



## John Pettigrew

Senior Independent Director

**Appointed:** January 2018 and became Senior Independent Director in May 2019

### Skills, experience and contribution

John has a strong track record of developing and implementing global strategies for profitable growth at National Grid, deep experience of running a major US business, a strong economic background and engineering leadership experience. His skillset includes service provision to a large commercial and residential customer base, delivering world-class levels of safety performance and driving transformational change in highly regulated environments. He also has significant experience of M&A in both the UK and the US. He has broad experience of dealing with governments and regulators in the UK and the US, and leading development of environmental, social and governance (ESG) strategies by driving the introduction of National Grid's first ever Responsible Business Charter, which launched in 2020, and led the company's Principal Partnership of COP26 in Glasgow.

John is Chief Executive of National Grid plc, a fellow of the Institute of Engineering and Technology, and a fellow of the Energy Institute. He is a member of the Edison Electric Institute Executive Committee, a member of the Electric Power Research Institute Board and sat on the President's Committee of the CBI. He was a member of the UK government's Inclusive Economy Partnership until it was disbanded.

### Current external commitments

- Chief Executive, National Grid plc



## Cathy Turner

Non-Executive Director

**Appointed:** April 2020

### Skills, experience and contribution

Cathy is an experienced Non-Executive Director with significant business leadership experience plus a deep knowledge of HR and remuneration matters. Her executive career, at executive committee level at Barclays plc and Lloyds Banking Group plc, has included responsibility for strategy, investor relations, HR, corporate affairs, legal, internal audit, branding and marketing. She brings deep experience of leading international customer-focused businesses, operating in complex, highly regulated industries and navigating highly challenging environments such as the 2008 financial crisis.

Her earlier career was in consulting and manufacturing and included roles with major audit and consultancy firms. She was previously a Non-Executive Director of Quilter plc, Aldermore Bank plc and Motonovo Finance Limited, and a Trustee of Gurkha Welfare Trust. Cathy graduated in Economics from Lancaster University. She is a partner at the senior advisory organisation, Manchester Square Partners.

### Current external commitments

- Senior Independent Director and Chair of the Remuneration Committee, Lloyds Banking Group plc
- Senior Independent Director and Chair of the Remuneration Committee, Spectris plc
- Partner, Manchester Square Partners



## Linda Yueh CBE

Non-Executive Director

**Appointed:** November 2017

### Skills, experience and contribution

As an economist, corporate lawyer and financial broadcaster, Linda brings a diverse range of skills to the Board, including strong commercial experience gained through her work in corporate law and previous non-executive positions, as well as deep insights into the economic environments in the markets in which Rentokil Initial operates, including key emerging and rapidly developing markets.

Linda obtained a BA at Yale University; Master's at Harvard University; Juris Doctorate at New York University; and an MA and doctorate at Oxford University. Linda is a fellow at St Edmund Hall, Oxford University and an Adjunct Professor of Economics at London Business School. She was Visiting Professor at the London School of Economics and Political Science (LSE). Linda was an Adviser to the UK Board of Trade until July 2023, and was a member of the Independent Review Panel on Ring-fencing and Proprietary Trading of the UK Treasury. She has acted in various advisory roles, including for the World Bank and the European Commission. Linda was previously a Trustee of Malaria No More UK and the Senior Independent Director of Fidelity China Special Situations plc, and until May 2023, a Trustee of The Coutts Foundation.

### Current external commitments

- Chair of the Royal Commonwealth Society
- Chair of the Board and Chair of the Nomination Committee, The Schiehallion Fund Limited
- Non-Executive Director, SEGRO plc
- Non-Executive Director, Standard Chartered plc



## Catherine Stead, Company Secretary

Catherine Stead was appointed Company Secretary in April 2022. A graduate of the University of Glasgow, she also has an MSc in Development Studies from the School of Oriental and African Studies, University of London. A Chartered Company Secretary with more than 15 years' experience of working in FTSE 350 companies, Catherine is a fellow of the Corporate Governance Institute. Catherine will step down as Company Secretary on 31 March 2024.

Rachel Canham, Group General Counsel, will succeed Catherine, and assume the role of Group General Counsel and Company Secretary from 1 April 2024.

# Executive Leadership Team

The Executive Leadership Team (ELT) supports the Chief Executive in managing the business at Group level, overseeing safety, performance, operational plans and actions, governance and risk management. Andy Ransom and Stuart Ingall-Tombs are also members of the ELT. Their biographical information can be found on page 99. The Chief Executive chairs the ELT, which meets regularly throughout the year, and the Regional Managing Director of our Latin America region also attends all meetings.



## Gary Booker

Chief Marketing, Innovation and Strategy Officer

**Appointed:** January 2018

**Role:** As Chief Marketing, Innovation and Strategy Officer, Gary has overall responsibility for business strategy, brand, innovation, digital, global account sales and global marketing for commercial and residential customers.

**Skills and experience:** Gary's career includes former CEO and General Manager positions, as well as strategy and innovation leadership roles for several high-profile businesses, including Dixons Carphone, where he was Chief Marketing Officer and oversaw its Currys and PC World brands; O2 (Telefónica) in the UK; and Electronic Arts in San Francisco, where he gained strong experience across mobile and digital marketing. Prior to that, Gary held senior roles at Dunlop Slazenger and Unipart. Gary holds an MBA in Strategic Marketing and a BSc (Hons) in Business Studies, Law and Psychology.



## Vanessa Evans

Group HR Director

**Appointed:** January 2016

**Role:** As Group HR Director, Vanessa leads a team responsible for shaping and executing our Employer of Choice (EoC) strategy, ensuring that we can attract, recruit, train, engage, reward and retain the talent we need to deliver on our business strategy and results.

**Skills and experience:** Vanessa has had a successful career with some of the world's best-known consumer brands. She brings valuable business experience and expertise in human resources management. She joined Rentokil Initial from RSA Group plc where she was Group HR, Communications and Customer Director. Prior to that, Vanessa was Global HR Director at Lego and Head of UK HR at GAP. She is a Fellow of the Chartered Institute of Personnel and Development and holds a BA (Hons) in Geography from Bulmershe College, University of Reading. Vanessa is currently a Non-Executive Director of Care UK.



## Chris Hunt

Group M&A Director

**Appointed:** July 2019

**Role:** Chris leads Rentokil Initial's efforts to identify, evaluate, negotiate and integrate acquisitions and disposals, ensuring that the deals add value.

**Skills and experience:** Chris joined Rentokil Initial in 2012 as Group M&A Director and has completed more than 400 deals for the Group. Prior to joining Rentokil Initial, Chris held various senior roles at AstraZeneca plc, including Head of Finance at AZ UK's Marketing Company, Corporate Strategy Director and Group M&A Director, and prior to that was a Director at KPMG Transaction Services. Chris has extensive operational finance, business development and corporate finance experience. He is a Chartered Accountant and sits on the ICAEW's Corporate Finance Faculty Board. He holds a BA (Hons) in Accounting and Computing from the University of Kent, Canterbury.



## Rachel Canham

Group General Counsel

**Appointed:** April 2022

**Role:** As Group General Counsel, Rachel has responsibility for legal, corporate governance and data privacy across the Group.

**Skills and experience:** Rachel joined Rentokil Initial as Group General Counsel in 2022. Rachel is an experienced corporate and commercial lawyer. Prior to joining, Rachel spent 10 years at BT Group plc where she performed various roles, including General Counsel of its Enterprise division, Company Secretary, Chief Counsel for M&A with responsibility for its global M&A, joint ventures and restructurings and Senior Commercial Lawyer in the Major Transactions team. Before that, Rachel was a corporate lawyer at US law firm Latham & Watkins and at Dickson Minto W.S. Rachel is a graduate of Edinburgh University (LLB) and a qualified solicitor in England and Wales and Scotland.



## Mark Gillespie

Managing Director, Asia & MENAT

**Appointed:** April 2022

**Role:** Mark oversees our businesses throughout the Asia & MENAT region.

**Skills and experience:** Mark joined Rentokil Initial in 2004, as the Group Director of Internal Audit & Risk Management. Since then he has held various senior roles in Finance and General Management. Prior to his most recent appointment to Managing Director, Asia & MENAT, he was the Regional Managing Director for the Rest of World region, doubling the size of Rentokil Initial's presence in that region during his tenure. Mark has extensive finance, general management and M&A experience from his time at Rentokil Initial, and in previous senior roles in companies such as Honeywell and Pfizer.

He holds a BA Honours degree in Accounting and Finance from Manchester Metropolitan University, is qualified as a Chartered Accountant with BDO Stoy Hayward and is a Member of the Institute of Chartered Accountants in England and Wales.



## Alain Moffroid

Managing Director, Europe

**Appointed:** March 2016

**Role:** Alain oversees our businesses throughout the Europe region.

**Skills and experience:** Alain joined Rentokil Initial in 2013 as Managing Director, Pacific and became Managing Director, Europe in September 2019. He joined from Unilever where he held a number of senior roles across multiple geographies. He has significant experience in marketing, sales and business development acquired during 23 years with Unilever in Europe, Asia and Pacific. Alain is a dual national Belgian/Australian and is fluent in English, French and Dutch. He holds an MSc in Business from the Solvay Brussels School of Economics and Management.

### ELT changes in 2023 and 2024

Brett Ponton, CEO, North America, left the Company in October 2023 and was succeeded by Brad Paulsen in December. Alain Moffroid, currently Managing Director, Europe, will become Chief Commercial Officer on 1 April 2024. As part of this new role, Alain will lead the Marketing and Innovation Function. Fabrice Quinquenel, currently Managing Director, France, Nordics & Poland, will succeed Alain as Managing Director, Europe, and become a member of the ELT, with effect from 1 April 2024. Gary Booker, Chief Marketing, Innovation and Strategy Officer, will be leaving the Company in April 2024.



### John Myers

CEO, US Pest Control

**Appointed:** October 2013

**Role:** John oversees our Pest Control businesses throughout the North America region.

**Skills and experience:** John joined Rentokil Initial in 2008 as President and Chief Executive of the Pest Control division in North America. Previously, John held various senior management roles at Cintas Corporation. Prior to that, he was President and Chief Executive at BioQuest LLC. John has a diverse business background, with extensive sales, marketing and business strategy experience. He is a graduate of the University of Vermont, where he earned a Bachelor's degree in Business Administration. He also holds an MBA from Mercer University in Atlanta. John is a Non-Executive Director of Strikepoint Group Holdings, LLC.



### Mark Purcell

Chief Information Officer (CIO)

**Appointed:** April 2019

**Role:** Mark's role is to ensure a 'safe and secure first' approach is applied to Rentokil Initial's global IT systems and infrastructure. With his team, he works alongside the regional and functional teams to ensure that the IT strategy and investment is aligned to business priorities.

**Skills and experience:** Mark joined Rentokil Initial in 1988. He later became Global IT Delivery Director, UK Hygiene and Textiles IT Director, Pest Control and Ambius Division IT Director, IT Director for UK & Rest of World, and then CIO Europe, before becoming Group CIO in April 2019. Mark has significant experience in business transformation, change management and project/programme management, as well as expertise in M&A integration. Mark's early career was with the Civil Service, where he held an executive officer position in IT.



### Brian Webb

Group Operations Excellence Director

**Appointed:** August 2019

**Role:** Brian leads the Global Procurement, Supply Chain and Logistics functions, as well as being responsible for product quality, safety and technical governance. He and his team also work closely with the regional and functional teams to drive the environmental and sustainability agenda across the Group.

**Skills and experience:** Brian joined Rentokil Initial in 2011 as Supply Chain Director for Hygiene and Pest Control and has gained additional functional responsibilities over the years. He was appointed to the Executive Leadership team in 2019. His career has included roles in design and project engineering, production management and operations in the petrochemical, food, beverage and personal care sectors at global companies including Sasol, SABMiller, Mars Confectionery and Sara Lee. Brian is a Chartered Engineer (CEng) with an MSc in Engineering from Witwatersrand University (South Africa) and an MBA from Henley Management College (UK).



### Brad Paulsen

CEO North America

**Appointed:** December 2023

**Role:** As CEO of North America, Brad has overall responsibility for business operations in the region.

**Skills and experience:** Brad joined Rentokil Initial in December 2023 as CEO North America. Previously, Brad was CEO of Rexel USA and prior to that served as Chief Operating Officer of HD Supply. He spent over nine years at The Home Depot serving in various merchandising leadership roles. Brad has also served as a Non-Executive Director for Dot Family Holdings, the largest food industry redistributor in North America, for the past two years.

Brad attended The United States Military Academy at West Point and graduated with a Bachelor of Science in Economics. Additionally, he holds a Master of Business Administration from Vanderbilt University.



### Andrew Stone

Managing Director, Pacific

**Appointed:** September 2019

**Role:** Andrew oversees our businesses throughout the Pacific region.

**Skills and experience:** Andrew joined Rentokil Initial in 2013 as Finance Director, Pacific, before becoming Managing Director, Pacific, in September 2019. Previously, Andrew had held a number of senior finance and sales roles at Unilever within Australasia. He has extensive commercial, finance and supply chain experience.

Andrew is a Certified Practising Accountant and earned Bachelor degrees in Economics and Law from Sydney University. Additionally, he holds a Master's of Management from Macquarie Graduate School of Management and a Master's of Professional Accounting from Southern Cross University.



### Phill Wood

Managing Director, UK & Sub-Saharan Africa

**Appointed:** October 2013

**Role:** Phill oversees our businesses throughout the UK & Sub-Saharan Africa region.

**Skills and experience:** Phill joined Rentokil Initial in 2006, holding various senior Pest Control roles in Europe before his appointment to lead the UK businesses – Pest Control and Hygiene in 2009. He became Managing Director of UK & Rest of World in 2013. Prior to joining Rentokil Initial, Phill held a number of top management positions at Lex Services/RAC plc where he served for 15 years. Phill has extensive commercial and business development experience. He is a Chartered Management Accountant and holds a BSc (Hons) in Management Science from Loughborough University.



# Corporate Governance Report

## Compliance with the UK Corporate Governance Code 2018

For the year ended 31 December 2023, the Company has applied the principles and complied with all of the provisions of the UK Corporate Governance Code (the Code), which was published in July 2018.

The Company's application of the Code's principles and its compliance with the supporting provisions during the year is evidenced throughout the Annual Report. We have set out below an overview of how the Company has applied the principles of the Code in 2023, with links to relevant sections in the report.

During the year, the Board also received an update as to the proposed changes to the Code by the Financial Reporting Council (FRC), with the Company submitting a response to the consultation in this regard. The revised Code was published in January 2024, and will apply for financial years beginning on or after 1 January 2025. In 2024, the Board will review the revised Code, and consider the steps necessary to address the changes to corporate governance and corporate reporting provided for in the 2024 Code.

The full text of the Code is available on the FRC's website at [frc.org.uk](https://www.frc.org.uk).

## Statement of application of Code principles

### 1. Board leadership and Company purpose

#### A. The role of the Board

The biographies for the Directors of the Company are outlined on pages 99 to 101, and include details as to their respective skills and experience.

The Board promotes the long-term sustainable success of the Company through the decisions it takes about the services, customers and markets in which the Group operates, and maintains a dividend policy to share the value generated by these operations with shareholders. The Group's business model is explained on pages 14 and 15 and the Group's strategic priorities are outlined on pages 16 to 19.

#### B. Purpose, values and culture

Our mission, vision and values are described on page 4, and our culture is summarised on page 5. An outline of the Board's ongoing monitoring of the Company's values and culture is provided on page 116.

#### C. Resources and controls

The Risk and Uncertainties section on pages 87 to 93 details the Group's principal risks, and our risk management framework. The Board's review of the risk management framework is outlined on page 123.

The Board has a formal system in place for Directors to declare a conflict, or potential conflict of interest, as summarised on page 126.

#### D. Stakeholder engagement

Our key stakeholders are set out on pages 84 and 85, with the section 172(1) statement, on how Directors have had regard to stakeholders when discharging their duties, being found on page 83.

On page 111, we have included examples of how the Board considers the views of our key stakeholders in its decision-making.

#### E. Workforce policies and practices

The Company's Code of Conduct sets out our values and the standards of behaviour expected from all colleagues. The Code of Conduct also provides guidance on Speak Up, the Company's whistleblowing facility. Further details can be found on page 116.

### 2. Division of responsibilities

#### F. Role of the Chair

The responsibilities of the Chair of the Board, Richard Solomons, are defined on page 106.

#### G. Board composition and division of responsibilities

At least half of the Board, excluding the Chairman, are considered independent. Full details are provided on page 107.

The responsibilities of the Executive and Non-Executive Directors are described on page 106.

#### H. Role of the Non-Executive Directors

The current significant external commitments of each of the Directors are included in the Board biographies on pages 99 to 101. The Board's approach to assessing external commitments, including those considered during the year, can be found on page 107.

A table detailing the number of Board, and Audit, Nomination and Remuneration Committee meetings held in 2023, and Director attendance at those meetings, is provided on page 98.

#### I. Board policies, processes, information, time and resources

The Company Secretary works with the Chair of the Board, the Chairs of the Committees, the Chief Executive and other members of management to ensure that the Board has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

### 3. Composition, succession and evaluation

#### J. Appointments to the Board

The Nomination Committee (which comprises all the Non-Executive Directors and the Chairman) is responsible for succession planning for, and recommending candidates for appointment to, the Board. For more information about the work of the Nomination Committee and the Board's policy on diversity, equity and inclusion, see the Nomination Committee Report on pages 125 to 130.

#### K. Board skills, experience and knowledge

The key skills and experience of each of the Directors are included in the Board biographies on pages 99 to 101.

#### L. Board evaluation

In 2023, the Board undertook an externally facilitated review, in line with the Code, as described on pages 112 and 113.

### 4. Audit, risk and internal control

#### M. Independence and effectiveness of internal and external auditors

The Audit Committee is responsible for reporting to the Board on a range of matters concerning audit, risk and internal controls. For more information about the role and work of the Audit Committee, the external auditors and the Internal Audit team, see pages 117 to 124.

#### N. Fair, balanced and understandable assessment

The Board's approach to secure a fair, balanced and understandable report is provided on page 121.

The Directors' statement on 'fair, balanced and understandable' can be found on page 245.

#### O. Risk and internal control

Our approach to risk management and internal control together with the Group's principal risks is set out on pages 87 to 93.

The Board and Audit Committee's oversight of the risk management and the internal control framework is summarised on page 123.

### 5. Remuneration

#### P. Remuneration Policy and practices

The Remuneration Committee is responsible for determining remuneration policies and practices which support the strategy and promote the long-term sustainable success of the Group. For more information about the work of the Remuneration Committee, see the Directors' Remuneration Report on pages 131 to 161.

#### Q. Executive remuneration

The current Directors' Remuneration Policy was approved by shareholders at our Annual General Meeting (AGM) in May 2021. A copy of the policy can be found on our website.

Details of how the policy was applied during 2023 and how the Remuneration Committee has undertaken its duties can be found in the Directors' Remuneration Report on pages 131 to 161.

In accordance with corporate governance requirements, the Directors' Remuneration Policy will be put to shareholders for approval at the AGM in May 2024. A copy of the proposed policy can be found on pages 152 to 158. As part of the process for developing the policy, the Chair of the Remuneration Committee consulted with major institutional shareholders on the proposals.

#### R. Independent judgement and discretion

The Remuneration Committee determines remuneration outcomes for the Executive Directors and other members of senior management and in so doing exercises independent judgement and discretion in the context of Company performance and individual performance and the wider circumstances, as appropriate. No Director or member of management is involved in determining their own pay.

## Governance framework

### The Board

The Board's role is to set the strategy to create sustainable, long-term value for shareholders and other stakeholders. It governs within a framework of prudent and effective controls that enable it to manage and assess risk. The Board strives to operate in a constructive, ethical and transparent manner at all times, and to set the tone for the rest of the business.

Matters reserved for the approval of the Board are set out in writing and reviewed periodically. They are available to view on our website.

 Biographies on pages **99 to 101**

 Strategic priorities on pages **16 to 19**

 Key activities during 2023 on pages **108 to 110**

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### Board Committees

#### Audit Committee

Provides effective financial governance and oversees the Group's financial and narrative reporting, risk management and internal control environment, and the external and internal audit process.

 Find out more on pages **117 to 124**

#### Nomination Committee

Ensures the correct balance, structure and composition of the Board and its Committees, and reviews Board and executive succession planning, talent programmes, and diversity and inclusion.

 Find out more on pages **125 to 130**

#### Remuneration Committee

Reviews and agrees with the Board the remuneration framework, determines the remuneration packages of the Executive Directors and senior management, and considers workforce remuneration arrangements.

 Find out more on pages **131 to 161**

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### Chief Executive and the Executive Leadership Team (ELT)

The Board delegates the execution of the Company's strategy and the day-to-day management of the business to the Chief Executive. The Chief Executive cascades authority to the ELT and wider management team through a documented Group Authority Schedule, which the Board reviews annually. The ELT also manages environmental, social and governance matters.

 Q&A with our Chief Executive on pages **6 to 9**

 Biographies on pages **102 to 103**

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### Management Committees

Operating under delegated authority by the Board to the Chief Executive and Chief Financial Officer, these Committees each have specific remits and authority to approve decisions within set limits.

#### Disclosure Committee

Comprising the Chief Executive, Chief Financial Officer, Group Financial Controller and Group General Counsel, it supports the Board's responsibility for the accuracy and timeliness of external disclosures and compliance with the Market Abuse Regulation.

#### Treasury Committee

Comprising the Chief Financial Officer, Group Treasurer and Group Financial Controller, it reviews and approves the capital structure and financing strategy, as well as risk and cash management.

#### Group Risk Committee

Comprising the Chief Financial Officer and six other functional executives, it monitors the internal control environment and emerging risks, and reviews internal policies and procedures for identifying, assessing and reporting risks, meeting quarterly. Details of its discussions are reported to the Audit Committee.

#### Investment Committee

Comprising the Chief Executive, Chief Financial Officer, Group Financial Controller and Group General Counsel, it reviews and approves investments below the threshold requiring Board approval, including M&A and expenditure on property and environmental remediation. It also conducts post-acquisition reviews of completed M&A transactions and reviews material litigation quarterly.

This governance framework provides the Board with confidence that the appropriate decisions are taken at the appropriate levels, and further allows the Board to ensure it meets its obligations to our shareholders and other stakeholders. Our shareholders and other key stakeholders play an important role in the operation of our governance framework. For details on how we engage with them, see pages 114 and 115.

## Division of responsibilities

The Board has collective responsibility for the governance of the Company, using clear authority and reporting governance structures to undertake its duties as set out on page 105. The clear division between executive and non-executive responsibilities promotes accountability and oversight. The roles of Chair of the Board and Chief Executive are separate with their responsibilities well-defined. The pro-forma appointment letters for a Non-Executive Director and the Chair of the Board are available on our website. The responsibilities of the Board members are set out below.

### Chair of the Board

Richard Solomons

- Leading the effective operation and governance of the Board
- Setting the Board agenda, including discussing issues of strategy, performance, accountability, risk and sustainability
- Demonstrating objective judgement, and providing constructive challenge to management
- Facilitating active engagement by all Directors
- Setting clear expectations on culture, values and behaviour
- Ensuring effective communication with shareholders and other stakeholders
- Leading the annual evaluation of the performance of the Board and Chief Executive

### Chief Executive

Andy Ransom

- Ensuring effective leadership and day-to-day running of the Company
- Recommending and executing strategies and strategic priorities
- Managing operational and financial performance, including monthly performance reviews with all regions, and identifying and managing risks to achieving the strategy
- Keeping the Chairman and Board apprised of any key matters
- With the Chief Financial Officer, explaining the Company's performance to shareholders and other stakeholders
- Reviewing the organisation structure, including executive management capability, development and planning for succession
- Overall development of Group policies and the communication of the Company's mission, vision and values
- Promoting the Company's responsible business (ESG) agenda

### Chief Financial Officer

Stuart Ingall-Tombs

- Supporting the Chief Executive in developing and implementing strategy
- Supporting the Chief Executive in managing the operational and financial performance of the Group
- With the Chief Executive, explaining performance to shareholders and other stakeholders
- Presenting and reporting accurate and timely historical financial information
- Recommending appropriate financing, tax and treasury arrangements

### Senior Independent Director (SID)

John Pettigrew

- Leading the Non-Executive Directors' appraisal of the Chair of the Board
- Working with the Chairman on Board effectiveness
- Providing an alternative channel of communication for investors, primarily on corporate governance matters
- Being a sounding board for the Chair of the Board
- Chairing the Nomination Committee when it is considering succession to the role of Chair of the Board

### Independent Non-Executive Directors

David Frear, Sally Johnson, Sarosh Mistry, Cathy Turner, Linda Yueh

- Contributing independent challenge and rigour
- Providing external experience and knowledge to the Board's agenda
- Assisting in the development of the Company's strategy
- Ensuring the integrity of financial information, internal controls and risk management processes
- Monitoring the performance of the Executive Directors to agreed goals and objectives
- Advising and being a sounding board for Executive Directors and members of the ELT
- Performing their Committee responsibilities

### Company Secretary

Catherine Stead

- Assisting the Chairman in developing the Board calendar and agendas
- Ensuring that the Board has the policies, processes, information, time and resources it needs in order to function effectively and efficiently
- Assisting the Chairman and SID in their evaluation of the Board's effectiveness
- Advising the Board and its Committees on governance matters and managing effective corporate governance and compliance arrangements for the Board and the Group
- Facilitating Board induction and development programmes
- Facilitating Board engagement with the business and key stakeholders

## Board composition

The Board currently has nine members, comprising a Non-Executive Chairman, two Executive Directors and six Non-Executive Directors, whose key responsibilities are set out on page 106. They receive advice and support from the Company Secretary and the Group General Counsel. Full details of the Board members who served during 2023, and in 2024 to the date of this report, are on pages 99 and 101.

Non-Executive Directors have regular opportunities to meet members of the ELT and other members of senior management (see pages 114 and 115) and also have at least one meeting during the year with the Chairman to facilitate discussion without executive management present. In 2023, the Non-Executive Directors met with the Chairman twice without management present.

A Nomination Committee, comprising all the independent Non-Executive Directors and chaired by the Chairman, is responsible for managing the appointment process, as part of a formal, rigorous and transparent procedure for appointing Directors.

Sally Johnson joined as a Non-Executive Director on 1 April 2023. Details of the recruitment process undertaken can be found on page 127. She became a member of the Nomination Committee and Audit Committee from her date of appointment, and succeeded Julie Southern, who stepped down from the Board on 10 May 2023, as Audit Committee Chair on that date.

Further information on appointment and succession planning is provided in the Nomination Committee Report on page 127.

The Board keeps its membership, and that of its Committees, under review in order to maintain an ongoing and appropriate balance of skills and experience.

The Board considers that it and its Committees have an appropriate composition to discharge their duties effectively.

## Meetings and attendance

The Board met a total of ten times during the year, one of which was an additional unscheduled meeting. A committee of the Board met four times for scheduled meetings in relation to the release of financial results and trading updates. The membership and attendance at Board and Committee meetings during 2023 is shown on page 98.

During the year, Sarosh Mistry was unable to join the additional unscheduled meeting of the Board, and two Remuneration Committee meetings, one of which was an additional unscheduled meeting, due to conflicting commitments which could not be rearranged.

While we endeavour to avoid conflicts with other commitments of Board members by setting our calendar up to three years in advance, it is sometimes impossible to avoid.

Where Directors are unable to attend meetings, they will still receive papers in advance of the meetings and the Chairman or Committee Chair would seek the individual's views ahead of the meetings and brief them on the outcome. We believe that all Directors have sufficient capacity to perform their roles effectively.

## External commitments

All Directors may accept positions on other boards if they can demonstrate that the additional commitments will not compromise their time commitment to us or represent a conflict of interest. Any new external appointment must be approved by the Board having given due consideration to the nature of the appointment and the anticipated time commitment. The significant external commitments of the Directors can be found in their biographical information on pages 99 to 101.

We consider significant appointments (as referred to in Principle 15 of the Code) to be either a role with a listed company or a role with a time commitment equal to or greater than their time commitment with us. Currently, Non-Executive Directors are required to commit to us at least 20 days a year, and the Chairman an average of two days a week. There was only one significant external appointment considered and approved by the Board during 2023, being Andy Ransom's appointment as a Non-Executive Director of Informa plc in February 2023.

We monitor, in line with published investor guidance, the issue of Board Directors becoming over-committed by taking on too many potentially significant positions (otherwise referred to as 'overboarding'), and the need to remain flexible to deal with unforeseen circumstances.

The fact that some of the members of the Board hold multiple non-executive positions has not presented any problems regarding their ability to manage potentially competing demands for their time. In addition to published investor guidance, the Board considers a Director's time commitment in aggregate and takes into account whether a Non-Executive Director holds any executive appointments. Full attendance details can be found on page 98.

## Independence of Board members

The independence of Directors is considered upon their appointment, and subsequently reviewed as part of the individual Director performance evaluation process, to ensure all Non-Executive Directors retain the necessary independence of judgement. In their continued constructive challenges to the executive team and senior management at Board and Committee meetings, the Non-Executive Directors reflect their ongoing independence.

The Board has determined that all our Non-Executive Directors are independent and have retained their independence of character and judgement. In coming to this conclusion, the Board has taken into account the identified indicators of potential non-independence as set out in the Code. No Director took part in the Board's consideration of their own independence. The Chairman was considered independent on his appointment. You can find details of the Directors' share interests in the Company in the Directors' Remuneration Report on page 146. No current Non-Executive Director has served on the Board for longer than nine years. You can see the length of tenure for each Director on page 98.

We consider and address any potential conflicts of interest before any new external Board appointment. All potential conflicts are submitted to the Board for consideration and, as appropriate, authorisation in accordance with our articles of association and the Companies Act 2006. Details of these are recorded in a register of conflicts, which the Nomination Committee also reviews in full annually. No material conflicts have been declared. You can find further details of this process in the Nomination Committee Report on page 126.

In accordance with the Code, the Directors are subject to annual re-election by shareholders and will, therefore, be seeking re-election at the AGM in May 2024 (see page 242).



## Board activities in 2023

In order to discharge responsible leadership and optimise the breadth of Board oversight, the Board conducts discussions at formal meetings facilitated by carefully structured agendas which are agreed in advance by the Chairman, in conjunction with the Chief Executive and Company Secretary.

A review of safety, health and environmental performance is the first item on the agenda at scheduled meetings. The Chairs of our Board Committees also provide verbal reports on the proceedings of those meetings, highlighting key discussion points and particular concerns for the Board's attention. Other standing agenda items comprise reports on operational

and financial performance, and legal and governance updates. Details of the key matters receiving Board attention at meetings in 2023 are set out below.

As an acknowledgement of the value of understanding the views of our stakeholders and their importance in the ability to deliver our strategy and purpose, the Board takes into account the Group's key stakeholders and their diverse perspectives as part of the Board's discussions. Examples of this approach in relation to certain principal decisions taken by the Board during the year can be found on page 111.

### Key to Strategic Priorities:

-  **Be an Employer of Choice**
-  **Drive Organic Revenue Growth in Pest Control**
-  **Manage the integration of Terminix into our North America business**
-  **Build our Hygiene & Wellbeing business**
-  **Drive M&A**
-  **Create value through product and service innovations and digital applications**
-  **Manage a responsible business**

## Strategy



The Board monitors the Group's performance against its strategy, as defined at the annual strategy review sessions, throughout the year. Strategy updates provided to the Board include reports by the Chief Executive at each scheduled Board meeting, which among other things include an overview of health and safety results, operational business performance, investor relations, M&A, external insights and people matters. The Board also receives performance management reports from the Chief Financial Officer, which include information on our financial and non-financial key performance indicators (KPIs), and the outcome of regional business and functional reviews.

The Board's annual strategy day was held over two days in November and gave the Board the opportunity to conduct a comprehensive review of the Group's medium-term strategic plan. This year's event consisted of presentations on the key strategic issues for the Group, the growth plan for the North America business, an update on customer needs and market opportunities, a review of the Group's digital marketing strategy, an update on the Cities of the Future strategy, and an overview of the Group's IT strategy.

The Board also received an external presentation from the Company's brokers on the external macro financial environment and medium-term financial outlook, and held a session on key global themes with Kearney (an external consultancy firm). Further details as to the Board's consideration of the potential use by the business of Artificial Intelligence (AI) and Extended Reality (XR) can be found on page 110.

During 2023, the Board undertook regional deep dives with the management teams for North America; Europe, the Caribbean and Latin America; the Pacific; and the UK & Sub-Saharan Africa regions. These sessions provide an overview of operational performance and future strategy for the region, and highlight specific areas of progress or challenge. They also allow the Board the opportunity to gain further knowledge and engage with the leadership team in the region on particular areas of focus. One of the reviews of North America took place as part of the Board's overseas visit to Chicago in June 2023. More details can be found on page 109.

In June and December, the Board considered the Group's sustainability strategy, including the steps being taken to achieve net zero by 2040 and the progress of regional sustainability plans to achieve agreed targets by 2025 (see the Responsible Business section on pages 68 to 82 for more information).

The Head of Investor Relations presented to the Board in June on the Investor Relations function, the composition of the Company's share register and planned investor engagement activities. The Board also discussed the Company's American Depository Receipt (ADR) programme and the key areas of focus for investors.

Customer and supplier contracts over an agreed threshold are also reviewed and approved by the Board. In 2023, these included an energy contract and vehicle supply contract.



## Safety, health and environment



A review of safety, health and environmental (SHE) performance is the first item on the agenda of each scheduled Board meeting; a practice mirrored at ELT meetings. The Board receives updates from management on health and safety performance, including KPIs, and consideration of any major incidents during the period, identifying any root causes and actions or learnings as a result. Further details on colleague safety can be found in the Responsible Business section on page 69.

An update on the Group's Lost Time Accident (LTA) and Working Days Lost (WDL) KPIs (see page 22) is provided in each SHE presentation to the Board. In addition, twice a year, the Board reviews our SHE leading indicators. There are three leading indicators which focus on our more hazardous activities, such as fumigation, that are consistently measured across the Group, and two leading indicators that focus on compliance with key safety training.

Throughout the year, the Board discussed the Group's broader sustainability strategy, including the environmental initiatives in progress across the Group. The Board also considered updates on the stakeholder landscape from an ESG perspective and ESG reporting requirements. In 2023, we engaged an external specialist consultancy firm to support the in-depth process of understanding the material sustainability-related impacts, risks and opportunities for the Group, in preparation for compliance with the Corporate Sustainability Reporting Directive (CSRD) and enhanced ESG reporting in the future. The outcome of this initial assessment was shared with the Board (see the Responsible Business section on pages 72 to 82 for more information).



## People



In July and December, the Board received updates from the Group HR Director on colleague retention, workforce engagement and culture. This included an overview of the external employment landscape, an update on our Employer of Choice programme, and a summary of the enhancements being made to the Group's talent and career development initiatives. In December, the Board also received a summary of the key findings from our colleague survey, Your Voice Counts (YVC). The survey, which is undertaken every two years, is one of the principal methods for both senior management and the Board to understand the main areas of focus for our people, and to identify potential opportunities for improvement. Further details as to the YVC survey can be found on page 70.

The Board also receives regular updates from the Chief Executive on any changes to senior management. Succession planning for the North America leadership team was a major focus during the year, with Brett Ponton stepping down as CEO North America in October 2023, and Brad Paulsen being appointed as his successor in December.

In March, the Board approved the Company's Gender Pay Report. We continue to have no material gender pay gap between women and men, and are making progress in building our female representation in senior management roles. The Gender Pay Report is available on the Company's website, while further details of our approach to diversity, equity and inclusion (DE&I) can be found in the Responsible Business section on page 69.

In November, the Board received an update on the UK apprenticeship scheme. Since 2017, 617 apprentices have obtained an apprenticeship qualification through our programmes. Further details on our apprenticeship scheme can be found on page 69.

## Governance and compliance



The Board received recommendations from the Nomination Committee on the appointment or reappointment of Non-Executive Directors during 2023, including the appointment of Sally Johnson as a Non-Executive Director, as set out on page 127.

The Board reviews its effectiveness annually and in 2023 work was undertaken to progress the actions identified from the previous internal review in 2022, with the status being considered at the Board meeting in June. The 2023 review was externally facilitated by Chris Saul of Christopher Saul Associates, with the findings discussed at the Board meeting in December 2023 and the actions arising from that review agreed at the February 2024 meeting. Read more on pages 112 and 113.

Governance procedures and practices are closely monitored by the Board, which also has oversight of forthcoming governance developments or regulatory changes, supported by biannual briefings from the Company Secretary. In 2023, the Board spent time considering the proposed changes to the UK Corporate Governance Code, the requirements introduced by the Economic Crime and Corporate Transparency Act, and the additional reporting requirements outlined in the draft Companies (Strategic Report and Directors' Report) Regulations prior to its withdrawal in October 2023. Other updates provided to the Board related to climate reporting, the Listing Rules and SEC rules.

In December, the Board noted the revision of various key Group policies, including the Group Authority Schedule, and approved an updated schedule of governance procedures and practices and the Committees' terms of reference.

## Mergers and acquisitions



The Board receives updates on current M&A activity from the Chief Executive as part of his report to the Board at each scheduled meeting. Regular updates are also included on the status of the M&A pipeline.

In 2023, the Group acquired 41 businesses. When a transaction is of a significant size or involves the Group entering a new territory or business line, the business case is reviewed and approved by the Board. During 2023, the Board approved two acquisitions, further details of which can be found on page 111.

Twice a year, the Board undertakes a post-investment review of acquisitions in aggregate to evaluate the performance of the total investment in acquisitions which completed in the prior 12–30 months, including the delivery against business cases and execution of integration plans. These continue to indicate ongoing rigour and aggregate performance of the M&A strategy against investment criteria and key metrics.

The Board monitors its competitors on an ongoing basis through the Chief Executive's report and Investor Relations update, with a specific discussion on our competitors also taking place as part of the Board's annual strategy day.

## North America site visit

In June 2023, the Board travelled to Chicago to hold a Board meeting and strategic sessions with the North America leadership team. The visit allowed the Board to review the Group's strategic performance and outlook in the region, including the progress made with the integration of the Terminix business. The meetings, which were held over three days, included an overview of the North American pest control market, an in-depth review of the key focus areas for the combined Rentokil Terminix business, a review of the technology systems within the business, an update on the progress made with our Employer of Choice agenda, and an overview of the customer experience.

The Board also visited Wrigley Field, the home of the Chicago Cubs, a Major League Baseball team, for a demonstration of the pest control services provided there by Rentokil, and took a tour of our Des Plaines Facility, which houses our Ambius, Target Specialty Products and Pest Control businesses, where the Board had the opportunity to meet with colleagues from these businesses.



## Board activities in 2023

### Financial management



At each meeting, the Chief Financial Officer updates the Board on the financial performance of the Group. The Board reviews the reporting of the Group's financial performance, and approves the financial results and associated regulatory announcements.

The Board assessed the viability of the Group over the next three-year period, the potential impact of the principal risks, and stress-tested financial forecasts for severe but plausible scenarios. The Board approved the viability statement (refer to page 94) and going concern statement.

Having considered the Group's dividend policy and the financial performance of the Group, the Board approved an interim dividend for 2023 of 2.75p per share and is recommending a final dividend for 2023 of 5.93p per share. This equates to a full-year dividend of 8.68p per share, an increase of 15.0% compared with 2022.

The Board reviews the Group's capital structure, including financing needs and funding, as well as capital allocation throughout the year. In July, the Board approved the issuance of 2.5m ordinary shares to satisfy the 2020 Performance Share Plan awards which vested in 2023. Further information on the Company's capital structure can be found on pages 242 and 243.



The Board reviews the Group's annual operating plan each year, with a draft considered in December and the final plan approved early in the following year.

The Board also reviews the Company's treasury policy and tax strategy annually. The treasury policy is designed to ensure that the Group has sufficient liquidity and manages financial risk as outlined in Note C1 to the Financial Statements on pages 203 and 204. The tax strategy is aligned to our wider business strategy, in the belief that this approach creates a responsible and sustainable tax strategy that will strengthen long-term shareholder value. The current tax strategy, which was approved in December 2023, is available on the Company's website.

### Risk monitoring and oversight



Risk management and internal controls effectiveness are considered by the Board throughout the year as part of its review of business strategy and performance, and in its regular engagement and consultations with executive management. The Audit Committee and senior management also update the Board and give it assurance that risks are being identified, effectively managed and mitigated.

The Board reviewed the Speak Up process and reports received in 2023, and considered any thematic issues identified (refer to page 124).

The Board undertook a review of the effectiveness of the Group's risk management and internal controls systems and found them to be effective, notwithstanding the material weakness identified under the SOX requirements. Further details can be found in the Audit Committee report on pages 117 to 124.

The Board also receives quarterly summaries of ongoing material litigation and claims within the Group, including updates on termite damage claims by customers in North America and ongoing actions to manage this risk, and an annual briefing on IT security (see page 116).

## Exploring the potential use of technological advancements for the Group

In November 2023, as part of the annual strategy day sessions, the Board received an overview of key external forces that may impact the business in the future from Kearney, an external consultancy firm. The presentation detailed the evolution of technology, data and Artificial Intelligence (AI), and provided the Board with insight as to the potential implications of technological advancements for the Group.

The Board also received an update from the Chief Information Officer on the Group's AI journey, including the identification of potential risks and opportunities, and the development of an AI strategy and roadmap.

In addition, the Chief Information Officer provided the Board with an overview of Extended Reality (XR), and what was possible with the Metaverse and XR in business. XR is the collective reference for virtual reality, augmented reality and a combination of the two (mixed reality). The discussion included an exploration of the potential use cases for the Group, such as virtual and mixed reality training.

The Board also attended live system demonstrations from our IT team, on ServiceTrak Trusted Advisor, Genesys Unified Comms, and the Data Command Centre, providing them with the opportunity to experience the Group's technology in action.



## Principal decisions of the Board







We consider the principal decisions of the Board to be those direct decisions taken, rather than delegated to management or a Committee of the Board (unless considered and approved in principle by the whole Board first), and which may have a potentially material impact on the Company's strategy, a stakeholder group or the long-term value creation of the Company.

We group the Board's principal decisions into nine categories: financial results; capital allocation; funding; strategy (including ESG strategy); M&A activity; supplier and customer contracts; Board changes; Company statements; and other matters reserved to the Board. Within these categories, some matters are considered less material or strategically significant. These business as usual matters, include items such as the Committee's terms of reference and the issue of new shares to satisfy our executive share plans.

An overview of the Board's activities during 2023 can be found on pages 108 to 110. This contains details of the significant decisions made during the year. In addition, examples are provided below to illustrate how the Directors have had regard to the matters set out in section 172(1)(a)–(f) of the Companies Act 2006 when making principal decisions in 2023 (these include consideration given to key stakeholders, including employees, communities and commercial counterparties but are set out in full in the key opposite). Relevant Board papers for deliberation or decision by the Board are drafted to include an appendix clearly setting out the potential impact on stakeholder groups to aid the Board's consideration.

The section 172(1) statement can be found on page 83, with further details of the Board's engagement with stakeholders during the year provided on pages 114 and 115.

### Key to section 172(1) considerations

-  **Long-term results**
-  **Colleagues**
-  **Our business relationships**
-  **Communities and the environment**
-  **Our reputation**
-  **Fairness between our shareholders**

## Building on the strengths of our businesses

The Board approves acquisitions above a set threshold, as set out in the Group Authority Schedule. During 2023, one such example of this was the acquisition of Action Pest Control, a residential and commercial business located in the Midwestern United States.

-  **Long-term results**  
The Board determined that the acquisition further supported our residential and commercial pest control capabilities in North America, with additional scale and density in the Midwest. The acquisition also provided further technical capability to our commercial work in the Midwest.
-  **Colleagues**  
The employees of the acquired business would benefit from the Group's technical and sales training and tools, and the opportunity for an enhanced career path. It was also agreed that the integration of the business into the Group would be phased, in recognition of the existing impact to colleagues from the ongoing integration of Terminix.
-  **Our business relationships**  
The Board considered that the acquisition would allow us to offer new and existing customers a wider range of products and services.
-  **Fairness between our shareholders**  
The acquisition aligned with our strategy to identify opportunities for broader-based growth, and with our strong track record of successful M&A integration, will benefit shareholders by contributing towards a long-term return on their investment in the Company.

### Outcome

The Board approved the acquisition, with the purchase of Action Pest Control concluding in June 2023.

## Promoting the highest standards of ethical behaviour

In February 2023, the Board received a comprehensive update on modern slavery, including the principal risk areas for the Group, and the initiatives in place to mitigate the risks. The Board also considered the Company's Modern Slavery Statement for 2022 for approval.

-  **Colleagues**  
The Modern Slavery Statement highlights how the Company mandates the highest employment standards for our colleagues in all countries of operation, as outlined in our Code of Conduct, which emphasises our determination to embed our values of Service, Relationships, Teamwork and Responsibility across the Group.
-  **Our business relationships**  
The Board deliberated on the risk assessments of suppliers, and their adherence to the Group's Supplier Code, which is aligned to our Code of Conduct, including the potential outcomes of non-compliance by any supplier. The Board also considered the approach taken to customer compliance.
-  **Communities and the environment**  
The Modern Slavery Statement highlights the Board's recognition of its responsibility to manage our business and supply chains to identify and alleviate any potential or actual human rights violations.
-  **Our reputation**  
The Modern Slavery Statement supports our commitment to maintain the highest standard of ethical behaviour and governance compliance, and the Board considered the actions being taken to raise awareness of and to mitigate the potential for modern slavery.

### Outcome

The Board approved the Modern Slavery Statement for 2022. The Board considers the Modern Slavery Statement on an annual basis, and our statement for 2023 was approved in February 2024. Our Modern Slavery Statement is available on our website.

Board evaluation

In line with best practice, the performance and effectiveness of the Board, its Committees and individual Directors are comprehensively assessed annually through a formal evaluation. In accordance with provision 21 of the UK Corporate Governance Code, we have adopted a three-year cycle of external Board evaluations.

The 2022 Board evaluation was internally facilitated, with the outcomes informing elements of the Board’s work. An update on the status of recommendations resulting from the 2022 review is provided below.

Following two years of internal reviews, in 2023 an external evaluation was undertaken, conducted by Chris Saul from Christopher Saul Associates, an independent advisory firm. Chris Saul has no other connection with the Company or individual Directors. Chris Saul has previously facilitated the Company’s Board review in 2020. The process, outcomes and follow-up actions are described in more detail below.

2022 evaluation recommendations and progress made during 2023	
Monitor Terminix integration	An update on the Terminix integration was provided to the Board at each meeting in 2023 with additional in-depth sessions and an overseas visit held to supplement this. The Board also received briefings on compliance obligations and changes to regulation in the US throughout the year.
Stakeholder considerations and Non-Executive Director engagement	Customer focus was enhanced in regional presentations and engagement opportunities were considered when drafting Board agendas. Additional opportunities were introduced in the year to allow the Board to meet with colleagues, including special lunches and site visits. More information on Board engagement with stakeholders can be found on pages 114 and 115.
Enhance competitor oversight	The information flow on competitors to the Board was considered when drafting agendas, with specific discussions held as part of the Board’s annual strategy day and Investor Relations update.
Review of Board papers	Guidelines were developed and communicated to those responsible for producing papers for the Board and the Board Committees, alongside updated templates. Individual reviews of some papers were undertaken to streamline them or ensure clarity of purpose by the Company Secretary.

2023 external Board and Committees evaluation

The process for the 2023 Board and Committees evaluation, which was externally facilitated, is illustrated in the following diagram.





### Findings and actions for 2024

The findings of the Board evaluation were positive, with the external evaluator finding the Board to be collegiate and well-led, operating to high standards of professionalism, and benefiting from quality support from the executive team. The evaluation concluded that the Board was operating effectively. The review set out some recommendations which may add to the efficiency and impact of the Board and its Committees. Following consideration of these, the Board has approved the following actions for 2024.

2023 evaluation recommendations	Actions to be taken during 2024
<b>To consider and develop the balance of Board agendas in 2024 in order to facilitate additional focus on key or emerging areas linked to the execution of strategy.</b>	<ul style="list-style-type: none"> <li>• To continue the Board's focus on the North America business through regular deep dives and overseas visits.</li> <li>• Ongoing development of the Board's annual planner to ensure sufficient focus on topics of emerging prominence or interest, such as AI.</li> <li>• To review current standing agenda items to ensure that all areas of material risk are adequately addressed throughout the Board year.</li> </ul>
<b>To review the skill set of the current Non-Executive Directors to assist the Nomination Committee with its future succession planning for Non-Executive Directors.</b>	<ul style="list-style-type: none"> <li>• To undertake a Non-Executive Director skills matrix assessment to identify any gaps between the competencies required to achieve the Company's strategic goals and the skills and experience of the current Non-Executive Directors.</li> <li>• To develop in addition a plan to address any knowledge or skills gaps identified, including the inclusion of specific deep dive sessions with management or the use of external experts in the 2024 agenda.</li> </ul>
<b>To retain focus on the enhancement of Board papers and to ensure the frequency and timings of meetings remains appropriate.</b>	<ul style="list-style-type: none"> <li>• To undertake a review of the implementation of the Board and Committee guidance rolled out in 2023 to ensure ongoing effectiveness.</li> <li>• To consider the length and locations of meetings, given the increased scale and complexity of the business.</li> </ul>
<b>To consider opportunities for enhanced stakeholder engagement.</b>	<ul style="list-style-type: none"> <li>• To consider any additional opportunities for colleague engagement in the Board calendar.</li> <li>• To review if the Board's current engagement approach to customers remains appropriate.</li> </ul>

### Board Committee evaluation

The effectiveness of Audit, Remuneration and Nomination Committees were considered as part of Chris Saul's evaluation (which involved him undertaking interviews and attending committee meetings as described overleaf). The review set out findings and recommendations for each committee. These formed part of the Board discussion held in December 2023 and then each committee considered the findings and agreed the action plan for 2024 at their meetings in February 2024.

The evaluation process assessed the effective performance of the Board Committees and concluded that they operate effectively and are well-integrated into Board decision-making processes. Further details are set out in each Committee report on pages 124, 126 and 138.

### Director evaluation

In previous years when the Board evaluation has been undertaken internally, each Non-Executive Director has completed a self-evaluation questionnaire. This year the performance of all Directors was considered as part of the external review process, with Chris Saul meeting with each Director separately. The performance of the Chairman was also considered as part of the external evaluation process.

The review set out key findings on Board culture, the mix of skills on the Board and the Chairman. In addition, the Chairman continued his usual practice of meeting with individual Directors throughout the year.

Executive Directors are subject to regular review and the Chief Executive appraised the performance of the Chief Financial Officer as part of the annual Group-wide performance evaluation of all colleagues. The Chairman evaluates the performance of the Chief Executive as part of the same process. Executive Director performance is also reviewed by the Remuneration Committee as part of its deliberations on bonus payments.

The Nomination Committee takes the outcome of these evaluation processes into account each year in order to inform the Nomination Committee's recommendation for Board members to be put forward for re-election by shareholders. All Directors were deemed to be effective members of the Board and are recommended for re-election at the Company's AGM.

## Stakeholder engagement

We identify the key stakeholders relevant to the Group's businesses or operations as our colleagues, shareholders, customers, communities and suppliers. Information on our key stakeholders is set out on pages 84 and 85, including associated key issues and impacts, as well as how our businesses and management engage with these groups. We will continue to monitor if these groups remain appropriate.

The following pages provide details of how the Directors receive information about our key stakeholders, alongside some examples of engagement the Directors undertook in 2023. You can find our section 172(1) statement, which describes how the Board has regard to key stakeholders, on page 83, with examples of principal decisions taken in 2023 and the attention given to stakeholders in its considerations on page 111.

In assessing the Board's engagement with the Group's workforce, we believe our existing arrangements for workforce engagement are as appropriate as the proposed methods set out in the UK Corporate Governance Code. Having regard to the size, distribution and scale of our businesses and our dispersed, global workforce, totalling approximately 62,900 people in 90 countries, we believe the existing framework of local and regional engagement tools, which flow up to the Board together with supplementary individual Director engagement, remains effective.

Management reports to the Board regularly on performance measures such as colleague retention, Your Voice Counts (YVC) survey results and Glassdoor ratings. We expect each Non-Executive Director to engage individually with a range of colleagues, so they bring back their experiences to discuss with the Board. They do this by visiting technicians or customers, having discussions with relevant management teams across different regions or functions, adding visits to local Rentokil Initial operations to their other travel plans, or attending town hall sessions or management meetings. We also identify ways for individual Board members and the Board collectively to engage with target groups across the year.

The workforce engagement undertaken during the year allowed the Board to gain a deeper understanding into how individual businesses and functions operate, the approaches taken by management and awareness of our culture in practice. Feedback from engagement sessions is used to determine any areas for additional strategic focus by the Board or management.



## Colleagues

### Information flow to the Board

- Health and safety reports
- Monitoring performance measures such as colleague retention
- Results of YVC colleague survey or other pulse surveys
- Regional deep dive presentations
- Employer of Choice update provided twice a year
- Key management changes included in every Chief Executive report
- Monitoring external measures such as Glassdoor
- Notification of key awards won or other significant external validation
- Gender Pay Report
- Ethical concerns reported via the confidential reporting process, Speak Up

### Direct Board engagement

The Board aims to engage with a broad range of the senior management team, whether this is by joining senior management meetings, colleague events or by colleagues attending and presenting to the Board at its meetings.

Wherever possible, the Board seeks to continue this engagement outside of the boardroom via informal events such as lunches or dinners. For instance, in June, the Board had dinner with the North America management team, and in November, the Board had lunch with members of the IT team and colleagues who have progressed through our apprenticeship scheme, to allow the opportunity for further discussion following a presentation on the scheme to the Board. Directors also have the opportunity to hold individual meetings with colleagues.

The opportunity for Director engagement with other colleagues is primarily via visits to local Rentokil Initial operations, attending town hall sessions, undertaking site visits or going on 'ride-alongs' with technicians.

The outcome from any engagement, as well as any feedback that has been received, is shared at Board meetings where appropriate.

Information is shared from the Board to colleagues via established methods of colleague engagement (see page 84).



## Shareholders

### Information flow to the Board

- Chief Executive report at each Board meeting includes an investor relations update
- Financial performance reports
- Analyst notes circulated
- Presentations on market perspectives by the Company's brokers
- Capital Markets Day and feedback
- Feedback from investor meetings

### Direct Board engagement

There are a number of ways the Board engages directly with shareholders, including correspondence with investors, attendance at the Preliminary and Interim Results presentations in London, meetings with the Chairman and Chair of the Remuneration Committee, and the AGM.

The Chairman writes to key shareholders each year to offer the opportunity to engage with him ahead of the AGM. In March 2023, he wrote to our top 20 investors, representing c.46% of the Company's issued share capital. In response to his offer, the Chairman held multiple meetings with investors. Topics covered included the integration of Terminix; sustainability and culture; management succession; and Board composition. The Board will have regard to the matters raised by investors when considering items on the agenda during the year. The Chairman will also meet with investors if requested to do so at other times of the year.

In October 2023, the Remuneration Committee Chair wrote to investors in the top 30 of our share register, representing c.50% of the Company's issued share capital, to outline proposals for the new Directors' Remuneration Policy to be put for shareholder approval at the AGM in May 2024. We also engaged with three of the largest proxy voting agencies. Full details are set out in the Directors' Remuneration Report on pages 131 to 161. The final policy is being submitted for shareholder approval at the AGM in May 2024.

The Chairman and Committee Chairs welcome any comments on this report and shareholders are invited to contact them via email at [chairman@rentokil-initial.com](mailto:chairman@rentokil-initial.com). They will also be available to answer questions at the Company's AGM.



## Customers

### Information flow to the Board

- Regional deep dive presentations
- Customer Voice Counts (CVC) scores
- Strategy day review – including product pipeline and innovation
- Material customer contracts requiring Board approval
- Monitoring external measures such as Trustpilot

### Direct Board engagement

The Board has the opportunity to meet customers on overseas site visits and as part of a 'ride-along' with technicians.

In 2023, Richard Solomons, while visiting our teams in Atlanta and Memphis, also attended an event with colleagues and a number of our strategic customers.

Due to the highly dispersed nature of our customer base, in which the largest customer represents significantly less than 1% of revenue, we believe that the current level of engagement is appropriate, but this will be kept under review.



## Communities

### Information flow to the Board

- Safety, health and environmental updates
- Regional deep dive presentations
- Annual Report review
- Responsible Business Report review
- Updates on RI Cares (see page 71)
- The **RIGHT WAY** magazine, which contains a variety of examples of the business and our colleagues engaging with the community

### Direct Board engagement

While communities and the environment continue to be a focus for the Board, no direct engagement took place between Directors and communities during 2023. Given the nature of our business we believe that the indirect engagement provided is at an appropriate level and no Director engagement is required, but this will be kept under review.



## Suppliers

### Information flow to the Board

The Board oversees the principal engagement undertaken by operational management (especially the central procurement and supply chain function, and national procurement managers) through:

- review and approval of our major supplier contracts;
- approval of our Modern Slavery Statement; and
- oversight of the Supplier Speak Up ethical reporting process.

### Direct Board engagement

Given the nature of the business, we do not expect our Directors to have any direct engagement with our suppliers. They instead rely on the indirect engagement set out above and the Company's engagement as detailed on page 85.

## 2024 Annual General Meeting

The Board takes the opportunity to engage with both private and institutional shareholders at the Company's AGM and views it as an occasion to update all our shareholders on the performance of the business they own.

In order to make our AGM more accessible and encourage engagement from a broader range of shareholders, we will be holding a hybrid AGM in May 2024.

The 2024 AGM will be held at, and be broadcast via live webcast from, the Company's offices at Compass House, Manor Royal, Crawley, West Sussex RH10 9PY from 11.30am on 8 May 2024.

We encourage our shareholders to utilise the live webcast of the meeting. Questions can also be submitted in advance of the meeting by emailing [chairman@rentokil-initial.com](mailto:chairman@rentokil-initial.com). A recording of the meeting will be available afterwards on the Company's website.

A separate Notice of Meeting, containing both an explanation of the items of special business and full details of how to join the meeting remotely, has been sent to shareholders and is available on our website.



### Joining our technicians on the front line

In 2023, many of our Directors joined our technicians on a 'ride-along', with Sarosh Mistry, David Frear, Cathy Turner and Sally Johnson all taking the opportunity to join a ride-along with a pest control technician. The ride-along grants Directors direct exposure with our colleagues and our customers, while also providing them with a hands-on experience of the work undertaken by our technicians. Each Director shared feedback from their ride-along with the Board.



### Helping to raise funds

In September, Andy Ransom, Chief Executive, helped colleagues in Crawley raise funds for Malaria No More UK, by being one of the many colleagues who participated in a 58-mile cycle challenge; the distance from our head office to our new technical centre in Waterloooville. The 304 miles achieved on the day exceeded the initial target.



### Celebrating Thanksgiving with our colleagues

In November, Stuart Ingall-Tombs, Chief Financial Officer, joined the North American management team, serving up Thanksgiving lunch to colleagues at our Reading, Pennsylvania, office.

### Sharing expertise among colleagues

In January 2023, Linda Yueh joined our Global HR Leadership conference to present on the current economic landscape.

The Global HR Leadership team comprises more than 80 colleagues from across the Group, and the event was therefore held virtually.

Linda shared her views on the prevailing economic climate and key focus areas for HR, including the cost of living, wage inflation and the impact on labour supply, and then answered questions from colleagues.

## Culture and values

Our culture is characterised as customer focused, driven to succeed, diverse, down to earth and innovative. In October 2022, we launched a refreshed mission, vision and values, following feedback from colleagues globally. We updated our mission to include a third limb of 'preserving our planet', and added a new value, 'Responsibility'. The revised cultural framework underpins our vision.

The Board's ongoing oversight of the Group's mission, vision and values ensures that our culture is aligned with our business goals and brings purpose to our colleagues. Key metrics have been identified to monitor our culture which are included in the updates that the Board receives twice a year on culture, progress on our Employer of Choice agenda, and workforce engagement. This year the reports included updates on colleague retention, enhancing colleague development, a follow-up on the outcomes of the YVC colleague survey undertaken in 2021 and a summary of the key findings from the 2023 survey.

One of the key methods for both senior management and the Board to monitor culture is to analyse the results of the YVC colleague survey, which is carried out every second year. This includes questions mapped to each of the five core themes in our culture model to provide a score and trend for each at a Group, functional and regional level. There are 12 questions in the survey to create a Core Culture Index. In 2023, our Core Culture Index was 80%, which is broadly in line with our 2021 survey result. Full details can be found on page 70.

Examples of other ways that the Board monitors and assesses culture include:

- monitoring Sales and Service colleague retention rates, overall colleague rolling 12-month retention and analysis of retention by region;
- monitoring, as appropriate, content and usage of the U+ online learning platform and other means of delivering training and development;
- the results of employee pulse surveys;
- external views such as Glassdoor ratings; and
- mental health awareness and other employee campaigns.

The Audit Committee also monitors culture through its oversight of:

- confidential reporting via the Company's Speak Up facility; and
- any compliance failures, such as any incidences of fraud.

Our approach to investing in and rewarding our colleagues can be found on pages 69 and 155.

The Board's culture update twice a year also includes an overview on the Company's approach to diversity, equity and inclusion, alongside data which enables the Board to monitor the Company's progress in this area. Further details on fostering a diverse and inclusive culture can be found on pages 69, 128 and 129.

## Policies and practices

We have a comprehensive Group-wide procedure framework in place to supplement local policies and legislation. The cornerstone of this policy framework is the Code of Conduct. The Code of Conduct sets out a fundamental commitment to comply with all legal requirements that apply, and to operate with high ethical standards. It outlines responsibilities to colleagues, customers and the business, and highlights our determination to establish our values, and a culture of integrity, everywhere within the business.

Clear guidelines are provided to all colleagues on how to seek further advice or report concerns, and we also operate a whistleblowing (Speak Up) facility for colleagues or third parties. This is designed to allow colleagues across the Group to raise concerns confidentially internally and to disclose information which the individual believes highlights or would indicate illegality, unethical behaviour or other serious malpractice.

We have a Group-wide share dealing policy and an insider trading policy, which govern the purchase, sale, and other dispositions of the Company's securities by Directors, senior management and colleagues, that are designed to promote compliance with applicable insider trading laws, rules and regulations.

Specific programmes are in place to support implementing the Code of Conduct and underlying policies, national laws and regulations, and monitoring and reporting compliance with them. This includes the use of e-learning training on our online learning and development platform, U+, and we track dissemination and adoption across the Group.

We review policies periodically to ensure they meet current best practice and legislative requirements, and our technical and safety standards and practices often exceed local regulatory requirements.

Examples of our key policies are available on our website.

## Cyber security

The Board oversees the Group's risk management and internal control framework, including consideration of the risks posed from cyber security threats. Management provides an in-depth annual update to the Board on the Group's IT security arrangements, including details of our cyber security operations and performance, and the status of this risk.

To protect the Group from potential cyber security threats, we have employed complementary processes for assessing, identifying, and managing the risk, with our information systems being protected by a multi-layered set of technology and processes (implemented and monitored by cyber security professionals), and consistent with the US National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF). This is periodically assessed via recurring independent third-party assessments, internal audits, and penetration testing. The Group has also adopted cyber security incident response plans, to ensure the appropriate escalation of potential threats in a timely manner, and we use our e-learning platform for cyber security training, along with regular phishing simulations, to assess the effectiveness of our training and to test user awareness of current threats. The Group has not experienced previous cyber security incidents that have materially impacted the business or business strategy.

In addition to the annual presentation to the Board, the outputs of these security activities are summarised and reviewed by the Group Risk Committee and discussed at the IT leadership team meetings. The Audit Committee would also be notified of any control incidents. Third-party partners are subject to appropriate controls as specified on Rentokil Initial third-party risk management processes, procurement processes, and enforced via service agreement and contract terms and conditions.

Management reviews cyber security risks through updates received from the Group Chief Information Security Officer (CISO), IT Risk Committee and Internal Audit. These updates include details of the actions being taken to prevent, detect, mitigate and remediate the risk of cyber security threats. Management also considers recommendations from the Group CISO, including any corrective actions required to address exposed risk to information systems from cyber security threats.

The Group's CISO has over 20 years of cumulative cyber security expertise, across a range of diverse industries, and leads our Information Security team. The Information Security team is supported by an external third party that provides uninterrupted security monitoring.



# Audit Committee Report



**Sally Johnson,**  
**Chair of the Audit Committee**

## Areas of focus in 2023

- Review of the financial elements of the integration of Terminix
- Oversight of the combination of the Rentokil Initial and Terminix Internal Audit teams
- Oversight of the external audit, and its continued effectiveness
- Oversight of the implementation of the internal controls over financial reporting, as required by SOX

## Areas of focus in 2024

- Oversight of the Company's SOX compliance, including the Group's IT general controls programme
- Continued review of internal and external audits
- Oversight of the increased use of thematic audits and Computer-Assisted Audit Techniques (CAAT)
- Oversight of the implementation of enhanced fraud risk assessments
- Fraud control oversight

## Committee members:

Sally Johnson (Chair)  
John Pettigrew  
Linda Yueh

## Dear Shareholder

It is with pleasure that I present the report of the Audit Committee for the financial year ended 31 December 2023. The report, which is my first report since being appointed Chair of the Audit Committee in May 2023, sets out how we have discharged our duties in accordance with the UK Corporate Governance Code and the key activities during the year.

Julie Southern stepped down as Audit Committee Chair in May 2023 and I would like to offer my thanks on behalf of the Audit Committee for her contribution over the last nine years.

During the early part of 2023, a key focus for the Audit Committee was the consideration of the financial information and audit-related disclosures for the 2022 Annual Report. An additional meeting was held in March 2023, to ensure adequate review time was given to support acquisition accounting and related judgements.

The Audit Committee reviewed any further opening balance sheet adjustments at the July 2023 meeting, where we also considered the interim financial reporting, and in December 2023, we reviewed the accounting of the termite provision ahead of the 2023 financial year end.

Throughout 2023, the Audit Committee has closely monitored the Group's journey to Sarbanes-Oxley (SOX) compliance following our successful listing on the New York Stock Exchange (NYSE). We have had regular and comprehensive updates from management on the SOX implementation programme, which the Group commenced in 2022. The attestation for 2023 full-year reporting was finalised in early 2024. While progress has been made in relation to our previously identified material weaknesses relating to IT general controls, it has not been fully remediated and will remain a key focus for 2024.

PwC was reappointed as our external auditor at our AGM in May 2023. In 2023, the Audit Committee has continued its focus on the oversight of the quality of the external audit, including the advancement of audit technology to deliver on our 2023 audit strategy. We have also completed the annual audit quality review, and identified with PwC a series of actions that we can take to improve the audit process. Overall, the Audit Committee concluded that the external auditor and the audit process was effective.

The Internal Audit team continues to utilise a hybrid model, with some elements of audits completed remotely and some on-site. This approach continues to deliver an effective audit programme. The Terminix Internal Audit team has been fully integrated into the Rentokil Initial Internal Audit team, and process, scope and reporting are aligned across the businesses.

Regular updates on the control environment are received from Internal Audit, giving the Audit Committee the opportunity to review any control incidents at each meeting. It is worth noting that the number of incidents remains relatively low, with a small increase in the level of reporting via our internal whistleblowing process, Speak Up.

Fraudulent activity across the Group remains at a low level in 2023, with 14 cases recorded; the same as in 2022. Following full investigation of these incidents, processes have been updated and further training provided where necessary. These incidents were not material to the Group's reporting.

The Audit Committee continues to play a crucial role in providing all our stakeholders with the assurance of not only robust financial reporting, but also assurance over the thematic areas of risk and operational resilience. In line with our commitment to manage climate change risk, we have been engaged in assessing and monitoring this risk on an ongoing basis and as part of the year-end audit report, and its disclosure in the 2023 Financial Statements.

During the year the Audit Committee has been briefed on the proposed changes to the UK Corporate Governance Code, the requirements to be introduced by the Economic Crime and Corporate Transparency Act and the FRC's Audit Committees and the External Audit: Minimum Standard (the Minimum Standard). The Audit Committee also considered the additional reporting requirements outlined in the draft Companies (Strategic Report and Directors' Report) Regulations prior to its withdrawal in October 2023.

Full details of the Audit Committee's work during 2023 can be found set out in the following report.

**Sally Johnson**  
**Chair of the Audit Committee**  
7 March 2024

## Audit Committee Report

### continued

### Purpose and role of the Audit Committee

The Audit Committee assists the Board in its oversight and monitoring of financial reporting, risk management and internal controls. The Audit Committee's focus is to review and challenge in these areas both management, internal audit and the external auditors. This includes the undertaking of at least an annual review of effectiveness of the Group's risk management and internal control systems. The Audit Committee also oversees the relationship with the external auditors, including their appointment, and the assessment of their independence and effectiveness.

The full responsibilities of the Audit Committee are set out in its terms of reference, which were last reviewed in December 2023. As part of the review, the terms of reference were updated to reflect the requirements outlined in the Minimum Standard. The updated Audit Committee terms of reference are available on our website.

### Membership and attendance

All Audit Committee members are independent Non-Executive Directors. Sally Johnson, Chair of the Audit Committee, is a Chartered Accountant and in February 2024, the Board determined that the Audit Committee met the UK and US composition requirements by virtue of Sally having recent and relevant financial experience for the purpose of the UK Corporate Governance Code, having competence in accounting and/or auditing for the purpose of the Disclosure Guidance and Transparency Rules, and being a financial expert for the purposes of the Sarbanes-Oxley Act. John Pettigrew has extensive commercial and operational experience in overseeing the financial affairs of substantial business undertakings and Linda Yueh has a strong economic and academic background with considerable experience gained in advisory roles. The Audit Committee as a whole is, therefore, considered to have competence relevant to the sectors in which the Company operates. Full biographical details of the members of the Audit Committee can be found on pages 100 to 102.

The Audit Committee met six times during the year, with all members attending all meetings. Full details of the attendance of the members during 2023 can be found on page 98.

Meetings of the Audit Committee are attended by the Chairman of the Board, the Chief Executive, the Chief Financial Officer, the Director of Internal Audit & Risk, the Interim Head of Internal Audit & Risk, the Group Financial Controller, the Group General Counsel, the Company Secretary (who acts as secretary to the Audit Committee), and the external auditor.

The Audit Committee meets at least once per year separately with the Company's auditor and the Director of Internal Audit & Risk, without executive management present. In 2023, these meetings took place in February and December. The Chair of the Audit Committee also meets periodically with the external auditor and other relevant stakeholders. The Chair of the Audit Committee reports to the Board on the activity of the Audit Committee and any matters of particular relevance in the conduct of its work. The Audit Committee did not find it necessary to seek external advice during the year, other than through its usual dialogue with the external auditor.

### Activities of the Audit Committee in 2023

The Audit Committee considered the following key areas during 2023 and early 2024:

Matters considered	Discussion and outcome	Find out more
<b>Financial reporting</b>		
<b>Financial reporting</b>	The Audit Committee reviewed the 2022 and 2023 Annual Report and Form 20-F, and the Company's annual and interim financial statements, and received reports from both the Group Financial Controller and the auditor on the significant financial reporting judgements relating to each statement.	Financial reporting on page 120
<b>Accounting policies and practices</b>	The Audit Committee considered the application of the Company's accounting policies and practices.	Material accounting policies on pages 175 to 177
<b>Key accounting matters</b>	The Audit Committee considered key accounting matters, including goodwill impairment, acquisition accounting and termite damage claims provisioning, in relation to the Company's financial results for 2022 and 2023.	Significant issues and judgements on page 120
<b>Other financial reporting matters</b>	The Audit Committee reviewed the going concern analysis, the viability statement and the internal control statement for recommendation to the Board.	Other financial reporting matters on page 121
<b>External audit</b>		
<b>2022 Financial Statements</b>	The Audit Committee received a report from PwC on the results of the audit of the 2022 Financial Statements, considering key judgements and risks. The letter of representation was also reviewed and recommended for approval to the Board.	–
<b>Disclosure of information to the auditor</b>	The Audit Committee monitored the arrangements the Company has in place for disclosing all relevant information to the auditor. A formal confirmation on disclosure of information to the auditor is provided in the Directors' Report.	Directors' Report on page 245
<b>Effectiveness of the external auditors</b>	The Audit Committee reviewed the effectiveness of the external auditor to ensure the independence, objectivity, quality, rigour and challenge of the audit process was maintained. The Audit Committee concluded that the external auditor and the audit process was effective.	External auditor and audit process effectiveness on pages 121 and 122
<b>External auditor reappointment</b>	The Audit Committee considered the reappointment of PwC as external auditors, including the terms and scope of the audit engagement, at its meeting in February 2023. PwC was reappointed by the Company's shareholders at the AGM in May 2023. The Audit Committee has recommended to shareholders the reappointment of PwC as external auditor at the AGM in May 2024.	External auditor tender and appointment on page 122
<b>Audit objectives</b>	The Audit Committee considered an update on the key objectives to evolve the quality of the Group audit in May 2023.	External audit plan and strategy on page 121

Matters considered	Discussion and outcome	Find out more
<b>Audit strategy</b>	The Audit Committee considered the audit strategy for the 2023 audit, including the audit approach, significant risks and areas of audit focus, scope and level of materiality.	External audit plan and strategy on page 121
<b>Non-audit services</b>	The Audit Committee reviewed and approved the non-audit services and related fees provided by the external auditor for 2023, and the policy on non-audit services.	External auditor independence and objectivity on page 122
<b>External audit fees</b>	The Committee discussed and approved the fee for the 2023 audit.	External auditor independence and objectivity on page 122
<b>Internal audit</b>		
<b>Internal Audit</b>	The Audit Committee considered the conclusions and themes emerging from Internal Audit reviews conducted during the year and approved the Internal Audit Plan for 2024 in conjunction with the Board's strategic review and operating plan for the year. The Audit Committee also oversaw the combination of the Rentokil Initial and Terminix Internal Audit teams.	Internal Audit on page 122
<b>Internal Audit investigations</b>	The Audit Committee discussed the outcome of Internal Audit investigations, including the most significant issues raised in Internal Audit reports, and received updates on the status of resolution of issues raised.	Internal Audit on page 122
<b>Internal Audit Charter</b>	The Audit Committee considered and approved the Internal Audit Charter.	Role of Internal Audit on page 122
<b>Effectiveness of Internal Audit</b>	The Audit Committee reviewed and confirmed the effectiveness of the Internal Audit function.	Internal Audit effectiveness on page 122
<b>Risk management and internal controls</b>		
<b>Internal control framework</b>	The Audit Committee reviewed the effectiveness of the internal control and risk management framework.	Risk management and internal controls on page 123
<b>Control environment</b>	The Audit Committee received and reviewed matters relating to the internal control environment provided by the Director of Internal Audit & Risk and reviewed the Group Risk Committee minutes.	Risk management and internal controls on page 123
<b>Group risk</b>	The Audit Committee considered the Group risks and actions to enhance their measurement, monitoring and mitigation actions, including approval of the principal risks disclosed in the 2022 Annual Report and consideration of those for the 2023 Annual Report.	Principal risks on pages 87 to 93
<b>Financial controls</b>	The Audit Committee reviewed the results of the financial controls testing carried out across the Group by the Company's auditor, PwC.	Risk and internal controls on page 123
<b>SOX controls</b>	The Audit Committee received regular updates on the status of the implementation of the Company's SOX programme. An in-depth review of the status of our SOX compliance for 2023 was undertaken as part of the meeting in December, including discussion as to any identified material weaknesses and significant deficiencies.	SOX controls on page 124
<b>Governance and compliance</b>		
<b>Regional deep dives</b>	The Audit Committee received and discussed reports from the Regional Finance Directors of the Pacific and UK & Sub-Saharan Africa regions. These provided details on the financial reporting for the regions and the control environment in the businesses.	See also Board activities on page 108
<b>Tax</b>	The Audit Committee considered and recommended the Group's 2023 tax strategy for approval at its meeting in December.	Our tax strategy can be found on our website
<b>Litigation</b>	The Audit Committee reviewed quarterly reports of all material litigation and disputes provided by the Group General Counsel.	–
<b>Disclosure Committee oversight</b>	The Audit Committee reviewed a report of the Disclosure Committee's activities during the year and its terms of reference.	–
<b>Letter of Assurance</b>	The Audit Committee considered a summary of the outcome of the annual Letter of Assurance review, noting any exceptions provided by the senior country, regional and functional management and any actions proposed as a result of those returns.	Governance and compliance on page 123
<b>The Minimum Standard</b>	The Audit Committee considered an in-depth analysis of the requirements.	Governance and compliance on page 123
<b>Terms of reference</b>	The Audit Committee's terms of reference were updated following its annual review, with enhancements made in light of the Minimum Standard.	These are available on our website
<b>Audit Committee effectiveness</b>	The Audit Committee undertook its annual review of the effectiveness of the Audit Committee.	Effectiveness review on page 124

## Audit Committee Report

continued

### Financial reporting

The Annual Report should provide the information necessary for shareholders to assess the Company's position, performance and prospects and, as a whole, should be fair, balanced and understandable. The Audit Committee considered closely the judgements and decisions taken by the management team in the preparation of the Financial Statements. The Committee reviewed and recommended approval of the half- and full-year financial statements during the year. Following the listing of our American Depositary Shares in October 2022, the Company is also required to file a US annual report (Form 20-F), which the Audit Committee reviewed as part of its year-end process. The sections below set out the significant issues and judgements that were applied in preparing the 2023 Annual Report, as well as providing additional details on other financial reporting matters considered during the year.

### Significant issues and judgements

The Audit Committee has reviewed the following significant financial reporting issues and judgements made during the preparation of the Financial Statements with management and the auditor. The significant areas of focus considered and actions taken are set out below. These issues have been discussed and reviewed by the Audit Committee during 2023 and early 2024, notably at the review of the interim results, at the review and agreement of the audit plan for 2023 and as part of the year-end review and approval process. Please see the section on assumptions and estimation uncertainties in General accounting policies on pages 176 and 177 for further disclosure on estimates and accounting judgements.

Significant matter	Action taken
<b>Acquisition accounting</b>	
The Group makes a large number of acquisitions each year, many of which require the valuation of acquired intangible assets, including brands, customer lists and goodwill. The calculations for valuing these assets on acquisition are subject to judgement and estimation about the future performance of the acquired business, such as forecast customer termination rates, discount rates and growth rates. At the balance sheet date, recognition of acquired assets and liabilities is often provisional, although measurement period adjustments made in the following year are generally immaterial. Judgement is often required to determine whether required adjustments relate to the period pre- or post-acquisition.	At the year end, management provided the Audit Committee with a summary of M&A activity in the preceding year, including details of new acquisitions, as well as updates to provisional accounting. The Audit Committee reviewed the accounting treatment of certain aspects of significant acquisitions, including determination of the consideration paid, the identification and valuation of acquired intangible assets and a review of provisional opening balance sheets. For further details, please refer to pages 195 and 196 in the Financial Statements.
<b>Climate change</b>	
The Group operates across many markets around the world and is impacted by physical events caused by climate change and also contributes to climate change through its carbon emissions. The Group has a net zero target for 2040 (see page 80) and this plan requires operational changes in how we service our customers and deal with the effects of climate change.	As part of its discussion of the audit strategy for 2023, the Audit Committee considered climate change risks as part of the review of Group risks and the Audit Committee received an update from the Chief Financial Officer and the Group Financial Controller outlining the accounting considerations and climate change reporting in the Company's Financial Statements in February 2024.
<b>Goodwill impairment review</b>	
The Group carries material balances for goodwill and acquired intangible assets, and due to the acquisition programme makes material additions to these balances each year. The recoverable amount of these assets is determined based on the higher of value-in-use calculations, using cash flow projections, and fair value less costs to sell. Annual impairment tests are primarily based on value-in-use calculations which require significant judgements in relation to the inputs used, including forecast growth rates and discount rates. Management is required to perform annual tests for impairment on indefinite-lived intangible assets and on other acquired intangible assets when there are indicators of impairment.	Management reviewed all impairment tests for goodwill balances over £5m using a centrally provided model. The intangible assets were grouped into cash-generating units (CGUs) for the purpose of assessing recoverable amounts, using cash flows based on the most recent strategic plans, as amended for any significant changes since their preparation. Cash flows were discounted using the internally calculated country and category-specific discount rates. The Audit Committee received a summary of the results of the review and, although the total value of intangible assets is significant, was satisfied that the outcome of the impairment review was adequately disclosed in Note B2 Intangible assets.
<b>Legacy termite damage claims provisioning</b>	
As part of the acquisition of Terminix in October 2022, we recognised a significant provision for future termite damage claims whose liability existed at the acquisition date. Termite damage claims include judgements on the quantum, timing and severity of claims over a multi-year period.	Management gathered the historical data, contract data and other supporting data to provide the basis for forward-looking judgements. The Group has also hired external professional advisors to support modelling and analysis and to help management with meeting the requirements of SOX. On the termite damage claims, it may take many years before we fully understand the outcomes and we have provided sensitivity analysis on pages 185 and 186 to help understand the estimation and judgement involved. We will be maintaining external valuation support on an ongoing basis to validate the provisioning.
The judgements here should be read in line with the section above on acquisition accounting.	The Audit Committee considered the outcomes of the 2023 review. This has been reported as updates to acquisition values and through the results for the period as applicable.



## Other financial reporting matters

### Going concern and viability statements

At its meeting in February 2024, the Audit Committee considered the Group's ability to continue as a going concern, taking into account budgets, borrowing facilities, timing of cash flows, and financial and operational risk management before recommending to the Board that it adopt the going concern basis of preparation for the 2023 Financial Statements. At the same meeting, the Audit Committee also considered the longer-term viability of the Company, reviewing the analysis from management to support the viability statement in the 2023 Annual Report. Both going concern and viability modelled forecasts of future cash flows included stress-testing scenarios and an analysis of other risks that could impact the viability of the business over a one-year and three-year period (2024 to 2026) respectively and how they could be mitigated. The going concern statement for 2023 can be found on page 244, and the viability statement for 2023 can be found on page 94.

### Fair, balanced and understandable reporting

During 2023, the Audit Committee undertook a review of the 2022 Annual Report ahead of its publication to consider whether it was fair, balanced and understandable as required by the UK Corporate Governance Code. A similar process was repeated for the 2023 Annual Report at the Audit Committee meeting in February 2024. The Audit Committee received a report from management summarising the process undertaken, which covered, but was not limited to, the following:

- The Chairman and Chief Executive provide input and agree on key elements to be included, which set the tone and balance of the Strategic Report.
- All contributors to the Annual Report are made aware of the requirement for content to be fair, balanced and understandable.
- Regular review meetings are held with appropriate senior management to ensure consistency of the whole document.
- An extensive review and verification process is undertaken by the appropriate departments and senior managers, using verification software to test and track the accuracy of the content.
- Additional independent internal reviews are undertaken to enable any perceived lack of clarity, balance or understanding in the Annual Report to be identified and addressed.

The Audit Committee was satisfied that the Annual Report provided a fair, balanced and understandable assessment of the Company's position and prospects. The Board's statement on fair, balanced and understandable in relation to the 2023 Annual Report can be found on page 245.

### Correspondence with regulatory bodies

The Company received no specific correspondence from the Financial Reporting Council (FRC) in the period. The areas identified in the FRC's 'Key matters for 2023/24 reports and accounts' publication were reviewed. However, no specific changes were required to the Company's accounts as a result.

In December 2023, the Company received a letter from the US Securities and Exchange Commission (the SEC) following its review of the Company's Form 20-F for the year ended 31 December 2022. The letter contained questions, among other things, on the presentation of non-GAAP measures in the Financial Statement footnotes and the calculation and presentation of Organic Revenue Growth. Following a review of the points raised, the Company refiled its 2022 Form 20-F in February 2024.

No statutory financial numbers (including Profit and Loss Account, Balance Sheet, Statements of Changes in Entity, Consolidated Statement of Cash Flow or footnotes to the accounts) were changed as a result of the revised Form 20-F. The revision was made in order to comply with SEC rules following an administrative error where some exhibits were not dated and to make some presentational disclosure changes, including relocating or deleting some non-IFRS measures as required under SEC rules.

## External audit

### External auditor

The external auditor is appointed to give an opinion on the Group and Company Financial Statements. The audit includes the review and testing of the data contained in the Financial Statements to the extent and materiality level necessary, for expressing an audit opinion as to whether they present a true and fair view of the Group and Company affairs as at 31 December 2023.

PwC has been the Group's external auditor since May 2021. They were reappointed by shareholders at the 2023 AGM to continue to serve as the Group's external auditor.

Neil Grimes is the Lead Audit Partner. He has been in post since PwC was appointed and will be required to rotate after five years. The external auditor attends all meetings of the Audit Committee. The Audit Committee met twice with PwC without executive management present and met with the Audit Committee Chair independently four times in 2023.

In 2023, the main engagement between the external auditor and the Audit Committee has been in relation to audit strategy, the audit and publication of annual and periodic financial statements, the auditor's scope and priorities and its approach to key judgement areas. PwC has also been extensively involved in discussions regarding our SOX implementation programme and the testing of our internal controls.

### External audit plan and strategy

At its meeting in May 2023, the Audit Committee received a presentation from PwC on key technology initiatives. The Audit Committee also discussed the plan for adopting new technologies in the Group audit in 2023, including supporting the Group's transition to SOX compliance through technology.

In July, PwC presented the 2023 external audit plan, which summarised the key aspects of their audit planning, including the external auditor's assessment of Group audit materiality, audit risks and scope, and the overall approach to the audit of the Company and its subsidiaries. The audit approach for 2023 had been updated to reflect the completion of the Terminix acquisition in 2022, and the first year of the Group's implementation of SOX. The plan was discussed and approved by the Audit Committee.

At the December meeting, the Audit Committee discussed with the auditors the status of their work, focusing in particular on internal controls and the status of their SOX testing. The results of the controls testing for SOX reporting purposes was considered by the Audit Committee in February 2024, as detailed on page 124.

### External auditor and audit process effectiveness

The effectiveness of the external auditor is monitored throughout the year, including through:

- **FRC's Audit Quality Inspection and Supervision report 2022/23:** The Audit Committee reviewed the results of the report during the year, noting that PwC was found to have maintained its focus on audit quality and had achieved consistent inspection results.
- **Progress against external audit plan and strategy:** The Audit Committee continually evaluated and monitored progress against the agreed plan, and discussed any issues or reasons for variation from the plan.
- **Reports to, and interaction with, the Audit Committee:** At each meeting, the Audit Committee considers the work undertaken by the external auditor, their insight around key accounting and audit judgements, and the competence with which they have applied constructive challenge in dealing with management.
- **Annual internal effectiveness survey:** A tailored online questionnaire covering the overall audit process and the structure and governance of the external audit team is utilised annually. The questionnaire is completed by the Chief Financial Officer, the Director of Internal Audit and Risk, the Interim Head of Internal Audit and Risk, Finance Directors of the Group's subsidiaries, the senior finance management team, and the Accounts, Tax and Treasury functions. The results of the survey are collated by the Chief Financial Officer, and a summary of the findings are provided to the Audit Committee and PwC.

## Audit Committee Report

### continued

At the July meeting, the Chief Financial Officer presented the summary of the results of the annual effectiveness questionnaire. The Audit Committee noted that overall, the results were positive. The Audit Committee considered the areas of strength and opportunities identified from the survey. The actions arising from the review included the undertaking of additional planning with the regions, an increased focus on improving communication around the audit plan and timelines, and consideration as to how to gain even greater insight of business and controls from the audit.

Following consideration of all elements of the audit effectiveness review process, including the results of the survey, the Audit Committee confirmed it was satisfied that the external audit process provided by PwC had been delivered effectively for the 2022 financial year. A similar process will be undertaken for the 2023 financial year.

#### External auditor independence and objectivity

To safeguard the objectivity and independence of the auditor, the Company has a policy on the engagement of the auditor's services on audit-related and non-audit services. The Audit Committee accepts that in some instances certain work of a non-audit nature is best undertaken by the auditor. The policy sets out the nature of services that are permitted and those that are specifically prohibited. In general, permitted services would be limited to matters that are closely related to the annual audit process or where detailed knowledge of the Group is advantageous.

The Audit Committee regularly reviews the amount and nature of non-audit work performed by the auditor to ensure that the auditor's independence is not compromised. Any engagement fee on permitted services in excess of £10,000 requires the approval of the Chair of the Audit Committee and any engagement fee in excess of £250,000 requires the approval of the Audit Committee. The Audit Committee has pre-approved permitted services, as outlined in the policy, with fees below £10,000. A copy of the current policy on the provision of non-audit services by the external auditors is available on our website.

Audit fees for the statutory audit for 2023 were £8m (2022: £7m). Fees for audit-related assurance services and other non-audit services incurred during the year amounted to £3m (2022: £5m). The ratio of non-audit fees to statutory audit fees for the year was therefore 0.4:1 (2022: 0.7:1). The non-audit fees for 2023 relate to 2023 reporting on internal financial controls. The non-audit fees were substantially higher in 2022 as a result of the specialist accounting work performed by PwC in respect of the acquisition of Terminix. Further details on audit services can be found in Note A8 to the Financial Statements on page 186.

The Audit Committee also received confirmation from PwC that it was independent and objective within the context of applicable professional standards.

The Audit Committee does not believe that there is any material risk of the Company's auditor withdrawing from the market.

The controls and processes in place, as detailed above, help to ensure that the required level of independence of the auditor is maintained.

#### External auditor tender and appointment

The role of external auditor will be put out to tender at least every ten years and will be conducted by no later than 2031 in line with prevailing best practice. The Company confirms its compliance with the provisions of the UK Competition & Markets Authority Order regarding statutory audit services for the financial period ended 31 December 2023.

The Audit Committee concluded that it is satisfied with the objectivity and independence of the external auditor, PwC, and that the effectiveness of the external audit process was robust. The Audit Committee has recommended to the Board that it seeks shareholder approval for the reappointment of PwC as the external auditor for the financial year ending 31 December 2024.

## Internal audit

#### Role of Internal Audit

Internal Audit provides independent and objective assurance to management, the Audit Committee and the Board on the effectiveness of the Group's risk management framework and internal controls.

Internal Audit, which is led by the Director of Internal Audit & Risk, reports to the Chief Financial Officer and has direct lines of communication with the Chair of the Audit Committee, the Chief Executive and the Chairman of the Board, as well as to all operational and functional leaders in the business.

At each meeting, an update on Internal Audit is provided covering an overview of the work undertaken in the period, actions arising from audits conducted, the tracking of remedial actions and progress against the Internal Audit plan, and SOX compliance. The Audit Committee Chair routinely meets independently with the Director of Internal Audit & Risk to discuss the results of the audits performed and any additional insights obtained on the risk management and control environment across the organisation.

In December, the Audit Committee also reviewed and approved the Internal Audit Charter, which defines the purpose, authority and responsibility of the Internal Audit function.

#### Internal Audit Plan

The 2023 Internal Audit plan was approved by the Audit Committee in December 2022. The plan is structured to align with the Group's risk profile, control environment and assurance arrangements. The plan for 2023 included an audit of the integration of Terminix, and a continued focus on IT and SOX testing.

The common themes arising from the Internal Audit work during 2023 were presented to the Audit Committee in December 2023, together with recommendations to senior management to improve the controls across some processes. None of the failures identified in the control environment by Internal Audit or any of the recommendations relating to individual audits represented a systemic underlying issue. The overall work of the Internal Audit function is utilised by the Audit Committee and the Board in their assessment of the adequacy of the Group's financial and operational controls environment.

The 2024 Internal Audit Plan was approved by the Audit Committee in December 2023. A key focus for the 2024 plan is SOX testing, with the Internal Audit team supporting the testing cycle, and thematic audits, in order to give the function greater ability to respond to emerging risks within the business.

#### Internal Audit effectiveness

The effectiveness of the Internal Audit function was considered by the Audit Committee during its review and approval of the 2024 Audit plan by means of a review of the resources available, qualifications of the team, delivery, reporting and the independence of the function.

The Audit Committee also ensures that an independent third-party assessment of the effectiveness and processes of the Internal Audit function is conducted at least once every five years, in line with the requirements of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. The most recent such assessment was undertaken in 2021.

## Governance and compliance

#### Compliance and whistleblowing

The Audit Committee has responsibility for reviewing the Company's procedures for handling compliance with our Code of Conduct and Anti-Corruption Policy, and confidential reporting (whistleblower) arrangements, known as Speak Up.

The Group's Code of Conduct, which outlines our commitment to comply with all applicable legal requirements and with high ethical standards, can be found on our website. It clearly sets out how colleagues can seek advice and report concerns about suspected ethical or illegal misconduct policy violations. The Company uses an international confidential Speak Up email address and phone line to allow colleagues to report any suspected wrongdoing internally to independent senior management at Group level.

The Company has also established a separate Speak Up line for suppliers and their employees or other stakeholders to report genuine concerns over malpractice, illegal acts or failures to comply with recognised standards of ethical behaviour that they observe at any point within our global supply chain.

Reported cases are monitored by Internal Audit and any potential misconduct reported is formally investigated and appropriate action taken, with the results of the investigation being reported back to the whistleblower where possible. The Director of Internal Audit & Risk provides regular updates to the Audit Committee of any control incidents.

The Audit Committee also periodically reviews the communication process in place throughout the Company regarding whistleblowing and the use of Speak Up to ensure its effectiveness and to monitor our colleagues' understanding of the system. A thematic review of Speak Up incidences and the control processes in place was considered by the Board in December.

The Audit Committee is informed of the outcome of the annual Letter of Assurance process whereby senior management are required to confirm compliance with key Group policies, including the Code of Conduct, and the dissemination of these policies to their respective country and functional teams. An overview of exceptions reported during the process is shared with the Audit Committee and any thematic issues raised are also shared with the Executive Leadership Team (ELT) as required.

#### Governance

In 2023, the Audit Committee also spent time considering the proposed changes to the UK Corporate Governance Code, the requirements introduced by the Economic Crime and Corporate Transparency Bill, the Minimum Standard, and the additional reporting requirements outlined in the draft Companies (Strategic Report and Directors' Report) Regulations prior to its withdrawal in October 2023.

For the Economic Crime and Corporate Transparency Bill, the Audit Committee received a presentation as to the implementation plan for the proposed enhancements to fraud risk assessments.

For the Minimum Standard, the Audit Committee considered an in-depth analysis of the requirements, and recommendations as to potential enhancements to Audit Committee processes. The Audit Committee approved the suggested amendments to the Audit Committee terms of reference, and for other processes to be enhanced to align with the Minimum Standard, including the review of the effectiveness of the external auditor.

The Audit Committee report, in particular the External audit section of the report, describes how the Audit Committee has complied with each of the provisions of the Minimum Standard during the year.

An explanation of the Group's accounting policies is provided on pages 175 to 177.

## Risk management and internal control

### Risk management and internal control framework

The Board has overall responsibility for maintaining an effective risk management and internal control framework. The Board delegates responsibility for risk management to the Audit Committee, where appropriate. The risk management and internal control framework is designed to manage and mitigate risk, rather than eliminate the risk of failure to achieve business objectives. In pursuing business objectives, internal controls and risk management can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group's risk management structure and process is detailed on pages 87 and 88. The responsibilities of the Board, some of which it chooses to delegate to the Audit Committee, include:

- review and approval of the Group's overall strategy, which includes reviewing the risks that may prevent the Group from achieving its objectives and ensuring that these risks are mitigated or managed to an acceptable level;
- regular reviews of business performance, including updates of the risks that the business is facing, and challenging management to obtain assurance that these risks are being effectively managed;
- review of management's approach to identifying and managing risk, and recommending enhancements;
- evaluation of the effectiveness of internal controls, including financial, operational and compliance controls; evaluation of the effectiveness of internal and external audits;
- delegation of authority to the Chief Executive and Chief Financial Officer to make commitments on behalf of the Company; and
- the evaluation of the effectiveness of our internal controls.

### Risk and internal controls

The identification and management of risk is integrated into the development of the Group's strategy and the day-to-day operational execution of the strategy by the regions and business units. Ensuring that risks are identified and managed effectively is a part of every manager's and supervisor's job through leadership of the teams for which they are responsible. An assessment of the emerging and principal risks facing the Group, including those that would affect its business model and future performance, is carried out by the Board. The principal risks identified can be found in the Risk and Uncertainties section on pages 87 to 93.

The Audit Committee receives regular reports from the Chief Financial Officer and the Director of Internal Audit & Risk on financial controls and process improvement programmes, including:

- an annual report on the overall status of the control environment in the Group, including the results of testing and reports on identified areas of weakness in controls;
- action plans on control environment improvements and updates on their implementation;
- updates on control weaknesses and planned actions to prevent a reoccurrence;
- periodic reports from regional and Group finance executives, and Internal Audit; and
- updates on the SOX implementation programme.

During 2023, the Audit Committee was updated on the risk and control environment in the main businesses, as well as the Regional Finance Directors' assessment of the quality and priorities of the Finance function in the relevant part of the business. Audit Committee members received reports from the Regional Finance Directors for the UK & Sub-Saharan Africa region and the Pacific region, with other regional updates provided as part of the Board agenda. This provides a high-level insight for the Audit Committee on potential risks.

The Audit Committee continues to evaluate cyber incidents and risk throughout the year and, although there is no indication we are a specific target, we remain vigilant given both the number and seriousness of cyber attacks in the year, with repeated distributed denial-of-service (DDoS) attacks and attempted ransomware incidents. Our cyber technology and resilience have continued to allow us to detect and avert complex and volatile threats before they were able to have any material impact on our operations. This is an area we will continue to prioritise and monitor as we integrate and synchronise IT capabilities across the Group. See page 116 for more information on cyber security.

The Audit Committee also receives the minutes of the Group Risk Committee. The Group Risk Committee comprises the key functional and operational senior managers, and considers the risk framework, and key and emerging risks. Where appropriate, items that are raised as significant or emerging issues by the Group Risk Committee are reflected in adjustments to the control environment.

In 2023, some control issues were experienced including:

- a colleague had their IT user credentials compromised. No data was lost and there were no further instances of weaker security protocols;
- three businesses performed work without authorisation under the Group's Pink Note process. This was subsequently rectified and guidance reissued; and
- a payment fraud in our Australian business of immaterial scale to the Group.

## Audit Committee Report

### continued

The Audit Committee receives regular reports of matters reported via Speak Up, our internal whistleblowing process. There were 103 control incidents reported in 2023 (2022: 84). The nature of the matters reported remain similar to previous years and relate to employee and employment matters, with very few relating to fraudulent activity, which remains at a low level across the Group. The increase reported is reflective of a bigger, more complex business compared to the prior year.

Internal Audit received one report on our Supplier Speak Up line, which was a request for ESG data rather than a concern regarding malpractice and was swiftly resolved by management.

#### SOX controls

In 2022, the Group identified material weaknesses relating to IT general controls and aspects of management's overall system of financial controls (lack of sufficient technical accounting knowledge, segregation of duties and management review controls). The Board and Audit Committee reviewed the progress made to address the potential weaknesses identified.

At each meeting in 2023, the Audit Committee received an update on the status of the Company's SOX implementation programme. The updates included details regarding progress against the defined plan, design effectiveness on the specific controls, and colleague training and team resources. The updates reviewed both business process controls and IT governance controls, as well as progress by specific processes and countries. As the year progressed, the focus of the updates moved to tracking testing plans, operating effectiveness results and tracking any identified deficiencies and associated remediation plans. At the request of the Audit Committee, a monthly status report was also provided outside of the scheduled meetings to allow for continuous visibility. From late 2023, the Audit Committee also received a monthly status report from the external auditor.

An in-depth review of the status of our SOX compliance for 2023 was undertaken at the December 2023 meeting, including discussion as to any identified material weaknesses. For the 2023 financial year, the evaluation of effectiveness of our internal controls identified material weaknesses relating to IT general controls.

The Board and the Audit Committee reviewed the work completed for the material weakness relating to aspects of management's overall system of financial controls (lack of sufficient technical accounting knowledge, segregation of duties and management review controls) and are satisfied this has been remediated.

The Board and the Audit Committee has further reviewed the progress made in 2023 in relation to the material weakness relating to IT general controls and will continue to have oversight of management's ongoing remediation plans in 2024.

#### Effectiveness of risk management and internal control framework

The Board, with the support of the Audit Committee, conducted a review of the effectiveness of the system of internal control for the year ended 31 December 2023 and confirms that:

- the Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group;
- this process has been in place for the year under review and up to the date of approval of the Annual Report and Financial Statements;
- the Board reviews the process regularly; and
- the process operates in accordance with the UK Corporate Governance Code and the FRC Risk Management and Internal Control Guidance.

#### Audit Committee effectiveness

The effectiveness of the Audit Committee was considered as part of the external Board effectiveness review undertaken in 2023 by Chris Saul of Christopher Saul Associates, with the output considered and follow-up actions agreed by the Audit Committee. The review concluded that the Audit Committee continues to operate effectively and is well-integrated into the Board decision-making processes.

In 2024, the Audit Committee will continue to focus on its oversight of the Company's SOX compliance and will consider opportunities to further enhance its focus on risk. Full details of the Board evaluation review, including its outcomes and actions, are disclosed on pages 112 and 113.

Q Read the Audit Committee's terms of reference at [rentokil-initial.com/investors/governance](https://rentokil-initial.com/investors/governance)

Q Read our Policy on the Provision of Non-Audit Services by the External Auditors at [rentokil-initial.com/investors/governance](https://rentokil-initial.com/investors/governance)



## Nomination Committee Report

### continued

## Diversity and inclusion

### Fostering a diverse and inclusive culture

A key strategic aim of the Company is to be recognised as a world-class Employer of Choice, which is able to attract, recruit, and retain the best people from the widest possible pool of talent. We are, therefore, committed to fostering a diverse and inclusive working environment for all employees by, at all times, striving to be an organisation that values everyone's talents and abilities in an environment where diversity is encouraged.

In our 2023 Your Voice Counts (YVC) employee survey the Diversity, Equity & Inclusion (DE&I) index was our second highest scoring dimension overall, improving by 1% versus the previous survey and 6% higher than the global norm benchmark.

More information on our approach to DE&I can be found in the Responsible Business section on page 69 and our Group Diversity, Equity & Inclusion policy is available on our website.

As part of its monitoring of gender, the Board reviews our Gender Pay Report each year and we continue to have no material gender pay gap between women and men (see page 148). The reports are available to view on our website.

### Senior leadership diversity

The Group continues to focus on enhancing the diversity of our senior management, with 25% of senior roles in the business held by women (2022: 29%). The decrease in gender diversity in 2023 was a result of a notable increase to the size of our senior management team. We define senior management as the members of our ELT and their direct reports, excluding colleagues in administrative and support roles. When the breakdown includes any other directors of the Company's related undertakings there are 52 females (24.9%) and 157 males (75.1%).

Approximately 23% of our colleagues are female (2022: 23%).

As a global organisation, we also believe it is important to have a senior management team that is representative of the markets we operate in, and the customers we serve. In line with the Parker Review we have set a target to improve our ethnic diversity and reach 20% of our senior leadership team by the end of 2027 (2023: 15.5%). This is based on colleagues who have provided data, and excludes those based in countries where we cannot ask or hold ethnicity information.

We aim to remove any bias from our recruitment processes to ensure we are attracting the best people from the widest possible pool of talent. A summary of our culture and further details on our colleagues are provided in the Responsible Business section on pages 69 and 70. You can find details on how the Directors monitor culture on page 116.

## Embracing equity on International Women's Day

On 8 March 2023, events were held globally around the Group to celebrate International Women's Day, with many embracing the theme of equity. Group online events included guidance and discussions on allyship, menopause, and sponsorship.

Linda Yueh, a Non-Executive Director, joined in the Rentokil Women in Leadership Panel, a panel discussion with our North American HR team. Linda recounted her experiences during her career, and answered questions from colleagues.



## Board diversity objectives

Objectives	Outcome in 2023
That the Board comprises at least 40% women by 2028.	33.3% of our Directors are female (2022: 33.3%).
That at least one of the Chair, CEO, CFO, or Senior Independent Director (SID) is a woman by 2028.	Currently all roles are held by men.
That at least one member of the Board is from a minority ethnic background.	This was achieved with the appointment of Linda Yueh in 2017 and exceeded with the appointment of Sarosh Mistry in 2021.
Commitment to a merit-based approach to Board composition within a diverse and inclusive culture.	Considered as part of all Board appointments, including the appointment of Sally Johnson.
To work only with executive search firms on Board appointments that have signed up to the Enhanced Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice (Enhanced Code).	All executive search firms retained by the Company during 2023 for Board appointments had signed up to the Enhanced Code.
To support the executive management of the Company in developing and implementing appropriate policies, programmes, and initiatives designed to promote diversity at all levels of the organisation.	In 2023, our ELT and its direct reports (excluding colleagues in administrative roles) were 25% female (2022: 29%). Approximately 23% (2022: 23%) of our colleagues are female. The Board receives two detailed briefings on culture and our Employer of Choice agenda each year, which address progress on diversity and inclusion.
To ensure that there is a pipeline of female executives within the organisation who are qualified and capable of taking up senior leadership positions.	32% of those on our regional leadership succession plans are female, and 35% of those on our functional leadership succession plans are female.
Aim to ensure that there is appropriate and meaningful disclosure in the Company's Annual Report on Board composition, appointment processes, the policies and initiatives the Company has in place, and the steps it is taking to promote diversity, both at Board level and across the Company.	Considered each year when drafting the Annual Report.

### Board diversity

The Board of Directors has adopted a Board diversity, equity and inclusion policy to support, at Board level, the Company's commitment to fostering a diverse and inclusive working environment. The key objectives of the policy and its effectiveness are set out on page 128, and the policy is available on our website.

Due to the current size of the Board and its Committees, there is no separate policy or provisions within the Board diversity policy for Committees.

In 2022, in light of the new Listing Rules requirements on diversity-related reporting and the recommendations set out in the FTSE Women Leaders Review (the successive phase of the Hampton-Alexander Review), the Nomination Committee recommended that the Board update its diversity targets. The revised policy and targets were approved by the Board in January 2023.

While the Board remains committed to diversity within our organisation and recognises diversity as a priority, it was agreed that the Board's focus should be on setting targets which are considered appropriate given the succession timeframe of existing members of the Board, and which take account of the existing skills, knowledge, experience, and composition of the Board. Based on current succession timing, we have therefore set a target for the Board to comprise at least 40% women by 2028, which

we believe to be an appropriate timeframe for our Board, based on normal succession plans (assuming that the two executive roles on the Board remain constant and assuming Non-Executive Director tenure of nine years in line with the UK Corporate Governance Code). To achieve this earlier would require either recruiting an additional female Non-Executive Director or replacing an existing Director prematurely. As the Board is considered to be operating effectively, neither of these options are considered to be in the best interests of the Company or its shareholders at this time.

We were placed 83rd in the 2023 FTSE Women Leaders Review for women on Boards and in leadership in the FTSE 100, published in February 2024.

### Explanation against Listing Rule 9.8.6(R)

As at 31 December 2023 (the Company's chosen reference date), the Company confirms it has met the target for one Director to be from an ethnic minority background. It has not met the targets that at least 40% of the individuals on its board of directors are women and that at least one of the Chair, CEO, CFO, or SID is female.

The roles of the Chief Executive and Chief Financial Officer have been held by Andy Ransom and Stuart Ingall-Tombs for 10 and three years respectively. These positions support the long-term strategic delivery of the Group and remain subject to considered succession planning.

Our Chair, Richard Solomons, has held the position since May 2019, following appointment to the Board in March 2019. This resulted from a robust appointment process, as detailed in the Company's 2018 Annual Report.

Our Senior Independent Director, John Pettigrew, has held the position since May 2019, following appointment to the Board in January 2018. John was appointed in line with the internal succession plan for the role and continues to support the Board and Chair in this position.

While the Company values all forms of diversity and work continues to ensure that gender and ethnicity, alongside broader diversity characteristics, are present across the Board, we do not believe given the current composition of our Board, and recognising the factors noted above, that the Listing Rule targets are achievable prior to 2028.

## Board and executive management diversity

at 31 December 2023

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management <sup>1</sup>	Percentage of executive management
Men	6	66%	4	10	77%
Women	3	33%	–	3	23%
Not specified/prefer not to say	–	–	–	–	–
<b>Ethnic background</b>					
White British or other White (including minority-white groups)	7	78%	4	13	100%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	2	22%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1. This is the executive committee below the Board (the ELT) and the Company Secretary. We exclude Board members from this group.
2. Gender and ethnicity data is collected directly from the individuals of the Board and ELT as part of an annual questionnaire in connection with the Annual Report. The questionnaire includes gender and ethnicity options, which are collected on a voluntary basis. The questionnaires relating to the period received a 100% response rate regarding ethnicity and gender disclosures. The data is collated by the Company Secretary and held securely in accordance with the Group's data protection policies and practices.

Nomination Committee Report
continued

Director induction
and training

The Chairman, supported by the Nomination Committee through its review of the skills, knowledge and experience of the Board, leads the training and development of Directors.

Induction

The Chairman and Company Secretary prepare a detailed induction for each new Director. This is tailored to the prospective roles the individual will assume on the Board and its Committees, and also accounts for their existing knowledge and experience.

The induction programme includes a series of meetings, beginning before the Director joins the Board and running for several months. These one-to-one meetings are arranged with the Chair and existing Non-Executive Directors, the Chief Executive and Chief Financial Officer, members of the ELT and the Company Secretary, along with other members of senior management. They are also introduced to and given access to the Company's external advisers (auditors, legal advisers and brokers).

- All Non-Executive Directors also receive the following materials on their appointment:
• key Company policies, procedures and governance information, including the Code of Conduct, Board Governance Manual, Responsible Business Report and Group Authority Schedule;
• details of the Group structure;
• analysis of the Company's key shareholders and share capital;
• recent analyst notes;
• minutes and papers from the most recent Board and relevant Committee meetings, including the most recent strategy meeting;
• copies of the most recent Board and any relevant Committee evaluation reports; and
• guidance on the legal and regulatory responsibilities of a Director in a UK and US publicly listed company.

New Directors are also encouraged to undertake the same online induction modules as other new colleagues in our online learning and development platform (U+), on key compliance subjects, such as our Code of Conduct, anti-bribery and corruption, competition law, information security and privacy, insider information, and conflicts of interest.

Between 12 and 18 months after their appointment, Directors are asked to complete a questionnaire to provide feedback on the induction process. This allows us to assess the effectiveness of the induction and any training provided, to identify any areas of improvement and to highlight any further development needs.



Sally Johnson's induction

Sally Johnson joined the Board as a Non-Executive Director on 1 April 2023. She became a member of the Nomination Committee and Audit Committee from the date of her appointment, before being appointed Audit Committee Chair in May 2023.

Sally had an extensive induction programme, covering a range of areas across the business. In addition to receiving a detailed overview of the Group and its business operations, she attended a number of sessions covering topics including governance, Company culture, and stakeholder engagement.

The table below illustrates the purpose of some of the meetings that formed part of Sally's induction programme.

Further areas of focus for Sally's induction were pertinent to her role on the Committees, in particular her role on the Audit Committee. This included receiving an overview of the current risks faced by the Group, our risk management framework and Internal Audit programme. Sally also met with the Company's external auditors, and attended a meeting of our executive Group Risk Committee.

In May 2023, Sally and Sarosh Mistry visited the Power Centre, which included a tour of the facilities and presentations from senior management and the scientists based there. The Power Centre is our home for science, innovation, and training academy in the UK.

In December 2023, Sally also joined a pest technician in London for a ride-along, providing her with hands-on experience of the work undertaken by our technicians and the opportunity to meet with customers.

Induction programme participants	Meeting purpose
Chairman	Overview of the Board's priority areas and ongoing matters considered by the Board.
Chairs and members of the Committees	Overview of the responsibilities and composition of the Board's Committees, their governance, regular attendees, and advisors.
Chief Financial Officer	Overview of the strategic priorities of the Group, key performance indicators, operational performance, financial performance and projections, and competitive landscape.
Heads of Corporate Functions	Introductions with leadership team members, covering an overview of their business area(s), subject matter expertise, organisational structure, Company culture, and values.
Group General Counsel and Company Secretary	Induction planning, governance framework, Board operations, Board and Committee matters, duties and responsibilities of a Company Director (including the obligations of directors sitting on UK and US Boards), the Company's key policies and procedures, and other legal and regulatory considerations.

Training

All Directors receive training on topics of importance for the Company. Briefings and training are incorporated into the annual Board agenda. To help facilitate the ongoing development of Directors, details of externally facilitated events and training are also circulated periodically.

Directors are also given the opportunity to meet colleagues in person to learn more about the Company's functions or business regions (see Stakeholder engagement on pages 114 and 115).

- Read the Nomination Committee's terms of reference at rentokil-initial.com/investors/governance
- Read our Group Diversity, Equity & Inclusion Policy at rentokil-initial.com/responsible-delivery/policies
- Read our Board Diversity Policy at rentokil-initial.com/investors/governance

# Directors' Remuneration Report



**Cathy Turner,**  
**Chair of the Remuneration Committee**

## Areas of focus in 2023

- The integration of the Terminix acquisition
- Planning for the renewal and approval of the Directors' Remuneration Policy at the 2024 AGM
- The induction of new Committee member, David Frear
- Consideration of remuneration for all colleagues given the cost-of-living challenges that continue to impact colleagues across the globe

## Areas of focus in 2024

- Seeking approval of the Directors' Remuneration Policy at the 2024 AGM
- The continued successful integration of the Terminix acquisition
- Keeping all-employee reward under review given the macro-economic challenges

## Committee members:

Cathy Turner (Chair)  
David Frear  
Sarosh Mistry  
Linda Yueh

## In this report:

### 136 Remuneration at a glance

Key headline details on performance and remuneration in 2023

### 138 Directors' Annual Remuneration Report – Introduction

Details of the Remuneration Committee and its activities during 2023

### 140 Directors' Annual Remuneration Report – 2023

Details of Directors' remuneration received during 2023

### 150 Directors' Annual Remuneration Report – Looking forward 2024

Details of how the Directors' Remuneration Policy will be implemented in 2024

### 152 Proposed changes to the Directors' Remuneration Policy

Summary of changes and rationales, along with proposed application for 2024

### 156 Proposed 2024 Directors' Remuneration Policy

Full details of the proposed Policy, which will be put to vote at the 2024 AGM

## Dear Shareholder

It is my pleasure to present to shareholders, on behalf of the Board, the Directors' Remuneration Report, for the financial year ended 31 December 2023. I hope you find the information in this report clearly explains the remuneration approach taken by the Company and enables you to understand how it links performance to business strategy and results.

It has been another busy year, with the key areas of focus including:

- reviewing the Directors' Remuneration Policy (the Policy) which is due for renewal and will be voted on at the AGM in May 2024;
- continuing the integration of the Terminix acquisition; and
- focusing on the remuneration for all colleagues given the cost-of-living challenges continue to impact our colleagues across the globe.

## Policy renewal

A large proportion of the Remuneration Committee's time in 2023 has been spent reviewing the Policy. Our aim has been to ensure that the Policy put to shareholders at the AGM in 2024 continues to support the delivery of our strategy while appropriately balancing the incentivisation and reward of our experienced Executive Directors, with the interests of shareholders, colleagues, and the wider community.

We were also keen to ensure that the remuneration of our Executive Directors is realigned appropriately following the acquisition of Terminix, which has added significantly to the size and complexity of the Group. We were prudent following the acquisition of Terminix, by not immediately adjusting any remuneration as is common in such circumstances. The deal closed in October 2022 and we decided at that time, to consider any adjustments as part of a detailed review in line with the Policy renewal process.

We know that shareholders value understanding the benchmark data we used in conducting the review, and this has therefore been included in the detail below. The data is an important reference point in determining the Policy proposals but is only one contribution to Committee's deliberations. In developing the Policy proposals we have considered the current stage of the Group's evolution, its increased size and international focus as well as the high regard in which our CEO is held not only in the UK, but globally, where an increasing proportion of our business is positioned. Consistent with the current Policy we remain committed to weighting variable pay over the long term.

## Key findings

The acquisition of Terminix and secondary listing on the New York Stock Exchange, combined with the continued growth of the rest of our business, has fundamentally changed the scale and complexity of the business since the last Policy review.

- Revenue (at AER) has increased by 90.4%, from £2,823.5m in 2020 to £5,375m in 2023.
- Profit before tax (at AER) has increased by 114.5%, from £229.8m in 2020 to £493m in 2023.
- Percentage of revenue (at AER) from outside the UK has increased from 89.8% to 94.0% and the percentage of revenue from North America has increased by 41.9%, from 43.4% in 2020 to 61.5% in 2023.
- The number of countries has increased by seven, from 83 in 2020 to 90 in 2023.
- The number of employees has increased by 18,311, from 44,589 in 2020 to 62,900 in 2023.

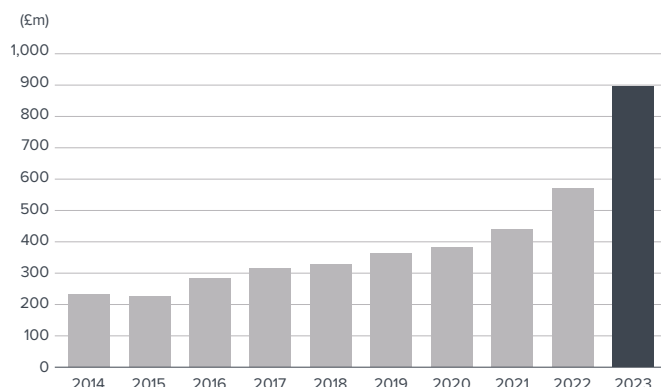
It is appropriate to review the packages of our Executive Directors against the new relevant benchmarks to ensure that remuneration remains market-aligned and would be fit for purpose throughout the life of the Policy from 2024-2027.



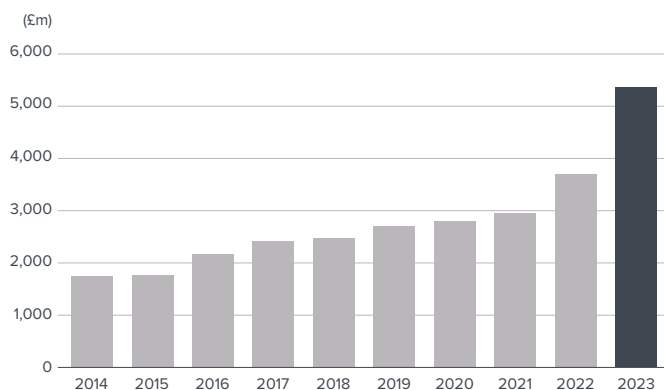
# Directors' Remuneration Report

continued

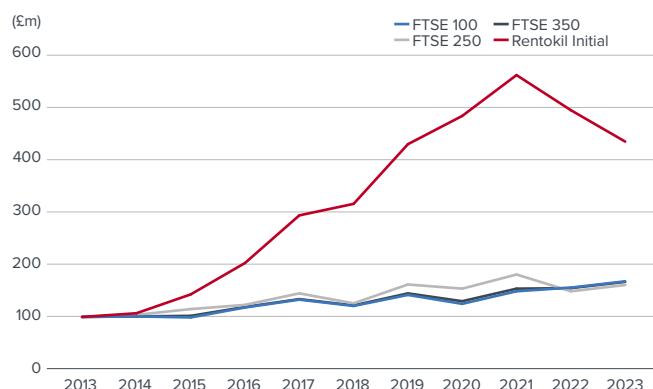
## Profit performance over 10 years



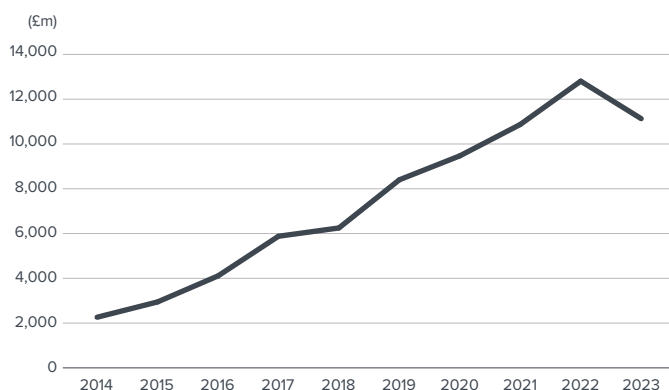
## Revenue performance over 10 years



## TSR performance over 10 years



## Market capitalisation over 10 years



## Benchmark data

The Committee adopted a UK FTSE market benchmark, given that many of the largest UK companies are global. We considered how best to reflect our significant presence in North America and, notwithstanding the different pay practices and higher levels there, concluded that the broad-based FTSE was suitable given that many UK-based companies have operations in the US. In addition, our Executive Directors are based in the UK.

The Committee used the market data as a reference point for the overall sizing of the proposed packages given the significant change in the business and the associated demands upon our leadership as a consequence. Our framework remains unchanged; we aim to deliver the fixed element of remuneration around market median and provide the opportunity to achieve up to the upper quartile for outstanding performance. This ensures that remuneration is weighted to performance and is variable.

When we started the review in July 2023, the benchmark we used was companies within the FTSE 15 – 50, excluding financial services. Given the shareholder experience in the second half of 2023, we felt that it was appropriate to revise the market benchmark downwards accordingly. Therefore, we have adopted a lower market benchmark of the FTSE 21 – 50, excluding financial services. While the share price has been volatile, in the round, this peer group is felt to reflect our overall size and complexity, having regard to the increased revenue and increased scope of our international activities. We have consciously chosen not to include data from non-UK, particularly US, companies which would have increased the benchmark figures.

## Shareholder engagement

We started our engagement with our top shareholders, which hold around 50% of our share capital, along with shareholder representative bodies/proxy agencies in October 2023. The quality of engagement and input has been extremely helpful. We are grateful for the time invested and the practical suggestions as to how we might structure an appropriate level of remuneration potential for the future. There was much consistency in the feedback, including:

- recognition of the capabilities of our management team and support to remunerate them competitively and in line with the market;
- a preference for any incremental opportunity to be balanced between fixed and performance-based variable pay, rather than just fixed pay, which we had initially contemplated;
- consideration of phasing any base salary increases; and
- to share the benchmark data we have used in formulating the proposal.

## Shareholder experience

During the consultation process, following our Q3 trading update, there was an adverse reaction from the market. This reaction was disappointing as the overall business continues to perform well and has delivered strong profit and revenue in 2023. However, the Committee determined that the remuneration proposals need to reflect the impact of this change, which included the following:

- Revising downwards the market benchmark from the initial FTSE 15 – 50 excluding financial services, to the FTSE 21 – 50, excluding financial services; and
- Incorporating specific measures and targets related to the integration in North America and delivery of Organic Revenue Growth.

## Proposed Policy

Taking into consideration the feedback received from shareholders, as well as the lower benchmark data, the proposed changes to the Policy are as follows:

### Annual bonus

- Lift the maximum opportunity from the current, below-market level of 180% of base salary, to 225%.
- This uplift will be based on the achievement of targeted and measurable financial results. Furthermore, for 2024, the uplift in bonus opportunity will be fully aligned to the delivery of Organic Revenue Growth and integration synergy targets in our North American business.

### Bonus deferral

- Increases from 40% to 50% of any bonus payable. The bonus will continue to be deferred into shares for a three-year period.
- This change increases the proportion of the package that will be delivered in the long-term.

### Shareholding guidelines

- Increases for the CEO from 300% to 400% of salary and for the CFO from 200% to 300%.
- Post-cessation guidelines will continue to apply, which will normally require Executive Directors to hold shares for two years post-cessation.

The following elements will not be changed:

### Base salary

- Base salaries will continue to be set taking into a range of factors including scope and responsibilities of the role and individual skills and experience (see page 150 for full details). For the 2024 review, effective 1 July 2024, we are proposing an increase in line with the broader employee population plus a market realignment of 7.5%.

### Performance Share Plan (PSP)

- The PSP will remain at 375% of salary for the CEO and 300% of salary for the CFO.

### Pension

- There are no changes proposed to pension and this will remain aligned with the wider workforce at 3% of base salary.

### Rationale for changes

We understand that the external environment is not conducive to material pay opportunity increases and we have therefore been thoughtful as to how we can ensure that we have appropriate packages in place without being excessive.

As detailed above, we have listened carefully to the feedback received from our shareholders. We have actioned many of the changes proposed and believe that the proposal offers an approach that recognises the increased complexity following the Terminix acquisition, and ensures appropriate incentivisation of our Executive Directors. At the heart of our philosophy is a commitment to performance based variable pay.

The proposal for the CEO aligns the base salary with median, and delivers a target and maximum total remuneration package of between median and upper quartile. It also broadly maintains the percentage of long-term remuneration at c.81% as a result of the increase in bonus deferral, notwithstanding the increase in annual bonus opportunity. Our annual bonus will operate such that, for any annual bonus award, 50% would be converted to shares and held for a further three years. Currently, the annual bonus potential is 180% of base salary with a 40% deferral, i.e. a maximum of 72% of base salary is deferred. Increasing the annual bonus potential to 225% with a 50% deferral results in up to 112.5% of base salary being deferred.

The Terminix acquisition was completed in October 2022 and the Committee considered it appropriate to maintain the then current packages for the remainder of the three-year Policy, and is only seeking to reflect the transaction as part of the Policy renewal.

The salary increases will not take effect until 1 July 2024 in line with the Company's annual salary review. The Committee considers that this deferment equates to a phasing of the new package. For completeness, and consistent with our current process, the increased salary will apply for the 2024 bonus cycle.

In recognition of shareholder feedback the increased portion of the bonus opportunity for 2024 will be focused on the delivery of key North American integration targets, which include the delivery of integration synergies and driving Organic Revenue Growth rates.

We feel that setting the total opportunity above the median is appropriate for our CEO as it recognises his high level of experience, with more than 10 years in position, and the delivery of superior returns for all our stakeholders during his tenure.

Our CFO will also be adjusted and remunerated within the same structure and approach as the CEO. His base salary will be slightly below market median (95%) and his total remuneration package is benchmarked to deliver a median market opportunity, to reflect his level of experience in the role.

## Response to cost-of-living challenges

In 2023, the challenges around the impact of the cost-of-living globally continued and we have remained committed to paying our colleagues fairly, with particular focus on the impact that higher inflation has had on our more junior and frontline colleagues. We continued a number of the successful initiatives that we had introduced in 2022 into 2023, which included:

- giving a cost-of-living bonus to colleagues who are not eligible to participate in a performance or other bonus plan;
- giving higher increases to frontline colleagues compared to senior leaders and management teams, for example, the typical pay increase for frontline colleagues in the UK was double the typical salary increase for management and senior leaders in 2023;
- giving frontline colleagues the opportunity to flex their work hours and, based on colleague feedback, offering them the opportunity to increase their contractual hours, and accordingly their pay;
- supporting colleagues to help them maximise their incentive opportunity;
- increasing meal voucher benefits to support colleagues with the rising costs of food inflation; and
- providing support to colleagues to help them develop their own strategies to manage the cost of living challenge. For example, by providing access to a range of financial tools and calculators through our benefit platform in the UK and partnering with HSBC to deliver financial education webinars.

### Wider workforce engagement

The Committee has continued to engage with the wider workforce to enable understanding of the broader remuneration and related policies, and their impact. We continue to believe in and embed practices that enable all Board members to engage in this agenda. Engaging with the wider workforce and understanding their views was already a practice that the Board had undertaken for many years prior to the introduction of these requirements by the FRC UK Corporate Governance Code (Code), through initiatives such as Employer of Choice (see page 16 and pages 69 and 70 for more information).

## Key decisions in 2023

### Context of business performance

Performance in 2023 demonstrated the continued core strength of our businesses, growing revenue, profit, and cash despite the challenges to the economy globally. Of note is that Adjusted Operating Profit and Revenue at CER grew by 57.0% and 45.8% respectively. We have also continued to deliver against our ESG goals (see page 15 for further information) and our Employer of Choice goals (see page 16 for further information). In fact our strength in attracting, developing and retaining our frontline colleagues has continued to improve in 2023, with retention up across both Service and Sales colleague groups and our Your Voice Counts employee survey remaining stable. This strong performance is reflected in the incentive payments to our frontline colleagues, management, and Executive Directors, reinforcing our strong link between performance and reward.

## Directors' Remuneration Report

### continued

#### Shareholder experience

Our share price reduced considerably following the Q3 trading update, which meant that our shares ended the year down from the start of the year. Our Executive Directors are strongly aligned with shareholders, and therefore impacted, in that they hold significant levels of stock themselves.

As at 31 December 2023, the CEO's shareholding greatly exceeded the required level and the CFO has also met the requirement when all qualifying shares are taken into account, and c.76% of the requirement with shares held outright.

	Shareholding requirement	Shareholding as a % of salary for shares held outright	Total shareholding as a % of salary including qualifying PSP and DBP shares net of tax
Andy Ransom	300%	584%	1,867%
Stuart Ingall-Tombs	200%	152%	262%

We have carefully considered shareholder experience when reviewing the outcomes of the annual bonus and PSP vesting level, particularly with respect to whether any downward discretion should be exercised by the Committee. On balance, we feel that the formulaic outcomes take account of the generally good financial performance with a disappointing fall in the share price and ensures the Executive Directors are rewarded for the many strong aspects of performance in 2023.

We have taken into consideration that the largest element of variable incentive, the PSP, directly reflects shareholder experience as the share price performance has impacted the estimated vesting of the 2021 PSP. The total shareholder return (TSR) element is currently below threshold and this element is expected to lapse. This represents half of the award.

The Committee felt that the company element of the annual bonus, was the appropriate vehicle to reward the Executive Directors for delivering good financial results in a challenging year.

In addition, both the CEO and CFO were awarded a PDR rating of 3 to reflect delivery of strong financial results and broad based delivery across all of their goals balanced and also acknowledges the accountability for the shareholder experience.

#### Salary review

The CEO's salary was increased by 3% to £928,288 and the CFO's salary was increased to £566,500 as part of the salary review in July 2023. The increase was below the typical increases received by the wider workforce in the UK of 6% and below the median increase for FTSE 100 CEOs of 4%.

#### Annual bonus outcome

The annual bonus for Executive Directors rewards both Company and personal performance. The Company element is designed to reward sustainable profit growth and Adjusted Free Cash Flow to align the Executive Directors' incentives with the Group strategy. As with all incentives across the business, the targets set continue to be suitably stretching.

The Company element of the scheme for Executives Directors operates in the same way for all managers, a population of more than 2,000 colleagues, the only difference being that some targets are aligned to their specific business area rather than being based on overall Group performance. How the scheme operates and the performance outcomes at Group level are described below.

- **Company performance** – There are two performance gateways which are based on profit and cash generation, both of which were achieved. The level of bonus payable is determined by two key metrics: Adjusted Operating Profit and Revenue performance. Performance was assessed against the targets and, in addition, careful consideration was given to the quality of earnings in context of the 2023 results and stakeholder experience. Following these assessments, it was determined that the outcome achieved for Company performance in accordance with the formula was appropriate for the revenue measure, achieving 54.5% of maximum and 66.4% of maximum for Adjusted Operating Profit.

- **Personal performance** – The Executive Directors are assessed on their personal performance with the potential of up to 30% of salary based on these objectives, which are measured through the Company's performance and development review process. The Committee has given careful consideration to the Executive Directors' performance ratings and their overall bonus outcomes. The Committee recognises that this has been a particularly demanding year with the work related to the integration of Terminix, as well as the need to continue driving financial and business results across the rest of the Group. However, we are also mindful of shareholder experience and with this in mind the CEO, Andy Ransom, was awarded a performance rating of 3, giving a bonus of 15% of salary. The CFO, Stuart Ingall-Tombs, was also awarded a performance rating of 3, giving a bonus of 15% of salary. These assessments are set out on page 142 of the report and demonstrate the strong performance both executives have delivered in 2023.

- **Total bonus outcome** – The table below shows the total outcome as a percentage of base salary. See pages 141 and 142 for a breakdown of the targets and calculation as well as details of the personal performance review.

	Company performance	Personal performance	Total bonus outcome
Threshold	15%	0%	15%
Target	75%	15%	90%
Maximum	150%	30%	180%
Andy Ransom	90.7%	15.0%	105.7%
Stuart Ingall-Tombs	90.7%	15.0%	105.7%

#### Performance Share Plan (PSP) vesting 2020 PSP

During 2023, the PSP award granted in 2020 came to the end of its three-year performance period. The vesting level of the award was dependent on six performance conditions:

- 60% – relative TSR;
- 20% other financial measures – Organic Revenue Growth and Adjusted Free Cash Flow Conversion; and
- 20% – strategic/ESG measures – Sales and Service colleague retention, customer satisfaction, and vehicle fuel intensity.

TSR was measured over a three-year period ending 7 September 2023 and all other measures over a three-year period to 31 December 2022.

The vesting level of 64.6% was higher than the estimates included in the 2022 Annual Report due to the share price improvements resulting in the TSR element vesting. The Committee reviewed the vesting level based on the achievement against targets, to ensure that the outcome was a true reflection of the wider business performance and determined that it was. This scheme operates identically for our colleagues across the Group.

#### 2021 PSP

The 2021 PSP is due to vest on 23 March 2024 and performance will be measured against six performance conditions:

- 50% – relative TSR;
- 30% other financial measures – Organic Revenue Growth and Adjusted Free Cash Flow Conversion; and
- 20% – strategic/ESG measures – Sales and Service colleague retention, customer satisfaction, and vehicle fuel intensity.

TSR is measured over a three-year period ending 22 March 2024 and all other measures over a three-year period to 31 December 2023.

Based on estimates to 29 February 2024, the TSR element is not expected to vest and the vesting level of the award is expected to be 48.7%. See page 144 for a breakdown.

While the lack of vesting on the TSR element is clearly disappointing it does align with the shareholder experience in 2023. The other half of the award, which covers internal financial and non financial measures, performed well. In addition, the Committee carefully considered the outcomes of the additional financial and strategic measures in the PSP to ensure that these had not been inadvertently made easier by inflationary increases or other impacts outside of management control. On this basis, the Committee concluded that the level of vesting was appropriate.

The Committee also reviewed the potential for any windfall gains and determined that there was none.

#### PSP grants

In March 2023, the Committee awarded the Executive Directors' PSP awards at the Policy levels, with the CEO receiving an award of 375% of salary and the CFO receiving an award of 300%. The performance conditions are as follows:

- TSR – weighting 50%;
- Organic Revenue Growth – weighting 15%;
- Adjusted Free Cash Flow Conversion – weighting 15%; and
- Strategic/ESG measures (Sales and Service colleague retention, customer satisfaction, and vehicle fuel intensity) – weighting 20%.

We expect the 2024 PSP awards for the CEO and CFO, which are planned for March 2024, to be made on the same basis, with the exception that the TSR comparator group will be updated from the FTSE 350 to the FTSE 100 and will continue to exclude financial services, property, and primary resources sectors.

Given that the repositioning of the salaries, due to take effect on 1 July 2024, and that the PSP award is expected to be granted before then, it is envisaged that the Policy levels will be achieved through an initial grant in March 2024 and a top up grant in September 2024.

#### Use of discretion

The Remuneration Committee has exercised its discretion on executive remuneration outcomes on a consistent basis over the last few years, in order to ensure any outturn is aligned with performance. The table below shows the Committee's use of discretion over the past five years.

Year	Applied to	Discretion applied
2019	PSP awarded in 2017	EPS targets were increased from 9% to 9.6% at threshold and 15% to 16.1% at maximum due to material M&A activity.
2020	No discretion was applied	
2021	No discretion was applied	
2022	No discretion was applied	
2023	In-flight PSP awards	The in-flight PSP awards were amended to ensure that the targets remain as originally intended and have not become inadvertently easier or harder as a result of the Terminix acquisition. See page 143 for further details.

#### Strategic alignment of pay

Ensuring that our remuneration supports the delivery of the strategy is important to the Committee and this is achieved through aligning the measures used in our incentive schemes with our key strategic priorities. The Committee also ensures that the right behaviours and actions are driven from the top of the organisation by ensuring that focus is balanced across both financial and non-financial outcomes, for example the inclusion of colleague, customer and health, safety, and environment metrics in both the personal element of the annual bonus and the PSP. The Committee also takes into consideration the wider business performance when reviewing formulaic outcomes of metrics across all incentives.

#### Policy implementation

Taking into consideration all the different elements of the Policy, the Committee is comfortable that it operated as intended in terms of Company performance and the quantum payable to the Executive Directors during 2023.

## Looking forward to 2024

#### Base salary

At the same time as the Policy review, and in consultation with shareholders, the Committee reviewed the base salaries of the CEO and CFO, due to the significant growth in size and complexity of the Group following the Terminix acquisition in October 2022.

The review took into consideration the impact of the changes to the business on the scope of the role (see page 131), how the CEO's and CFO's skills and experience had developed since the last review in 2020 and appropriate benchmarks (see page 154).

The CEO's base salary will increase to £1,040,000 and the CFO's base salary will increase to £635,000, which represents a 12% increase in total i.e. 4.5% in line with expected 2024 increases for management levels in the UK, which are expected to be lower than the wider workforce, plus a 7.5% adjustment to align with the market.

The proposed increases enable us to reward our Executive Directors appropriately and differentiate for their skills and experience, with the CEO proposed at median and the CFO at 95% of the median. We will again review the base salary levels relative to the appropriate benchmark in 2025.

Further phasing of the increases was considered by the Committee. However given that the change in the scope of their roles occurred in October 2022 and the salary increase will not be recognised until July 2024, we have concluded that sufficient phasing had already been achieved.

#### In conclusion

Finally, I would like to thank our shareholders for their continued support of our Policy, and its application and to our colleagues for delivering another strong set of results in 2023, despite the continuing economic challenges.

I hope that our proposed Policy demonstrates our continued commitment to being thoughtful when making pay decisions and reflects shareholder feedback. We very much hope that these proposals are seen to be consistent with our track record of appropriate and stretching remuneration. As such, I hope that we can count on your support with the Policy vote at the AGM.

I welcome any comments you may have ahead of this.



**Cathy Turner**  
Chair of the Remuneration Committee  
7 March 2024



# Remuneration at a glance

Components: ● Fixed Pay – base salary, benefits, pension ● Bonus ● Performance Share Plan (PSP) ● Unearned

## Our performance

Revenue Growth  
(at CER)

**+45.8%**

2023  
2022: +19.1%  
2021: +9.3%

Adjusted Operating  
Profit (at CER)

**+57.0%**

2023  
2022: +22.7%  
2021: +20.0%

Total Shareholder  
Return (three-year)

**-14.5%**

Estimate to 28 February  
2024 (PSP performance  
period ends 22 March  
2024)

Adjusted Free Cash  
Flow Conversion

**97%**

1 January 2021 to  
31 December 2023












Organic  
Revenue Growth

**+3.9%**

Cumulative average  
1 January 2021 to  
31 December 2023

## Breakdown of Executive Directors' total remuneration

The table shows a comparison of the CEO's and CFO's total remuneration for 2023 and 2022 and shows the potential maximum that was unearned.

£'000								
Fixed pay			Variable pay		Total			
								
Base salary	Benefits	Pension	Bonus	PSP				
<b>Andy Ransom</b> Chief Executive								
2023	914.8	19.1	27.4	981.0	1,397.6	3,339.9		
2022	888.1	19.3	191.3	1,599.9	1,625.7	4,324.4		
<b>Stuart Ingall-Tombs</b> Chief Financial Officer								
2023	558.3	16.8	14.7	598.6	485.3	1,673.7		
2022	550.0	16.8	14.4	976.4	743.2	2,300.7		

## Fixed pay

### Base pay

**Policy summary** – Increases are normally broadly in line with those awarded to the wider workforce. Adjustments to this may be made where the Remuneration Committee deems it appropriate.

**2023 implementation** – The base salaries were reviewed as part of the July 2023 salary review. The increase of 3% was below the typical increases received by the wider workforce in the UK of 6% and below the median increase for FTSE 100 CEOs.

**Andy Ransom**  
Chief Executive

2023  
**£928,288**  
2022  
**£901,250**

**3%**  
increase

**Stuart Ingall-Tombs**  
Chief Financial Officer

2023  
**£566,500**  
2022  
**£550,000**

**3%**  
increase

**Wider workforce**  
(UK) increases

Frontline  
**6%**

Other colleagues  
and managers  
**3%**

Senior managers  
**3%**

ELT  
**3%**

### Benefits

**Policy summary** – The Company pays the cost of providing the benefits on a monthly, annual, or one-off basis. Benefits are determined taking into account market practice, the level and type of benefits provided throughout the Group, and individual circumstances. All benefits are non-pensionable.

Benefits provided during 2023

- Car allowance
- Life assurance
- Family healthcare insurance
- Permanent health insurance

### Pension

**Policy summary** – Executive Directors may contribute to a defined contribution arrangement or receive a cash supplement in lieu of pension. Contributions are in line with the wider UK workforce, which is currently 3% of salary.

**2023 implementation** – The CEO and CFO contributions are in line with the wider workforce.

Pension contribution during 2023

**Andy Ransom**  
Chief Executive

**3%**

**Stuart Ingall-Tombs**  
Chief Financial Officer

**3%**

**Wider workforce**  
(UK)

**3%**

## Bonus

**Policy summary** – Bonus opportunity of 180% of base annual salary, with a maximum opportunity of 150% for Company performance and 30% for personal performance, which operate independently.

Deferral of 40% of bonus into shares, with a minimum three-year holding period.

**Andy Ransom**  
Chief Executive

Company performance  
**90.7% / £841,725**

Personal performance  
**15% / £139,243**

2023 outcome  
**105.7% / £980,968**

**Stuart Ingall-Tombs**  
Chief Financial Officer

Company performance  
**90.7% / £513,674**

Personal performance  
**15% / £84,975**

2023 outcome  
**105.7% / £598,649**

**2023 implementation** – The Committee reviewed the targets set at the beginning of the year and determined they remained suitably stretching in the context of the wider business performance and that the outcomes were aligned with stakeholder experience when viewed in conjunction with the 2021 PSP outcome.

[Find out more on pages 141 and 142](#)

### Bonus targets and outcomes

	Threshold	On target	Maximum
Adjusted Operating Profit (50% of bonus)	838.2	896.8	926.4
Revenue (50% of bonus)	5,354.5	5,413.6	5,462.6
% of maximum bonus opportunity achieved	10%		100%
Adjusted Operating Profit		66.4%	
Revenue		54.5%	
Total		60.4%	

## Performance Share Plan

**Policy summary** – Maximum award levels as a percentage of base salary are 375% for the CEO and 300% for the CFO.

No more than 20% of the award will vest for meeting threshold levels of performance and 100% of the award will vest if maximum performance is achieved. There is a two-year holding period.

Dividend equivalents may accrue between grant and vest date.

**2023 implementation** – The Committee granted the CEO and CFO awards in line with the Policy maximum in 2023 as per the approach agreed with shareholders during consultation on the 2021 Policy renewal.

[Find out more on pages 144 and 145](#)

### Andy Ransom Chief Executive

Policy maximum	375%
2023 grant	375%
2022 grant	375%

### Stuart Ingall-Tombs Chief Financial Officer

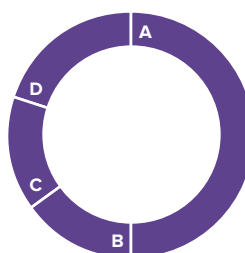
Policy maximum	300%
2023 grant	300%
2022 grant	300%

### Performance measures

Awards are subject to the achievement of financial and strategic/ESG targets, with specific measures and weightings set by the Remuneration Committee each year to ensure alignment with the business strategy at the time of grant. However, a minimum weighting of 75% will relate to financial (including TSR) measures.

**2023 implementation** – The pie chart shows the performance measures for the 2023 grant.

[Find out more on page 144](#)



- A. 50%** relative total shareholder return
- B. 15%** Organic Revenue Growth
- C. 15%** Adjusted Free Cash Flow Conversion
- D. 20%** strategic/ESG measures (colleague retention, customer satisfaction, and vehicle fuel intensity).

### Performance Share Plan 2021-2024 vesting

The bar chart compares the estimated value of the 2021 PSP and value of the 2020 PSP included in the 2023 and 2022 single figures and shows how share price growth has influenced the value of the award.

PSP value (£'000)

**Andy Ransom** Chief Executive

2023 **1,397.6**

2022 **1,625.7**

	PSP 2021-2024	
	Weighting	Estimated vesting level
TSR	50%	0%
Organic Revenue Growth	15%	13.7%
Adjusted Free Cash Flow Conversion	15%	15.0%
Sales and Service colleague retention	6.7%	6.7%
Customer Voice Counts	6.7%	6.7%
Vehicle fuel intensity reduction	6.7%	6.7%
<b>Total estimated vesting</b>		<b>48.7%</b>

# Directors’ Annual Remuneration Report – Introduction

## Introduction

The Annual Remuneration Report has been split into four sections for ease of reference. This introductory section provides an overview of the Remuneration Committee and their activities during the year. The second section, from page 140, provides an explanation of how the current Directors’ Remuneration Policy was implemented in the year ended 31 December 2023 and shows the alignment between the Company’s strategy, remuneration framework, and performance, as well as the payments made to Directors during this period. The third section, from page 150, provides an overview of how the new Directors’ Remuneration Policy will be applied in 2024. The final section includes details of the proposed changes to the Policy and proposed Policy that will be put to shareholder vote at the 2024 AGM.

## Remuneration Committee responsibilities

The Remuneration Committee’s main responsibilities are developing and setting the Directors’ Remuneration Policy and overseeing its application. It determines and agrees the policy with the Board and approves individual remuneration arrangements for the Chairman, Executive Directors, members of the Executive Leadership Team (ELT), and the Company Secretary. It reviews executive performance and strives to ensure that remuneration structures align the interests of management with those of shareholders and operate in the long-term best interests of the Company.

The Remuneration Committee oversees contractual terms on termination affecting Executive Directors, members of the ELT, and the Company Secretary, and seeks to ensure that any payments made are both fair to the individual and to the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised. The Remuneration Committee also oversees the Company’s incentive schemes, including the operation and effectiveness of performance measures and targets in both the annual bonus plan and the PSP. It also lends oversight to major changes in colleague remuneration across the Group.

## Membership and attendance

The Remuneration Committee members in 2023 were:

- Cathy Turner (Chair)
- David Frear
- Sarosh Mistry
- Julie Southern (stepped down 10 May 2023)
- Linda Yueh

There were five Remuneration Committee meetings held in 2023, which is an increase on the number of meetings held in 2022 and was due to the additional requirements of the Policy review. Details of the members of the Remuneration Committee and their attendance during the year can be found on page 98. The Group HR Director, the Group General Counsel, the Company Secretary (who acts as secretary to the Remuneration Committee), and the Group Head of Reward also attend Remuneration Committee meetings.

The Group HR Director has direct access to the Chair of the Remuneration Committee and, together with the Group Head of Reward, advises the Remuneration Committee on remuneration matters relating to Executive Directors and members of the ELT. The Company Chairman also attends meetings and makes recommendations in relation to the remuneration and incentive arrangements for the Chief Executive. The Chief Executive attends meetings and makes recommendations in respect of remuneration arrangements for his direct reports. No Executive Director or member of the ELT is present when their own remuneration is under consideration.

The Remuneration Committee members have a broad and diverse set of skills and knowledge that, when combined, bring the necessary level of experience and know-how to ensure that remuneration matters are dealt with in a balanced, independent, and informed manner. No member of the Remuneration Committee has any personal financial interest in the matters to be decided by the Remuneration Committee, other than as a shareholder.

No member of the Remuneration Committee has any conflict of interest in carrying out their role on the Remuneration Committee arising from other directorships, nor does any member participate in any of the Company’s incentive or pension arrangements or have any involvement in the day-to-day running of the Company.

In order to avoid any conflict of interest, remuneration is managed through well-defined processes, ensuring no individual is involved in the decision-making process related to their own remuneration.

The Remuneration Committee also receives support from external advisors and evaluates the support provided by those advisors annually to ensure that advice is independent, appropriate, and cost-effective.

## Remuneration Committee effectiveness

The effectiveness of the Remuneration Committee was considered as part of the external Board effectiveness review undertaken in 2023 by Chris Saul of Christopher Saul Associates, with the output considered and follow-up actions agreed by the Remuneration Committee. The review concluded that the Remuneration Committee continues to operate effectively.

In 2024, the Remuneration Committee will continue to focus on the renewal and approval of the Directors’ Remuneration Policy at the Company’s AGM in May 2024 and the ongoing integration of the Terminix acquisition, ensuring the right remuneration packages are in place to attract, motivate and retain talent. The Committee will also maintain its oversight of colleague reward given current macroeconomic challenges. Full details of the Board evaluation review, including its outcomes and actions, are disclosed on pages 112 and 113.

## External advisors

Material advice and/or services were provided to the Remuneration Committee during the year by FIT Remuneration Consultants LLP (FIT), which is retained to provide independent advice on executive remuneration matters and on the Company’s long-term incentive arrangements. FIT was appointed on 6 November 2018 by the Remuneration Committee following a review of its advisors. FIT is a member of the Remuneration Consultants Group and adheres to its code in relation to executive remuneration consulting in the UK. Fees charged during the year for advice to the Remuneration Committee by FIT were £102,130 and were accrued on a time and materials basis. FIT does not have any connection with the Company or any Director that may impair their independence, and the Remuneration Committee is satisfied that the advice it receives is independent and objective.

## AGM voting outcomes

The outcome of the advisory vote in respect of the Directors’ Remuneration Report at the 2023 AGM and the vote on the Directors’ Remuneration Policy at the 2021 AGM are shown in the tables below.

Remuneration Report voting results (2023 AGM)	
Votes for	2,083,701,500
Percentage for	98.71%
Votes against	27,209,596
Percentage against	1.29%
Total votes cast	2,110,911,096
Votes withheld (abstentions)	6,565,719
Remuneration Policy voting results (2021 AGM)	
Votes for	1,117,630,721
Percentage for	77.39%
Votes against	326,479,806
Percentage against	22.61%
Total votes cast	1,444,110,527
Votes withheld (abstentions)	8,866,324

A vote ‘for’ includes those votes giving the Chair discretion. A vote ‘withheld’ is not classed as a vote in law and is not counted in the calculation of the proportion of votes cast for or against a resolution.

## Activities of the Remuneration Committee

In 2023, the Remuneration Committee considered the following key areas:

Matters considered	Discussion and outcome	Find out more
<b>Executive remuneration</b>		
<b>Executive Director remuneration</b>	The Remuneration Committee considered and approved base salaries for 2023, bonus outcomes for 2022, bonus structure for 2023 and the 2023 PSP awards and targets for the Executive Directors, taking into consideration the wider workforce.	See pages 140 to 145 for more information
<b>ELT and Company Secretary remuneration</b>	The Remuneration Committee considered and approved base salaries for 2023, bonus outcomes for 2022, bonus structure for 2023, and the 2023 PSP awards and targets for the members of the ELT and the Company Secretary, taking into consideration the wider workforce remuneration.	–
<b>2020 Performance Share Plan (PSP) vest</b>	The Remuneration Committee approved the vesting of the 2020 PSP awards as a result of the performance measures being met at 64.6% of maximum.	–
<b>2023 PSP award</b>	The Remuneration Committee approved the PSP grant in March 2023 and its performance conditions, and subsequently noted a summary of the grants made under the PSP.	See pages 144 and 145 for more information
<b>PSP measures</b>	The Remuneration Committee monitored the performance status of the outstanding awards under the PSP.	–
<b>2024 annual bonus</b>	The Remuneration Committee reviewed the overall structure of the 2024 annual bonus plan for Executive Directors, ELT members and the Company Secretary.	See pages 150 and 151 for more information
<b>Malus and clawback</b>	The Remuneration Committee considered matters in relation to the compensation recoupment policy as required under new SEC rules, including the adoption of the new policy.	–
<b>ELT appointments and terminations</b>	During 2023, the Remuneration Committee approved the remuneration for the appointment of the new CEO of North America and the exit of the prior incumbent.	–
<b>2024 Directors' Remuneration Policy</b>	The Remuneration Committee engaged with shareholders on the renewal of the Directors' Remuneration Policy and considered the feedback received.	See pages 152 to 161 for more information
<b>Governance and oversight</b>		
<b>Share dilution limits</b>	The Remuneration Committee noted the impact of the Company's executive share plans on share dilution limits.	–
<b>Terms of reference</b>	The Remuneration Committee undertook its annual review of its terms of reference.	These are available on our website
<b>Performance review</b>	The Remuneration Committee undertook its annual review of the effectiveness of the Committee.	See Committee effectiveness on page 113
<b>Corporate governance and proxy voting guidelines</b>	The Remuneration Committee received an update during 2023 on changes in corporate governance and proxy voting guidelines.	–
<b>Gender Pay Report</b>	The Remuneration Committee considered and recommended the 2022 Gender Pay Report for approval by the Board in February, which was published in March 2023.	Read about diversity on page 69. Our reports are available on our website
<b>Directors' Remuneration Report</b>	The Remuneration Committee reviewed and approved the Directors' Remuneration Report to be included in our 2022 Annual Report.	Available on our website
<b>Annual planner</b>	The Remuneration Committee considered the annual planner for 2024.	–

The Chair of the Remuneration Committee presents a summary of material matters discussed at each meeting to the following Board meeting and minutes of the Remuneration Committee meetings are circulated to all Directors subject to suitable redaction. The Remuneration Committee reports to shareholders annually in this report and the Chair of the Remuneration Committee attends the AGM to address any questions arising.



# Directors' Annual Remuneration Report – 2023

## Directors' remuneration in the year to 31 December 2023

### Single total figure for the remuneration of Executive Directors

The table below has been audited.

	Year	Fixed pay				Variable pay			Total £'000	Value of total attributed to share price growth £'000	% of total attributed to share price growth
		Base Salary £'000	Benefits £'000	Pension £'000	Total fixed pay £'000	Bonus £'000	PSP £'000	Total variable pay £'000			
<b>Andy Ransom,</b>	<b>2023</b>	<b>914.8</b>	<b>19.1</b>	<b>27.4</b>	<b>961.4</b>	<b>981.0</b>	<b>1,397.6</b>	<b>2,378.6</b>	<b>3,339.9</b>	<b>(44.2)</b>	<b>-3.2%</b>
Chief Executive	2022	888.1	19.3	191.3	1,098.8	1,599.9	1,625.7	3,225.7	4,324.4	162.3	10.0%
<b>Stuart Ingall-Tombs,</b>	<b>2023</b>	<b>558.3</b>	<b>16.8</b>	<b>14.7</b>	<b>589.8</b>	<b>598.6</b>	<b>485.3</b>	<b>1,083.9</b>	<b>1,673.7</b>	<b>(5.3)</b>	<b>-4.5%</b>
Chief Financial Officer	2022	550.0	16.8	14.4	581.1	976.4	743.2	1,719.6	2,300.7	74.2	10.0%

### Notes to the table

The notes below have been audited.

#### Base salary

- Base salary earned from 1 January to 31 December for each year.

#### Benefits

- Executive Directors are provided with family health insurance, health screening, life assurance, permanent health insurance, and a car allowance.
- The value of the taxable benefit and includes the P11D value for health insurance and the gross cash car allowance. There were no other taxable benefits paid to Executive Directors in 2022 or 2023.

#### Pension

- Andy Ransom received a pension contribution, in the form of a cash supplement, worth 21.5% of salary in 2022 due to the cash amount being fixed in absolute terms and was reduced to 3% of base salary from January 2023 in line with the UK wider workforce.
- Stuart Ingall-Tombs received a pension contribution, in the form of a cash supplement, worth 3% of base salary in line with the UK wider workforce.
- Neither Andy Ransom or Stuart Ingall-Tombs, contributed to a Company pension scheme and do not have any prospective benefits under a Company defined benefit scheme.

#### Bonus

- In both years, 40% of the individuals bonus entitlement was awarded as deferred shares. These awards are subject to a three-year holding period, but are not subject to performance or service conditions.
- For 2023, Andy Ransom received 105.7% of salary and Stuart Ingall-Tombs received 105.7% of salary. See pages 141 and 142 for details of the 2023 bonus calculation.

#### PSP

- The 2023 single total figure includes the 2021 PSP, which is due to vest in March and May 2024. The value of the 2021 PSP at vest has been estimated based on the average of the Company's share price over the last financial quarter of 2023, giving a price of 473.2p, and the anticipated performance outcomes, giving a vesting level of 48.7%. See page 144 for details.
- The actual value of the 2021 PSP will be confirmed next year once the final performance outcome, the share price at the date of vesting, and the impact of dividend accrual are known.
- The 2020 PSP estimate included in the 2022 single figure has been restated. The award vested at 64.6%, which was above the estimate of 37.3%, due to an improvement in the Company's TSR performance. The value has been restated to reflect the actual vesting level, actual share price at the date of vesting on 8 September 2023 of 589.0p, and the impact of dividend accrual. This has increased the value of the PSP outcome.

### Value attributed to share price changes

- The PSP value included in the 2023 single figure is comprised of two awards in March and May 2021. The March grant had a share price decline of 21.2p per share (estimated share price at vest of 473.2p less share price at grant of 494.4p), which is -4.5% of the PSP value. The May grant had a share price increase of 4.7p per share (estimated share price of 473.2p less share price at grant of 468.5p), which is a 1% of the PSP value.
- The PSP value included in the 2022 single figure has a share price increase of 58.8p per share attributed to it (share price at vest of 589.0p less share price at grant of 530.2p), which is 10% of the PSP value.

	Single figure	Share price on grant	Estimated share price at vest	Share price change
March 2021 award	2023	494.4p	473.2p	-21.2p
May 2021 award	2023	468.5p	473.2p	4.7p
September 2020 award	2022	530.2p	589.0p	58.8p

- The table below summarises the value of the PSP value of the 2021 and 2020 PSP vests split between value attributed to performance and value attributed to share price change for the Executive Directors (see page 144 for further information).

	Date of award	Value attributed to performance £'000	Value attributed to share price change £'000	Total value of shares vesting £'000
<b>Andy Ransom,</b>	23/03/2021	1,109.1	-47.6	1,061.5
Chief Executive	18/05/2021	332.7	3.3	336.1
	2021 total	1,441.8	-44.2	1,397.6
	08/09/2020	1,463.4	162.3	1,625.7
<b>Stuart Ingall-Tombs,</b>	23/03/2021	507.0	-21.7	485.3
Chief Financial Officer	08/09/2020	669.0	74.2	743.2

- The Remuneration Committee has not exercised discretion as a result of this share price appreciation or depreciation for either award.

The total emoluments and option gains are disclosed on page 144.

## Annual bonus 2023

This section has been audited.

The annual bonus plan comprises three parts: gateway measures, Company performance, and personal performance. This means that bonuses earned reflect the performance of the constituent businesses which make up the overall Group performance, as well as achievement against specific personal objectives. The gateway measures and Company performance are measured against financial targets. The Executive Directors had a maximum bonus opportunity of 150% of salary if the Company financial targets are achieved in full and an opportunity to earn up to 30% based on personal performance, which is measured through the Group's performance and development review process.

In total, the maximum bonus opportunity is up to 180% of salary.

### 2023 Annual bonus outcome

The Remuneration Committee reviewed the 2023 bonus plan outcome for the Group's senior management population based on the targets set at the start of the financial year. The focus of the bonus was on rewarding sustainable profitable growth and delivery of Adjusted Free Cash Flow in order to align Executive Directors' incentives with the Group's strategy. For 2023, Executive Directors had the opportunity to earn up to 180% of salary and 40% of any bonus earned will be deferred into shares for three years.

### Gateways

#### Structure

95% of the Profit target and an Adjusted Free Cash Flow gateway have to be reached at Group level before the financial performance element of the bonus can be paid.

#### Targets and results

The table below shows the targets that were set for each gateway measure and the result.

	Target £'000	Result £'000
Profit Gateway	838.2	896.8
Adjusted Free Cash Flow Gateway	350	500

### Outcome

Both gateways were achieved.

### Company performance

#### Structure

If both the gateways are achieved, then Executive Directors can earn up to 150% of salary based on targets equally split between revenue and profit. The results are calculated on the same basis as the targets were set.

#### Targets and results

The table below shows the targets that were set and how the threshold and maximum relate to the on-target level. It also includes the percentage of the maximum bonus that can be achieved for each target level and the percentage of salary payable. Finally, the table includes the results for each of these elements.

#### Revenue

	Threshold £'000	On-target £'000	Maximum £'000	Result £'000
Targets	5,354.5	5,408.6	5,462.6	5,413.6
Targets as % of on-target	99%	100%	101%	100.1%
% of maximum opportunity achieved	10%	50%	100%	54.5%
% of base salary payable	7.5%	37.5%	75.0%	40.9%

#### Adjusted Operating Profit

	Threshold £'000	Target £'000	Maximum £'000	Result £'000
Targets	838.2	882.3	926.4	896.8
Targets as % of on-target	95%	100%	105%	101.6%
% of maximum opportunity achieved	10%	50%	100%	66.4%
% of base salary payable	7.5%	37.5%	75%	49.8%

### Outcome – company performance

The table below brings together the bonus outcomes for Revenue and Adjusted Operating Profit to give the total bonus payable as a percentage of the maximum opportunity and as a percentage of base salary.

	Revenue	Adjusted Operating Profit	Bonus outcome
% of maximum opportunity achieved	54.5%	66.4%	60.4%
% of base salary payable	40.9%	49.8%	90.7%

The table below shows the bonus payable to the Chief Executive and Chief Financial Officer.

	Bonus outcome as a % of base salary	Result £'000
Andy Ransom	90.7%	841,725
Stuart Ingall-Tombs	90.7%	513,674

### Personal performance

#### Structure

The Executive Directors can earn up to 30% of base salary based on their personal performance against objectives measured through the Company's performance and development review (PDR) process and objectives typically include areas such as people, customers, safety, systems, governance and control, and key strategic projects.

#### Targets

The table below shows the rating scale used in the PDR and the bonus opportunity as a percentage of base salary for each rating.

Performance rating and definition	Meaning of definition	Bonus opportunity as a % of base salary
1: Below standards required	Has not delivered against performance criteria	0%
2: Development required	Has met some but not all performance criteria	0%
3: Good performer	Meets all performance criteria	15%
4: Exceeds expectations	Meets and exceeds expectations against most aspects	22.5%
5: Outstanding	Outstanding achievement against all criteria	30%

### Results and outcome

The assessment of the performance ratings, by the Chairman for the Chief Executive and by the Chief Executive for the Chief Financial Officer, took into account their key achievements during 2023. The table below shows the PDR rating awarded and the bonus outcome for the personal element.

	PDR rating	Bonus outcome as % of salary	Bonus outcome £'000
Andy Ransom	3	15%	139,243
Stuart Ingall-Tombs	3	15%	84,975

See the table on the next page for details of the key achievements for the Chief Executive and Chief Financial Officer which were used to determine their performance rating.

## Directors' Annual Remuneration Report – 2023

continued

The table details the key achievements for the Chief Executive and Chief Financial Officer which were used to determine their performance rating.

Strategic objectives	Andy Ransom, Chief Executive	Stuart Ingall-Tombs, Chief Financial Officer
<b>Employer of Choice</b>	<ul style="list-style-type: none"> <li>Continued world-class performance in LTA 0.31 and WDL 7.05, recognised externally with RoSPA Gold Award.</li> <li>Increased global colleague retention by 4.74% to 84.2%, and service technician retention by 5.7% to 83.3%.</li> <li>Strong engagement and enablement scores, particular strength in H&amp;S, DE&amp;I and "My Manager" questions.</li> </ul>	<ul style="list-style-type: none"> <li>Further progress made in building Finance talent with selection of the North America team creating greater capability and experience</li> <li>Succession for key global financial roles strengthened through external hires and internal development.</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>Stable customer retention at 82.3% with Customer Voice Counts survey (NPS) improving strongly at 50.8.</li> </ul>	<ul style="list-style-type: none"> <li>Stable customer retention at 82.3% with Customer Voice Counts survey (NPS) improving strongly at 50.8.</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>Delivered increase in Revenue ahead of plan at +45.8% over previous year.</li> <li>Delivered 4.9% organic growth and 60.6% revenue growth in Pest Control, of which 4.5% was organic.</li> <li>Innovation leveraged to drive revenue growth, including PestConnect with +23% increase in installations YoY.</li> </ul>	<ul style="list-style-type: none"> <li>Delivered increase in Revenue ahead of plan at +45.8% over previous year.</li> <li>Delivered 4.9% organic growth and 60.6% revenue growth in Pest Control, of which 4.5% was organic.</li> </ul>
<b>Adjusted Operating Profit</b>	<ul style="list-style-type: none"> <li>Delivered a strong increase of 57% over previous year and ahead of plan.</li> <li>120bps improvement in Adjusted Operating Margin over prior year to 16.6%.</li> <li>Strong progress in delivering pricing increases.</li> </ul>	<ul style="list-style-type: none"> <li>Delivered a strong increase of 57% over previous year and ahead of plan.</li> <li>120bps improvement in Adjusted Operating Margin over prior year to 16.6%.</li> <li>Strong progress in delivering pricing increases.</li> </ul>
<b>Cash and liquidity</b>	<ul style="list-style-type: none"> <li>Delivered Strong Adjusted Free Cash Flow Conversion of 89.4%.</li> </ul>	<ul style="list-style-type: none"> <li>Delivered Strong Adjusted Free Cash Flow Conversion of 89.4%.</li> <li>Delivered reduction in Net Debt to EBITDA from 3.2x to 2.6x.</li> <li>Achieved a BBB rating with a stable outlook with S&amp;P and Fitch.</li> </ul>
<b>M&amp;A</b>	<ul style="list-style-type: none"> <li>Delivery of \$69m synergies from the Terminix acquisition ahead of the target of \$60m.</li> <li>41 acquisitions completed in 2023 with annualised revenues of c.£106m.</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of \$69m synergies from the Terminix acquisition ahead of the target of \$60m.</li> <li>41 acquisitions completed in 2023 with annualised revenues of c.£106m.</li> </ul>
<b>Earnings and returns</b>	<ul style="list-style-type: none"> <li>Strong leadership of environmental agenda with meaningful reductions in vehicle fuel intensity and member of the Dow Jones Sustainability Index.</li> </ul>	<ul style="list-style-type: none"> <li>Finance systems have been well controlled and the continued rollout of Business Centrals continues to support SOX controls.</li> <li>Remediation of one 2022 SOX material weakness, made in 2023.</li> </ul>

### Total bonus outcome

The table shows the total bonus outcome for each Executive Director. 40% of the bonus outcome achieved will be deferred in shares under the Deferred Bonus Plan (DBP). These awards are subject to a three-year holding period, but are not subject to any further performance or service conditions.

£'000		Company element	Personal element	Total bonus outcome achieved	Bonus outcome payable in cash	Bonus outcome deferred in shares	Total bonus outcome as % of max opportunity
Andy Ransom	Bonus payable as a % of salary	90.7%	15.0%	<b>105.7%</b>	63.4%	42.3%	
	Bonus payable	841,725	139,243	<b>980,968</b>	588,581	392,387	58.7%
Stuart Ingall-Tombs	Bonus payable as a % of salary	90.7%	15.0%	<b>105.7%</b>	63.4%	42.3%	
	Bonus payable	513,674	84,975	<b>598,649</b>	359,189	239,460	58.7%

### Rationale

Careful consideration was given as to whether or not the outcomes were reflective of overall Company performance and appropriate in the context of the experience of wider stakeholders, particularly in relation to the ongoing cost-of-living challenges for colleagues and the impact of the reduction in share price following the quarter three update on shareholders, and was felt to be a fair reflection and that no discretion should be applied to adjust the outcome. The rationale for this included:

- The Company had another strong year in 2023, delivering profit and revenue figures above consensus and were accomplished despite significant inflation and other macroeconomic headwinds. Revenue grew by 45.8% and Adjusted Operating Profit by 57%.
- The Company has strong alignment of incentives throughout management levels, which means that the Executive Director's only achieve their annual bonus targets if the frontline and managers are achieving their incentives. The Company has also been very mindful of the impact of the cost-of-living challenges on our colleagues, particularly those on the frontline, and have used initiatives such as targeting higher salary increases at this population and one-off bonuses to help ease the pressures. See page 133 for further details.
- The outcome of the annual bonus was considered in conjunction with the estimated vesting level of PSP. On balance, it was felt that the formulaic outcomes of the PSP and annual bonus combined with the performance rating, fairly reflect overall performance. This took into consideration that the largest element of variable incentive, the PSP, directly reflects shareholder experience as the share price performance has impacted the estimated vesting of the 2021 PSP. The TSR element is currently below threshold and this element is likely to lapse.
- The company element of the annual bonus, along with non-TSR element of the PSP recognised the significant strengthening of the underlying business and appropriately rewarded the Executive Directors for delivering numbers above analyst consensus set at the start of 2023 in a challenging year. The targets also evidence that we set stretching targets as the maximums are well above consensus.
- In addition, both the Chief Executive and Chief Financial Officer were awarded a PDR rating of 3 to reflect delivery of strong financial results and broad based delivery across all their goals balanced with consideration of shareholder experience.

### Application of discretion

The Remuneration Committee has not applied discretion to the outcome of the annual bonus.

## Performance Share Plan (PSP) and Deferred Bonus Plan (DBP) awards

This section has been audited.

The PSP is the Company's long-term incentive plan which the Executive Directors, ELT, and more than 1,100 managers and technical experts participate in. This participation supports the delivery of the Company's strategic priorities. The DBP is the long-term incentive plan under which 40% of any bonus payable to the Executive Directors is deferred in shares.

### In-flight PSP target review

In line with the Remuneration Committee's usual practice for large acquisitions, they reviewed the in-flight PSP targets to take into consideration the addition of Terminix. The focus of the review was to ensure that the targets remained as originally intended and had not inadvertently become easier or harder as a result of the acquisition. This resulted in the following changes:

**Organic Revenue Growth** – the targets have been increased to reflect the inclusion of Terminix in the forecasts.

	2021-2024 PSP			2022-2025 PSP		
	Threshold	Target	Maximum	Threshold	Target	Maximum
Original	2.25%	2.5%	2.75%	3.5%	4.0%	5.0%
Revised	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%

**Adjusted Free Cash Flow Conversion** – the inclusion of Terminix has a negative impact on Adjusted Free Cash Flow Conversion, so these targets have been revised down, in line with the revised guidance and plans are in place to return Adjusted Free Cash Flow Conversion to our usual levels over the course of the next few years.

	2021-2024 PSP			2022-2025 PSP		
	Threshold	Target	Maximum	Threshold	Target	Maximum
Original	80%	85%	90%	80%	85%	90%
Revised	70%	80%	90%	70%	80%	90%

**Vehicle fuel efficiency** – Terminix operates in a similar way to Rentokil North America, so the inclusion of Terminix in the results is not expected to have a significant impact, therefore no adjustments have been made to the targets for this metric.

	2021-2024 PSP			2022-2025 PSP		
	Threshold	Target	Maximum	Threshold	Target	Maximum
Original	4%	6%	8%	4%	6%	8%
Revised	no change			No change		

**Sales & Service colleague retention** – the inclusion of Terminix has a negative impact on Sales & Service colleague retention, so these targets were revised down. Plans are in place to return retention to our usual levels over the course of the next few years. Although both inflight awards were reviewed, only the 2021-2024 award is shown below as in line with our usual practice, the targets for this measure is not disclosed until the award vests, as we believe that they are commercially sensitive.

	2021-2024 PSP		
	Threshold	Target	Maximum
Original	79%	81.5%	84%
Revised	77.2%	79.7%	82.2%

**Customer satisfaction** – the inclusion of Terminix has a positive impact on customer satisfaction, so these targets were increased. Although both inflight awards were reviewed, only the 2021-2024 award is shown below as in line with our usual practice, the targets for this measure is not disclosed until the award vests, as we believe that they are commercially sensitive.

	2021-2024 PSP		
	Threshold	Target	Maximum
Original	39	41	43
Revised	41.2	43.2	45.2

### 2021 PSP award

The 2021 PSP award was subject to six performance measures detailed in the table below.

Performance measures	Weighting	Definition	Performance period
Relative TSR	50%	Relative TSR performance measured against a comparator group of the FTSE 350 Index, excluding financial services, property and primary resources sectors	23/03/2021 to 22/03/2024
Organic Revenue Growth	15%	Average Organic Revenue Growth over the three-year performance	01/01/2021 to 31/12/2023
Adjusted Free Cash Flow Conversion	15%	Adjusted Free Cash Flow Conversion % over a three-year performance period	01/01/2021 to 31/12/2023
Sales and Service colleague retention	6.7%	Average of the 2021, 2022, and 2023 annual overall Sales and Service Colleague retention	01/01/2021 to 31/12/2023
Customer satisfaction	6.7%	Average of the 2021, 2022, and 2023 annual CVC score over the three-year performance period based on NPS methodology	01/01/2021 to 31/12/2023
Vehicle fuel intensity	6.7%	Reduction in vehicle fuel intensity across 20 key countries achieved by the end of the three-year performance period	01/01/2021 to 31/12/2023



## Directors' Annual Remuneration Report – 2023

continued

### 2021 PSP vesting level

The table below summarises the outcomes for each of the performance conditions. The Remuneration Committee has not applied discretion to the estimated outcome of the vesting as the outcome is felt to be fair in the context of the Company performance and experience of wider stakeholders over the three-year performance period. However, the targets were reviewed and discretion was applied by the Committee to adjust them to ensure that the targets remain as originally intended and have not become inadvertently easier or harder as a result of the Terminix acquisition as described in the section above.

In addition, the Committee carefully considered the outcomes of the additional financial and strategic measures in the PSP to ensure that these had not been inadvertently made easier by inflationary increases or other impacts outside of management control.

Vesting is on a straight-line basis between threshold and target and between target and maximum, with the exception of TSR. No shares will vest if the performance is below the threshold for that measure. For the TSR, vesting is on a straight-line basis between median and upper quartile performance. The TSR performance period for the 2021 award is measured over a three-year period ending during the 2024 financial year. The TSR element of the award is therefore estimated using the TSR performance of the Company and comparator group to the end of February 2024.

Performance measures	Threshold: 20% vesting	Target: 50% vesting	Maximum: 100% vesting	Actual/ estimated result	Vesting level	Weighted vesting level
Relative TSR <sup>1</sup>	Median TSR performance	Straight-line vesting between threshold and maximum	Upper quartile TSR performance	Ranked 102 of 163	Estimate 0%	Estimate 0%
Organic Revenue Growth	3.0%	3.5%	4.0%	3.9%	91.3%	13.7%
Adjusted Free Cash Flow Conversion	70.0%	80.0%	90.0%	97.0%	100.0%	15.0%
Sales and Service colleague retention	77.2%	79.7%	82.2%	83.2%	100.0%	6.7%
Customer satisfaction	41.20	43.20	45.20	46.83	100.0%	6.7%
Vehicle fuel intensity	4.0%	6.0%	8.0%	17.0% <sup>2</sup>	100.0%	6.7%
<b>Total</b>						<b>48.7%</b>

1. This estimate will be restated in next year's Annual Report to reflect actual performance.

2. The outcome of this metric was reviewed in detail to enable the Committee to fully understand why the performance was much higher than the target range. The results were considered excluding inflationary impacts to ensure that the underlying performance was at a consummate level to satisfy maximum vesting.

### 2021 PSP awards vesting

Andy Ransom was granted an award of shares worth 250% of base salary in March 2021 and a further top-up grant in May 2021 following approval of the 2021 Policy at the AGM. Stuart Ingall-Tombs was granted an award 200% of base salary in March 2021. The aggregate number of shares estimated to vest in 2024 is summarised in the table below. The table also includes an estimate of the number of additional shares relating to dividends accrued throughout the performance period, which will be added to the final awards. The estimated value of the shares vesting is based on an average of the Company's share price for the three months to 31 December 2023 of 473.2p. The Remuneration Committee has not exercised any discretion.

	Grant	Maximum award of shares	Estimated vesting level of award	Total number of shares post performance conditions	Dividend equivalent shares at vest	Total shares vesting	Value of share vesting		
							Value of shares vesting £'000	Value attributed to share price growth £'000	% of vesting value attributed to share price growth
Andy Ransom	March grant	442,455	48.7%	215,441	8,891	224,332	1,062	-48	-4.5%
	May grant	140,074	48.7%	68,205	2,814	71,019	336	3	1.0%
	Total	582,529		283,646	11,705	295,351	1,398	-44	-3.2%
Stuart Ingall-Tombs	Total	202,265	48.7%	98,487	4,064	102,551	485	-22	-4.5%

### PSP awards granted during the year

In 2023, Andy Ransom and Stuart Ingall-Tombs were granted an award of shares under the PSP totalling 375% and 300% of salary respectively, in line with the Policy and the phasing agreed with shareholders. The awards are subject to a three-year performance period and a two-year holding period post vesting.

The number of shares that vest under the PSP will be based on the following performance conditions and weightings:

Performance measures 2023–2026	Weighting	Threshold: 20% vesting <sup>1</sup>	Target: 50% vesting <sup>1</sup>	Maximum: 100% vesting <sup>1</sup>
Relative TSR	50%	TSR performance is median measured against the FTSE 350 Index, excluding financial services, property, and primary resources sectors	Straight-line vesting between threshold and maximum	Upper quartile TSR performance against the FTSE 350 Index, excluding financial services, property, and primary resources sectors
Organic Revenue Growth	15%	4.5%	5.5%	6.5%
Adjusted Free Cash Flow Conversion	15%	70%	80%	90%
Strategic/ESG measures				
– Sales and Service colleague retention	6.7%	Targets for these measures have not been disclosed as the Board believes that these measures are commercially sensitive. They will be based on straight-line vesting between threshold and target, and between target and maximum performance, which will be reported at vesting.		
– Customer satisfaction	6.7%			
– Vehicle fuel intensity	6.7%	4%	6%	8%

1. Of maximum opportunity.

In addition, when determining the level of vesting, the Remuneration Committee will also consider the underlying financial performance of the business, as well as the value added for shareholders during the performance periods, and may adjust the vesting outcome if it considers this to be appropriate.

Awards to Executive Directors under the 2023 PSP are set out in the table below and the number of shares awarded are the maximum entitlements and the actual number of shares (if any) which vest under the PSP will depend on the performance conditions being achieved as set out above. The awards granted were in the form of nil-cost options and may be exercised after vesting up to 10 years from the date of grant. The PSP awards are subject to a holding period of two years, which commences from the date of vest.

### 2023 PSP award

Participant	Date of award	Number of shares awarded	Share price used to determine award <sup>1</sup>	Exercise price	Face value of shares £'000	% of salary awarded	Date of vest	Performance period end <sup>2</sup>
Andy Ransom	30/03/2023	590,647	572.2p	–	3,379,682	375%	30/03/2026	29/03/2026
Stuart Ingall-Tombs	30/03/2023	288,360	572.2p	–	1,649,996	300%	30/03/2026	29/03/2026

1. The share price is the closing share price the day prior to grant.

2. The TSR condition for the March award will be measured over three years to 29 March 2026. The other performance conditions will be measured over three years to 31 December 2025.

### DBP awards granted during the year

On 22 March 2023, to align with the payment date of the cash part of the annual bonus, Andy Ransom and Stuart Ingall-Tombs were granted awards under the DBP which equated to 40% of the value of bonus earned under the 2022 annual bonus. These awards are subject to a three-year holding period, but are not subject to any further performance or service conditions. The awards granted were in the form of nil-cost options and may be exercised after vesting up to 10 years from the date of grant. Awards to Executive Directors under the 2023 DBP are set out in the table below.

### 2023 DBP award

Participant	Date of award	Number of shares awarded	Share price used to determine award <sup>1</sup>	Exercise price	Face value of shares £'000	Date of vest
Andy Ransom	21/03/2023	114,078	561.0p	–	639,978	21/03/2026
Stuart Ingall-Tombs	21/03/2023	69,617	561.0p	–	390,551	21/03/2026

1. The share price is the closing share price the day prior to grant.

### Payments for loss of office (audited)

There were no payments made to Directors for loss of office during 2023.

### Payments to past Directors (audited)

There were no payments made to past Directors during 2023.

## Directors' Annual Remuneration Report – 2023

continued

### Single total figure for the remuneration during 2023 of the Chairman and Non-Executive Directors

The table below shows the single total figure for the remuneration during 2023 of the Chairman and Non-Executive Directors compared to the prior year. The benefits section includes a travel allowance for intercontinental travel of £5,000 per meeting. The table has been audited.

	Fees 2023 £'000	Fees 2022 £'000	Benefits 2023 £'000	Benefits 2022 £'000	Total 2023 £'000	Total 2022 £'000
Chairman and Non-Executive Directors						
Richard Solomons	425.0	383.3	–	–	425.0	383.3
David Frear <sup>1</sup>	75.0	16.7	20	5	95.0	21.7
Sally Johnson <sup>2</sup>	69.2	–	–	–	69.2	–
Sarosh Mistry	75.0	62.5	20	5	95.0	67.5
John Pettigrew	95.0	74.2	5	–	100.0	74.2
Julie Southern <sup>3</sup>	34.0	78.4	–	–	34.0	78.4
Cathy Turner	95.0	78.4	5	–	100.0	78.4
Linda Yueh	75.0	62.6	5	–	80.0	62.6

1. David Frear was appointed to the Board on 12 October 2022.

2. Sally Johnson was appointed to the Board on 1 April 2023.

3. Julie Southern stepped down from the Board on 10 May 2023.

#### Directors' shareholdings and share interests

##### Directors' share interests

The interests of the Directors and their connected persons in the share capital of the Company as at 31 December 2023, or their date of cessation if earlier, and at 31 December 2022, or their date of appointment if later, are set out below. No Director has any beneficial interest in the shares of any of the Company's subsidiaries. This table has been audited.

	Number of ordinary shares as at 31 Dec 2023	Number of ordinary shares as at 31 Dec 2022
Richard Solomons	84,900	62,000
Andy Ransom <sup>1</sup>	1,230,419	1,695,225
Stuart Ingall-Tombs	195,408	171,350
David Frear <sup>2</sup>	8,125	–
Sally Johnson <sup>3</sup>	3,527	–
Sarosh Mistry	1,850	–
John Pettigrew	55,000	55,000
Julie Southern <sup>4</sup>	9,891	9,891
Cathy Turner	24,736	24,736
Linda Yueh	1,590	1,590

1. Andy Ransom has an interest in 4,661,701 vested PSP shares from the 2014, 2015, 2016, 2017, 2018, 2019, and 2020 awards, which he has not yet exercised.

These figures are not included in his beneficial interest of shares figure at 31 December 2023 above but are included in the share award table below.

2. David Frear was appointed to the Board on 12 October 2022.

3. Sally Johnson was appointed to the Board on 1 April 2023.

4. Julie Southern stepped down from the Board on 10 May 2023.

There has been no change to the current Directors' shareholdings between 31 December 2023 and 7 March 2024.

##### Executive shareholdings

All Executive Directors are required to hold shares equivalent in value to a percentage of their salary within a five-year period from their appointment date. For the Chief Executive, this requirement is 300% of annual salary and for the Chief Financial Officer, 200% of annual salary.

As of 31 December 2023, the Chief Executive substantially exceeded the minimum shareholding requirement and the Chief Financial Officer had met the shareholding requirement when all qualifying shares were taken into account. and c.76% of the requirement with shares held outright.

The table below sets out the number of shares held at 31 December 2023 by each Executive Director. Shares owned outright include those held by connected persons. This table has been audited.

	Shareholding requirement as a % of salary	Number of shares owned outright	Value of shareholding as at 31 Dec 2023 <sup>1</sup>	Shares owned outright as a % of salary	Interest in PSP and DBP that are available to exercise as at 31 Dec 2023	Interest in PSP and DBP awards subject to holding period as at 31 Dec 2023	Interest in PSP awards subject to performance conditions as at 31 Dec 2023
Andy Ransom	300%	1,230,419	5,423,687	584%	4,034,553	1,062,105	1,832,591
Stuart Ingall-Tombs	200%	195,408	861,358	152%	0	266,390	822,217

1. The share price is based on the Company's share price on 31 December 2023 of 440.8p.