within short-term borrowings in the Balance Sheet.

Borrowings

Interest-bearing borrowings are recognised initially at fair value less, where permitted by IFRS 9, any directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

Derivative Financial Instruments and Hedging Activity

The Group may use derivatives to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At the inception of designated hedge relationships, the Group documents its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items.

The group designates certain derivatives as either:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges); or
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).

Derivatives designated as cash flow hedges: the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. Any gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other transactions, the amounts accumulated in the hedging reserve are recycled to the Income Statement in the period (or periods) when the hedged item affects the Income Statement.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated, or is exercised, then hedge accounting is discontinued prospectively. The amount that has been accumulated in the hedging reserve remains in equity until it is either included in the cost of a non-financial item or recycled to the Income Statement.

Derivatives designated as fair value hedges: fair value hedges are used to manage the currency and/or interest rate risks to which the fair value of certain assets and liabilities are exposed. Changes in the fair value are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If such a hedge relationship no longer meets hedge accounting criteria, fair value movements on the derivative continued to be taken to the Income Statement while any fair value adjustments made to the underlying hedged item to that date are amortised through the Income Statement over its remaining life using the effective interest rate method.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement.

Net Investment Hedges

Gains and losses on those hedging instruments designated as hedges of the net investments in foreign operations are recognised in other comprehensive income to the extent that the hedging relationship is effective. Gains and losses accumulated in the foreign currency translation reserve are recycled to the Income Statement when the foreign operation is disposed of.

1 Accounting Policies continued

Equity Instruments (FVOCI)

Equity Instruments (FVOCI) are investments that are neither held for trading nor classified as investments in subsidiaries, associates or joint arrangements. Subsequent to their initial recognition, Equity Instruments (FVOCI) are stated at their fair value. Gains and losses arising from subsequent changes in the fair value are recognised in the Income Statement or in other comprehensive income on a case by case basis. Accumulated gains and losses included in other comprehensive income are not recycled to the Income Statement. Dividends from other investments are recognised in the Income Statement.

Employee Share Schemes

Incentives in the form of shares are provided to employees under share option and restricted share schemes vested in accordance with non-market conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs in respect of options and awards are charged, including social security taxes, to the Income Statement over the same period with a corresponding liability recognised.

Repurchase and Reissuance of Ordinary Shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as Treasury shares and are presented in retained earnings. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and any resulting surplus is presented within share premium or deficit presented within retained earnings.

Pension Commitments

Group companies operate defined contribution and (funded and unfunded) defined benefit pension plans.

The cost of providing pensions to employees who are members of defined contribution plans is charged to the Income Statement as contributions are made. The Group has no further payment obligations once the contributions have been paid.

The deficit or surplus recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by the yield on high quality corporate bonds denominated in the currency in which the benefits will be paid, and that have a maturity approximating to the terms of the pension obligations. The costs of providing these defined benefit plans are accrued over the period of employment. Actuarial gains and losses are recognised immediately in other comprehensive income.

Past-service costs are recognised immediately in profit or loss.

The net interest amount is calculated by applying the discounted rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset.

The net pension plan interest is presented as finance income/expense.

Post-Retirement Benefits Other than Pensions

Some Group companies provide post-retirement medical care to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognised in the Balance Sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where it is possible that a settlement may be reached or it is not possible to make a reliable estimate of the estimated financial impact, appropriate disclosure is made but no provision recognised.

Share Capital Transactions

When the Group purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Purchased shares are either held in Treasury, in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled would be transferred from retained earnings.

Dividend Distribution

Dividends to owners of the parent company are recognised as a liability in the period in which the dividends are approved by the Company's Shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Dividend payments are recorded at fair value. Where non-cash dividend payments are made, gains arising as a result of fair value remeasurements are recognised in profit or loss in the same period.

Accounting Estimates and Judgements

In preparing these consolidated Financial Statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts and results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1 Accounting Policies continued

Critical judgements in applying the Group's accounting policies

Over the course of the year, management has made a number of critical judgements in the application of the Group's accounting policies. These include the following:

- Management has identified matters that may incur liabilities in the future however does not recognise these liabilities when it is too early to determine the likely outcome or make a reliable estimate (Note 19).
- The continuing enduring nature of the Group's brands supports the indefinite life assumption of these assets (Note 9).
- Assumptions are made as to the recoverability of tax assets especially as to whether there will be sufficient future taxable profits in the same jurisdictions to fully utilise losses in future years (Note 11).

Key sources of estimation uncertainty

Each year, management is required to make a number of assumptions regarding the future. The related year-end accounting estimates will, by definition, seldom equal the final actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Under IFRS, goodwill and other indefinite life intangible assets must be tested for impairment on at least an annual basis. As disclosed further in Note 9, this testing generally requires management to make multiple estimates, for example around individual market pressures and forces, future price and volume growth, future margins, terminal growth rates and discount rates. In 2019, the Group recognised impairment losses of £5,116m (2018: zero), with £5,037m relating to IFCN goodwill. In addition to the above, the IFCN impairment assessment incorporated estimates relating to future China birth rates and future WIC tendering in the US. Refer to Note 9 for further information, including details on the sensitivity of the IFCN value-in-use model to reasonable changes in key assumptions.
- The actual tax paid on profits is determined based on tax laws and regulations that differ across the numerous jurisdictions in which the Group operates. Assumptions are made in applying these laws to the taxable profits in any given period in order to calculate the tax charge for that period. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, the variance is charged or credited to the Income Statement in the period in which it is determined (Note 7).

  The Group operates in an international tax environment and is subject to tax examinations and uncertainties in a number of jurisdictions. The issues involved can be complex and disputes may take a number of years to resolve. Each uncertainty is separately assessed and management applies judgement in the recognition and measurement of the uncertainty based on the relevant circumstances. In particular, the range of possible outcomes relating to transfer pricing exposures can be wide. The accounting estimates and judgements considered include:

  – Status of the unresolved matter;

  – Clarity of relevant legislation and related guidance;

  – Pre-clearances issued by taxing authorities;

  – Advice from in-house specialists and opinions of professional firms;

  – Resolution process and range of possible outcomes;

  – Past experience and precedents set by the particular taxing authority;

  – Decisions and agreements reached in other jurisdictions on comparable issues;

  – Unutilised tax losses, tax credits and availability of mutual agreement procedures between tax authorities; and

  – Statute of limitations.

  Management is of the opinion that the carrying values of the provisions made in respect of these matters represent the most accurate measurement once all facts and circumstances have been taken into account. Nevertheless, the final amounts paid to discharge the liabilities arising (either through negotiated settlement or litigation) will in all likelihood be different from the provision recognised. The net liabilities recognised in respect of uncertain tax positions at 31 December 2019 are £891m (Note 21).
- The Group provides for amounts payable to our trade customers for promotional activity and Government reimbursement arrangements. Where an activity spans across the year end, an accrual is reflected in the consolidated Financial Statements based on our estimation of customer and consumer uptake during the relevant period and the extent to which temporary funded activity has occurred. There is a timing difference between that initial estimation and final settlement of trade spend with our customers – the result of which could lead to variations between the two. As at 31 December 2019, the Group has recognised total accruals of £1,095m (2018: £1,025m) in respect of amounts payable to trade customers and government bodies for trade spend. Refer to Note 20 for further information.
- The Group recognises legal provisions in line with the Group's provisions policy. The level of provisioning in relation to civil and/or criminal investigations is an area where management and legal judgement is important, with individual provisions being based on best estimates of the potential loss, considering all available information, external advice and historical experience. As at 31 December 2019, the Group recognised legal provisions of £151m (2018: £461m). This included exceptional legal provisions of £126 million (2018: £431 million) in relation to a number of historical regulatory matters in a number of markets, predominantly the HS issue in South Korea and the DoJ investigation in the US. Refer to Note 17 for further information.
- The value of the Group's defined benefit pension plan obligations is dependent on a number of key assumptions. These assumptions include the rate of increase in pensionable salaries, the discount rate to be applied, the level of inflation and the life expectancy of the schemes members. Details of the key assumptions and the sensitivity of the principal schemes' carrying value to changes in the assumptions are set out in Note 22.

2 Operating Segments

The Group's operating segments comprise of RB Health and RB Hygiene Home business units reflecting the way in which information is presented to and reviewed by the Group's Chief Operating Decision Maker (CODM) for the purposes of making strategic decisions and assessing group-wide performance.

The CODM is the Group Executive Committee. This Committee is responsible for the implementation of strategy (approved by the Board), the management of risk (delegated by the Board) and the review of group operational performance and ongoing business integration.

The Executive Committee assesses the performance of these operating segments based on Net Revenue from external customers and Adjusted Operating Profit. Intercompany transactions between operating segments are eliminated. Finance income and expense are not allocated to segments, as each is managed on a centralised basis.

The segment information provided to the Executive Committee for the operating segments for the year ended 31 December 2019 and 31 December 2018 is as follows:

Year ended 31 December 2019	**Health £m**	**Hygiene Home £m**	**Total £m**
Net Revenue	**7,815**	**5,031**	**12,846**
Depreciation & amortisation	**(232)**	**(117)**	**(349)**
Adjusted Operating Profit	**2,088**	**1,279**	**3,367**
Adjusting items			**(5,321)**
Operating Loss			**(1,954)**
Net finance expense			**(153)**
Loss before income tax			**(2,107)**
Income tax expense			**(665)**
Net loss from continuing operations			**(2,772)**

Year ended 31 December 2018 (Restated)[1]	Heath £m	Hygiene Home £m	Total £m
Net Revenue	7,762	4,835	12,597
Depreciation & amortisation	(216)	(109)	(325)
Adjusted Operating Profit[1]	2,213	1,156	3,369
Adjusting items			(311)
Operating Profit[1]			3,058
Net finance expense			(338)
Profit before income tax[1]			2,720
Income tax expense			(536)
Net income from continuing operations			2,184

1 Restated for the adoption of IFRS 16 (see Note 31).

2 Operating Segments continued

The Company is domiciled in the UK. The split of Net Revenue from external customers and Non-Current Assets (other than equity instruments – FVOCI, deferred tax assets and retirement benefit surplus assets) between the UK, the US and Greater China (US and Greater China being the two biggest countries outside the country of domicile) and that from all other countries is:

2019	UK £m	US £m	Greater China[1] £m	All other countries £m	Total £m
Net Revenue	**743**	**3,227**	**1,534**	**7,342**	**12,846**
Goodwill and other intangible assets	**2,006**	**9,955**	**4,948**	**7,352**	**24,261**
Property, plant and equipment	**291**	**532**	**141**	**1,176**	**2,140**
Other non-current receivables	**8**	**62**	**2**	**83**	**155**

2018 (Restated)[2]	UK £m	US £m	Greater China[1] £m	All other countries £m	Total £m
Net Revenue	737	3,176	1,431	7,253	12,597
Goodwill and other intangible assets	1,962	11,048	8,249	9,019	30,278
Property, plant and equipment	269	582	122	1,189	2,162
Other non-current receivables	3	67	3	36	109

1 Greater China represents Mainland China, Hong Kong and Taiwan.
2 Restated for the adoption of IFRS 16 (see Note 31)

Major customers are typically large grocery chains, mass markets and multiple retailers. The Group's customer base is diverse with no individual customer accounting for more than 10% of Net Revenue (2018: no individual customer accounting for more than 10%).

3 Analysis of Net Operating Expenses

	2019 £m	2018 (Restated)[1] £m
Distribution costs	**(3,417)**	(3,218)
Administrative expenses:		
Research and development	**(257)**	(230)
Other	**(740)**	(822)
Total administrative expenses	**(997)**	(1,052)
Other net operating income	**3**	4
Adjusting items included in net operating expenses	**(205)**	(311)
Net operating expenses	**(4,616)**	(4,577)

1 Restated for the adoption of IFRS 16 (see Note 31). Presentation of distribution, research & development and other costs has been updated to be on a consistent basis with 2019.

A net foreign exchange loss of £2 million (2018: £1 million loss) has been recognised through the Income Statement.

Adjusting Items

The Group uses certain adjusted earnings measures, including Adjusted Operating Profit and Adjusted Net Income, to provide additional clarity about the underlying performance of the business.

The Group makes reference to adjusting items in presenting the Group's principal adjusted earnings measures. These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances.

3 Analysis of Net Operating Expenses continued

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted earnings measures for the year ended 31 December 2019:

Year ended 31 December 2019	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclass £m	Adjusted £m
Operating (Loss)/Profit	**(1,954)**	**5,240**[2]	**81**[3]	**–**	**3,367**
Net finance expense	**(153)**	**–**	**–**	**(35)**[4]	**(188)**
(Loss)/profit before income tax	**(2,107)**	**5,240**	**81**	**(35)**	**3,179**
Income tax (expense)/credit	**(665)**	**(45)**[2]	**(18)**[3]	**35**[4]	**(693)**
Net (loss)/income for the year from continuing operations	**(2,772)**	**5,195**	**63**	**–**	**2,486**
Less: Attributable to non-controlling interests	**(13)**	**–**	**–**	**–**	**(13)**
Continuing net (loss)/income for the year attributable to owners of the parent company	**(2,785)**	**5,195**	**63**	**–**	**2,473**
Net loss for the year from discontinued operations	**(898)**[1]	**898**	**–**	**–**	**–**
Total net (loss)/income for the year attributable to owners of the parent company	**(3,683)**	**6,093**	**63**	**–**	**2,473**

1. Exceptional items within discontinued operations of £898 million relate to the current year charge of the settlement amount for US Department of Justice ("DoJ") and the US Federal Trade Commission investigations. Refer to Note 30 for further details.
2. Exceptional items within Operating Profit of £5,240 million relate to:
   - MJN integration/RB2.0 costs of £113 million;
   - Restructuring and other projects of £11 million;
   - IFCN impairment of goodwill of £5,037 million; and
   - Oriental Pharma impairment of intangible assets of £79 million.

   Included within income tax expense is a £45 million tax credit for these exceptional costs.
3. Other adjusting items of £81 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged during the period ended 31 December 2019. In addition, there is a £18 million income tax credit in respect of these costs.
4. Adjusting items of £35 million relate to the reclassification of interest on income tax balances from finance expense to income tax expense in the adjusting measure.

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted earnings measures for the year ended 31 December 2018:

Year ended 31 December 2018 (Restated)[5]	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclass £m	Adjusted £m
Operating Profit	3,058	233[2]	78[3]	–	3,369
Net finance expense	(338)	–	–	29[4]	(309)
Profit before income tax	2,720	233	78	29	3,060
Income tax expense	(536)	(50)[2]	(17)[3]	(29)[4]	(632)
Net income for the year from continuing operations	2,184	183	61	–	2,428
Less: Attributable to non-controlling interests	(20)	–	–	–	(20)
Continuing net income for the year attributable to owners of the parent company	2,164	183	61	–	2,408
Net loss for the year from discontinued operations	(5)[1]	5	–	–	–
Total net income for the year attributable to owners of the parent company	2,159	188	61	–	2,408

1. Exceptional items within discontinued operations relate to a foreign exchange loss of £17 million on the provision booked in prior year for ongoing investigations by the US Department of Justice ("DoJ") and the US Federal Trade Commission, offset by further consideration from McCormick & Company, Inc. of £12 million relating to the 2017 sale of RB Food.
2. Exceptional items within Operating Profit of £233 million relate to:
   - MJN integration/RB2.0 costs of £185 million; and
   - Restructuring, Supercharge and other projects of £48 million.

   Included within income tax expense is a £50 million tax credit for these exceptional costs.
3. Other adjusting items of £78 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged during the period ended 31 December 2018. In addition, there is a £17 million income tax credit in respect of these costs.
4. Adjusting items of £29 million relate to the reclassification of interest on income tax balances from finance expense to income tax expense in the adjusting measure.
5. Restated for adoption of IFRS16 (Note 31)

4 Auditor Remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's Auditor and its associates.

	2019 £m	2018 £m
Audit services pursuant to legislation		
Audit of the Group's Annual Report and Financial Statements	**4.6**	3.6
Audit of the Financial Statements of the Group's subsidiaries	**8.0**	5.9
Audit related assurance services	**0.6**	0.3
Total audit and audit-related services	**13.2**	9.8
Fees payable to the Company's Auditor and its associates for other services		
Other Assurance services	**1.3**	0.1
Total non-audit services	**1.3**	0.1
	14.5	9.9

5 Employees

Staff Costs

The total employment costs, including Directors, were:

	Note	2019 £m	2018 £m
Wages and salaries		**1,558**	1,471
Social security costs		**246**	227
Other pension costs	22	**60**	53
Share-based payments	24	**18**	16
Total staff costs		**1,882**	1,767

Executive Directors' aggregate emoluments are disclosed in the Directors' Remuneration Report.

Compensation awarded to key management (the Executive Committee) was:

	2019 £m	2018 £m
Short-term employee benefits	**13**	16
Post-employment benefits	**–**	1
Share-based payments	**5**	1
	18	18

Staff Numbers

The monthly average number of people employed by the Group, including Directors, during the year was:

	2019 '000	2018 '000
North America	**4.3**	4.3
Europe/ANZ	**13.3**	13.3
DvM	**24.8**	24.8
	42.4	42.4

6 Net Finance Expense

	2019 £m	2018 (Restated)[1] £m
Finance income		
Interest income on cash and cash equivalents	**96**	78
Movement on put option liability	**25**	–
Other finance income	**40**	–
Total finance income	**161**	78
Finance expense		
Interest payable on borrowings	**(331)**	(352)
Finance credit/(expense) on tax balances	**35**	(29)
Movement on put option liability	**–**	(10)
Other finance expense	**(18)**	(25)
Total finance expense	**(314)**	(416)
Net finance expense	**(153)**	(338)

1 Restated for the adoption of IFRS 16 (see Note 31).

All net finance expense relates to continuing operations only.

7 Income Tax Expense

	2019 £m	2018 £m
Current tax	**640**	545
Adjustment in respect of prior periods	**36**	50
Total current tax	**676**	595
Origination and reversal of temporary differences	**(10)**	(59)
Impact of changes in tax rates	**(1)**	–
Total deferred tax	**(11)**	(59)
Income tax expense	**665**	536

Current tax includes tax incurred by UK entities of £95 million (2018: £55 million). This is comprised of UK corporation tax of £79 million (2018: £32 million) and overseas tax suffered of £16 million (2018: £23 million). UK current tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year, net of relief for overseas taxes where available. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Cash tax paid in the year was £647 million (2018: £567 million). The variance between the current year tax charge of £640 million and cash tax paid is attributable to movements on non-current tax liabilities (shown in Note 21) and timing differences arising between accrual and payment of income tax liabilities.

Origination and reversal of temporary differences includes adjustments in respect of prior periods of £12 million expense (2018: £22 million expense).

7 Income Tax Expense continued

The total tax charge on the Group's profits for the year can be reconciled to the notional tax charge calculated at the UK tax rate as follows:

Continuing operations	2019 £m	2018 (Restated)[1] £m
(Loss)/Profit before income tax	**(2,107)**	2,720
Tax at the notional UK corporation tax rate of 19% (2018: 19%)	**(400)**	517
Effect of:		
Overseas tax rates	**77**	(79)
Movement in provision related to uncertain tax positions	**(46)**	78
Unrecognised tax losses and other unrecognised tax assets	**(42)**	(44)
Withholding and local taxes	**71**	74
Reassessment of prior year estimates	**48**	(10)
Impact of changes in tax rates	**(1)**	–
Adjusting items	**965**	4
Other permanent differences	**(7)**	(4)
Income tax expense/(benefit)	**665**	536

1 Restated for the adoption of IFRS 16 (see Note 31).

Our effective tax rate in any given financial year reflects a variety of factors that may not be present in succeeding financial years, and may be affected by variations in profit mix and changes in tax laws, regulations and related interpretations.

The effect of overseas tax rates represents the impact of profits arising outside the UK that are taxed at different rates to the UK rate.

Unrecognised tax losses and other unrecognised tax assets arising in 2019 primarily relates to income offset by previously unrecognised losses.

Withholding and local taxes includes a provision for deferred tax on unremitted earnings (Note 11). This charge is expected to arise on planned repatriations of retained earnings from overseas subsidiaries in future periods.

The reassessment of prior year estimates includes settlement reached following conclusion of tax authority review and differences between final tax return submissions and liabilities accrued in these financial statements.

Adjusting items principally relate to the non-deductible impairment of goodwill in IFCN.

We conduct business operations in a number of countries, and are therefore subject to tax and intercompany pricing laws in multiple jurisdictions. We have in the past faced, and may in the future face, audits and challenges brought by tax authorities, and we are involved in ongoing tax investigations in a number of countries. If material challenges were to be successful, our effective tax rate may increase, we may be required to modify structures at significant costs to us, we may also be subject to interest and penalty charges and we may incur costs in defending litigation or reaching a settlement. Any of the foregoing could materially and adversely affect our business, financial position and results of operations.

EC State Aid

On 25 April 2019 the European Commission ("EC") released its decision concluding that the UK Controlled Foreign Company ("CFC") Legislation up to 31 December 2018 partially represented State Aid. On 12 June 2019 the UK government applied to annul the EC decision.

The Group's application to annul the EC decision on the CFC Group Financing Exemption was registered in the General Court on 4 November 2019. Our application has been stayed pending the outcome of appeals made by the UK government. Management's assessment is that no provision is required at this time.

7 Income Tax Expense continued

The tax credit/(charge) relating to components of other comprehensive income is as follows:

	2019 Before tax £m	2019 Tax (charge)/ credit £m	2019 After tax £m	2018 Before tax £m	2018 Tax (charge)/ credit £m	2018 After tax £m
Net exchange (losses)/gains on foreign currency translation	**(579)**	**–**	**(579)**	59	8	67
Gains/(losses) on cash flow and net investment hedges	**60**	**1**	**61**	(38)	2	(36)
Remeasurement of defined benefit pension plans (Note 22)	**12**	**2**	**14**	149	(26)	123
Revaluation of equity instruments – FVOCI	**(13)**	**–**	**(13)**	–	–	–
Other comprehensive (loss)/income	**(520)**	**3**	**(517)**	170	(16)	154
Current tax		**–**			6	
Deferred tax (Note 11)		**3**			(22)	
		3			(16)	

The tax credited/(charged) directly to the Statement of Changes in Equity during the year is as follows:

	2019 £m	2018 £m
Current tax	**4**	7
Deferred tax (Note 11)	**–**	(12)
	4	(5)

8 Earnings per share

	2019 pence	2018 (Restated)[1] pence
Basic (loss)/earnings per share		
From continuing operations	**(393.0)**	306.6
From discontinued operations	**(126.7)**	(0.7)
Total basic (loss)/earnings per share	**(519.7)**	305.9
Diluted (loss)/earnings per share		
From continuing operations	**(393.0)**	305.2
From discontinued operations	**(126.7)**	(0.7)
Total diluted (loss)/earnings per share	**(519.7)**	304.5
Adjusted basic earnings per share		
From continuing operations	**349.0**	341.1
From discontinued operations	**–**	–
Total adjusted basic earnings per share	**349.0**	341.1
Adjusted diluted earnings per share		
From continuing operations	**349.0**	339.6
From discontinued operations	**–**	–
Total adjusted diluted earnings per share	**349.0**	339.6

1 Restated for the adoption of IFRS 16 (see Note 31).

Basic

Basic earnings per share is calculated by dividing the net (loss)/income attributable to owners of the parent company from continuing operations (2019: £2,785 million loss; 2018: £2,164 million income) and discontinued operations (2019: £898 million loss; 2018: £5 million loss) by the weighted average number of ordinary shares in issue during the year (2019: 708,688,420; 2018: 705,903,566).

8 Earnings per share continued

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has the following categories of potentially dilutive ordinary shares: Executive Share Awards (including Executive Share Options and Executive Restricted Share Scheme Awards) and Employee Sharesave Scheme Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 31 December 2019 there were 7,970,362 (2018: 4,628,897) Executive Share Awards excluded from the dilution because the exercise price for the options was greater than the average share price for the year or the performance criteria have not been met. In 2019, there were potential dilutive ordinary shares of 6,736,386 Executive Share Awards and 1,355,909 Employee Sharesave Scheme Options excluded from the dilution. As there is a net loss from continuing operations in 2019, the effect of these potentially dilutive shares is anti-dilutive.

	2019 Average number of shares	2018 Average number of shares
On a basic basis	**708,688,420**	705,903,566
Dilution for Executive Share Awards[1]	**–**	2,908,086
Dilution for Employee Sharesave Scheme Options outstanding[1]	**–**	192,973
On a diluted basis	**708,688,420**	709,004,625

1 As there is a loss in 2019, the effect of potentially dilutive shares is anti-dilutive.

Adjusted earnings

Details of the adjusted net income attributable to owners of the parent company are as follows:

Continuing operations	**2019 £m**	2018 (Restated)[1] £m
Net (loss)/income attributable to owners of the parent company	**(2,785)**	2,164
Exceptional items, net of tax (Note 3)	**5,195**	183
Other Adjusting items, net of tax (Note 3)	**63**	61
Adjusted net income attributable to owners of the parent company	**2,473**	2,408

1 Restated for the adoption of IFRS 16 (see Note 31).

Discontinued operations	**2019 £m**	2018 £m
Net (loss) attributable to owners of the parent company	**(898)**	(5)
Exceptional items, net of tax (Note 3)	**898**	5
Adjusted net income attributable to owners of the parent company	**–**	–

9 Goodwill and other intangible assets

	Brands £m	Goodwill £m	Software £m	Other £m	Total £m
Cost					
At 1 January 2018	17,888	11,519	215	165	29,787
Additions	–	–	94	–	94
Arising on business combinations	–	28	–	–	28
Disposals	–	–	(10)	–	(10)
Exchange adjustments	482	304	4	3	793
At 31 December 2018	**18,370**	**11,851**	**303**	**168**	**30,692**
Additions	1	–	136	–	137
Arising on business combinations	–	14	–	–	14
Disposals	–	–	(3)	(1)	(4)
Reclassifications	–	–	(11)	11	–
Exchange adjustments	(560)	(349)	(9)	(3)	(921)
At 31 December 2019	**17,811**	**11,516**	**416**	**175**	**29,918**
Accumulated amortisation and impairment					
At 1 January 2018	188	18	63	31	300
Amortisation and impairment	61	–	38	22	121
Disposals	–	–	(8)	–	(8)
Exchange adjustments	1	–	–	–	1
At 31 December 2018	**250**	**18**	**93**	**53**	**414**
Amortisation and impairment	141	5,037	48	23	5,249
Disposals	–	–	(3)	–	(3)
Exchange adjustments	(1)	(1)	(2)	1	(3)
At 31 December 2019	**390**	**5,054**	**136**	**77**	**5,657**
Net book value					
At 31 December 2018	**18,120**	**11,833**	**210**	**115**	**30,278**
At 31 December 2019	**17,421**	**6,462**	**280**	**98**	**24,261**

The amount stated for brands represents the fair value of brands acquired since 1985 at the date of acquisition. Other includes product registration, distribution rights, capitalised product development costs and customer contracts.

Software includes intangible assets under construction of £55 million (2018: £47 million).

9 Goodwill and other intangible assets continued

The majority of brands, all of goodwill and certain other intangibles are considered to have indefinite lives for the reasons noted in the Accounting Policies and therefore are subject to an annual impairment review. The MJN global brand, acquired MJN WIC contracts and a number of small non-core brands are deemed to have a finite life and are amortised accordingly. Amortisation is recognised in net operating expenses.

The net book values of indefinite and finite life intangible assets are as follows:

Net book value	2019 £m	2018 £m
Indefinite life assets		
Brands	**16,989**	17,616
Goodwill	**6,462**	11,833
Other	**49**	42
Total indefinite life assets	**23,500**	29,491
Finite life assets		
Brands	**432**	504
Software	**280**	210
Other	**49**	73
Total finite life assets	**761**	787
Total net book value of intangible assets	**24,261**	30,278

Cash Generating Units

Goodwill and other intangible assets with indefinite lives are allocated to either individual cash generating units (CGUs), or groups of cash generating units (together 'GCGUs'). The goodwill and intangible assets with indefinite lives are tested for impairment at the level at which identifiable cash inflows are largely independent. Generally this is at a GCGU level, but for certain intangible assets this is at a CGU level.

After considering all the evidence available, including how brand and production assets generate cash inflows and how management monitors the business, the Directors have concluded that for the purpose of impairment testing of goodwill and other intangible assets, the Group's GCGUs are as follows: Health, Hygiene Home and IFCN.

An analysis of the net book value of indefinite life assets and goodwill by GCGU is shown below:

		2019			2018		
GCGU	Power brands	**Indefinite life assets £m**	**Goodwill £m**	**Total £m**	Indefinite life assets £m	Goodwill £m	Total £m
Health	Durex, Gaviscon, Mucinex, Nurofen, Scholl, Strepsils, Clearasil, Dettol, Veet	**7,087**	**3,671**	**10,758**	7,405	3,783	11,188
Hygiene Home	Cillit Bang, Finish, Harpic, Lysol, Mortein, Air Wick, Calgon, Vanish, Woolite	**1,784**	**45**	**1,829**	1,851	45	1,896
IFCN	Enfamil, Nutramigen	**8,167**	**2,746**	**10,913**	8,402	8,005	16,407
		17,038	**6,462**	**23,500**	17,658	11,833	29,491

Within the Health GCGU, the cash flows of certain brands are separately identifiable. As a result, the carrying values of the associated indefinite life assets have been tested for impairment as CGUs. This is in addition to the impairment testing over the Health GCGU. The CGUs tested separately in 2019 are shown below. Brazilian Sexual Wellbeing was not tested in 2019 as changes to its factory brand mix meant that the associated cash flows were no longer separately identifiable.

Indefinite life assets excluding goodwill (post impairment)	2019 £m	2018 £m
Sexual Wellbeing	**2,167**	2,229
Oriental Pharma	**47**	128

9 Goodwill and other intangible assets continued

Annual Impairment Review

Goodwill and other indefinite life intangible assets must be tested for impairment on at least an annual basis. An impairment loss is recognised when the recoverable amount of a GCGU or CGU falls materially below its net book value at the date of testing.

The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, is inherently judgemental and requires management to make multiple estimates, for example around individual market pressures and forces, future price and volume growth, future margins, terminal growth rates and discount rates.

When forecasting the annual cashflows that support the recoverable amount calculations, the Group generally uses its short-term budgets and medium-term strategic plans, with additional senior management and board-level review. Cashflows beyond the five-year period are projected using steady or progressively declining growth rates followed by a terminal growth rate. These rates do not exceed the long-term average growth rate for the products and markets in which the GCGU or CGU operates.

The cashflows are discounted back to their present value using a pre-tax rate considered appropriate for each GCGU and CGU. In 2019, as in 2018, these rates have been derived from management's views on the relevant weighted average cost of capital, subsequently converted to the pre-tax equivalent rate.

For the Health and Hygiene Home GCGUs as well as the Sexual Wellbeing CGU, any reasonably possible change in the key valuation assumptions would not imply possible impairment. As in 2018, each of these assessments utilised a pre-tax discount rate of 10% and a terminal growth rate of either 3% (Health and Sexual Wellbeing) or 2% (Hygiene Home).

Refer below for further details regarding the IFCN GCGU and the Oriental Pharma CGU.

IFCN

On 15 June 2017, the Group acquired 100% of the issued share capital of MJN for cash consideration of £13,044 million ($16,642 million). The acquisition was treated as a business combination and hence both the assets acquired, and liabilities assumed, were brought onto the Group Balance Sheet at their fair value.

In 2018, the IFCN impairment assessment indicated that the IFCN recoverable amount exceeded the net book value by less than 10 percent. This was largely expected given the original 2017 fair valuation exercise and the 2018 disruption at our European manufacturing plant which negatively impacted supply to a number of markets, in particular China. Given the lack of headroom, relevant sensitivity disclosures were included in the 2018 Annual Report and Financial Statements.

As 2019 progressed, IFCN financials fell below forecasts. This was primarily due to:

- increased competition in China, particularly from domestic infant nutrition companies;
- an ongoing weakening of China market growth as a result of lower-than-expected birth rates;
- disruption to Hong Kong cross-border trade, leading to a loss of customers using this channel;
- tougher than expected trading conditions in ASEAN and LATAM;
- increased investment within the IFCN supply chain in order to provide increased resilience and long-term flexibility; and
- a longer and more challenging process relating to the integration of MJN within the wider RB Group.

In response to its assessment of these drivers, the Group revised down in late 2019 its short and medium-term expectations relating to IFCN net revenue and margins. These updated expectations were incorporated into the 2019 IFCN impairment assessment, which was performed as of 31 December 2019.

The tables below show the expected growth rates included within both the 2019 impairment assessment and the 2018 impairment assessment. In the 2019 assessment, management has assumed that net revenue growth over the medium-term (2025 to 2029) will be consistent with the terminal growth rate (applied from 2030 onwards) and that margins will remain reasonably stable.

	2019
Annual growth in Net Revenue between 2020 and 2029[1]	**2% to 4%**
Annual growth in Gross Margin between 2020 and 2029[1]	**2% to 4%**

	2018
Annual growth in Net Revenue between 2019 and 2028[1]	3% to 6%
Annual growth in Gross Margin between 2019 and 2028[1]	4% to 9%

1 At constant exchange rates, excluding the impact of future foreign exchange movements.

9 Goodwill and other intangible assets continued

The 2019 assessment indicated that the recoverable amount was equal to £9,890m. The recoverable amount was calculated on a value-in-use basis using an implied pre-tax discount rate of 9.0% (2018: 10.0%) and an IFCN-specific terminal growth rate of 2.5% (2018: 3.0%).

As a result, the Group has recognised an impairment loss of £5,037m. In accordance with IFRS, this impairment loss has been fully recognised against IFCN goodwill recognised on acquisition and subsequently reported within the Health operating segment.

Given its nature and size, the IFCN recoverable amount incorporates multiple key estimates. These are summarised in the table below.

Key estimates	Commentary
Greater China market	In the short to medium-term, management expects that Greater China will continue to be impacted by increased competition and regulation combined with generally subdued domestic birth rates.
US market	In the US, management expects to benefit from reasonably stable market conditions. Tendering for WIC contracts is expected to remain highly competitive.
Net Revenue	In the short to medium-term, management expects to achieve Net Revenue growth (excluding the impact of foreign exchange movements) of between 2% and 4% per annum. This is expected to be achieved though ongoing premiumisation, price growth and volume growth.
Margins	In the short to medium-term, management has assumed that IFCN will generally be able to maintain current actual margins (both gross and operating).
Discount rate	As in prior years, management engaged a third-party expert to help calculate an IFCN-specific weighted-average cost of capital (WACC) and the implied pre-tax discount rate. In addition, management performed benchmarking against other comparable companies. For valuation purposes, management used the mid-point of the calculated range. The current year movement in the discount rate is primarily due to the incorporation of additional risk and inflation-rate differentials within the underlying cashflows rather than within the discount rate.
Terminal growth rate	As in prior years, management engaged a third-party expert to help calculate an IFCN-specific terminal growth rate. Management is satisfied with the reasonableness of this rate when compared against independent market growth projections and long-term country inflation rates.

Following the recognition of the impairment loss in 2019, there is now no headroom between the IFCN recoverable amount and the IFCN carrying value. Consequently, any material deterioration in the macro or business-level assumptions supporting the IFCN recoverable amount as of 31 December 2019 would necessitate the recognition of further impairment losses.

The table below shows the sensitivity of the 2019 valuation to reasonable changes in key assumptions. The table assumes no related response by management (e.g. to drive further cost savings) and is hence theoretical in nature.

	(£m)
Expected Net Revenue growth rates (2020 to 2029) adjusted by 100 bps	+/- 1,000
Expected EBIT growth rates (2020 to 2029) adjusted by 100 bps	+/- 700
Terminal growth rate (applied from 2030) adjusted by 50 bps	+/- 700
Pre-tax discount rate adjusted by 50 bps	+/- 800

Despite the recognition of the current year impairment loss, management remains confident about the long-term prospects of IFCN. Since 2017, the strength of the IFCN innovation pipeline has improved and the benefits of this are expected to be seen over coming years. In addition, management is working to progress and capitalise on multiple "white space" opportunities, the potential benefits of which have not been incorporated into the 2019 IFCN valuation in accordance with IFRS.

Oriental Pharma

Following the 2019 impairment assessment (performed as of 31 December 2019), management recognised a £79 million impairment loss relating to the Oriental Pharma CGU. The incurrence of this loss was due to lower than expected growth compared to 2019 forecasts and a subsequent reassessment of future growth expectations.

The impairment loss was calculated on a value-in-use basis using a pre-tax discount rate of 15.0% (2018: 13.3%) and a terminal growth rate of 3.0% (2018: 3.0%). The loss impacted intangible assets included within the Health operating segment. The remaining net book value is £62 million.

10 Property, Plant and Equipment

	Land and buildings £m	Plant and equipment £m	Right-of-use Assets £m	Assets under construction £m	Total £m
Cost					
At 1 January 2018 (Restated)[1]	1,062	1,696	386	236	3,380
Additions	24	61	58	244	387
Disposals	(18)	(35)	(70)	–	(123)
Reclassifications	35	121	–	(156)	–
Exchange adjustments	14	14	–	3	31
At 31 December 2018 (Restated)[1]	**1,117**	**1,857**	**374**	**327**	**3,675**
Additions	14	53	69	239	375
Disposals	(3)	(54)	(75)	(2)	(134)
Reclassifications	67	164	–	(231)	–
Exchange adjustments	(43)	(83)	(15)	(9)	(150)
At 31 December 2019	**1,152**	**1,937**	**353**	**324**	**3,766**
Accumulated depreciation and impairment					
At 1 January 2018 (Restated)[1]	282	958	72	–	1,312
Charge for the year	54	169	60	–	283
Disposals	(2)	(26)	(62)	–	(90)
Impairment	5	1	–	–	6
Reclassifications	2	(2)	–	–	–
Exchange adjustments	2	–	–	–	2
At 31 December 2018 (Restated)[1]	**343**	**1,100**	**70**	**–**	**1,513**
Charge for the year	57	180	66	–	303
Disposals	(3)	(40)	(69)	–	(112)
Impairment	–	2	–	–	2
Exchange adjustments	(16)	(61)	(3)	–	(80)
At 31 December 2019	**381**	**1,181**	**64**	**–**	**1,626**
Net book value					
As at 31 December 2018 (Restated)[1]	**774**	**757**	**304**	**327**	**2,162**
As at 31 December 2019	**771**	**756**	**289**	**324**	**2,140**

1 Restated for the adoption of IFRS 16 (see Note 31).

At 31 December 2019, the Group's right-of-use assets included land & buildings of £268 million (2018: £277 million) and other assets of £21 million (2018: £27 million). The Group recognised depreciation of £54 million (2018: £49 million) on the land & buildings and depreciation of £12 million (2018: £11 million) on the other assets.

The Group has commitments to purchase property, plant and equipment of £59 million (2018: £48 million).

11 Deferred Tax

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2019	**(24)**	**(3,848)**	**409**	**24**	**29**	**(3,410)**
(Charged)/credited to the Income Statement	**(19)**	**18**	**(19)**	**22**	**9**	**11**
Credited/(charged) to other comprehensive income	**–**	**–**	**1**	**–**	**2**	**3**
Exchange differences	**1**	**120**	**(10)**	**(2)**	**(2)**	**107**
At 31 December 2019	**(42)**	**(3,710)**	**381**	**44**	**38**	**(3,289)**

11 Deferred Tax continued

2019	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	**–**	**(35)**	**199**	**38**	**22**	**224**
Deferred tax liabilities	**(42)**	**(3,675)**	**182**	**6**	**16**	**(3,513)**
Deferred tax	**(42)**	**(3,710)**	**381**	**44**	**38**	**(3,289)**

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2018	(29)	(3,811)	446	11	58	(3,325)
Credited/(charged) to the Income Statement	6	75	(27)	12	(7)	59
Credited/(charged) to other comprehensive income	–	–	4	–	(26)	(22)
Charged directly to equity	–	–	(12)	–	–	(12)
Arising on business combinations	–	–	(2)	–	–	(2)
Exchange differences	(1)	(112)	–	1	4	(108)
At 31 December 2018	(24)	(3,848)	409	24	29	(3,410)

2018	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	10	(19)	186	16	16	209
Deferred tax liabilities	(34)	(3,829)	223	8	13	(3,619)
Deferred tax	(24)	(3,848)	409	24	29	(3,410)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority.

Certain deferred tax assets in respect of corporation tax losses and other temporary differences totalling £984 million (2018: £1,063 million) have not been recognised at 31 December 2019 as it is not probable that taxable profit will be available, against which the deductible temporary differences can be utilised. These assets will be recognised if utilisation of the losses and other temporary differences becomes sufficiently probable.

12 Inventories

	2019 £m	2018 £m
Raw materials and consumables	**334**	286
Work in progress	**62**	91
Finished goods and goods held for resale	**918**	899
Total inventories	**1,314**	1,276

The total cost of inventories recognised as an expense and included in cost of sales amounted to £4,818 million (2018: £4,732 million). This includes inventory write-offs and losses of £166 million (2018: £150 million).

The Group inventory provision at 31 December 2019 was £93 million (2018: £159 million).

13 Trade and Other Receivables

Amounts falling due within one year	2019 £m	2018 £m
Trade receivables	**1,778**	1,902
Less: Provision for impairment of receivables	**(62)**	(67)
Trade receivables – net	**1,716**	1,835
Other receivables	**283**	192
Prepayments and accrued income	**80**	70
Trade and other receivables	**2,079**	2,097

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

Currency analysis	2019 £m	2018 £m
US dollar	**655**	687
Euro	**319**	299
Brazil real	**127**	120
Sterling	**121**	128
Other currencies	**857**	863
Trade and other receivables	**2,079**	2,097

The maximum exposure to credit risk at the year end is the carrying value of each class of receivable mentioned above.

a Trade Receivables
Trade receivables consist of amounts due from customers. The Group's customer base is large and diverse and consequently there is limited concentration of credit risk. Credit risk is assessed at a subsidiary and Group level and takes into account the financial positions of customers, past experiences, future expectations and other relevant factors. Individual credit limits are imposed based on those factors.

The following table provides an ageing analysis of trade receivables at year end:

Ageing analysis	2019 £m	2018 £m
Not overdue	**1,455**	1,538
Up to 3 months overdue	**259**	311
Over 3 months overdue	**64**	53
Trade receivables	**1,778**	1,902

At 31 December 2019, a provision of £62 million (2018: £67 million) was recorded against certain trade receivables based on a forward-looking assessment of the lifetime expected credit loss as required by IFRS 9. This assessment considered the ageing profiles of specific trade receivable balances along with the risk of future customer defaults.

As at 31 December 2019, trade receivables of £261 million (2018: £297 million) were past due but not impaired. These receivables were not impaired because having considered their nature and historical collection, recovery of the unprovided amounts is expected in due course.

b Other Receivables
Other Receivables includes recoverable sales tax of £202 million (2018: £121 million). This contains £3 million (2018: £4 million) of impaired assets all aged over three months from a broad range of countries within the Group.

c Other Non-current Receivables
Other non-current receivables at 31 December 2019 of £155 million (2018: £109 million) includes non-current recoverable sales tax, long-term prepayments and investments.

14 Financial Instruments and Financial Risk Management

Financial Instruments by Category

At 31 December 2019	**Amortised cost £m**	**Derivatives used for hedging £m**	**Fair value through the Income Statement £m**	**Equity Instruments – FVOCI £m**	**Carrying value total £m**
Assets as per the Balance Sheet					
Trade and other receivables[1]	**2,096**	**–**	**–**	**–**	**2,096**
Derivative financial instruments – FX forward exchange contracts	**–**	**26**	**4**	**–**	**30**
Equity Instruments – FVOCI[2]	**–**	**–**	**–**	**58**	**58**
Cash and cash equivalents	**1,549**	**–**	**–**	**–**	**1,549**
Liabilities as per the Balance Sheet					
Borrowings (commercial paper, bank loans & overdrafts)[3]	**3,009**	**–**	**–**	**–**	**3,009**
Lease obligations[3]	**325**	**–**	**–**	**–**	**325**
Bonds	**6,201**	**–**	**–**	**–**	**6,201**
Senior notes	**1,834**	**–**	**–**	**–**	**1,834**
Term loans	**826**	**–**	**–**	**–**	**826**
Derivative financial instruments – FX forward exchange contracts	**–**	**28**	**109**	**–**	**137**
Derivative financial instruments – Interest rate swaps	**–**	**1**	**–**	**–**	**1**
Trade and other payables[4]	**4,671**	**–**	**–**	**–**	**4,671**
Other non-current liabilities[4,5]	**190**	**–**	**–**	**–**	**190**

At 31 December 2018	Amortised cost £m	Derivatives used for hedging £m	Fair value through the Income Statement £m	Equity Instruments – FVOCI £m	Carrying value total £m
Assets as per the Balance Sheet					
Trade and other receivables[1]	2,086	–	–	–	2,086
Derivative financial instruments – FX forward exchange contracts	–	24	15	–	39
Equity Instruments – FVOCI[2]	–	–	–	53	53
Cash and cash equivalents	1,483	–	–	–	1,483
Liabilities as per the Balance Sheet					
Borrowings (commercial paper, bank loans & overdrafts)[3]	1,648	–	–	–	1,648
Lease obligations[3.6]	340	–	–	–	340
Bonds	6,440	–	–	–	6,440
Senior notes	2,464	–	–	–	2,464
Term loans	1,326	–	–	–	1,326
Derivative financial instruments – FX forward exchange contracts	–	17	9	–	26
Derivative financial instruments – Interest rate swaps	–	16	–	–	16
Trade and other payables[4]	4,664	–	–	–	4,664
Other non-current liabilities[4,5]	224	–	–	–	224

1. Prepayments and employee benefit assets are excluded from the trade and other receivables balance as they are out of scope of IFRS 7.
2. Equity instruments – FVOCI relate to an investment of less than 1% of the shares in issue of China Resources Pharmaceutical Group Limited (CRP) and an investment in Pharmapacks, LLC.
3. The categories in this disclosure are determined by IFRS 9. Borrowings largely relate to commercial paper. As at 31 December 2019, the Group had commercial paper in issue amounting to $2,028 million (nominal values) at the rate of between 1.8% and 2.78% with maturities ranging from 2 January 2020 to 31 July 2020, and €1,750 million (nominal values) at the rate of between negative 0.15% and negative 0.35% with maturities ranging from 23 January 2020 to 12 August 2020. Lease obligations are outside the scope of IFRS 9, but they remain within the scope of IFRS 7. Therefore lease obligations have been shown separately.
4. Social security liabilities, other employee benefit liabilities, and interest accrued on tax balances are excluded as they are out of scope of IFRS 7.
5. Other non-current liabilities principally comprise put options over the non-controlling interests of certain Group subsidiaries in China of £135 million (2018: £148 million). Refer to Note 26 for further details.
6. Restated for the adoption of IFRS16 (Note 31).

14 Financial Instruments and Financial Risk Management continued

The fair value measurement hierarchy levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table categorises the Group's financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
At 31 December 2019				
Assets as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts		**30**		**30**
Equity Instruments – FVOCI	**30**		**28**	**58**
Liabilities as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts		**137**		**137**
Derivative financial instruments – Interest rate swaps		**1**		**1**

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 31 December 2018				
Assets as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts		39		39
Equity Instruments – FVOCI	44		9	53
Liabilities as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts		26		26
Derivative financial instruments – Interest rate swaps		16		16

The fair value of forward foreign exchange contracts was determined using forward exchange rates derived from market sourced data at the Balance Sheet date, with the resulting value discounted back to present value (level 2 classification). The fair value of Equity Instruments – FVOCI was determined using both quoted share price information (level 1 classification) and other non-market information (level 3 classification).

The fair value of the interest rate swap contracts was calculated using discounted future cash flows at floating market rates (level 2 classification).

Except for the bonds and senior notes, the fair values of other financial assets and liabilities at amortised cost approximate their carrying values. The fair value of the bonds as at 31 December 2019 is a liability of £6,325 million (2018: £6,175 million) and the fair value of the senior notes as at 31 December 2019 is a liability of £1,950 million (2018: £2,432 million). The fair value of the bonds and senior notes was derived using quoted market rates in an active market (level 1 classification).

14 Financial Instruments and Financial Risk Management continued

Offsetting financial assets and financial liabilities

The Group has forward foreign exchange contracts and cash that are subject to enforceable master netting arrangements. The following tables set out the carrying amounts of the recognised financial instruments that are subject to these agreements.

(a) Financial assets

At 31 December 2019	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the Balance Sheet £m	Net amounts of financial assets presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
Forward foreign exchange contracts	**30**	**–**	**30**	**(28)**	**2**
Cash and cash equivalents	**1,549**	**–**	**1,549**	**–**	**1,549**
	1,579	**–**	**1,579**	**(28)**	**1,551**

At 31 December 2018	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the Balance Sheet £m	Net amounts of financial assets presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
Forward foreign exchange contracts	39	–	39	(21)	18
Cash and cash equivalents	1,483	–	1,483	–	1,483
	1,522	–	1,522	(21)	1,501

(b) Financial liabilities

As at 31 December 2019	Gross amounts of recognised financial liabilities £m	Gross amounts of recognised financial assets set off in the Balance Sheet £m	Net amounts of financial liabilities presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
Forward foreign exchange contracts	**(137)**	**–**	**(137)**	**28**	**(109)**
Interest rate swaps	**(1)**	**–**	**(1)**	**–**	**(1)**
Bank overdrafts	**(2)**	**–**	**(2)**	**–**	**(2)**
	(140)	**–**	**(140)**	**28**	**(112)**

As at 31 December 2018	Gross amounts of recognised financial liabilities £m	Gross amounts of recognised financial assets set off in the Balance Sheet £m	Net amounts of financial liabilities presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
Forward foreign exchange contracts	(26)	–	(26)	21	(5)
Interest rate swaps	(16)	–	(16)	–	(16)
Bank overdrafts	(6)	–	(6)	–	(6)
	(48)	–	(48)	21	(27)

14 Financial Instruments and Financial Risk Management continued

Financial Risk Management

The Group's multinational operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates (foreign exchange risk), market prices, interest rates, credit risks and liquidity. The Group has in place a risk management programme that uses foreign currency financial instruments, including debt, and other instruments, to limit the impact of these risks on the financial performance of the Group.

The Group's financing and financial risk management activities are centralised into Group Treasury ('GT') to achieve benefits of scale and control. GT manages financial exposures of the Group centrally in a manner consistent with underlying business risks. GT manages only those risks and flows generated by the underlying commercial operations, speculative transactions are not undertaken.

The Board of Directors review and agrees policies, guidelines and authority levels for all areas of Treasury activity and individually approves significant activities. GT operates under the close control of the CFO and is subject to periodic independent reviews and audits, both internal and external.

1. Market Risk

(a) Currency risk

The Group operates internationally and enters into transactions in many currencies and as such is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's policy is to align interest costs and operating profit of its major currencies in order to provide some protection against the translation exposure on foreign currency profits after tax. The Group may undertake borrowings and other hedging methods in the currencies of the countries where most of its assets are located.

It is the Group's policy to monitor and only where appropriate hedge its foreign currency transaction exposure. These transaction exposures arise mainly from foreign currency receipts and payments for goods and services and from the remittances of foreign currency dividends and loans. Where the Group enters into hedges and applies hedge accounting, hedges are documented and tested for effectiveness on an ongoing basis with any ineffectiveness recorded in the Income Statement.

The local business units enter into forward foreign exchange contracts with GT to manage these exposures where practical and allowed by local regulations. GT matches the Group exposures, and hedges the position where possible, using spot and forward foreign currency exchange contracts.

The Group's strategy is to minimise Income Statement volatility by monitoring foreign currency balances, external financing, and external hedging arrangements. The Group's hedging profile is regularly reviewed to ensure it is appropriate and to mitigate these risks as far as possible.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2019 was £6,190 million payable (2018: £4,486 million payable).

As at 31 December 2019, the Group had designated bonds totalling $500 million (2018: $500 million) as the hedging instrument in a net investment hedge relationship. The hedged risk is the foreign exchange currency risk on the value of the Group's net investments in US dollars. Possible sources of ineffectiveness include any impairments to the Group's net investments in US dollars. The hedges are documented and are assessed for effectiveness on an ongoing basis.

As at 31 December 2019, the Group had designated commercial paper totalling €1,472 million (2018: €1,000 million), for which the carrying value was equal to the fair value, as the hedging instrument in a net investment hedge relationship. The hedged risk is the foreign exchange currency risk on the value of the Group's net investments in Euros. The hedges are documented and are assessed for effectiveness on an ongoing basis.

The net gain or loss under these arrangements are recognised in other comprehensive income. The net effect on other comprehensive income for the year ended 31 December 2019 was a £70 million gain (2018: £44 million loss). If sterling strengthens/weakens by 5% against the US dollar and Euro, the maximum impact on Shareholders' equity due to net investment hedging by US dollar bond and Euro commercial paper would be £77 million and £85 million respectively.

14 Financial Instruments and Financial Risk Management continued

The Group held forward foreign exchange contracts designated as cash flow hedges primarily in Sterling, Euro, US dollar, Saudi Riyal, Australian dollar and Hong Kong dollar. The notional value of the payable leg resulting from these financial instruments was as follows:

Cash Flow Hedge Profile	2019 £m	2018 £m
Sterling	**451**	241
Euro	**415**	403
US Dollar	**396**	395
Chinese Renminbi	**112**	214
Saudi Riyal	**94**	40
Australian dollar	**81**	61
Hong Kong dollar	**77**	9
Other	**544**	512
	2,170	1,875

These forward foreign exchange contracts are expected to mature over the period January 2020 to December 2020 (2018: January 2019 to December 2020).

Cash flow hedging is applied with the economic relationship and expected effectiveness being assessed at inception, with any ineffectiveness recognised in the Income Statement. The ineffective portion recognised in the income statement arising from cash flow hedges is immaterial (2018: immaterial).

Gains and losses recognised in the hedging reserve in other comprehensive income on forward exchange contracts in 2019 of £9 million loss (2018: £8 million gain) are recognised in the Income Statement in the year or years during which the hedged forecast transaction affects the Income Statement.

At 31 December 2019, the Group had forward contracts used for cash flow hedging with total fair value of £6 million liability (2018: £7 million asset). These contracts are denominated in a diverse range of currency pairings, where a fluctuation of 5% in any one of the contract pairings, with all others remaining constant, would have a maximum effect of £9 million (2018: £25 million) on Shareholder Equity, until the point at which the contracts mature and the forecast transaction occurs. The four largest contract pairings in order of nominal value were Euro/Polish Zloty, Euro/Sterling, Saudi Riyal/US dollar and US dollar/Sterling.

The remaining major monetary financial instruments (liquid assets, receivables, interest and non-interest bearing liabilities) are directly denominated in the functional currency of the Group or are transferred to the functional currency of the local entity through the use of derivatives.

The gains and losses from fair value movements on derivatives held at fair value through the Income Statement, recognised in the Income Statement in 2019 was a £158 million loss (2018: £65 million gain).

(b) Price risk

Due to the nature of its business the Group is exposed to commodity price risk related to the production or packaging of finished goods, such as oil related, and a diverse range of other, raw materials. This risk is, however, managed primarily through medium-term contracts with certain key suppliers and is not therefore viewed as being a material risk.

(c) Interest rate risk

The Group has both interest-bearing and non interest-bearing assets and liabilities. The Group monitors its interest income and expense rate exposure on a regular basis. The Group manages its interest income rate exposure on its gross financial assets by using a combination of fixed rate term deposits.

Under the Group's interest rate management strategy a percentage of fixed interest rate borrowings have been swapped to floating interest rates. The Group's debt is obtained on a fixed or floating basis to align with fixed to floating debt requirements.

Interest rate swaps are held to hedge the interest rate risk associated with the $750 million 2020 Senior Note. The interest rate swaps convert the fixed rate of 3% on the 2020 Senior Note to floating and have been designated as a fair value hedge. As at 31 December 2019 interest rate swaps held at fair value totalled £1 million payable (2018: £16 million payable). The fair value adjustment applied to the bonds due to the hedge designation totalled £1 million receivable (2018: £16 million receivable). The interest rate swaps are documented and assessed for ineffectiveness on an ongoing basis, with any ineffectiveness recognised in the Income Statement. Possible sources of ineffectiveness include any changes to credit ratings of the Group or counterparties to the interest rate swaps, differences in day counts between the interest rate swaps and the coupons of the hedged senior notes, and modifications to the senior notes such as any repayments.

Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on the Income Statement of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies, calculated on a full year and pre-tax basis.

14 Financial Instruments and Financial Risk Management continued

The scenarios are only run for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the Income Statement of a 50 basis-point shift in interest rates would be a maximum increase of £25 million (2018: £16 million) or decrease of £25 million (2018: £16 million), respectively for the liabilities covered. The simulation is done on a periodic basis to verify that the maximum loss simulated is within the limit given by management.

2. Credit Risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. The assessment of lifetime expected credit losses relating to trade and other receivables is detailed in Note 13. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The Group uses BBB and higher rated counterparties to manage risk and only uses sub BBB rated counterparties by exception. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the Board of Directors. Derivative financial instruments are only traded with counterparties approved in accordance with the approved policy. Derivative risk is measured using a risk weighting method.

The Group has counterparty risk from asset positions held with financial institutions. This is comprised of short-term investments, cash and cash equivalents and derivatives positions as stated on the face of the Balance Sheet. For risk management purposes the Group assesses the exposure to major financial institutions by looking at the deposits, cash and cash equivalents and 5% of derivative notional position. The following table summarises the Group's assessment of its exposure. The financial institutions listed in the tables are not comparable year on year.

	2019		
Counterparty	**Credit rating**	**Limit £m**	**Exposure £m**
Financial institution A	**AAA**	**300**	**211**
Financial institution B	**AA-**	**200**	**193**
Financial institution C	**A+**	**150**	**137**
Financial institution D	**A**	**125**	**109**
Financial institution E	**A+**	**146**	**101**
Financial institution F	**A**	**125**	**100**
Financial institution G	**A**	**116**	**90**
Financial institution H	**A**	**125**	**86**
Financial institution I	**A**	**125**	**84**
Financial institution J	**A**	**125**	**82**

	2018		
Counterparty	Credit rating	Limit £m	Exposure £m
Financial institution A	AA-	200	201
Financial institution B	AAA	300	168
Financial institution C	A+	150	133
Financial institution D	A	121	112
Financial institution E	A	125	107
Financial institution F	A	100	99
Financial institution G	A+	125	95
Financial institution H	A	125	89
Financial institution I	A	115	85
Financial institution J	A	125	84

3. Liquidity risk

Liquidity risk is the risk that the Group cannot repay financial liabilities as and when they fall due. The Group's liquidity risk is concentrated towards bond, term loan and senior note principal repayments due between 2020 and 2044.

The Group has various borrowing facilities available to it. The Group has bilateral credit facilities with high-quality international banks and has a financial covenant, which is not expected to restrict the Group's future operations.

At the end of 2019, the Group had long-term debt excluding lease liabilities £8,292 million (2018: £9,670 million), of which £8,292 million (2018: £9,091 million) is repayable in more than two years. In addition, the Group has committed borrowing facilities totalling £5,500 million (2018: £4,500 million), which expire after more than two years. These facilities were undrawn at year-end. The committed borrowing facilities (both drawn and undrawn), together with central cash and investments, are considered sufficient to meet the Group's projected cash requirements.

All borrowing facilities are at floating rates of interest.

14 Financial Instruments and Financial Risk Management continued

The facilities have been arranged to cover general corporate purposes, including support for commercial paper issuance. All facilities incur commitment fees at market rates.

The Group's borrowing limit at 31 December 2019 calculated in accordance with the Articles of Association was £28,089 million (2018: £44,228 million).

The table below analyses the Group's financial liabilities and the derivatives which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date, including interest to be paid.

At 31 December 2019	**Total £m**	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Commercial paper	**(3,013)**	**(3,013)**	**–**	**–**	**–**
Bonds	**(7,049)**	**(176)**	**(176)**	**(4,670)**	**(2,027)**
Term loans	**(881)**	**(21)**	**(21)**	**(839)**	**–**
Senior notes	**(2,584)**	**(637)**	**(54)**	**(162)**	**(1,731)**
Interest rate swaps	**(1)**	**(1)**	**–**	**–**	**–**
Trade payables	**(1,796)**	**(1,796)**	**–**	**–**	**–**
Other payables	**(3,087)**	**(2,875)**	**(55)**	**(135)**	**(22)**

At 31 December 2018	Total £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Commercial paper	(1,608)	(1,608)	–	–	–
Bonds	(7,511)	(183)	(183)	(3,389)	(3,756)
Term loans	(1,476)	(42)	(42)	(1,392)	–
Senior notes	(3,337)	(650)	(662)	(169)	(1,856)
Other borrowings	(40)	(40)	–	–	–
Interest rate swaps	(18)	(12)	(6)	–	–
Trade payables	(1,798)	(1,798)	–	–	–
Other payables	(3,100)	(2,865)	(76)	–	(159)

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period between the Balance Sheet date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date.

At 31 December 2019	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Forward exchange contracts				
Outflow	**(6,190)**	**–**	**–**	**–**
Inflow	**6,084**	**–**	**–**	**–**

At 31 December 2018	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Forward exchange contracts				
Outflow	(4,480)	(6)	–	–
Inflow	4,491	8	–	–

Cash flow forecasting is performed by the local business units and on an aggregated basis by GT. GT monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Funds over and above those required for short-term working capital purposes by the local businesses are generally remitted to GT. The Group uses the remittances to settle obligations, repay borrowings, or, in the event of a surplus, invest in short-term instruments issued by institutions with a BBB rating or better.

4. Capital Management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents, short-term other investments and financing derivative financial instruments (Note 16). Total equity includes share capital, reserves and retained earnings as shown in the Group Balance Sheet.

14 Financial Instruments and Financial Risk Management continued

	2019 £m	2018 (Restated)[1] £m
Net debt (Note 16)	**10,749**	10,746
Total equity	**9,407**	14,771
	20,156	25,517

1 Restated for the adoption of IFRS16 (Note 31).

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

In 2019, the Group provided returns to Shareholders in the form of dividends. Refer to Note 27 for further details.

The Group monitors net debt and at year end the Group had net debt of £10,749 million (2018: £10,746 million). The Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility.

The Group participates in a supply chain finance programme (SCF) under which certain suppliers to the Group are able to access a Supply Chain Financing arrangement that enables them to fund their working capital. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers. As part of this facility the Group has confirmed to certain financial institutions that it will make payments of £351 million (2018: £322 million) to these suppliers as they fall due. These amounts are recorded within Trade Payables on the Balance Sheet and all cash flows associated with the programme are included within operating cash flows as they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services.

15 Cash and Cash Equivalents

	2019 £m	2018 £m
Cash at bank and in hand	**543**	635
Short-term bank deposits	**1,006**	848
Cash and cash equivalents	**1,549**	1,483

The Group operates in a number of territories where there are either foreign currency exchange restrictions, or where it is difficult for the Group to extract cash readily and easily in the short-term. As a result, £17 million (2018: £2 million) of cash included in cash and cash equivalents is restricted for use by the Group, yet available for use in the relevant subsidiary's day-to-day operations.

16 Financial Liabilities – Borrowings

Current	2019 £m	2018 (Restated)[3] £m
Bank loans and overdrafts[1]	**16**	40
Commercial paper[2]	**2,993**	1,608
Bonds	**–**	–
Senior notes	**569**	560
Lease liabilities[3]	**72**	61
	3,650	2,269

Non-current	2019 £m	2018 (Restated)[3] £m
Bonds	**6,201**	6,440
Senior notes	**1,265**	1,904
Term loans	**826**	1,326
Lease liabilities[3]	**253**	280
	8,545	9,950

1. Bank loans are denominated in a number of currencies: all are unsecured and bear interest based on the relevant LIBOR equivalent.
2. Commercial paper was issued in US dollars and Euros, is unsecured and bears interest based on the relevant LIBOR equivalent.
3. Restated for the adoption of IFRS16 (Note 31), 2018 current lease obligations include £1 million finance lease liabilities.

16 Financial Liabilities – Borrowings continued

Maturity of debt (excluding lease liabilities)	2019 £m	2018 (Restated)[1] £m
Bank loans and overdrafts repayable:		
Within one year or on demand	**16**	40
Other borrowings repayable:		
Within one year:		
Commercial paper	**2,993**	1,608
Senior notes	**569**	560
After one year and in less than five years:		
Bonds	**4,326**	2,930
Senior notes	**–**	579
Term loans	**826**	1,326
After five years or longer:		
Bonds	**1,875**	3,510
Senior notes	**1,265**	1,325
	11,854	11,838
Gross borrowings (unsecured)	**11,870**	11,878

1. Restated for the adoption of IFRS16 (Note 31).

Analysis of net debt	2019 £m	2018 (Restated)[1] £m
Cash and cash equivalents	**1,549**	1,483
Overdrafts	**(2)**	(6)
Cash and cash equivalents(excluding overdrafts)	**1,547**	1,477
Borrowings (excluding overdrafts)	**(11,866)**	(11,872)
Derivative financial instruments (debt)	**(105)**	(10)
Lease liabilities[2]	**(325)**	(341)
Financing liabilities	**(12,296)**	(12,223)
Net debt at end of year	**(10,749)**	(10,746)

1 Restated for the Adoption of IFRS16 (Note 31).
2 Borrowings as at 31 December 2018 has been restated to present £1m of finance leases under IAS17 as lease liabilities under IFRS16

The Group uses derivative financial instruments to hedge certain elements of interest rate and exchange risk on its net debt. The split between these items and other derivatives on the Balance Sheet is shown below:

	Assets		Liabilities	
2019 (£m)	**Current**	**Non-Current**	**Current**	**Non-Current**
Derivative financial instruments (debt)	**4**	**–**	**(109)**	**–**
Derivative financial instruments (non-debt)	**26**	**–**	**(29)**	**–**
At 31 December 2019	**30**	**–**	**(138)**	**–**

	Assets		Liabilities	
2018 (£m)	Current	Non-Current	Current	Non-Current
Derivative financial instruments (debt)	15	–	(25)	–
Derivative financial instruments (non-debt)	23	1	(17)	–
At 31 December 2018	38	1	(42)	–

Note that non-current derivative assets are presented within other non-current other receivables on the Balance Sheet.

16 Financial Liabilities – Borrowings continued

	Cash and cash equivalents £m	Financing liabilities £m	Net Debt £m	2018 Net Debt (Restated)[1] £m
At 1 January 2019	**1,477**	**(12,223)**	**(10,746)**	(11,095)
Net increase/(decrease) in cash and cash equivalents	**139**	**–**	**139**	(586)
Proceeds from borrowings	**–**	**(1,548)**	**(1,548)**	(697)
Repayment of borrowings	**–**	**1,122**	**1,122**	2,314
Other financing cash flows	**–**	**75**	**75**	(24)
New lease liabilities	**–**	**(63)**	**(63)**	(48)
Exchange, fair value and other movements	**(69)**	**341**	**272**	(610)
At 31 December 2019	**1,547**	**(12,296)**	**(10,749)**	(10,746)

1 Restated for the Adoption of IFRS16 (Note 31).

17 Provisions for Liabilities and Charges

	Legal provisions £m	Restructuring provisions £m	Other provisions £m	Total provisions £m
At 1 January 2018	501	26	71	598
Charged to the Income Statement	38	44	30	112
Arising on business combinations	–	–	31	31
Utilised during the year	(74)	(18)	(28)	(120)
Released to the Income Statement	(5)	(1)	(5)	(11)
Exchange adjustments	1	1	(1)	1
At 31 December 2018 (Restated)[1]	**461**	**52**	**98**	**611**
Charged to the Income Statement	**82**	**19**	**24**	**125**
Utilised during the year	**(381)**	**(45)**	**(14)**	**(440)**
Released to the Income Statement	**(7)**	**(14)**	**(35)**	**(56)**
Exchange adjustments	**(4)**	**–**	**(2)**	**(6)**
At 31 December 2019	**151**	**12**	**71**	**234**

1 Restated for the Adoption of IFRS16 (Note 31).

Provisions have been analysed between current and non-current as follows:

	2019 £m	2018 (Restated)[1] £m
Current	**178**	537
Non-current	**56**	74
	234	611

1 Restated for the Adoption of IFRS16 (Note 31).

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated.

Legal provisions of £151 million (2018: £461 million) including exceptional legal provisions of £126 million (2018: £431 million) in relation to a number of historical regulatory matters in a number of markets, predominantly the HS issue in South Korea and the "DoJ" investigation. During the year, a number of payments were made to claimants in respect of the HS issue in South Korea, and settlements of the DoJ investigation.

The restructuring provision relates principally to business integration costs associated with the acquisition of MJN and subsequent RB2.0 reorganisation, the majority of which is expected to be utilised within one year.

Other provisions include environmental and other obligations throughout the Group, the majority of which are expected to be utilised within five years.

18 Lease liabilities

Maturity analysis – contractual undiscounted cash flows	2019 £m	2018 (Restated)[1] £m
Within one year	**85**	73
Later than one and less than five years	**184**	203
After five years	**114**	123
Total undiscounted lease liabilities at 31 December	**383**	399
Lease liabilities included in the statement of financial position at 31 December	**325**	340
Current	**72**	60
Non-Current	**253**	280

1 Restated for the Adoption of IFRS16 (Note 31).
2 Interest on lease liabilities amounted to £13 million in 2019 (2018: £13 million).

19 Contingent Liabilities and Assets

HS South Korea

The Humidifier Sanitiser ("HS") issue in South Korea was a tragic event. The Group continues to make both public and personal apologies to victims. There are a number of further expected costs relating to the issue that either cannot be reliably estimated or are not considered probable at the current time. In particular:

1. Round 4 lung injury: The South Korean government opened Round 4 to new applicants on 25 April 2016 for an indefinite period. It has received 5,453 applications to participate in Round 4 as at 20 February 2020 and continues to receive applications. Oxy RB has continued to make payments under a compensation plan during 2019 and made provision for the Round 4 Oxy RB Category I & II users categorised to date. The number of additional victims in Round 4 cannot be reliably estimated at the current time as it is open for an indefinite period.
2. Asthma related injury and other potential lung or non-lung injuries: A damage relief committee set up by the Ministry of Environment ("MOE") announced a recognition standard for asthma caused by HS, based on the increased incidence of asthma in HS users. From 23 July 2018, HS users can apply for asthma-only categorisation as part of Round 4. No provision has been made because:
   a) no detailed underlying data has yet been made available in respect of general causation of asthma injuries by HS, although 397 victims have been announced by the MOE as at 17 January 2020; and
   b) it is not possible to estimate the total number of applicants across all rounds (including future asthma-only claims in Round 4) and therefore the total number of potential victims with potential asthma injuries or for any other injuries that the MOE may decide to recognise.
3. On 18 September 2019, a South Korean appellate court overturned a lower court's decision and awarded damages of KRW 5 million (approximately £3,200) to an Oxy RB HS user who had been classified as Category 3 claimant. The South Korean government classifies HS claimants into 4 categories depending on the degree of causation between their lung injury and HS exposure. Category 1 and 2 HS claimants are defined by law as those being "almost certain" or having a "high possibility" of having been injured by HS products, with Category 3 claimants being considered to have only a "low possibility" of a connection between their lung injuries and HS exposure. The appellate court became the first to rule that Category 3 plaintiffs can be entitled to damages from HS manufacturers. Oxy RB disagrees with the court's ruling and has appealed to the Supreme Court. There are currently 327 Category 3 claimants classified by the South Korean government. We are currently unable to quantify the liability for Category 3 claimants, if any, at this juncture. Category 4 claimants are also advocating that they should receive compensation.
4. On 26 July 2019, the South Korean government announced the recognition of toxic hepatitis as a HS injury. No data supporting the South Korean government's finding has been made available. The government plans to develop categorisation standards for HS-induced toxic hepatitis and start categorising existing HS applicants after the standards have been developed.
5. On 15 November 2019, the South Korean government announced the recognition of child interstitial lung disease as a HS injury. The South Korean government has not yet publicly made available the underlying data supporting its finding that the disease can be caused by HS exposure. Although the South Korean government announced that it had established the criteria for categorising child interstitial lung disease victims, the criteria have not yet been publicly disclosed.
6. The Group continues to assess and, where appropriate, pursue rights which Oxy RB may have to recover sums from other involved parties.
7. On 9 August 2017, the Humidifier Sanitiser Injury Special Relief Act ("HS Law") became effective, setting out a mechanism for providing government support to HS victims, while also creating a Special Relief Fund ("SRF") to support selected cases who did not receive designation as a HS victim. The SRF was mainly funded by the HS companies, through a government levy authorized by the HS Law. Among other provisions, the HS Law also lowered the burden of proof required for claimants in litigation against HS companies. A bill to amend the HS Law was also passed by the Korean National Assembly on 6 March 2020, mainly affecting the HS injury definition and legal presumption of causation, while also creating a unified fund to support both HS victims and SRF recipients. We currently expect the amendment to take effect in late September 2020. As many of the amended terms are subject to court interpretation and much of the details are left to the lower regulations to be later enacted, the impact of these amendments will require further monitoring and analysis.

Other

From time to time, the Group is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case. See note 7.

20 Trade and Other Payables

	2019 £m	2018 £m
Trade payables	**1,796**	1,798
Other payables	**115**	104
Other tax and social security payable	**133**	123
Accruals	**2,776**	2,786
Trade and other payables	**4,820**	4,811

Included within accruals is £1,095 million (2018: £1,025 million) in respect of amounts payable to trade customers and government bodies for trade spend.

Other Non-current Liabilities
Within other non-current liabilities of £367 million (2018: £448 million) is a financial liability of £135 million (2018: £148 million). This liability is in respect of the present value of the expected redemption amount of a written put option granted to the non-controlling interest as described in Note 26. The amortised cost of the liability is subject to estimation of the future performance of certain Group products. Future changes in estimation would result in the remeasurement of the liability through the income statement. In addition, other non-current liabilities includes US employee related payables of £38 million (2018: £32 million), and interest accrued on tax balances of £154 million (2018: £191 million).

21 Current and Non-current Tax Liabilities

	2019 £m	2018 £m
Current tax liabilities	**(145)**	(10)
Non-current tax liabilities	**(969)**	(1,105)
Total current and non-current tax liabilities	**(1,114)**	(1,115)

Included in Total current and non-current tax liabilities is an amount of £891m (2018: £1,002m) relating to tax contingencies primarily arising in relation to transfer pricing.

Certain tax positions taken by us are based on industry practice, tax advice and drawing similarities from our facts and circumstances to those in case law. In particular, international transfer pricing is an area of taxation that depends heavily on the underlying facts and circumstances and generally involves a significant degree of judgement. Tax assets and liabilities are offset where there is a legally enforceable right to do so.

22 Pension and Post-Retirement Commitments

Plan Details
The Group operates a number of defined benefit and defined contribution pension plans around the world covering many of its employees, which are principally funded. The Group's most significant defined benefit pension plan (UK) is a final salary plan, which closed to new entrants in 2005 and following consultation was closed to further accrual from 31 December 2017. Trustees of the plan are appointed by the Group, active members and pensioner membership, and are responsible for the governance of the plan, including paying all administrative costs and compliance with regulations. The plan is funded by the payment of contributions to the plan's trust, which is a separate entity from the rest of the Group.

The Group also operates a number of other post-retirement plans in certain countries. The two major plans are the US Retiree Health Care Plan and the Mead Johnson & Company, LLC Medical Plan (together, the "US (Medical)" plans). In the US Retiree Health Care Plan, salaried participants become eligible for retiree health care benefits after they reach a combined 'age and years of service rendered' figure of 70, although the age must be a minimum of 55. This plan closed to new members in 2009. In the Mead Johnson & Company, LLC Medical Plan, acquired as part of the acquisition of MJN on 15 June 2017, participants become eligible for retiree health care benefits if they leave employment after the age of 65, leave after the age of 55 and have completed ten years of service, or have their employment involuntarily terminated after the age of 55. A Benefits Committee is appointed by the Group for both of these plans, responsible for the governance of the US plans, including paying all administrative costs and compliance with regulations. Both of these plans are unfunded.

22 Pension and Post-Retirement Commitments continued

For the principal UK plan, a full independent actuarial valuation is carried out on a triennial basis. The most recent valuation was carried out at 5 April 2019. The Group has agreed that it will aim to eliminate the pension plan technical provisions deficit in the UK and Ireland by the end of 2020. Funding levels are monitored on an annual basis and the current agreed annual deficit reduction contributions are £6 million per annum. It is expected that contributions to the UK defined benefit plan in 2020 will be £6 million (2019: £25 million).

During 2018, a UK High Court ruling (the 'Lloyds Case') clarified the requirement to equalise the Guaranteed Minimum Pension element of benefits for men and women due to particular members of previously contracted out UK defined benefit pension schemes. This is likely to lead to a small level of enhanced benefits in some circumstances. As no allowance had previously been made, accordingly a past service cost was charged in 2018 (£4 million) reflecting the best estimate of the likely additional benefits that will be due to members. The current year charge is nil. The final amount will be subject to agreement of the relevant pension trustees.

For the US Retiree Health Care Plan, a full independent actuarial valuation is carried out on an annual basis. The most recent valuation was carried out on 1 January 2019. For the Mead Johnson & Company, LLC Medical Plan, the most recent valuation was carried out at 31 December 2019. For both of these plans, funding levels are monitored on an annual basis with contributions made equal to the claims made each year. It is expected that the combined contributions in 2020 will be £7 million (2019: £8 million).

For the purpose of IAS 19, the projected unit valuation method was used for the UK and US plans, as per the principal UK plan triennial valuation results (at 5 April 2019) and the US Medical plan valuations to 31 December 2019. The UK plans have a weighted average duration of the deferred benefit obligation of 17.0 years (2018: 17.6 years).

Significant Actuarial Assumptions

The significant actuarial assumptions used in determining the Group's net liability for the UK and US (Medical) plans as at 31 December were:

	2019		2018	
	UK %	**US (Medical) %**	UK %	US (Medical) %
Rate of increase in pensionable salaries	**5.2**	**–**	5.4	–
Rate of increase in deferred pensions during deferment	**3.1**	**–**	3.2	–
Rate of increase in pension payments	**3.0**	**–**	3.0	–
Discount rate	**1.9**	**3.1**	2.7	4.1
Inflation assumption – RPI	**3.2**	**–**	3.4	–
Annual medical cost inflation	**–**	**4.5-8.2**	–	4.5-8.0

Assumptions regarding future mortality experience are set in accordance with published statistics and experience in each territory. The expected lifetime of a participant aged 60 and the expected lifetime of a participant who will be aged 60 in 15 years (20 years in the US) are detailed below:

	2019		2018	
	UK years	**US years**	UK years	US years
Number of years a current pensioner is expected to live beyond 60:				
Male	**27.4**	**24.9**	29.2	25.0
Female	**28.6**	**27.1**	30.1	27.2
Number of years a future pensioner is expected to live beyond 60:				
Male	**28.7**	**26.7**	30.9	26.8
Female	**30.0**	**28.8**	31.8	28.9

For the principal UK plan, the mortality assumptions were based on the standard SAPS mortality table 3NMA for males (scaled by 98%) and table 3NFA for females (scaled by 117%). Allowance for future changes is made by adopting the 2018 edition of the CMI series with a long-term improvement trend of 1.5% per annum from 2013 onwards. For the US plan the mortality assumptions were determined using the Pri-2012. Total Dataset and projected with Mortality Improvement Scale MP-2019.

22 Pension and Post-Retirement Commitments continued

Amounts Recognised on the Balance Sheet

The amounts recognised on the Balance Sheet are as follows:

	2019 £m	2018 £m
Balance Sheet liability for:		
US (Medical)	**(130)**	(126)
Other	**(221)**	(192)
Liability on Balance Sheet	**(351)**	(318)
Balance Sheet assets for:		
UK	**217**	138
Other	**51**	53
Asset on Balance Sheet	**268**	191
Net pension liability	**(83)**	(127)

The funded and unfunded amounts recognised on the Balance Sheet are determined as follows:

	2019				2018			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Present value of funded obligations	**(1,506)**	**–**	**(514)**	**(2,020)**	(1,472)	–	(508)	(1,980)
Fair value of plan assets	**1,741**	**–**	**534**	**2,275**	1,628	–	523	2,151
Surplus of funded plans	**235**	**–**	**20**	**255**	156	–	15	171
Present value of unfunded obligations	**–**	**(130)**	**(190)**	**(320)**	–	(126)	(154)	(280)
Irrecoverable surplus[1]	**(18)**	**–**	**–**	**(18)**	(18)	–	–	(18)
Net pension surplus/(liability)	**217**	**(130)**	**(170)**	**(83)**	138	(126)	(139)	(127)

1 There is no movement in irrecoverable surplus for 2019.

Group plan assets are comprised as follows:

	2019				2018			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Equities – quoted	**205**	**–**	**227**	**432**	205	–	235	440
Government bonds	**1,020**	**–**	**137**	**1,157**	941	–	130	1,071
Corporate bonds	**369**	**–**	**101**	**470**	326	–	129	455
Real Estate/property – unquoted	**127**	**–**	**61**	**188**	135	–	20	155
Other assets – unquoted	**20**	**–**	**8**	**28**	21	–	9	30
Fair value of plan assets	**1,741**	**–**	**534**	**2,275**	1,628	–	523	2,151

The present value of obligations for the principal UK plan and the US Medical plans at last valuation date is attributable to participants as follows:

	2019		2018	
	UK £m	US (Medical) £m	UK £m	US (Medical) £m
Active participants	**–**	**(47)**	–	(45)
Participants with deferred benefits	**(650)**	**(2)**	(759)	(2)
Participants receiving benefits	**(856)**	**(81)**	(713)	(79)
Present value of obligation	**(1,506)**	**(130)**	(1,472)	(126)

22 Pension and Post-Retirement Commitments continued

The movement in the Group's net deficit is as follows:

	Present value of obligation				Fair value of plan assets			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
At 1 January 2018	1,635	137	718	2,490	(1,702)	–	(574)	(2,276)
Current service cost	2	2	5	9	–	–	–	–
Past service cost	4	–	–	4	–	–	–	–
Interest expense/(income)	39	4	19	62	(41)	–	(19)	(60)
	45	6	24	75	(41)	–	(19)	(60)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	72	–	41	113
Gain from changes in demographic assumptions	(24)	–	(1)	(25)	–	–	–	–
Gains from change in financial assumptions	(89)	(8)	(40)	(137)	–	–	–	–
Experience (gains)/losses	(22)	(10)	3	(29)	–	–	–	–
	(135)	(18)	(38)	(191)	72	–	41	113
Exchange differences	–	7	25	32	–	–	(22)	(22)
Contributions – employees	–	1	–	1	–	(1)	–	(1)
Contributions – employers	–	–	–	–	(30)	(6)	(16)	(52)
Payments from plans:								
Benefit payments	(73)	(7)	(67)	(147)	73	7	67	147
As at 31 December 2018	1,472	126	662	2,260	(1,628)	–	(523)	(2,151)
Current service cost	**2**	**2**	**10**	**14**	**–**	**–**	**–**	**–**
Interest expense/(income)	**39**	**5**	**20**	**64**	**(43)**	**–**	**(18)**	**(61)**
	41	**7**	**30**	**78**	**(43)**	**–**	**(18)**	**(61)**
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	**–**	**–**	**–**	**–**	**(132)**	**–**	**(45)**	**(177)**
Gain from changes in demographic assumptions	**(51)**	**(2)**	**(1)**	**(54)**	**–**	**–**	**–**	**–**
Losses from change in financial assumptions	**157**	**17**	**69**	**243**	**–**	**–**	**–**	**–**
Experience (gains)/losses	**(26)**	**(5)**	**7**	**(24)**	**–**	**–**	**–**	**–**
	80	**10**	**75**	**165**	**(132)**	**–**	**(45)**	**(177)**
Exchange differences	**–**	**(6)**	**(23)**	**(29)**	**–**	**–**	**16**	**16**
Contributions – employers	**–**	**–**	**–**	**–**	**(25)**	**(7)**	**(4)**	**(36)**
Payments from plans:								
Benefit payments	**(87)**	**(7)**	**(40)**	**(134)**	**87**	**7**	**40**	**134**
As at 31 December 2019	**1,506**	**130**	**704**	**2,340**	**(1,741)**	**–**	**(534)**	**(2,275)**

22 Pension and Post-Retirement Commitments continued

Amounts Recognised in the Income Statement

The charge for the year ended 31 December is shown below:

	2019 £m	2018 £m
Defined contribution plans	**46**	40
Defined benefit plans (net charge excluding interest)		
UK	**2**	6
US (Medical)	**2**	2
Other	**10**	5
Total pension costs included in operating profit (Note 5)[1]	**60**	53
Income Statement charge included in finance expense	**3**	2
Income Statement charge included in profit before income tax	**63**	55
Remeasurement (gains)/losses for[2]:		
UK	**(52)**	(63)
US (Medical)	**10**	(18)
Other	**30**	3
	(12)	(78)

1 The Income Statement charge recognised in operating profit includes current service cost, and past service cost.
2 Remeasurement (gains)/losses excludes nil (2018: £71 million gain) recognised in OCI for irrecoverable surplus.

Sensitivity of Significant Actuarial Assumptions

The sensitivity of the UK defined benefit obligation to changes in the principal assumptions is shown below:

2019	Change in assumption	Change in defined benefit obligation
Discount rate	**Increase 0.1%**	**Decrease by 1.7%**
RPI increase	**Increase 0.1%**	**Increase by 1.0%**
Life expectancy	**Members live 1 year longer**	**Increase by 4.0%**

2018	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.8%
RPI increase	Increase 0.1%	Increase by 0.6%
Life expectancy	Members live 1 year longer	Increase by 4.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Impact of Medical Cost Trend Rates

A one percent change in the assumed health care cost trend rates would have an immaterial impact on the service cost, interest cost and post-retirement benefit obligation.

Risk and Risk Management

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed as follows:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. Both the UK and US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. All the UK plans have agreed with the Company a plan to de-risk the investment strategy of the plans at a pace that is commensurate with a planned return to full funding over a reasonable timescale.

The de-risking plan provides for a proportion of the investment portfolio to move from equity holdings to government and corporate bonds over time. The corporate bonds are global securities with an emphasis on the UK and US. However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

22 Pension and Post-Retirement Commitments continued

Changes in Bond Yields: A decrease in government and corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation Risk: Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit. In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the member. Whilst the plans allow for an increase in life expectancy, increases above this assumption will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

Change in Regulations: The Group is aware that future changes to the regulatory framework may impact the funding basis of the various plans in the future. The Group's pensions department monitors the changes in legislation and analyses the risks as and when they occur.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets consists of quoted equities and quoted bonds, although the Group also invests in property and cash. The Group believes that quoted equities offer the best returns over the long-term with an acceptable level of risk. The trustees of all the UK funds have moved the overwhelming majority of their assets to low cost investment funds in consultation with the Group whilst maintaining a prudent diversification.

23 Share Capital

Issued and fully paid	Equity ordinary shares number	Nominal value £m
At 31 December 2018	736,535,179	74
At 31 December 2019	**736,535,179**	**74**

The holders of ordinary shares (par value 10p) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company.

Allotment of Ordinary Shares and Release of Treasury Shares

During the year nil ordinary shares (2018: nil ordinary shares) were allotted and 2,244,826 ordinary shares were released from Treasury (2018: 3,697,245) to satisfy vestings/exercises under the Group's various share schemes as follows:

	2019		2018	
Ordinary shares of 10p	**Number of shares**	**Consideration £m**	Number of shares	Consideration £m
Executive Share Options – exercises	**1,216,229**	**51**	1,581,100	67
Restricted Shares Awards – vesting	**803,861**	**–**	1,121,636	–
Total under Executive Share Option and Restricted Share Schemes	**2,020,090**	**51**	2,702,736	67
Senior Executives Share Ownership Policy Plan – vesting	**20,000**	**–**	69,826	–
Savings-Related Share Option Schemes – exercises	**204,736**	**10**	924,683	38
Total	**2,244,826**	**61**	3,697,245	105

Market Purchases of Shares

In 2019, 2,244,826 Treasury shares were released (2018: 3,697,245), leaving a balance held at 31 December 2019 of 26,788,535 (2018: 29,033,361). Proceeds received from the reissuance of Treasury shares to exercise share options were £61 million (2018: £105 million).

24 Share-Based Payments

The Group operates a number of incentive schemes, including a share option scheme, a restricted share scheme, and other share award schemes. During 2017, as part of a transitional scheme for MJN employees, a cash-settled scheme replaced an MJN equity-settled scheme. All other schemes within the Group are equity-settled. The total charge for share-based payments for the year was £18 million (2018: £16 million).

Executive Share Awards

Executive share awards, comprising both Executive Share Options and Restricted Share Awards, are awarded to the Senior Management Team. Executive Share Options are awarded at an exercise price determined on grant date and become payable on exercise – following satisfaction of performance criteria. Restricted Share Awards entitle the recipient to receive shares at no cost following satisfaction of the following performance criteria.

For awards granted before December 2012:

Adjusted earnings per share growth over three years (%)	<6%	6%	7%	8%	≥9%
Proportion of awards vesting (%)	Nil	40%	60%	80%	100%

For awards granted in December 2013 and thereafter:

Adjusted earnings per share growth over three years (%)	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

For awards granted in May 2019 and thereafter:

	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Adjusted EPS growth at actual FX rates (three-year CAGR)	25%	4%	9%
Adjusted EPS growth at constant FX rates (three-year CAGR)	25%	4%	9%
Net Revenue growth (three-year CAGR)	25%	2%	6%
Return on Capital Employed (in final year)	25%	10.8%	12.8%

The cost is spread over the three years of the performance period. For Executive Committee and members of the Group Leadership Team, vesting conditions must be met over the three-year period and are not retested. For the remaining members of the Senior Management Team the targets can be retested after four or five years. If any target has not been met, any remaining shares or options which have not vested will lapse.

Other Share Awards

Other share awards represent SAYE Schemes (offered to all staff within the relevant geographic area) and a number of Senior Executive Share Ownership Policy Plan (SOPP) awards. Other share awards have contractual lives of between three and eight years and are generally not subject to any vesting criteria other than the employee's continued employment.

Individual tranches of these other share awards are not material for detailed disclosure and therefore have been aggregated in the tables following.

Modifications to Share Awards

The Remuneration Committee approved modifications to all unexercised share schemes in December 2014 following the demerger of RB Pharmaceuticals to compensate for the loss of scheme value. For SAYE schemes this was in the form of a one-off payment. For executive share awards this included an adjustment to shares under the amount of each grant, and the lowering of exercise price, where applicable. There is no change to the IFRS fair value charge as a result of these modifications.

Summary of Shares Outstanding

All outstanding Executive and Other share awards as at 31 December 2019 and 31 December 2018 are included in the tables following which analyse the charge for 2019 and 2018. The Group has used the Black-Scholes model to calculate the fair value of one award on the date of the grant of the award.

24 Share-Based Payments continued

Table 1: Fair value

The most significant awards are share options and restricted shares, details of which have been provided below.

The 2020 Executive Share Awards are expected to be granted in May 2020.

		Black-Scholes model assumptions								
Award	Grant date	Exercise price at grant £	Modified exercise price £	Performance period	Share price on grant date £	Volatility %	Dividend yield %	Life years	Risk-free interest rate %	Fair value of one award £
Share options										
2009	08 December 2008	27.29	26.54	2009–11	27.80	25	3.1	4	2.78	4.69
2010	07 December 2009	31.65	30.78	2010–12	31.80	26	3.5	4	1.69	4.70
2011	01 December 2010	34.64	33.68	2011–13	34.08	26	4.3	4	2.16	4.49
2012	05 December 2011	32.09	31.20	2012–14	32.19	25	5.4	4	1.00	3.18
2013	03 December 2012	39.14	38.06	2013–15	39.66	20	4.3	4	0.61	3.29
2014	11 December 2013	47.83	46.51	2014–16	46.69	19	3.7	4	0.76	3.85
2015	01 December 2014	50.57	50.57	2015–17	52.40	17	4.0	4	1.03	4.34
2016	02 December 2015	63.25	63.25	2016–18	64.15	18	2.9	4	1.07	6.75
2017	01 December 2016	67.68	67.68	2017–19	66.28	18	3.0	4	0.46	5.54
2018	30 November 2017	64.99	64.99	2018–20	64.86	18	3.4	4	0.68	5.58
2019	10 May 2019	60.83	60.83	2019–21	61.45	20	3.7	4	0.83	5.89
Restricted shares										
2015	01 December 2014	–	–	2015–17	52.40	17	4.0	4	1.03	43.93
2016	02 December 2015	–	–	2016–18	64.15	18	2.9	4	1.07	57.13
2017	01 December 2016	–	–	2017–19	66.28	18	3.0	4	0.46	58.85
2018	30 November 2017	–	–	2018–20	64.86	18	3.4	4	0.68	56.71
2019	10 May 2019	–	–	2019–21	61.40	19	3.7	4	0.83	53.02

Table 2: Share awards movements 2019

	Movement in number of options				
Award	**Options outstanding at 1 January 2019 number**	**Granted/ adjustments number**	**Lapsed number**	**Exercised number**	**Options outstanding at 31 December 2019 number**
Share options[1]					
2010	**99,281**	**–**	**(2,557)**	**(96,724)**	**–**
2011	**119,643**	**–**	**(1,600)**	**(46,534)**	**71,509**
2012	**480,103**	**–**	**(2,037)**	**(110,692)**	**367,374**
2013	**934,375**	**–**	**(2,057)**	**(285,725)**	**646,593**
2014	**1,235,516**	**–**	**(6,154)**	**(304,943)**	**924,419**
2015	**1,694,784**	**–**	**(34,388)**	**(361,852)**	**1,298,544**
2016	**2,002,591**	**–**	**(87,855)**	**(9,759)**	**1,904,977**
2017	**2,091,357**	**–**	**(250,301)**	**–**	**1,841,056**
2018	**2,490,055**	**–**	**(318,575)**	**–**	**2,171,480**
2019	**–**	**2,491,340**	**(105,901)**	**–**	**2,385,439**
Restricted shares[1]					
2016	**930,898**	**–**	**(52,774)**	**(733,836)**	**144,288**
2017	**919,587**	**–**	**(78,200)**	**(17,326)**	**824,061**
2018	**1,269,418**	**–**	**(151,289)**	**(50,849)**	**1,067,280**
2019	**–**	**1,411,339**	**(45,353)**	**(1,850)**	**1,364,136**
Other share awards					
UK SAYE	**693,313**	**316,660**	**(143,765)**	**(119,638)**	**746,570**
US SAYE	**567,300**	**176,208**	**(63,610)**	**(57,133)**	**622,765**
Overseas SAYE	**1,680,092**	**639,818**	**(402,282)**	**(27,965)**	**1,889,663**
SOPP	**118,800**	**24,400**	**(20,000)**	**(20,000)**	**103,200**
Weighted average exercise price (share options)	**£56.59**	**£60.83**	**£64.01**	**£42.73**	**£58.43**

1. Grant date and exercise price for each of the awards are shown in Table 1.

24 Share-Based Payments continued

Table 3: Share awards movements 2018

Award	Options outstanding at 1 January 2018 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 December 2018 number
	Movement in number of options				
Share options[1]					
2009	104,597	–	–	(104,597)	–
2010	200,945	–	–	(101,664)	99,281
2011	276,229	–	–	(156,586)	119,643
2012	596,307	–	–	(116,204)	480,103
2013	1,076,562	–	–	(142,187)	934,375
2014	1,572,032	–	–	(336,516)	1,235,516
2015	2,588,261	–	(278,118)	(615,359)	1,694,784
2016	2,714,334	–	(706,985)	(4,758)	2,002,591
2017	2,364,884	–	(273,527)	–	2,091,357
2018	3,200,000	52,760	(762,705)	–	2,490,055
Restricted shares[1]					
2015	1,210,573	–	(159,045)	(1,051,528)	–
2016	1,258,037	1,000	(288,817)	(39,322)	930,898
2017	1,116,434	–	(179,211)	(17,636)	919,587
2018	1,600,000	98,880	(416,312)	(13,150)	1,269,418
Other share awards					
UK SAYE	749,906	227,268	(120,498)	(163,363)	693,313
US SAYE	294,434	374,170	(36,872)	(64,432)	567,300
Overseas SAYE	2,112,455	807,428	(541,227)	(698,564)	1,680,092
SOPP	146,800	58,000	(16,174)	(69,826)	118,800
Weighted average exercise price (share options)	£55.91	£64.99	£62.76	£42.64	£56.59

1. Grant date and exercise price for each of the awards are shown in Table 1.

For options outstanding at the year end the weighted average remaining contractual life is 5.64 years (2018: 5.84 years). Options outstanding at 31 December 2019 that could have been exercised at that date were 5,374,275 (2018: 4,606,460) with a weighted average exercise price of £49.82 (2018: £43.87).

The assumptions made within the valuation calculation with respect to the achievement of performance criteria are based on the Directors' expectations in light of the Group's business model and relevant published targets.

Under the terms of the schemes, early exercise may only be granted in exceptional circumstances and therefore the effect of early exercise is not incorporated into the calculation.

The calculation also assumes that there will be no leavers in the following year. No material modifications have been made to these calculations in 2019 or 2018 for the purposes of the valuation.

An estimate of future volatility is made with reference to historical volatility over a similar time period to the performance period or the contractual life as appropriate. Historical volatility is calculated based on the annualised standard deviation of the Group's daily share price movement, being an approximation to the continuously compounded rate of return on the share.

National Insurance contributions are payable in respect of certain share-based payment transactions and are treated as cash-settled transactions.

The weighted average share price for the year was £61.40 (2018: £63.32).

24 Share-Based Payments continued

Options and Restricted Shares Granted During the Year

Options and restricted shares granted during the year which may vest or become exercisable at various dates between 2020 and 2027 are as follows:

	Price to be paid £	Number of shares under option
Executive share option and restricted share schemes		
Reckitt Benckiser 2019 Long-term Incentive Plan – share options	60.83	2,491,340
Reckitt Benckiser Long-term Incentive Plan – restricted shares	–	1,411,339
Reckitt Benckiser Group Senior Executive Share Ownership Policy Plan	–	24,400
Total		**3,927,079**
Savings-related share option schemes		
UK Scheme	47.44	316,660
US Scheme	47.44	176,208
Overseas Scheme	47.44	639,818
Total		**1,132,686**

Options and Restricted Shares Outstanding at 31 December 2019

Options and restricted shares which have vested or may vest at various dates between 2020 and 2027 are as follows:

	Price to be paid £		Number of shares under option	
	From	To	**2019**	2018
Executive share option and restricted share schemes				
Reckitt Benckiser Long-term Incentive Plan 2011 – Annual Grant – options	33.68	71.80	**11,611,391**	11,147,705
Reckitt Benckiser Long-term Incentive Plan 2016 – Annual Grant – restricted shares	–	–	**3,399,765**	3,119,903
Reckitt Benckiser Senior Executives Share Ownership Policy Plan	–	–	**103,200**	118,800
Total			**15,114,356**	14,386,408
Savings-related share option schemes				
UK Scheme	37.20	58.95	**746,570**	693,313
US Scheme	58.86	58.95	**622,765**	567,300
Overseas Scheme	58.95	58.95	**1,889,663**	1,680,092
Total			**3,258,998**	2,940,705

25 Other Reserves

	Hedging reserve £m	Foreign currency translation reserve £m	Total other reserves £m
Balance at 1 January 2018	(1)	407	406
Other comprehensive income/(expense)			
Gains on cash flow hedges, net of tax	8	–	8
Net exchange gains on foreign currency translation, net of tax	–	67	67
Losses on net investment hedges	–	(44)	(44)
Total other comprehensive income for the year	8	23	31
Balance at 31 December 2018	7	430	437
Other comprehensive income/(expense)			
Losses on cash flow hedges, net of tax	**(9)**	**–**	**(9)**
Net exchange losses on foreign currency translation, net of tax	**–**	**(578)**	**(578)**
Gains on net investment hedges	**–**	**70**	**70**
Total other comprehensive expense for the year	**(9)**	**(508)**	**(517)**
Balance at 31 December 2019	**(2)**	**(78)**	**(80)**

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedge transactions that are extant at year end.

25 Other Reserves continued

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the Financial Statements of the Group's foreign operations arising when the Group's entities are consolidated. The reserve also contains the translation of liabilities that hedge the Group's net exposure in a foreign currency.

26 Related Party Transactions

Put and call options with non-controlling Shareholders

Within the Health Operating Segment, there are symmetrical put and call options existing over the non-controlling shareholdings in RB & Manon Business Co. Ltd, RB & Manon Business Limited and RB (China Trading) Limited. In 2018, the parties agreed to extend these options to 31 December 2023. In the event that the options are not exercised in accordance with the agreement, they are automatically extended for a further six years.

Within the Hygiene Home Operating Segment, there are symmetrical put and call options existing over the non-controlling shareholdings in RB (Hygiene Home) HK Limited, RB & Manon Hygiene Home (HK) Limited and RB & Manon Hygiene Home (Shanghai) Limited. These options were first agreed in 2019 and are currently due to expire on 31 December 2024. In the event that the options are not exercised in accordance with the agreement, they are automatically extended for a further six years.

At 31 December 2019, the present value of these put option liabilities was £135 million (2018: £148 million).

Other

The Group has related party relationships with its directors and key management personnel (Note 5).

27 Dividends

	2019 £m	2018 £m
Cash dividends on equity ordinary shares:		
2018 Final paid: 100.2p (2017: Final 97.7p) per share	**709**	688
2019 Interim paid: 73p (2018: Interim 70.5p) per share	**518**	499
Total dividends for the year	**1,227**	1,187

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2019 of 101.6p per share which will absorb an estimated £721 million of Shareholders' funds. If approved by Shareholders it will be paid on 28 May 2020 to Shareholders who are on the register on 17 April 2020, with an ex-dividend date of 16 April 2020.

28 Acquisitions

On 22 February 2019 the Group completed the acquisition of 100% of the issued share capital of UpSpring, Ltd, an innovative pre and post-natal healthcare company based in Texas, USA.

29 Cash Generated From Operations

For the year ended 31 December	2019 £m	2018 (Restated)[1] £m
Operating (loss)/profit from continuing operations	**(1,954)**	3,058
Depreciation, amortisation and impairment[2]	**5,554**	409
(Losses)/gain on sale of property, plant and equipment	**(4)**	9
(Increase) in inventories	**(87)**	(68)
(Increase) in receivables	**(150)**	(103)
Increase in payables and provisions	**31**	81
Share-based payments	**18**	14
Cash generated from continuing operations	**3,408**	3,400

1 Restated for the adoption of IFRS16 (Note 31).
2 Includes adjusting items of £81 million (2018: £78 million) amortisation on acquisition-related intangibles and £5,116 million of impairment on goodwill and intangible assets (note 9).

30 Discontinued Operations

On 11 July 2019, the Group announced it had reached agreements with the U.S. Department of Justice ("DoJ") and the Federal Trade Commission ("FTC") to resolve the long-running investigation into the sales and marketing of Suboxone Film by its former prescription pharmaceuticals business Indivior, a business that was wholly demerged from the Group in 2014.

Under the terms of the agreements, the Group agreed to pay a total of up to $1.4 billion (£1.1 billion) to fully resolve all federal investigations into the Group in connection with the subject matter of the Indivior indictment and claims relating to state Medicaid programs for those states choosing to participate in the settlement. The resolution will also protect the Group's participation in all U.S. government programmes.
As of 31 December 2019, $1.4 billion has been paid.

While the Group has acted lawfully at all times and expressly denies all allegations that it engaged in any wrongful conduct, after careful consideration, the Board of the Group determined that the agreement is in the best interests of the company and its Shareholders. It avoids the costs, uncertainty and distraction associated with continued investigations, litigation and the potential for an indictment at a time of significant transformation under RB 2.0 and during CEO transition. This is a non-criminal resolution and is on the basis that there is no admission of any violation of law or any wrongdoing by the Group or any of the Group's employees.

31 Effect from implementation of IFRS 16 'Leases'

The effect of the implementation of IFRS 16 on the Group Income Statement, Group Balance Sheet and Group Cash Flow for the financial year ending 31 December 2018 are set out below.

Group Income Statement

	31 December 2018 Reported £m	Effects of IFRS 16 £m	31 December 2018 Restated £m
Net operating expenses	(4,588)	11	(4,577)
Operating profit	3,047	11	3,058
Adjusted operating profit	3,358	11	3,369
Operating profit	3,047	11	3,058
Finance expense	(403)	(13)	(416)
Net finance expense	(325)	(13)	(338)
Profit before income tax	2,722	(2)	2,720
Net income for the period from continuing operations	2,186	(2)	2,184
Attributable to owners of the parent company	2,161	(2)	2,159
Net income	2,181	(2)	2,179
Basic earnings per ordinary share:			
From continuing operations (pence)	306.8	(0.2)	306.6
From total operations	306.1	(0.2)	305.9
Diluted earnings per ordinary share:			
From continuing operations (pence)	305.5	(0.3)	305.2
From total operations	304.8	(0.3)	304.5

31 Effect from implementation of IFRS 16 'Leases' continued

Group Balance Sheet

	31 December 2018 Reported £m	Effects of IFRS 16 £m	31 December 2018 Restated £m
ASSETS			
Property, plant and equipment	1,858	304	2,162
Total non-current assets	32,698	304	33,002
Total assets	37,650	304	37,954
LIABILITIES			
Current liabilities			
Short-term borrowings	(2,209)	(60)	(2,269)
Provisions for liabilities and charges	(542)	5	(537)
	(7,614)	(55)	(7,669)
Non-current liabilities			
Long-term borrowings	(9,670)	(280)	(9,950)
Provisions for liabilities and charges	(87)	13	(74)
	(15,247)	(267)	(15,514)
Total liabilities	(22,861)	(322)	(23,183)
Net assets	14,789	(18)	14,771
EQUITY			
Capital and reserves			
Retained earnings	28,215	(18)	28,197
Attributable to owners of the parent company	14,742	(18)	14,724
Total equity	14,789	(18)	14,771

31 Effect from implementation of IFRS 16 'Leases' continued

	31 December 2017 Reported £m	Effects of IFRS 16 £m	31 December 2017 Restated £m
ASSETS			
Property, plant and equipment	1,754	314	2,068
Total non-current assets	31,589	314	31,903
Total assets	37,013	314	37,327
LIABILITIES			
Current liabilities			
Short-term borrowings	(1,346)	(48)	(1,394)
	(6,576)	(48)	(6,624)
Non-current liabilities			
Long-term borrowings	(11,515)	(282)	(11,797)
	(16,864)	(282)	(17,146)
Total liabilities	(23,440)	(330)	(23,770)
Net assets	13,573	(16)	13,557
EQUITY			
Capital and reserves			
Retained earnings	27,039	(16)	27,023
Attributable to owners of the parent company	13,533	(16)	13,517
Total equity	13,573	(16)	13,557

Group Cash Flow Statement

	31 December 2018 Reported £m	Effects of IFRS 16 £m	31 December 2018 Restated £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from continuing operations	3,330	70[1]	3,400
Net cash generated from operating activities	2,454	70	2,524
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities	(422)	–	(422)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	(2,244)	(70)	(2,314)
Net cash used in financing activities	(2,618)	(70)	(2,688)
Net decrease in cash and cash equivalents	(586)	–	(586)
Cash and cash equivalents at end of the year	1,477	–	1,477
Cash and cash equivalents comprise:			
Cash and cash equivalents	1,483	–	1,483
Overdrafts	(6)	–	(6)
	1,477	–	1,477

1 Includes £60m depreciation, amortisation and impairment.

32 Post Balance Sheet Events

The impact of COVID-19 is considered to represent a non-adjusting post balance sheet event as at 31 December 2019. For further information on the potential future impact of COVID-19, refer to the Chief Executive's statement within the Strategic Report.

In March 2020, the Group drew down around £750 million from its committed borrowing facilities due to illiquidity in the short-term market for commercial paper. Committed facilities total £5,500 million (2018: £4,500 million), of which £4,750 million remains undrawn, and available to draw. The Group remains compliant with its banking covenants. Our committed facilities are not subject to renewal until from 2022 onwards.

The five year summary below is presented on a statutory basis. The year ending 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 show the results for continuing operations and exclude the impact of RB Food. The years ending 31 December 2015 show the results for continuing operations including RB Food. All years exclude the impact of RB Pharmaceuticals.

The Balance Sheet has not been restated for the impact of discontinued operations.

Income Statement	**2019 £m**	Restated[4] 2018 £m	Restated[3] 2017 £m	2016 £m	2015 £m
Net Revenue	**12,846**	12,597	11,449	9,480	8,874
Operating (loss)/profit	**(1,954)**	3,058	2,737	2,269	2,241
Adjusted Operating Profit	**3,367**	3,369	3,122	2,636	2,374
Adjusting items	**(5,321)**	(311)	(385)	(367)	(133)
Operating (loss)/profit	**(1,954)**	3,058	2,737	2,269	2,241
Net finance expense	**(153)**	(338)	(238)	(16)	(33)
(Loss)/Profit before income tax	**(2,107)**	2,720	2,499	2,253	2,208
Income tax (expense)/benefit	**(665)**	(536)	894	(520)	(463)
Attributable to non-controlling interests	**(13)**	(20)	(17)	(4)	(2)
Net income attributable to owners of the parent company from continuing operations	**(2,785)**	2,164	3,376	1,729	1,743
Balance Sheet					
Net assets	**9,407**	14,771	13,557	8,426	6,906
Net Working Capital	**(1,427)**	(1,438)	(1,424)	(1,102)	(936)
Statistics					
Reported basis					
Operating margin	**(15.2%)**	24.3%	23.9%	23.9%	25.3%
Total interest to Operating Profit (times covered)	**-12.8x**	9.0x	11.5x	141.8x	67.9x
Tax rate	**(31.5%)**	19.7%	-35.8%	23.1%	21.0%
Diluted earnings per share, continuing	**(393.0)**	305.2p	474.7p	242.1p	240.9p
Dividend cover[1]	**(2.3x)**	1.8x	2.9x	1.6x	1.7x
Declared total dividends per ordinary share	**174.6p**	170.7p	164.3p	153.2p	139p
Adjusted basis[2]					
Operating margin	**26.2%**	26.7%	27.3%	27.8%	26.8%
Total interest to operating profit[4,5] (times covered)	**17.9x**	10.9x	18.0x	164.8x	71.9x
Diluted earnings per share, continuing	**349.0p**	339.6p	316.9p	287.6p	258.6p
Dividend cover[1]	**2.0x**	2.0x	1.9x	1.9x	1.9x

1. Dividend cover is calculated by dividing diluted earnings per share by total ordinary dividends per share relating to the year.
2. Adjusted basis is calculated by excluding the adjusting items for the year (Note 3).
3. Restated for adoption of IFRS 15 in 2017. The 2015 and 2016 balances have not been restated.
4. Restated for adoption of IFRS 16 (Note 31). The 2015, 2016 and 2017 balances have not been restated.
5. Adjusted operating profit cover over adjusted net finance expense.

PARENT COMPANY BALANCE SHEET

As at 31 December	Notes	2019 £m	2018 £m
Fixed assets			
Investments	2	**14,963**	14,949
Current assets			
Debtors due within one year	3,6	**42**	44
Debtors due after more than one year	4	**2**	3
Cash and cash equivalents	6	**4**	1
		48	48
Current liabilities			
Creditors due within one year	5,6	**(8,425)**	(6,347)
Net current liabilities		**(8,377)**	(6,299)
Total assets less current liabilities		**6,586**	8,650
Provisions for liabilities and charges	7	**(99)**	(369)
Net assets		**6,487**	8,281
EQUITY			
Share capital	8	**74**	74
Share premium		**245**	245
Retained earnings		**6,168**	7,962
Total equity		**6,487**	8,281

The Financial Statements on pages 205 to 222 were approved by the Board of Directors on 26 March 2020 and signed on its behalf by:

Christopher Sinclair
Director

Laxman Narasimhan
Director

Company Number: 06270876

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2018	74	243	7,604	7,921
Comprehensive income				
Profit for the financial year	–	–	1,428	1,428
Total comprehensive income	–	–	1,428	1,428
Transactions with owners				
Treasury shares re-issued	–	2	103	105
Share-based payments	–	–	(10)	(10)
Capital contribution in respect of share-based payments	–	–	24	24
Cash dividends	–	–	(1,187)	(1,187)
Total transactions with owners	–	2	(1,070)	(1,068)
Balance at 31 December 2018	**74**	**245**	**7,962**	**8,281**
Comprehensive income				
Loss for the financial year	–	–	(646)	(646)
Total comprehensive loss	**–**	**–**	**(646)**	**(646)**
Transactions with owners				
Treasury shares re-issued	–	–	61	61
Share-based payments	–	–	4	4
Capital contribution in respect of share-based payments	–	–	14	14
Cash dividends	–	–	(1,227)	(1,227)
Total transactions with owners	**–**	**–**	**(1,148)**	**(1,148)**
Balance at 31 December 2019	**74**	**245**	**6,168**	**6,487**

Reckitt Benckiser Group plc has £5,543 million (2018: £7,355 million) of its retained earnings available for distribution. Details of Treasury shares and other equity transactions are included in Note 23 of the Group Financial Statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 Parent Company Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General Information and Basis of Accounting

Reckitt Benckiser Group plc is a company incorporated in the United Kingdom, registered in England and Wales under the Companies Act 2006, and is a public limited company. The address of the registered office is given on page 224. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 77.

Statement of Compliance

The Financial Statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102') and the Companies Act 2006.

The functional currency of Reckitt Benckiser Group plc is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by s408 of the Companies Act 2006, a Statement of Comprehensive Income is not presented for Reckitt Benckiser Group plc.

Going Concern

The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Company Financial Statements.

Financial Reporting Standard 102 – Reduced Disclosure Exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:
(i) from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Group Cash Flow Statement, included in these Financial Statements, includes the Company's cash flows;
(ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The Company's results are included in the publicly available consolidated Financial Statements of Reckitt Benckiser Group plc and these Financial Statements may be obtained from 103-105 Bath Road, Slough, Berkshire SL1 3UH or at www.rb.com.

Foreign Currency Translation

Transactions denominated in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Taxation

The tax charge/credit is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable.

A net deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on an undiscounted basis.

Fixed Asset Investments

Fixed asset investments are stated at the lower of cost or their recoverable amount, which is determined as the higher of net realisable value and value in use. A review of the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 102 Section 27 'Impairment of assets'.

Employee Share Schemes

Incentives in the form of shares are provided to employees under share option and restricted share schemes which vest in accordance with non-market conditions.

The fair value determined at the grant date of the equity- settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in comprehensive income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs in respect of options and awards are charged, including social security taxes, to the Statement of Comprehensive Income over the same period, with a corresponding liability recognised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company Financial Statements.

1 Parent Company Accounting Policies continued

Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of basic financial assets and liabilities, including trade and other receivables and payables and loans to and from related parties. These transactions are initially recorded at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipt discounted at a market rate of interest, and subsequently recognised at amortised cost.

(i) Financial Assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities

Basic financial liabilities, including loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments. Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where it is possible that a settlement may be reached or it is not possible to make a reliable estimate of the estimated financial impact, appropriate disclosure is made but no provision recognised.

Share Capital Transactions

When the Company purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Purchased shares are either held in treasury in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled is transferred from retained earnings.

Repurchase and Reissuance of Ordinary Shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as Treasury shares and are presented in retained earnings. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit is presented within share premium.

Dividends

Dividends payable are recognised when they meet the criteria for a present obligation (i.e. when they have been approved).

Accounting Estimates and Judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts and results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Each year, management is required to make a number of assumptions regarding the future. The related year-end accounting estimates will, by definition, seldom equal the final actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The Company recognises legal provisions in line with the Company's provisions policy. The level of provisioning in relation to civil and/or criminal investigations is an area where management and legal judgement is important, with individual provisions being based on best estimates of the potential loss, considering all available information, external advice and historical experience. As at 31 December 2019, the Company recognised exceptional legal provisions of £99m (2018: £369m) in relation to a number of historical regulatory matters. Refer to Note 7 of the Company Financial Statements for further information.

The Company's Directors are of the opinion that there are no further judgements and no key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities for the Company within the next financial year.

2 Investments

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2018	14,925
Additions during the year	24
At 31 December 2018	14,949
Additions during the year	14
At 31 December 2019	**14,963**
Provision for impairment	
At 1 January 2018	–
Provided for during the year	–
At 31 December 2018	
Provided for during the year	–
At 31 December 2019	**–**
Net book amounts	
At 31 December 2018	14,949
At 31 December 2019	**14,963**

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The subsidiary undertakings as at 31 December 2019, all of which are included in the Group Financial Statements, are shown in Note 11 of the Company Financial Statements.

With the exception of Reckitt Benckiser plc, none of the subsidiaries are directly held by Reckitt Benckiser Group plc. All subsidiaries have a financial year ending 31 December with the exception of Reckitt Benckiser (India) Private Limited, Reckitt Benckiser Healthcare India Private Limited, Reckitt Benckiser Scholl India Private Limited and Reckitt & Colman Management Services (Ireland) Limited which have a year ending 31 March; Lloyds Pharmaceuticals which has a year ending 24 August; Reigate Square Holdings Sàrl which has a year ending 31 August; Crookes Healthcare Limited which has a year ending 31 January and Reckitt Benckiser Healthcare (Ireland) Limited which has a year ending 30 November.

Additions during the year, and in 2018, relate to the grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group.

3 Debtors Due Within One Year

	2019 £m	2018 £m
Amounts owed by Group undertakings	**40**	44
Other Receivables	**2**	-
	42	44

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand (2018: same).

4 Debtors Due After More Than One Year

	2019 £m	2018 £m
Deferred tax assets	**2**	3

Deferred tax assets consist of short-term timing differences.

5 Creditors Due Within One Year

	2019 £m	2018 £m
Amounts owed to Group undertakings	**8,412**	6,342
Taxation and social security	**4**	5
Other payables	**9**	–
	8,425	6,347

Included in the amounts owed to Group undertakings is an amount of £8,368 million (2018: £6,333 million) which is unsecured, carries interest at 3M LIBOR and is repayable on demand (2018: same). All other amounts owed to Group undertakings are unsecured, non-interest bearing and are repayable on demand (2018: same).

6 Financial Instruments

	2019 £m	2018 £m
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**42**	44
Cash and cash equivalents	**4**	1
Financial liabilities		
Financial liabilities at amortised cost	**8,421**	6,342

7 Provisions for Liabilities and Charges

	Legal provisions £m	Total provisions £m
At 1 January 2018	356	356
Charged to the Statement of Comprehensive Income	17	17
Utilised during the year	(2)	(2)
Released to the Statement of Comprehensive Income	(2)	(2)
At 31 December 2018	369	369
Charged to the Statement of Comprehensive Income	79	79
Utilised during the year	(331)	(331)
Released to the Statement of Comprehensive Income	(18)	(18)
At 31 December 2019	**99**	**99**

Provisions have been analysed between current and non-current as follows:

	2019 £m	2018 £m
Current	**99**	369
Non-current	**–**	–
	99	369

Provisions relate to exceptional legal provisions in relation to a number of historic matters. Refer to note 17 of the Group Financial Statements.

8 Share Capital

Issued and fully paid	Equity ordinary shares	Nominal value £m
At 1 January 2019	736,535,179	74
Allotments	–	–
At 31 December 2019	**736,535,179**	**74**

The holders of ordinary shares (par value 10p) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company.

9 Related Party Transactions

There were no transactions with related parties other than wholly owned companies within the Group.

10 Contingent Liabilities

The Company has issued a guarantee to the trustees of the Reckitt Benckiser Pension Fund covering the obligations of certain UK subsidiaries of the Group who are the sponsoring employers of the UK defined benefit pension fund. The guarantee covers any amounts due to the pension fund from these subsidiaries if they fail to meet their pension obligations.

The Company has also issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a US$8,250 million bond (two tranches of US$2,500 million, one tranche of US$2,000 million, one tranche of US$750 million and one tranche of US$500 million). Details are included in Note 14 of the Group Financial Statements.

The Company has also issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to committed borrowing facilities totalling £5,500 million (2018: £4,500 million). Details of the facilities are included in Notes 14 and 32 of the Group Financial Statements.

The Company has also issued a guarantee on behalf of Mead Johnson Nutrition Company in relation to outstanding senior notes of US$2,300 million (2018:US$3,000 million) issued by Mead Johnson Nutrition Company prior to acquisition. The senior notes consist of two tranches of US$750 million, one tranche of US$500 million and one tranche of US$300 million. One tranche of US$700m was settled during the year.

Other contingent liabilities are disclosed in Note 19 of the Group Financial Statements.

11 Subsidiary Undertakings

In accordance with Section 409 of the Companies Act 2006 and Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, a full list of related undertakings as at 31 December 2019, including their registered office address, country of incorporation and the percentage of share ownership, is disclosed below. All undertakings are indirectly owned by Reckitt Benckiser Group plc, unless otherwise stated.

From time to time, management reviews the Group structure and seeks to remove redundant, dormant or non-trading entities. The Group is currently undergoing such a review. In 2019, 19 legal entities were placed into liquidation, and our expectation is that further entities will be eliminated in 2020. The removal of legal entities ultimately allows management to focus on the core business, reduces compliance obligations and cost, and improves transparency of the Group to external parties.

All subsidiary undertakings of Reckitt Benckiser Group plc are included in the consolidated Financial Statements of the Group.

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
103-105 Bath Road Limited	UK	149	ORD	100.00%
2309 Realty Corporation	Philippines	116	A/B	88.32%
Airwick Industrie SAS	France	60	ORD	100.00%
Anhui Guilong Pharmaceutical Trading Company Ltd	China	25	ORD	100.00%
Apenas Boa Nutrição Indústria de Alimentos Ltda.	Brazil	12	ORD	100.00%
Beleggingsmaatschappij Lemore BV	Netherlands	102	ORD	100.00%
Benckiser	UK	150	ORD	100.00%
Blisa, LLC	USA	122	MEMBERSHIP SHARES	100.00%
Brevet Hospital Products (UK) Limited*	UK	149	ORD	100.00%
British Surgical Industries Limited*	UK	149	ORD/PREF	100.00%
Canterbury Square Holdings S.à.r.l	Luxembourg	94	ORD	100.00%
Central Square Holding BV	Netherlands	102	ORD	100.00%
Crookes Healthcare Limited	Ireland	81	ORD	100.00%
Crookes Healthcare Limited	UK	149	ORD	100.00%
Cupal,Limited	UK	149	ORD/PREF	100.00%
Dakin Brothers Limited	UK	149	ORD	100.00%
Dorincourt Holdings (Ireland) Limited	Ireland	81	ORD	100.00%
Durex Limited	UK	149	ORD	100.00%
Earex Products Limited*	UK	149	ORD	100.00%
ERH Propack Limited	UK	149	ORD	100.00%
Exponential Health LLC	USA	122	MEMBERSHIP SHARES	100.00%
Fenla Industria, Comercio e Administracao Ltda	Brazil	13	COMMON	100.00%
FF Homecare & Hygiene Limited	UK	151	PREFERRED	37.50%
Gainbridge Investments (Cyprus) Limited	Cyprus	46	ORD	100.00%
Glasgow Square Limited	UK	149	ORD	100.00%
Green, Young & Company Limited	UK	149	ORD	100.00%
Grosvenor Square Holding B.V.	Netherlands	102	ORD	100.00%
Guilong Pharmaceutical (Anhui) Co. Ltd	China	25	ORD	100.00%
Guilong Pharmaceutical (Anhui) Co. Ltd†	China	26	–	100.00%
Hamol Limited	UK	149	ORD	100.00%
Helpcentral Limited	UK	149	ORD	100.00%
Howard Lloyd & Company,Limited	UK	149	ORD	100.00%
Kukident GmbH	Germany	62	COMMON	100.00%
Lancaster Square Holdings SL	Spain	134	ORD	100.00%
LI Pensions Trust Limited	UK	149	ORD	100.00%
Linden Germany A Limited	UK	149	ORD	100.00%
Linden Germany B Limited	UK	149	ORD	100.00%
Lloyds Pharmaceuticals	UK	149	ORD	100.00%
London International Group Limited	UK	149	ORD	100.00%
London International Trading Asia Limited	Hong Kong	68	ORD	100.00%
LRC Investments Limited*	UK	149	ORD/PREF	100.00%
LRC North America Inc	USA	122	COM/PREF	100.00%
LRC Products Limited	UK	149	ORD	100.00%
LRC Secretarial Services Limited	UK	149	ORD	100.00%
Maddison Square Holding B.V.	Netherlands	102	ORD	100.00%
Manufactura MJN, S. de R.L. de C.V.	Mexico	98	ORD	100.00%
Mead Johnson & Company LLC	USA	122	MEMBERSHIP SHARES	100.00%
Mead Johnson B.V.	Netherlands	103	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Mead Johnson do Brasil Comercio E Importacao De Productos de Nutricao Ltda.	Brazil	14	ORD	100.00%
Mead Johnson Nutricionales de México, S. de R.L. de C.V.	Mexico	98	ORD	100.00%
Mead Johnson Nutrition (Asia Pacific) Pte. Ltd.	Singapore	127	ORD	100.00%
Mead Johnson Nutrition (Australia) Pty Ltd	Australia	3	ORD	100.00%
Mead Johnson Nutrition (Belgium) BVBA	Belgium	10	ORD	100.00%
Mead Johnson Nutrition (Canada) Co.	Canada	19	COMMON	100.00%
Mead Johnson Nutrition (Colombia) Ltda.	Colombia	41	ORD	100.00%
Mead Johnson Nutrition (Dominicana), S.A.	USA	122	COMMON	100.00%
Mead Johnson Nutrition (Dominicana), S.A.†	Dominican Republic	49	–	100.00%
Mead Johnson Nutrition (France) SAS	France	60	ORD	100.00%
Mead Johnson Nutrition (Hong Kong) Limited	Hong Kong	69	ORD	100.00%
Mead Johnson Nutrition (Hong Kong) Limited†	Hong Kong	70	–	100.00%
Mead Johnson Nutrition (India) Private Limited	India	74	ORD	100.00%
Mead Johnson Nutrition (Italia) S.r.l.	Italy	84	QUOTA	100.00%
Mead Johnson Nutrition (Malaysia) Sdn Bhd	Malaysia	95	ORD	100.00%
Mead Johnson Nutrition (Panama), S. de R.L.	Panama	113	PARTNERSHIP/ MEMBERSHIP INTERESTS	100.00%
Mead Johnson Nutrition (Philippines), Inc.	Philippines	116	COMMON	99.96%
Mead Johnson Nutrition (Poland) Sp. z o.o	Poland	118	ORD	100.00%
Mead Johnson Nutrition (Puerto Rico) Inc.	USA	122	COMMON	100.00%
Mead Johnson Nutrition (Puerto Rico) Inc.†	Puerto Rico	122	–	100.00%
Mead Johnson Nutrition (Singapore) Pte. Ltd.	Singapore	127	ORD	100.00%
Mead Johnson Nutrition (Taiwan) Ltd.	Taiwan	141	ORD	100.00%
Mead Johnson Nutrition (Thailand) Ltd.	Thailand	143	COMMON	100.00%
Mead Johnson Nutrition (UK) Ltd.	UK	149	ORD	100.00%
Mead Johnson Nutrition (Venezuela) LLC	USA	122	MEMBERSHIP SHARES	100.00%

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Mead Johnson Nutrition (Vietnam) Company Limited	Vietnam	159	ORD	100.00%
Mead Johnson Nutrition Argentina S.A.	Argentina	1	A/B	90.00%
Mead Johnson Nutrition Company	USA	122	COMMON	100.00%
Mead Johnson Nutrition Holdings (Singapore) Pte. Ltd.	Singapore	127	ORD	100.00%
Mead Johnson Nutrition International Holdings Pte Ltd	Singapore	127	ORD	100.00%
Mead Johnson Nutrition Nominees LLC	USA	122	MEMBERSHIP SHARES	100.00%
Mead Johnson Nutrition Trading Poland Sp. z o.o	Poland	118	ORD	100.00%
Mead Johnson Nutrition Venezuela S.C.A.	Venezuela	157	ORD/COMMON	100.00%
Mead Johnson Nutritionals (China) Ltd.	China	38	ORD	88.89%
Mead Johnson One C.V.	Netherlands	104	PARTNERSHIP INTERESTS	100.00%
Mead Johnson Pediatric Nutrition Institute (China) Ltd.	China	27	–	100.00%
Mead Johnson Pediatric Nutrition Technology (Guangzhou) Ltd	China	39	–	100.00%
Mead Johnson Two C.V.	Netherlands	104	PARTNERSHIP INTERESTS	100.00%
Medcom Marketing And Prodazha Ukraine LLC*	Ukraine	152	–	100.00%
MJ UK Holdings Limited	UK	149	ORD	100.00%
MJ USA Holdings LLC	USA	122	MEMBERSHIP SHARES	100.00%
MJN Asia Pacific Holdings LLC	USA	122	MEMBERSHIP SHARES	100.00%
MJN Global Holdings B.V.	Netherlands	105	ORD	100.00%
MJN Holdings (Netherlands) B.V.	Netherlands	105	ORD	100.00%
MJN Innovation Services B.V.	Netherlands	103	ORD	100.00%
MJN International Holdings (UK), Ltd.	UK	149	ORD	100.00%
MJN U.S. Holdings LLC	USA	122	MEMBERSHIP SHARES	100.00%
New Bridge Holdings B.V.	Netherlands	102	ORD	100.00%
New Bridge Street Invoicing Limited*	UK	149	ORD	100.00%
Norwich Square Holding SL	Spain	134	ORD	100.00%
Nurofen Limited	UK	149	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Open Championship Limited*	UK	149	ORD	100.00%
Optrex Limited	UK	149	ORD	100.00%
Oriental Medicine Company Limited	Hong Kong	68	ORD	100.00%
Oxy Reckitt Benckiser LLC	South Korea	133	ORD	100.00%
Pharmalab Limited	UK	149	ORD	100.00%
Prebbles Limited*	UK	149	ORD/DEF	100.00%
Propack Produkte für Haushalt und Körperpflege GmbH	Germany	63	ORD	100.00%
PT Mead Johnson Indonesia	Indonesia	77	ORD	90.10%
PT Reckitt Benckiser Hygiene Home Indonesia	Indonesia	77	ORD	100.00%
PT Reckitt Benckiser Hygiene Home Trading Indonesia	Indonesia	77	ORD	100.00%
PT Reckitt Benckiser Indonesia	Indonesia	78	ORD	100.00%
PT Reckitt Benckiser Trading Indonesia	Indonesia	79	ORD	100.00%
Qingdao London Durex Co., Ltd	China	28	ORD	100.00%
Qingdao New Bridge Corporate Management Consulting Company Limited	China	28	ORD	100.00%
R&C Nominees Limited	UK	149	ORD	100.00%
R&C Nominees One Limited	UK	149	ORD	100.00%
R&C Nominees Two Limited	UK	149	ORD	100.00%
RB & Manon Business Co. Ltd	China	31	ORD	75.05%
RB & Manon Business Limited	Hong Kong	72	ORD	75.00%
RB & Manon Hygiene Home (Shanghai) Limited	China	29	ORD	100.00%
RB & Manon Hygiene Home Limited	Hong Kong	71	ORD	80.00%
RB (China Trading) Limited	UK	149	ORD	80.00%
RB (China) Holding Co. Ltd	China	30	ORD	100.00%
RB (Health) Colombia S.A.S	Colombia	42	ORD	100.00%
RB (Health) Malaysia Sdn Bhd	Malaysia	96	ORD	100.00%
RB (Hygiene Home) Australia Pty Ltd	Australia	4	ORD	100.00%
RB (Hygiene Home) Czech Republic, spol s.r.o	Czech Republic	47	ORD	100.00%
RB (Hygiene Home) HK Limited	Hong Kong	71	ORD	80.00%
RB (Hygiene Home) Hungary Kft	Hungary	73	ORD	100.00%
RB (Hygiene Home) Ltd	Israel	83	ORD	100.00%
RB (Hygiene Home) New Zealand Limited	New Zealand	107	ORD	100.00%
RB (Hygiene Home) Poland Sp. z o.o	Poland	119	ORD	100.00%
RB (Hygiene Home) Romania S.R.L.	Romania	123	ORD	100.00%
RB (Hygiene Home) Slovakia, spol. s r.o.	Slovakia	130	ORD	100.00%
RB (Suzhou) Co. Ltd	China	40	–	100.00%
RB Asia Holding Limited	UK	149	ORD	100.00%
RB East Trading Limited *†	Dubai	50	–	80.00%
RB Finance Luxembourg (2018) S.à.r.l	Luxembourg	94	ORD	100.00%
RB Health (Canada) Inc.	Canada	20	COMMON/ PREFERRED	100.00%
RB Health (Ecuador) Cia. Ltda.	Ecuador	54	ORD	100.00%
RB Health (US) LLC	USA	154	MEMBERSHIP SHARES	100.00%
RB Health Chile SpA	Chile	23	ORD	100.00%
RB Health Manufacturing (US) LLC	USA	154	MEMBERSHIP SHARES	100.00%
RB Health Mexico, S.A de C.V.	Mexico	98	ORD	100.00%
RB Health Nordic A/S sivuliike Suomessa†	Finland	58	–	100.00%
RB Health Nordic A/S, filial†	Sweden	138	–	100.00%
RB Health Nordic, NUF†	Norway	110	–	100.00%
RB Health Peru S.R.L.	Peru	114	ORD	100.00%
RB Health Services Mexico, S.A de C.V.	Mexico	98	ORD	100.00%
RB Healthcare Pte Ltd*	Singapore	128	ORD	100.00%
RB Holding Europe Du Sud SAS	France	60	ORD	100.00%
RB Holdings (Luxembourg) S.à.r.l	Luxembourg	94	ORD	100.00%
RB Holdings (Nottingham) Limited	UK	149	ORD	100.00%
RB Holdings Luxembourg (2018) S.à.r.l	Luxembourg	94	ORD	100.00%
RB Hygiene Home (Thailand) Limited	Thailand	144	ORD	100.00%
RB Hygiene Home Arabia FZE	Dubai	53	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
RB Hygiene Home Austria GmbH	Austria	5	ORD	100.00%
RB Hygiene Home Belgium SA/NV	Belgium	10	ORD	100.00%
RB Hygiene Home Deutschland GmbH	Germany	64	ORD	100.00%
RB Hygiene Home France SAS	France	60	ORD	100.00%
RB Hygiene Home India Private Limited	India	75	ORD	100.00%
RB Hygiene Home Investments Limited	UK	149	ORD	100.00%
RB Hygiene Home Japan Ltd	Japan	86	ORD	100.00%
RB Hygiene Home Netherlands B.V.	Netherlands	102	ORD	100.00%
RB Hygiene Home Nordic A/S	Denmark	48	ORD	100.00%
RB Hygiene Home Nordic A/S, filial†	Sweden	138	–	100.00%
RB Hygiene Home Nordic A/S, sivuliike Suomessa†	Finland	59	–	100.00%
RB Hygiene Home Nordic NUF†	Norway	110	–	100.00%
RB Hygiene Home Switzerland AG	Switzerland	140	ORD	100.00%
RB Ireland Hygiene Home Commercial Limited	Ireland	82	ORD	100.00%
RB LATAM Holding B.V.	Netherlands	102	ORD	100.00%
RB Luxembourg (2016) Limited	UK	149	ORD	100.00%
RB Luxembourg (TFFC) S.à.r.l	Luxembourg	94	ORD	100.00%
RB Luxembourg Holdings (TFFC) Limited	UK	149	ORD	100.00%
RB Luxembourg Holdings (TFFC) Limited†	Luxembourg	94	–	100.00%
RB Manufacturing LLC	USA	122	MEMBERSHIP SHARES	100.00%
RB Mexico Investments Limited	UK	149	ORD	100.00%
RB NL Brands B.V.	Netherlands	102	ORD	100.00%
RB Reigate (2019) Ltd	UK	149	ORD	100.00%
RB Reigate (Ireland) Unlimited Company	Ireland	81	ORD	100.00%
RB Reigate (UK) Limited	UK	149	ORD	100.00%
RB Salute Mexico S.A de C.V.	Mexico	99	ORD	100.00%
RB Square Holdings Spain, S.L.	Spain	134	A/B	100.00%
RB UK Commercial Limited	UK	149	ORD	100.00%
RB UK Hygiene Home Commercial Limited	UK	149	ORD	100.00%
RB USA (2019) Ltd	UK	149	ORD	100.00%
RB USA Holdings LLC	USA	122	MEMBERSHIP SHARES	100.00%
RB Winchester (Ireland) Unlimited Company	Ireland	81	ORD	100.00%
RBHCR Health Reckitt Costa Rica Sociedad Anonima	Costa Rica	44	COMMON	100.00%
Reckitt & Colman (Jersey) Limited	Jersey	87	ORD/PREF	100.00%
Reckitt & Colman (Overseas) Health Limited	UK	149	ORD	100.00%
Reckitt & Colman (Overseas) Hygiene Home Limited	UK	149	ORD	100.00%
Reckitt & Colman (Overseas) Limited	UK	149	ORD	100.00%
Reckitt & Colman (UK) Limited	UK	149	ORD/PREF	100.00%
Reckitt & Colman Capital Finance Limited	Jersey	87	ORD	100.00%
Reckitt & Colman Guangzhou Limited	China	32	ORD	100.00%
Reckitt & Colman Holdings Limited	UK	149	ORD	100.00%
Reckitt & Colman Management Services (Ireland) Limited	Ireland	81	ORD	100.00%
Reckitt & Colman Pension Trustee Limited	UK	149	ORD	100.00%
Reckitt & Colman Sagrotan Verwaltungsgesellschaft GmbH	Germany	64	COMMON	100.00%
Reckitt & Colman Trustee Services Limited	UK	149	ORD	100.00%
Reckitt & Sons Limited	UK	149	ORD	100.00%
Reckitt Benckiser (2012) BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser (Australia) Pty Limited	Australia	4	ORD/PREF	100.00%
Reckitt Benckiser (Bangladesh) Limited	Bangladesh	8	ORD	82.96%
Reckitt Benckiser (Belgium) SA/NV	Belgium	10	ORD	100.00%
Reckitt Benckiser (Brands) Limited	UK	149	ORD	100.00%
Reckitt Benckiser (Brasil) Comercial de Produtos de Hygiene, Limpeza e Cosméticos Ltda.	Brazil	15	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Reckitt Benckiser (Brasil) Ltda	Brazil	13	ORD	100.00%
Reckitt Benckiser (BVI) No. 1 Limited	British Virgin Islands	17	ORD	100.00%
Reckitt Benckiser (BVI) No. 1 Limited†	UK	149	–	100.00%
Reckitt Benckiser (BVI) No. 2 Limited	British Virgin Islands	17	ORD	100.00%
Reckitt Benckiser (BVI) No. 2 Limited†	UK	149	–	100.00%
Reckitt Benckiser (BVI) No. 3 Limited	British Virgin Islands	17	ORD	100.00%
Reckitt Benckiser (BVI) No. 3 Limited†	UK	149	–	100.00%
Reckitt Benckiser (BVI) No. 4 Limited	British Virgin Islands	17	ORD	100.00%
Reckitt Benckiser (Canada) Inc.	Canada	21	NEW COMMON	100.00%
Reckitt Benckiser (Cayman Islands) Limited	Cayman Islands	22	ORD	100.00%
Reckitt Benckiser (Centroamerica) SA	Costa Rica	44	ORD	100.00%
Reckitt Benckiser (Channel Islands) Limited	Guernsey	67	ORD	100.00%
Reckitt Benckiser (Czech Republic), spol. s r.o.	Czech Republic	47	ORD	100.00%
Reckitt Benckiser (Egypt) Limited	Egypt	56	ORD	100.00%
Reckitt Benckiser (ENA) BV	Netherlands	106	ORD	100.00%
Reckitt Benckiser España SL	Spain	134	ORD	100.00%
Reckitt Benckiser (Granollers) SL	Spain	134	ORD	100.00%
Reckitt Benckiser (Grosvenor) Holdings Limited	UK	149	ORD	100.00%
Reckitt Benckiser (Health) Holdings Limited	UK	149	ORD	100.00%
Reckitt Benckiser (Hygiene Home) Holdings Limited	UK	149	ORD	100.00%
Reckitt Benckiser (India) Private Limited	India	75	ORD	100.00%
Reckitt Benckiser (Lanka) Limited	Sri Lanka	137	ORD	99.99%
Reckitt Benckiser (Latvia) SIA	Latvia	93	ORD	100.00%
Reckitt Benckiser (Malaysia) Sdn Bhd	Malaysia	97	ORD	100.00%
Reckitt Benckiser (Near East) Limited	Israel	83	ORD	100.00%

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Reckitt Benckiser (New Zealand) Limited	New Zealand	108	ORD	100.00%
Reckitt Benckiser (Pars) PJSC	Iran	80	ORD	100.00%
Reckitt Benckiser (Poland) SA	Poland	119	ORD	100.00%
Reckitt Benckiser (Portugal) S.A.	Portugal	120	ORD	100.00%
Reckitt Benckiser (Romania) Srl	Romania	123	ORD	100.00%
Reckitt Benckiser (RUMEA) Limited	UK	149	ORD	100.00%
Reckitt Benckiser (RUMEA) Limited†	Dubai	51	–	100.00%
Reckitt Benckiser (RUMEA) Limited†	Dubai	52	–	100.00%
Reckitt Benckiser (Singapore) Pte Limited	Singapore	129	ORD	100.00%
Reckitt Benckiser (Slovak Republic), spol. s r.o.	Slovakia	130	ORD	100.00%
Reckitt Benckiser (South America) Holding BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser (Spain) BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser (Switzerland) AG	Switzerland	140	ORD	100.00%
Reckitt Benckiser (Thailand) Limited	Thailand	143	ORD	100.00%
Reckitt Benckiser (UK) Limited	UK	149	ORD	100.00%
Reckitt Benckiser (USA) Limited	UK	149	ORD	100.00%
Reckitt Benckiser AG	Switzerland	140	ORD	100.00%
Reckitt Benckiser Arabia FZE	Dubai	50	ORD	100.00%
Reckitt Benckiser Argentina SA	Argentina	2	ORD	100.00%
Reckitt Benckiser Asia Pacific Limited	UK	149	ORD	100.00%
Reckitt Benckiser Asia Pacific Limited†	Japan	86	ORD	100.00%
Reckitt Benckiser Austria GmbH	Austria	5	ORD	100.00%
Reckitt Benckiser Bahrain W.L.L	Bahrain	7	ORD	100.00%
Reckitt Benckiser Brands Investments BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Bulgaria Eood*	Bulgaria	18	ORD	100.00%
Reckitt Benckiser BY LLC	Belarus	9	–	100.00%
Reckitt Benckiser Calgon BV	Netherlands	102	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Reckitt Benckiser Chartres SAS	France	61	ORD	100.00%
Reckitt Benckiser Chile SA	Chile	24	ORD	100.00%
Reckitt Benckiser Colombia SA	Colombia	43	ORD	100.00%
Reckitt Benckiser Commercial (Italia) S.r.l.	Italy	85	QUOTA	100.00%
Reckitt Benckiser Corporate Services Limited	UK	149	ORD	100.00%
Reckitt Benckiser d.o.o	Croatia	45	–	100.00%
Reckitt Benckiser Detergents GmbH	Germany	64	ORD	100.00%
Reckitt Benckiser Deutschland GmbH	Germany	64	COMMON	100.00%
Reckitt Benckiser East Africa Limited	Kenya	90	ORD	99.00%
Reckitt Benckiser Ecuador SA	Ecuador	55	ORD	100.00%
Reckitt Benckiser Europe General Partnership	UK	149	PARTNERSHIP SHARES	100.00%
Reckitt Benckiser Europe General Partnership, Slough (UK), Wallisellen Branch†	Switzerland	140	–	100.00%
Reckitt Benckiser Ev ve Hjyen Ürünleri A.Ş.	Turkey	147	–	100.00%
Reckitt Benckiser Expatriate Services Limited	UK	149	ORD	100.00%
Reckitt Benckiser Fabric Treatment BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Finance (2005) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Finance (2007)	UK	149	ORD	100.00%
Reckitt Benckiser Finance (2010) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Finance (Ireland) Unlimited Company	Ireland	81	ORD	100.00%
Reckitt Benckiser Finance Company Limited	UK	149	ORD	100.00%
Reckitt Benckiser Finish BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser France SAS	France	60	ORD	100.00%
Reckitt Benckiser FSIA BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Global R&D GmbH	Germany	65	COMMON	100.00%
Reckitt Benckiser Health Argentina SA	Argentina	2	ORD	100.00%
Reckitt Benckiser Health Comercial Ltda	Brazil	16	ORD	100.00%
Reckitt Benckiser Health Kenya Limited	Kenya	91	ORD	100.00%
Reckitt Benckiser Health Limited	UK	149	ORD	100.00%
Reckitt Benckiser Healthcare (Central & Eastern Europe) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Healthcare (CIS) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Healthcare (Ireland) Limited	Ireland	81	ORD	100.00%
Reckitt Benckiser Healthcare (Italia) S.p.A	Italy	85	ORD	100.00%
Reckitt Benckiser Healthcare (MEMA) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Healthcare (Philippines), Inc.	Philippines	117	COMMON/ PREF	100.00%
Reckitt Benckiser Healthcare (Russia) LLC	Russia	124	–	100.00%
Reckitt Benckiser Healthcare (UK) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Healthcare Australia Pty Limited	Australia	4	ORD	100.00%
Reckitt Benckiser Healthcare BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Healthcare France SAS	France	60	ORD	100.00%
Reckitt Benckiser Healthcare India Private Limited	India	75	ORD	100.00%
Reckitt Benckiser Healthcare International Limited	UK	149	ORD	100.00%
Reckitt Benckiser Healthcare Manufacturing (Thailand) Limited	Thailand	145	ORD/PREF	100.00%
Reckitt Benckiser Healthcare Portugal Ltda	Portugal	120	ORD	100.00%
Reckitt Benckiser Healthcare SA	Spain	134	ORD	100.00%
Reckitt Benckiser Hellas Healthcare S.A.	Greece	66	ORD	100.00%
Reckitt Benckiser Hellas Hygiene Home A.E.	Greece	66	COMMON	100.00%
Reckitt Benckiser Holding (Thailand) Limited	Thailand	143	COMM/PREF	45.00%
Reckitt Benckiser Holding GmbH & Co KG	Germany	64	–	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Reckitt Benckiser Holdings (Channel Islands) Limited	Guernsey	67	ORD	100.00%
Reckitt Benckiser Holdings (Channel Islands) Limited†	UK	149	–	100.00%
Reckitt Benckiser Holdings (Italia) S.r.l.	Italy	85	QUOTAS	100.00%
Reckitt Benckiser Holdings (Luxembourg) Limited	UK	149	ORD/PREF	100.00%
Reckitt Benckiser Holdings (Overseas) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Holdings (TFFC) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Holdings (USA) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Holdings (USA) Limited†	Luxembourg	94	–	100.00%
Reckitt Benckiser Home Chemical Products Trading (Shanghai) Co. Limited	China	33	ORD	100.00%
Reckitt Benckiser Hong Kong Limited	Hong Kong	68	ORD	100.00%
Reckitt Benckiser Hong Kong Limited†	Taiwan	142	–	100.00%
Reckitt Benckiser Household and Healthcare Ukraine LLC	Ukraine	153	–	100.00%
Reckitt Benckiser Household Products (China) Company Limited	China	34	ORD	100.00%
Reckitt Benckiser Hygiene Home Brands B.V.	Netherlands	102	ORD	100.00%
Reckitt Benckiser Hygiene Home Egypt Limited	Egypt	57	ORD	100.00%
Reckitt Benckiser Hygiene Home Ukraine LLC	Ukraine	153	–	100.00%
Reckitt Benckiser Investments (2012) LLC	USA	122	MEMBERSHIP SHARES	100.00%
Reckitt Benckiser Investments (No. 1) S.à.r.l	Luxembourg	94	ORD	100.00%
Reckitt Benckiser Investments (No. 2) S.à.r.l	Luxembourg	94	ORD	100.00%
Reckitt Benckiser Investments (No. 4) S.à.r.l	Luxembourg	94	ORD	100.00%
Reckitt Benckiser Investments (No. 5) S.à.r.l	Luxembourg	94	ORD	100.00%
Reckitt Benckiser Investments (No. 6) S.à.r.l	Luxembourg	94	ORD	100.00%
Reckitt Benckiser Investments (No. 7) S.à.r.l	Luxembourg	94	ORD	100.00%

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Reckitt Benckiser Investments (No. 8) S.à.r.l	Luxembourg	94	ORD	100.00%
Reckitt Benckiser Investments Limited	UK	149	ORD	100.00%
Reckitt Benckiser IP LLC	Russia	125	–	100.00%
Reckitt Benckiser Ireland Limited	Ireland	81	ORD	100.00%
Reckitt Benckiser Italia S.p.A	Italy	85	ORD	100.00%
Reckitt Benckiser Japan Limited	Japan	86	ORD	100.00%
Reckitt Benckiser Jersey (No.1) Limited	Jersey	87	ORD	100.00%
Reckitt Benckiser Jersey (No.1) Limited†	UK	149	–	100.00%
Reckitt Benckiser Jersey (No.2) Limited	Jersey	87	ORD	100.00%
Reckitt Benckiser Jersey (No.2) Limited†	UK	149	–	100.00%
Reckitt Benckiser Jersey (No.3) Limited	Jersey	87	ORD	100.00%
Reckitt Benckiser Jersey (No.3) Limited†	UK	149	–	100.00%
Reckitt Benckiser Jersey (No.5) Limited	Jersey	87	ORD	100.00%
Reckitt Benckiser Jersey (No.5) Limited†	UK	149	–	100.00%
Reckitt Benckiser Jersey (No.7) Limited	Jersey	87	ORD/A/C/D	100.00%
Reckitt Benckiser Kazakhstan LLC	Kazakhstan	89	–	100.00%
Reckitt Benckiser Kereskedelmi Kft	Hungary	73	ORD	100.00%
Reckitt Benckiser Laundry Detergents (No. 1) BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Laundry Detergents (No. 2) BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Lime-A-Way BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser LLC	USA	122	MEMBERSHIP SHARES	100.00%
Reckitt Benckiser LLC	Russia	126	–	100.00%
Reckitt Benckiser Luxembourg (2010) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 1) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 2) Limited	UK	149	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Reckitt Benckiser Luxembourg (No. 3) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 4) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Management Services Unlimited Company	Ireland	81	A/B/C/D/E/F/G/H/I/K	100.00%
Reckitt Benckiser Marc BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Mexico, S.A. de C.V.	Mexico	100	ORD	100.00%
Reckitt Benckiser Morocco Sarl AU	Morocco	101	ORD	100.00%
Reckitt Benckiser Nigeria Limited	Nigeria	109	ORD	99.53%
Reckitt Benckiser Nordic A/S	Denmark	48	ORD	100.00%
Reckitt Benckiser NV	Netherlands	102	ORD	100.00%
Reckitt Benckiser NV†	Luxembourg	94	–	100.00%
Reckitt Benckiser Oven Cleaners BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Pakistan Limited	Pakistan	112	ORD	98.67%
Reckitt Benckiser Peru SA	Peru	115	ORD	100.00%
Reckitt Benckiser Pharmaceuticals (Proprietary) Limited	South Africa	131	ORD	100.00%
Reckitt Benckiser plc°	UK	149	ORD	100.00%
Reckitt Benckiser Porto Alto Lda	Portugal	121	ORD	100.00%
Reckitt Benckiser Power Cleaners BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Production (Poland) Sp. z.o.o.	Poland	119	ORD	100.00%
Reckitt Benckiser S.à.r.l	Luxembourg	94	A	100.00%
Reckitt Benckiser Scholl India Private Limited	India	76	ORD	100.00%
Reckitt Benckiser Service Bureau Limited	UK	149	ORD	100.00%
Reckitt Benckiser Services (Kenya) Limited	Kenya	92	ORD	100.00%
Reckitt Benckiser Services S.A. de C.V.	Mexico	100	ORD	100.00%
Reckitt Benckiser South Africa Health Holdings (Pty) Limited	South Africa	132	ORD	100.00%
Reckitt Benckiser South Africa Proprietary Limited	South Africa	132	ORD	100.00%
Reckitt Benckiser Taiwan Limited	Taiwan	142	ORD	100.00%

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Reckitt Benckiser Tatabanya Kft	Hungary	73	ORD	100.00%
Reckitt Benckiser Temizlik Malzemesi San. ve Tic. A.S.	Turkey	148	–	99.96%
Reckitt Benckiser Tiret BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Treasury (2007) Limited	UK	149	ORD/PREF	100.00%
Reckitt Benckiser Treasury Services plc	UK	149	ORD	100.00%
Reckitt Benckiser USA (2010) LLC	USA	122	MEMBERSHIP SHARES	100.00%
Reckitt Benckiser USA (2010) LLC†	UK	149	–	100.00%
Reckitt Benckiser USA (2012) LLC	USA	122	MEMBERSHIP SHARES	100.00%
Reckitt Benckiser USA (2013) LLC	USA	122	MEMBERSHIP SHARES	100.00%
Reckitt Benckiser USA (2013) LLC†	UK	149	–	100.00%
Reckitt Benckiser USA Finance (No.1) Limited	UK	149	ORD	100.00%
Reckitt Benckiser USA Finance (No.2) Limited	UK	149	ORD	100.00%
Reckitt Benckiser USA Finance (No.3) Limited	UK	149	ORD	100.00%
Reckitt Benckiser Vanish BV	Netherlands	102	ORD	100.00%
Reckitt Benckiser Venezuela SA	Venezuela	158	NOMINATIVE	100.00%
Reckitt Colman Chiswick (OTC) Limited	UK	149	ORD	100.00%
Reckitt Piramal Private Limited	India	74	ORD	100.00%
Reigate Square Holdings S.à.r.l	Luxembourg	94	ORD	100.00%
Relcamp Aie*	Spain	135	ORD	100.00%
Rivalmuster*	UK	149	ORD	100.00%
Scholl (Investments) Limited*	UK	149	ORD	100.00%
Scholl (UK) Limited	UK	149	ORD	100.00%
Scholl Consumer Products Limited	UK	149	ORD	100.00%
Scholl Latin America Limited*	Bahamas	6	ORD	100.00%
Scholl Limited	UK	149	ORD/PREF	100.00%
Servicios Nutricionales Mead Johnson, S. de R.L. de C.V.	Mexico	98	ORD	100.00%
Seton Healthcare Group No.2 Trustee Limited	UK	149	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered Office	Share Class	Proportion of shares held
Seton Healthcare No.1 Trustee Limited	UK	149	ORD	100.00%
Sonet Group Limited*	UK	149	ORD	100.00%
Sonet Healthcare Limited*	UK	149	ORD	100.00%
Sonet Investments Limited	UK	149	ORD	100.00%
Sonet Prebbles Limited	UK	149	ORD	100.00%
Sonet Products Limited	UK	149	ORD	100.00%
Sonet Scholl Healthcare International Limited*	UK	149	ORD	100.00%
Sonet Scholl Healthcare Limited*	UK	149	ORD	100.00%
Sonet Scholl Overseas Investments Limited	UK	149	ORD	100.00%
Sonet Scholl UK Limited	UK	149	ORD	100.00%
Sphinx Holding Company, Inc.	Philippines	116	COMMON/ PREF	38.00%
SSL (C C Manufacturing) Limited*	UK	149	ORD	100.00%
SSL (C C Services) Limited*	UK	149	ORD/PREF	100.00%
SSL (MG) Polymers Limited	UK	149	ORD	100.00%
SSL (MG) Products Limited*	UK	149	ORD	100.00%
SSL (RB) Products Limited	UK	149	ORD	100.00%
SSL (SD) International Limited*	UK	149	ORD	100.00%
SSL Australia Pty Ltd	Australia	4	ORD	100.00%
SSL Capital Ltd	Jersey	88	ORD/PREF	100.00%
SSL Healthcare (Shanghai) Ltd	China	35	ORD	100.00%
SSL Healthcare Ireland Limited	Ireland	81	ORD	100.00%
SSL Healthcare Manufacturing SA	Spain	136	ORD	100.00%
SSL Healthcare Norge AS*	Norway	111	ORD	100.00%
SSL Healthcare Sverige AB	Sweden	139	ORD	100.00%
SSL Holdings (USA) Inc	USA	122	COMMON	100.00%
SSL International plc	UK	149	ORD	100.00%
SSL Manufacturing (Thailand) Limited	Thailand	146	ORD	100.00%
SSL New Zealand Limited	New Zealand	108	ORD	100.00%
SSL Products Limited	UK	149	ORD	100.00%
Suffolk Finance Company Limited	UK	149	ORD/DEF	100.00%
Suffolk Insurance Limited	Bermuda	11	COMMON	100.00%
Tai He Tai Lai Culture Communication Co Ltd	China	36	ORD	100.00%
The Representative Office of Reckitt Benckiser (Thailand) Ltd in Ho Chi Minh City†	Vietnam	143	ORD	100.00%
Tubifoam Limited	UK	149	ORD	100.00%
Ultra Chemical Limited*	UK	149	ORD	100.00%
Ultra Laboratories Limited*	UK	149	ORD	100.00%
UpSpring LLC	USA	155	ORD	100.00%
W.Woodward,Limited	UK	149	ORD	100.00%
Winchester Square Holdings S.à.r.l	Luxembourg	94	ORD	100.00%
Xinzhou ZhongHeng Pharmaceutical Co., Ltd	China	37	ORD	100.00%

* This entity is in liquidation
° Interest held directly by Reckitt Benckiser Group plc
† This is a registered branch

Registered Office

1 Teniente General Richieri 15, Ciudad de Sunchales. Santa Fe, Argentina
2 Bucarelli 2608 PB A, CABA, Buenos Aires, Argentina
3 King & Wood Mallesons Governor Phillip Tower Level 61 1, Farrer Place Sydney NSW 2000, Australia
4 Level 47, 680 George Street, Sydney, NSW, 2000, Australia
5 Guglgasse 15, A-1110 Wien (Vienna), Austria
6 c/o 103-105 Bath Road, Slough, SL1 3UH, United Kingdom
7 Building 330, Road 1506, Block 115. Bahrain International Investment Park, Hidd. Kingdom of Bahrain
8 58/59 Nasirabad Industrial Area, Chittagong- 4209, Bangladesh
9 220108, Minsk, Kazintsa, 121A, app.403, Belarus
10 20 Allée de la Recherche, 1070 Anderlecht, Belgium
11 Clarendon House, 2 Church Street, Hamilton, HM DX, Bermuda
12 Estrada Fukutaro Yida, n. 930, Bairro Cooperativa, in the city of Sao Bernardo Do Campo, Estate of Sao Paulo, 09852-060, Brazil
13 Rodovia Raposo Tavares, 8015, km 18, Jardim Arpoador, CEP 05577-900, São Paulo, Brazil
14 Presidente Juscelino Kubitschek Avenue, n. 1909, 24th floor, Part B, North Tower, Condomínio São Paulo Corporate Centers, 04543-907, São Paulo, Brazil
15 Av. Presidente Juscelino Kubitshek,1909, cj 241 and 251, Ed. São Paulo Corporate Center/North Tower, São Paulo – Brasil. 04543-903
16 Av. Presidente Juscelino Kubitschek, nº 1.909, Conjunto 241, Parte C, localizado no 24º andar da Torre Norte do Condomínio São Paulo Corporate Centers, Bairro Vila Nova Conceição, São Paulo , CEP 04543-907, Brazil
17 Palm Grove House, PO Box 438, Road Town, Tortola, VG1110, British Virgin Islands
18 Sofia City – 1407, Lozenets region, 22, Zlaten rog Str., 3rd floor, Office 4, Bulgaria
19 1959 Upper Water Street, Suite 900, Halifax, Nova Scotia, B3J 3N2, Canada

11 Subsidiary Undertakings continued

20 Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada

21 1680 Tech Avenue Unit 2, Mississauga, Ontario L4W 5S9, Canada

22 PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands

23 Presidente Kennedy n° 5454 depto 1602. Comuna: Vitacura. Ciudad: Santiago de Chile, Chile

24 Av. Pdte. Kennedy Lateral 5454 of 1602, Vitacura, Región Metropolitana, Santiago de Chile, Chile

25 Dangtu Economic Development Zone, Maanshan City, Anhui Province, China

26 Unit 02, 11/F, Tower A, Hedonic Center, 6 , Songyue Road, Siming District, Xiamen, China

27 Room 01, Floor 2, No.2, Xiayuan Road, Dongji Industry Zone of Economic and Technology District, Guangzhou, Guangdong, China

28 No. 1-13 Shangma Part Aodong Road, High-tech Industrial Development Zone, Qingdao, China

29 16/F, Xu Jia Hui International Plaza, No.1033 Zhao Jia Bang Road, Shanghai, China

30 Unit B01, Room 401, Tower 2, Parkview Green Fang Cao Di, No.9 Dongdaqiao Road, Chaoyang District, Beijing, China

31 Room 1101, No. 1033, Zhao Jia Bang Road, Shanghai, China

32 No. 3, Canglian 1 road, ETDZ, Guangzhou, China

33 C6-8 area, 6 floor, No 333, Futexiyi Road, Free trade zone, Waigaoqiao, Shanghai, China

34 No.34 Beijing East Road, Jingzhou City, Hubei Province, China

35 Room 1605, No.660 Shangcheng Road, Pudong District, Shanghai City, China

36 Unit B06, Room 401, Tower 2, Parkview Green Fang Cao Di, No.9 Dongdaqiao Road, Chaoyang District, Beijing, China

37 Fenyuan Road, Xinzhou Economic and Technology Development Zone, Shanxi, China

38 2# Xia Yuan Road, Dongji Industrial District, Guangzhou Economic & Technological Development Zone, Guangzhou, 510730, China

39 Room 02, Floor 2, No.2, Xiayuan Road, Dongji Industry Zone of Economic and Technology District, Guangzhou, Guangdong, China

40 5th Floor, Building 1, Taicang Biological Port, No. 52 Yingang Road, Taicang Port Economic and Technological Development Zone, China

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42 Calle 76 No.11 – 17 Oficina 301 Bogotá, Colombia

43 Calle 46 # 5 – 76. Cali, Colombia

44 San José, Escazú Corporate Center, 7 Piso, Costado Sur de Multiplaza Escazú, San José, Costa Rica

45 Ulica Grada Vukovara 269d, 10 000 Zagreb, Hrvatska, Croatia

46 1 Lampousas Street, P.C. 1095, Nicosia, Cyprus

47 Vinohradská 2828/151, 130 00 Praha 3-Žižkov, Czech Republic

48 Vandtarnsvej 83A 2860 Soborg, Denmark

49 Av. Winston Churchill No.1099, Tower Acropolis, Floor 12, City of Santo Domingo, Dominican Republic

50 Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, UAE

51 Office No. 1801 – 1803 – 1804 EMAAR Properrties – Burj Khalifa, P.O. Box: 119481, UAE

52 PO Box 119841, Jebel Ali Freezone, Dubai, UAE

53 P.O. Box 16834 Jebel Ali Free Zone Dubai, UAE

54 Av. Coruña N27 – 88 y Orellana. Quito – Ecuador

55 Av. 12 de Octubre N26-48 y Orellana. Edificio Mirage, Piso 4, Oficina 4C. (Quito-Ecuador) Código postal 170525, Ecuador

56 Polyium Building 22, Off-road 90, District 1, 5th Settlement, New Cairo, Egypt

57 Building A1, Second Floor, Plot #A14b01, Cairo Festival City, First District, Fifth Settlement, New Cairo, Egypt

58 Itsehallintokuja 6 02600 Espoo, Finland

59 Självstyrelsevägen 6 02600 Esbo, Finland

60 38 RUE Victor Basch, 91300 Massy, France

61 102 RUE de Sours 28000 Chartres, France

62 Heinestrasse 9, 69469 Weinheim, Germany

63 Robert-Koch-Str. 1, 69115 Heidelberg, Germany

64 Darwinstrasse 2-4, 69115 Heidelberg, Germany

65 Dr. Albert-Reimann-Strasse 3, 68526 Ladenburg, Germany

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67 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, GY1 1EW, Guernsey

68 2206-11, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong

69 25/F Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong

70 Alamdea Dr. Carlos D'assumpcao No.258,6 Andar, F6, Edif.Kin Heng Long Plaza, Macau, MO, Macau

71 9/F Three Exchange Square 8, Connaught Place Central, Hong Kong

72 Unit 2001, 20/F, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong

73 134-146 ut Bocksai, 1113 Budapest, Hungary

74 Unit No. 54, 5th Floor, Kalpataru Square, Andheri-Kurla Road, Andheri (East), Mumbai – 400059, Maharashtra, India

75 Plot. No. 48, Sector 32, Institutional Area, Gurgaon-122001, Tamilnadu, India

76 Plot no. F73 & 74, Sipcot Industrial Park, Irungattukottai, Sriperumbudur Taluk, Kancheepuram District-602117, Tamilnadu, India

77 Treasury Tower – District 8 Level 59, Scbd Lot 28, Jl. Jend Sudirman Kav 52-53, Kel. Senayan, Kec., Kebayoran Baru, Kota Adm. Jakarta Selatan, Prop. Dki Jakarta, Indonesia

78 District 8 Level 58th floor. SCBD Lot 28, Jl. Jend. Sudirman kav 52-54, Jakarta 12190, Indonesia

79 Jalan Raya Narogong Km. 15, Desa Limusnunggal Pangkalan VII, Kec Cileungsi , Bogor, Indonesia

80 No. 67, West Taban Avenue, Africa Boulevard, Tehran, Iran

81 3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland

82 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland

83 6 Hanagar, Hod Hasharon, Israel

84 Via Birmania, 81-00144, Roma, Italy

85 Via Spadolini, 7, 20141 Milano, Italy

86 3-20-14 Higashi Gotanda, Shinagawa-ku, 141-0022, Tokyo

87 ICF 5, St. Helier, JE1 1ST, Jersey

88 44 Esplanade, St Helier, JE4 9WG, Jersey

89 Office 302, Building 15a, Koktem-1, Micro District, Almaty city, Kazakhstan

90 Plot Lr No 209/2462, Likoni Road, Nairobi, Kenya

91 14 Riverside, L.R Number 209/19436, Riverside Drive, Nairobi, Kenya

92 LR.NO.1870/1/569, 2nd Floor, Apollo Centre, Ring Road, Westlands, Kenya

11 Subsidiary Undertakings continued

93 Rīga, Strēlnieku iela 1A – 2, LV-1010, Latvia

94 1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg

95 Suite 1005, 10th Floor, Wisma Hamzag Kwong Hing, No. 1 Leboh Ampang, 50100 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia

96 Unit No. 50-8-1, 8th Floor, Wisma Uoa Damansara, 50 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia

97 Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia

98 Av. Ejército Nacional No. 769, Corporativo Miyana Torre B, Piso 6, Alcaldía Miguel Hidalgo, Colonia Granada, CP 11520, Mexico

99 Calzada de Tlalpan No. 2996, Col. Ex Hacienda Coapa, Del. Coyoacán, Cd. de México, C.P. 04980, Mexico

100 Circuito Dr Gustavo Baz,7 No 7, Fracc Industrial El Pedregal, Atizapan de Zaragoza, Edomex, Mexico

101 322 Boulevard, Zerktouni, Residence Boissy Ler Etage – Bourgogne, Casablanca, Morocco

102 Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands

103 Middenkampweg 2, 6545 CJ Nijmegen, The Netherlands

104 225 North Canal Street, Floor 25, Chicago, IL 60606, USA

105 Zuidplein 142, Tower H, 17th Floor, 1077 XV Amsterdam, The Netherlands

106 Schiphol Boulevard 267, 1118 BH Schiphol, The Netherlands

107 Level 1, 2 Fred Thomas Drive Takapuna, Auckland, 0622, New Zealand

108 2 Fred Thomas Drive, Takapuna, Auckland 0622, New Zealand

109 12 Montgomery Road, Yaba, Lagos, Nigeria

110 Henrik Ibsens Gate 60A,0255 Oslo, Norway

111 Vollsveien 9, 1366 Lysaker, Norway

112 3rd Floor, Tenancy 04 and 05, Corporate Office Block, Dolman City, HC-3, Block 4, Scheme 5, Clifton, Karachi, Pakistan

113 Regus, Torres de la Américas, Torres de las Américas, Torre A, Piso 15. Oficina 1539., Punta Pacifica, Ciudad de Panamá, PA , Panama

114 Calle Dean Valdivia 148 Piso 5, San Isidro Lima 27, Peru

115 Avenida República de Panamá No. 2557 Int. 202, La Victoria. Lima, Peru

116 2309 Don Chino Roces Avenue Extension, Makati City, Philippines

117 3rd Floor Mead Johnson Nutrition Inc, 2309 Don Chino Roces Extension, Makati City, Philippines

118 Ul. Wołoska 22, 02-675 Warsaw, Poland

119 05-100 Nowy Dwór Mazowiecki, Ul. Okunin 1, Poland

120 R. Dom Cristóvão da Gama 1 – 1º Andar C/D, Edifício Restelo, 1400-113 Lisboa, Portugal

121 Estrada Malhada dos Carrascos nr12, 2135-061, Samora Correia, Portugal

122 Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA

123 89-97 Grigore Alexandrescu Street, Building A, 5th floor, Finish room, Sector 1, Bucharest, Romania

124 4, Shluzovaya emb., 3rd Floor, Moscow, 115114 Russia

125 Kozhevnicheskaya street, 14, Moscow, 115114, Russia

126 Moscow, Kosmodamianskaya Nab d.52/1, Russia

127 80 Robinson Road, #02-00, 068898, Singapore

128 1 Fifth Avenue, #04-06 Guthrie House, 268802, Singapore

129 12 Marina Boulevard, #19-01 Marina Bay Financial Centre, 018982, Singapore

130 Drieňová 3, 821 08 Bratislava, Slovakia

131 8 Jet Park Road, Elandsfontein, Gauteng, 1406, South Africa

132 8 Jet Park Road, Elandsfontein, Gauteng, 1601, South Africa

133 24th Floor Two IFC, 10 Gukjegeumyung-ro, Youngdeungpo-gu, Seoul, 150-945, South Korea

134 Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain

135 Carrer de Fray Pau Carbó, 24, 08403, Granollers, Barcelona, Spain

136 Av. Can Fatjó, 151, 08191 Rubí, Barcelona, Spain

137 41 and 41/1, Lauries Raoad, Colombo 4, Sri Lanka

138 Vretenvägen 2, 4th Floor, 171 54 Solna, Sweden

139 Box 190, 101 23 Stockholm, Sweden

140 Richtistrasse 5, 8304 Wallisellen, Switzerland

141 5F., No.156, Jiankang Rd., Songshan Dist. Taipei, 105, Taiwan

142 6F., No. 136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City 10657, Taiwan, R.O.C.

143 388 Exchange Tower, 14th Fl.,Sukhumvit Rd., Klongtoey, Bangkok, 10110, Thailand

144 No. 388, Room No. 1903, 19th Floor, Exchange Tower, Sukhumvit Road, Sub-District Klongtoey, District Klongtoey Bangkok 10110, Thailand

145 65 Moo 12 Lardkrabang-Bangplee Road, Bangplee Samutprakarn, Bangkok 10540, Thailand

146 100 Moo 5 Bangsamak, Bangpakong, Chachoengsao, Thailand

147 Orta Mahallesi Demokrasi Caddesi Benckiser Sitesi No:92 Tuzla/Istanbul, Turkey

148 Dikilitaş Mah. Hakkı Yeten Cad. Selenium Plaza 10 C Fulya, Istanbul, Turkey

149 103-105 Bath Road, Slough, SL1 3UH, United Kingdom

150 4th Floor, 115, George Street, Edinburgh, EH2 4JN, Scotland

151 Northcliffe House, Young Street, London, W8 5EH, United Kingdom

152 Prospect 40-Richchia Zhovtnia., 120, 1 Block, Kiev, 03127, Ukraine

153 28A Moskovskiy Prospect, Bld.G, Office 80. 04073, Kiev, Ukraine

154 399 Interpace Parkway, Parsippany, NJ 07054, USA

155 4209 S. Industrial Drive, Suite 200, Austin, Texas, 78744, USA

156 Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield IL 62703, Sangamon County, USA

157 Urb. Las Mercedes, Av. Orinoco cruce con Mucuchies Torre Nordic, Piso 1, Oficina 1 y 2, Municipio Baruta Caracas, Venezuela

158 Av Intersección Avenidas Orinoco Con Mucuchies Edif Torre Nordic Piso 1 of 1 y 2 Urb Las Mercedes, Caracas, Miranda Zona, 1061, Venezuela

159 Unit 401, 4th Floor, Metropolitan Building, No. 235 Dong Khoi Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

SHAREHOLDER INFORMATION

Annual General Meeting

Our AGM will he held on Tuesday 12 May 2020 at 3.00pm at 103-105 Bath Road, Slough, Berkshire, SL1 3UH.

The Notice convening the meeting, together with the business to be considered at the meeting is contained in a separate document for Shareholders and is available on our website at www.rb.com.

2020 Financial Calendar and Key Dates

Announcement of Quarter 1 interim management statement	30 April 2020
Annual General Meeting	12 May 2020
Record date for 2019 final dividend	17 April 2020
Payment of 2019 final ordinary dividend	28 May 2020
Announcement of 2020 interim results	28 July 2020[1]
Record date for 2020 interim dividend	21 August 2020[1]
Payment of 2020 interim ordinary dividend	29 September 2020[1]
Announcement of Quarter 3 interim management statement	20 October 2020[1]

1 Provisional dates.

Dividend

The Directors have recommended a final dividend of 101.6 pence per share, for the year ended 31 December 2019. Subject to Shareholder approval at the 2020 AGM, payment of the final dividend will be made on 28 May 2020 to all Shareholders on the register as at 17 April 2020. The latest date for receipt of new applications to participate in the Dividend Reinvestment Plan (DRIP) in respect of the 2019 final dividend is 5 May 2020. Details on how to join the DRIP are found on page 223 of this report.

Mandatory Direct Credit

In September 2018 we changed the way we pay dividends to Shareholders and no longer pay dividends by cheque. This is known as 'mandatory direct credit'. The reasons and benefits for introducing this change are:

- Shareholders receive dividend funds quicker;
- we reduce our environmental impact;
- we reduce the risk of cheque fraud; and
- we reduce the administration costs if issuing or banking cheques.

To have your dividends paid directly into your bank account, please logon to the Computershare Investor Centre at www.investorcentre.co.uk, or by telephone on +44 (0)370 703 0118. We will hold your dividends for you until you provide valid bank details and charges may be applied to reissue any dividend payments.

If you are based overseas, you may choose to have your dividends paid to your account in your local currency by using Computershare's Global Payment Service (GPS). To view the terms and register to the GPS, please visit www.computershare.com/uk/investor/GPS. If you wish to reinvest your dividend to buy more shares, please join our DRIP.

Dividend Reinvestment Plan (DRIP)

Shareholders participating in the DRIP receive additional shares purchased in the market instead of receiving a cash dividend. You can elect to join the DRIP by registering at the Computershare Investor Centre at www.investorcentre.co.uk. Alternatively, you can request a DRIP mandate form and terms and conditions by contacting Computershare.

Electronic Shareholder Communications

We encourage all Shareholders to receive an email notification when Shareholder documents become available online, to reduce our impact on the environment. An election to receive Shareholder communications in this way will:

- result in annual cost savings to the Company since less paper documentation will need to be produced and posted;
- allow for quicker and more effective communications with Shareholders; and
- support RB's corporate responsibility profile.

Shareholders can register their email address at www.investorcentre.co.uk/etreeuk/reckittbenckiser. For each new Shareholder that does so, we will donate £1 to the Tree for All campaign run by the Woodland Trust.

Shareholders who have positively elected for electronic communications will receive an email whenever Shareholder documents are available to view on the Company's website. Shareholders who have elected by deemed consent in accordance with the Companies Act 2006 will receive a hard copy notice of availability of a document on the Company's website and are entitled to request a hard copy of any such document, at any time, free of charge from Computershare. Shareholders can revoke their consent at any time by contacting Computershare.

The Company's 2019 Annual Report and Notice of the 2020 AGM are available to view at www.rb.com. The Investor section of the website also contains up-to-date information for Shareholders to view throughout the year, including:

- detailed share price information;
- financial results;
- regulatory announcements;
- dividend payment dates and amounts;
- access to Shareholder documents including the Annual Report and Notice of AGM; and
- share capital information.

Share Dealing Facility

The Company's shares can be traded through most banks, building societies, stockbrokers or 'share shops'. In addition, UK-based Shareholders can buy or sell RB shares using a share dealing facility operated by the Registrar, these include internet and telephone share dealing.

Internet Share Dealing

This service offers Shareholders a straightforward way to buy or sell RB's shares on the London Stock Exchange. The commission is 1%, subject to a minimum charge of £30. In addition, stamp duty, currently 0.5%, is payable on purchases. There is no need to open an account in order to deal. Real-time dealing is available during UK market hours 08:00 to 16:30. In addition, there is a facility to place your order outside of market hours. Up to 90-day limit orders are available for sales.

To access the service, log on to www.computershare.trade/. Shareholders must have their Shareholder Reference Number (SRN) available. The SRN appears on share certificates. Internet share dealing is currently limited to certain jurisdictions: a full list of countries can be found on the Computershare website at www.computershare.trade/cert_faqs.html scroll down to the section 'Using the service' and then 'Am I eligible to register for the service?'.

Telephone Share Dealing

Telephone share dealing is available to Shareholders residing in the UK and Ireland. The service is available Monday to Friday, excluding bank holidays, from 08.00 to 16.30 by contacting Computershare on +44 (0)370 703 0084. The commission is 1%, subject to a £50 cap. In addition, 0.5% stamp duty is payable on purchases; a full list of fees can be found online at www.computershare.trade/costs.html. To access the service, Shareholders must have their SRN to refer to during the call. Shareholders should also have a debit card to make purchases over the telephone.

Telephone share dealing is offered on an execution-only basis and no recommendation can be made with respect to buying, selling or holding shares in RB. Shareholders who are unsure of what action to take should obtain independent financial advice. It is also important to note that share values may go down as well as up, which may result in a Shareholder receiving less/more than he/she originally invested.

Detailed terms and conditions for both internet and telephone dealing are available upon request by calling +44 (0)370 702 0000.

Analysis of Shareholders as at 31 December 2019

Distribution of shares by type of Shareholder	No. of holdings	Shares
Nominees and institutional investors	5,504	726,213,040
Individuals	11,552	10,322,139
Total	**17,056**	**736,535,179**

Size of shareholding	No. of holdings	Shares
1 – 500	10,350	1,943,278
501 – 1,000	2,540	1,847,794
1,001 – 5,000	2,531	5,222,237
5,001 – 10,000	357	2,503,082
10,001 – 50,000	611	14,577,022
50,001 – 100,000	190	13,270,263
100,001 – 1,000,000	372	118,740,194
1,000,001 and above	105	578,431,309
Total	**17,056**	**736,535,179**

American Depositary Receipts

American Depositary Receipts (ADRs) are dollar-denominated securities that represent the ownership of ordinary shares in a non-US company, quoted and traded in US dollars in the US securities market. An ADRs allow the purchase, holding and sale of non-US shares by US investors. Dividends are paid to investors in US dollars.

Reckitt Benckiser Group plc ADRs are traded on the over-the-counter market (OTC) under the symbol RBGLY. Five ADRs represent one ordinary RB share. J.P. Morgan Chase Bank N.A. is the Depositary. The table below provides details of the identification of RB securities on the US market place and the London Stock Exchange.

Symbol	Security	Listing/Trading	CUSIP/ISIN
RBGLY	U.S. security (ADR)	OTC Pink	756255204
RB.	Ordinary share	London Stock Exchange	GB00B24CGK77

ADR Depositary Bank

J.P. Morgan Chase sponsors and administers the RB ADR facility. J.P. Morgan ADR shareholder services can be contacted as follows:

J.P. Morgan Chase Bank N.A.
PO Box 64504, St. Paul, MN 55164-0504, US
Online via: www.shareowneronline.com
Telephone number for general queries: Tel: (800) 990 1135
Telephone number from outside the US: Tel: +1 651 453 2128

Company Secretary

Rupert Bondy

Registered Office

103-105 Bath Road, Slough
Berkshire SL1 3UH
Telephone: +44 (0) 1753 217800
Registered and domiciled in England and Wales No. 6270876

Company Status

Public Limited Company

Auditor

KPMG LLP

Solicitors

Slaughter and May/Linklaters LLP

Registrar and Transfer Office

The Company's Registrar, Computershare, is responsible for maintaining and updating the Shareholder register and making dividend payments to Shareholders. If you have any queries relating to your shareholding please write to, or telephone, the Company's Registrar at the following address:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Reckitt Benckiser Shareholder helpline:
Tel. +44 (0)370 703 0118
Website: www.computershare.com/uk

Charity Donation

ShareGift is a UK registered charity (No.1052686) which specialises in realising the value locked up in small shareholdings for charitable purposes. The resulting proceeds are donated to a wide range of charities, reflecting suggestions received from donors. If you have only a small number of RB shares which are uneconomic to continue holding, you may wish to consider donating them to ShareGift. Please visit www.sharegift.org/donate-shares/ or telephone +44 (0)20 7930 3737 for more information about how to proceed. Further details about ShareGift can be found at www.sharegift.org.

Unsolicited Mail

We are legally obliged to make our register of Shareholders available to the public, subject to a proper purpose test. As a result, some Shareholders might receive unsolicited mail. Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Service, MPS FREEPOST 29 LON20771, London W1E 0ZT or register online at www.mpsonline.org.uk.

Share Fraud And 'Boiler Room' Scams

Share fraud is a deceptive practice that induces investors to make sales and purchases based on inaccurate information and in violation of security laws. In Boiler Room scams, fraudsters will entice investors into scams through increased persuasion and high-pressure tactics through cold calling or random contact.

RB is aware of these deceptions and urges Shareholders who are offered unsolicited investment advice, discounted shares, a premium price for shares, or free company or research reports to investigate thoroughly before making any decision.

If you receive any form of unsolicited investment advice, please take the following steps:

- confirm the name of the person and/or organisation;
- check the Financial Conduct Authority's (FCA) Financial Services Register at https://register.fca.org.uk/ to ensure they are authorised;
- use the details on the Financial Services Register to contact the firm;
- call the FCA Consumer Helpline on +44 (0)800 111 6768 (freephone) or 0300 500 8082 (from the UK), if there are no contact details on the Register or if they are out of date;
- search the FCA's list of unauthorised firms and individuals at www.fca.org.uk/consumers/unauthorised-firms-individuals to avoid doing business with reported offenders;
- if you are approached by fraudsters please contact the FCA using their helpline, or share fraud reporting form; and
- consider getting independent financial advice.

Using an unauthorised firm to buy or sell shares or other investments will prohibit access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) should the investment be unsuccessful. Remember: if it sounds too good to be true, it probably is. If you think you have been a victim of these scams, the matter should be reported to the Police and to Action Fraud. For more information, please visit the Serious Fraud Office website at www.sfo.gov.uk/contact-us/reporting-serious-fraud-bribery-corruption/.

Cautionary Note Concerning Forward-looking Statements

This Annual Report and Financial Statements contains statements with respect to the financial condition, results of operations and business of RB (the 'Group') and certain of the plans and objectives of the Group that are forward-looking statements. Words such as 'intends', 'targets', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including targets for Net Revenue, operating margin and cost efficiency, are forward-looking statements. Such statements are not historical facts, nor are they guarantees of future performance.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group's control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political and social conditions in the key markets in which the Group operates; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group's technological infrastructure or that of third parties on which the Group relies; interruptions in the Group's supply chain and disruptions to its production facilities; the reputation of the Group's global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this Annual Report and Financial Statements. Except as required by any applicable law or regulation, RB expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Any information contained in the 2019 Annual Report and Financial Statements on the price at which shares or other securities in Reckitt Benckiser Group plc have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

NOTES

NOTES

Reckitt Benckiser Group plc
Registered office
103-105 Bath Road,
Slough, Berkshire, SL1 3UH
Registered in England & Wales
No 6270876

rb.com