

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



From left to right –

Laxman Narasimhan
Chief Executive Officer

Sara Mathew
Non-Executive Director

Warren Tucker
Non-Executive Director

Andrew Bonfield
Non-Executive Director

Elane Stock
Non-Executive Director

Pam Kirby
Non-Executive Director

Nicandro Durante
Senior Independent Director

Adrian Hennah
Chief Financial Officer

Mehmood Khan
Non-Executive Director

Rupert Bondy
SVP, General Counsel/
Company Secretary

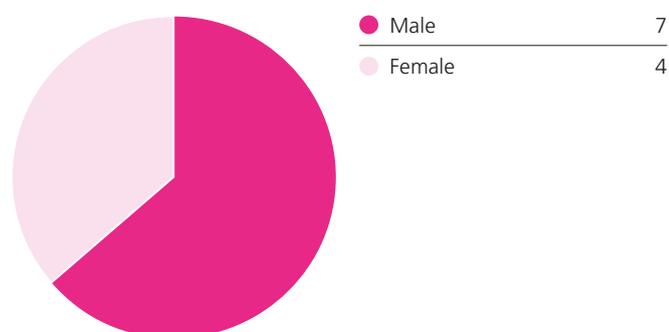
Mary Harris
Designated Non-Executive
Director for engagement with
the Company's workforce

Chris Sinclair
Chairman of the Board

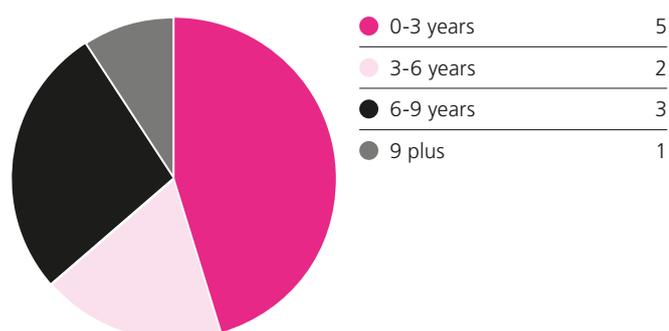


OUR BOARD OF DIRECTORS CONTINUED

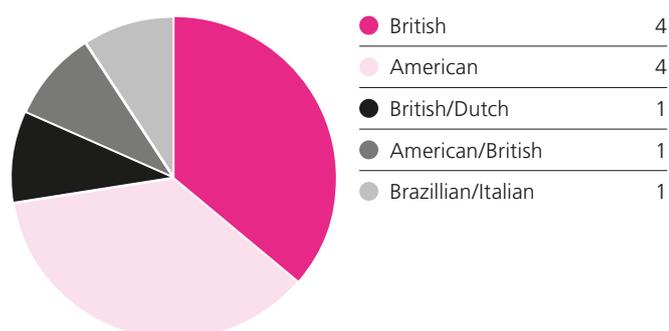
Directors as at 31 December 2019



Length of tenure as at 31 December 2019



Nationality as at 31 December 2019



Key

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

Laxman Narasimhan

Chief Executive Officer

N

Nationality	Board tenure
American	9 months

Appointment

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

Career

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

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

Skills and experience

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

Current external appointments

Trustee of Brookings Institution

Member of the Council on Foreign Relations

Chris Sinclair

Chairman of the Board

N R C

Nationality	Board tenure
American	5 years, 2 months

Appointment

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

Career

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

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

Skills and experience

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

Adrian Hennah

Chief Financial Officer

Nationality

British

Board tenure

7 years, 3 months

Appointment

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

Career

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

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

Skills and competencies

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

Current external appointments

Non-Executive Director of RELX plc

Nicandro Durante

Senior Independent Director

**Nationality**

Brazilian/Italian

Board tenure

6 years, 4 months

Appointment

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

Career

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

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

Skills and competencies

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

Current external appointments

Chairman of TIM Participações S.A.

Mary Harris

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

**Nationality**

British/Dutch

Board tenure

5 years, 2 months

Appointment

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

Career

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

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

Skills and competencies

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

Current external appointments

Non-Executive Director of ITV plc

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

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

Andrew Bonfield

Non-Executive Director

**Nationality**

British

Board tenure

1 year, 9 months

Appointment

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

Career

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

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

Skills and competencies

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

Current external appointments

Chief Financial Officer of Caterpillar Inc.

OUR BOARD OF DIRECTORS CONTINUED

Mehmood Khan

Non-Executive Director

C

Nationality

American/British

Board tenure

1 year, 9 months

Appointment

Appointed as a Non-Executive Director in July 2018.

Career

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

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

Skills and competencies

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

Current external appointments

CEO of Life Biosciences Inc.

Director of CorMedix Inc.

Director of Indigo Agriculture Inc.

Pam Kirby

Non-Executive Director

C N A

Nationality

British

Board tenure

5 years, 2 months

Appointment

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

Career

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

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

Skills and competencies

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

Current external appointments

Non-Executive Director of DCC plc

Non-Executive Director of Hikma Pharmaceuticals plc

Member of the Supervisory Board of AkzoNobel N.V.

Elane Stock

Non-Executive Director

R

Nationality

American

Board tenure

1 year, 7 months

Appointment

Appointed as a Non-Executive Director in September 2018.

Career

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

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

Skills and competencies

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

Current external appointments

Director of Yum! Brands, Inc.

Director of Equifax Inc.

Sara Mathew

Non-Executive Director

A

Nationality

American

Board tenure

9 months

Appointment

Appointed as a Non-Executive Director in July 2019

Career

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

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

Skills and competencies

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

Current external appointments

Chair of Freddie Mac

Director of State Street Corporation

Warren Tucker
Non-Executive Director A

Nationality British **Board tenure** 10 years, 2 months

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

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

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

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

Current external appointments
Non-Executive Director of Tate & Lyle plc
Non-Executive Director of the UK Foreign & Commonwealth Office

Rupert Bondy
Senior Vice President, General Counsel/Company Secretary

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

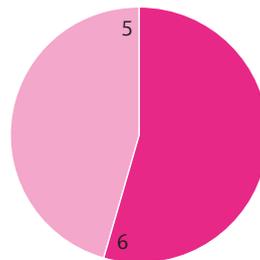
 **Company Secretary to the Board, see page 85 for further biographical details**

Other Directors who served during the year

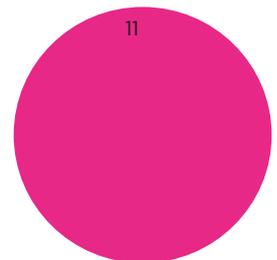
Rakesh Kapoor
Rakesh joined RB in 1987 and was appointed as Chief Executive Officer in 2011. Rakesh retired as Chief Executive Officer on 2 September 2019.

Board members skills overview

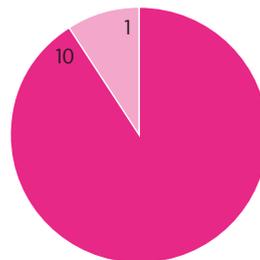
Financial expertise



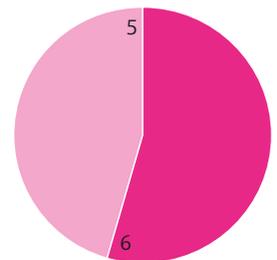
Strategy



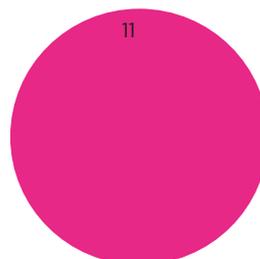
Consumer goods & retail



Healthcare & pharmaceuticals



Leadership



■ With skill ■ Without skill

EXECUTIVE COMMITTEE



01



02

01 Laxman Narasimhan

Chief Executive Officer

Nationality	Company tenure
American	9 months

Experience

Joined RB as CEO-Designate in July 2019 and appointed as CEO on 1 September 2019. Prior to joining RB, Laxman held various senior roles at PepsiCo from 2012 to 2019, including, Global Chief Commercial Officer, Chief Executive Officer of Latin America, Europe and Sub-Saharan Africa operations, where he ran the Company's food and beverage businesses across the regions and Chief Executive Officer of Latin America. Prior to PepsiCo, Laxman served as a Director of McKinsey & Company and held various roles from 1993 to 2012. He was also an Advisory Board member of the Jay H. Baker Retailing Centre at The Wharton School of The University of Pennsylvania.

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



03



04

02 Jeff Carr

Chief Financial Officer

Nationality	Company tenure
British	Starting on 9 April 2020

Experience

Jeff will join RB as Chief Financial Officer and an Executive Committee member on 9th April 2020. Jeff is Chief Financial Officer and Management Board member at Ahold Delhaize, the Dutch retailer operating across Europe and the USA. Before joining Ahold Delhaize, Jeff held the role of Chief Financial Officer at First Group plc and easyJet plc and held senior finance roles at Associated British Foods plc and RB. Jeff started his career as a graduate trainee at Unilever.

Jeff is currently Chairman of the Audit Committee and Non-Executive Director of Kingfisher plc.

Jeff holds a degree in Chemical Engineering from the University of Exeter and is a Chartered Management Accountant.



05



06

03 Kris Licht

Chief Transformation Officer

President Health, and Global Chief Customer Officer, from 1 July 2020

Nationality	Company tenure
American	5 months

Experience

Kris joined RB in November 2019 in the newly created role of Chief Transformation Officer and as an Executive Committee member. Prior to joining RB, Kris held a number of senior strategic and operational positions at PepsiCo. Most recently he served as Division President in PepsiCo's North American Beverage Business. Prior to this, Kris was a Partner at McKinsey & Company working for over 12 years in the firm's consumer, health and retail practices. Kris will become President Health, and Global Chief Customer Officer on 1 July 2020.



07

04 Harold van den Broek

Chief Operating Officer, Hygiene Home

President Hygiene, from 1 July 2020

Nationality	Company tenure
Dutch	6 years

Experience

Harold joined RB in 2014. He was appointed Chief Operating Officer for the Hygiene Home business unit in December 2019, with responsibility for the overall management of the business unit. Before his current role, Harold was the CFO of the Hygiene Home business unit, a position he had held since the formation of the business unit in January 2018. Prior to joining RB, Harold worked at Unilever, where he started his career. During his tenure there, he held many senior financial positions spanning categories in developed and emerging markets and corporate roles.

Harold will become President Hygiene on 1 July 2020.

05 Aditya Sehgal

Chief Operating Officer, Health

President Nutrition, and President China and E-RB from 1 July 2020

Nationality	Company tenure
Indian	25 years

Experience

Aditya joined RB in 1994 as a management trainee in India. After various roles in sales and marketing he moved to his first General Manager role in 2009. He was appointed SVP North Asia in 2012 and in 2015 he was promoted to Global Category Officer Health. In 2017, Aditya became EVP Infant & Child Nutrition (IFCN) with responsibility for leading the on-boarding of Mead Johnson into RB and the integration of the IFCN division into Health. In January 2018, he was appointed EVP Health for Developing Markets and E-commerce.

Aditya became Chief Operating Officer, Health in January 2019, with responsibility for the global operations of the Health business unit.

Aditya will become President Nutrition, and President China and E-RB on 1 July 2020. As part of this role, he will also lead RB's e-commerce and digital marketing/CRM businesses.

06 Ranjay Radhakrishnan

Chief Human Resources Officer

Nationality	Company tenure
Indian	1 month

Experience

Ranjay Radhakrishnan joined RB as Chief Human Resources Officer on 1 March 2020. Ranjay brings with him 27 years of experience in the Human Resources function across different geographies and industries. Prior to joining RB, Ranjay was the Chief Human Resources Officer at InterContinental Hotels Group plc, one of the world's leading hotel companies. Previously Ranjay spent over two decades at Unilever, in a range of senior leadership roles at global, regional and country levels. His last role at Unilever was Executive Vice President Global HR, where he led HR for Unilever's eight regions and four global product categories under a unified global HR leadership role.

Ranjay has worked in a number of specialist areas of HR such as Talent, Learning, Reward, Change and Organisational Effectiveness, complementing large generalist roles in both mature and developing markets. Ranjay has worked and lived in several countries, including the UK, The Netherlands, Singapore, UAE and India. He graduated from Mumbai University in Commerce and Accounting and has a Master's degree in Personnel Management and Industrial Relations from the Tata Institute of Social Sciences in Mumbai, India.

07 Rupert Bondy

Senior Vice President, General Counsel/Company Secretary

Nationality	Company tenure
British	3 years, 4 months

Experience

Joined RB as SVP, General Counsel/Company Secretary in January 2017 and is responsible for legal matters across the Group. Rupert began his career as a lawyer in private practice. In 1989 he joined US law firm Morrison & Foerster, working in San Francisco and London, and from 1994 he worked for Lovells in London. In 1995 he joined SmithKline Beecham as Senior Counsel for mergers and acquisitions and other corporate matters. When SmithKline Beecham and Glaxo Wellcome merged to form GlaxoSmithKline, Rupert was appointed Senior Vice President and General Counsel. In 2008, Rupert became Group General Counsel of BP plc, holding that position until he joined RB.

Other Executive Committee members who served in the year**Rakesh Kapoor**

Chief Executive Officer, joined RB in 1987 and retired on 2 September 2019 following a handover with Laxman Narasimhan, who was appointed Chief Executive Officer on 1 September 2019.

Adrian Hennah

Chief Financial Officer, joined RB in January 2013 and will step down from the Board on 9 April 2020. Adrian will retire from the business on 21 October 2020 following a handover with Jeff Carr, who will be appointed as Chief Financial Officer and Executive Committee member on 9 April 2020.

Gurveen Singh

Chief Human Resources Officer, joined RB in 1993 and will retire in June 2020, following her handover to Ranjay Radhakrishnan, current Executive Committee member and Chief Human Resources Officer.

Rob De Groot

President, Hygiene Home, retired from RB in February 2020, following a handover to Harold van den Broek, current Executive Committee member and Chief Operating Officer, Hygiene Home.

Seth Cohen

Group Chief Information Officer, joined RB in September 2017 and left on 1 November 2019.

Mike Duijser

Chief Supply Officer, joined RB in November 2018 and left in January 2020 and his successor will be announced in due course.

CHAIRMAN'S STATEMENT



As a Board, we have a clear focus on promoting the long-term sustainable success of the Company, creating value for our Shareholders, and contributing to wider society

Chris Sinclair
Chairman



On behalf of the Board, I present the Company's Corporate Governance Report for the financial year ended 31 December 2019.

The revised UK Corporate Governance Code (the Code), published by the Financial Reporting Council (FRC) in July 2018, applies to financial accounting periods beginning on or after 1 January 2019.

The revised Code requires Boards to:

- effectively engage with employees and consider the interests of a wider group of external stakeholders in company decision-making;
- review and align company culture with purpose, values and business strategy;
- focus on company diversity plus the skills and experience of Board members; and
- ensure that company executive remuneration is proportionate and consistent with the long-term success of the business.

During 2019, the Board reviewed its practices in relation to the Code and this Report details some of the new provisions adopted. These include Mary Harris, Chair of the Remuneration Committee, being appointed as the designated Non-Executive Director, responsible for engagement with the Company's workforce.

There have also continued to be a number of other changes in the political and regulatory landscape affecting the corporate governance agenda over 2019 and into the future. The Shareholder Rights Directive II, The Companies (Miscellaneous Reporting) Regulations 2018, the implications

for the Group of the ongoing negotiations relating to the withdrawal of the UK from the EU, and the UK General Election in 2019 were reviewed by the Board during the year, and we have continued to enhance our high governance standards.

Stakeholder engagement

As well as updating our procedures for engaging with employees and Shareholders, the Board undertook a detailed mapping exercise to assess its other key external stakeholder groups. This identified RB's 50 most important stakeholders list as being in the following groups: customers, consumers, partners, communities, NGOs, rating agencies, Government and international organisations.

The Board commissioned independent perception research to identify external stakeholders' views and their expectations of RB. These research findings along with other external stakeholder insights are incorporated into its decision-making process. Templates for Board papers have been prepared to ensure the impact on stakeholders is factored into any strategic decisions that require its approval. All strategic decisions made during 2020 will use these templates to incorporate formal stakeholder impact analysis.

Long-term focus

The Board continues to pursue policies and reinvest resources so as to safeguard the long-term health of RB. It believes that this is best achieved through a holistic approach that pursues sustainable rewards for Shareholders, while also addressing social needs and meeting environmental obligations. The Board has approved investment in new capabilities that will help RB return to sustainable outperformance and growth in the medium to long term.

The Board is responsible for good stewardship of the Company to protect Shareholders' long-term interests and ensure its social and environmental obligations are fulfilled. Through the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee, it is working to integrate sound governance principles in business decision-making as it moves from a risk and safety-led approach to one that aligns environment and sustainability issues with performance and purpose.

Culture and values

Our values define the way that RB does business. Our Code of Conduct reinforces our principles of business conduct and is communicated to all employees at the start of each year with mandatory training. Our values underpin our Code of Conduct and have been further enhanced in early 2020 with our renewed purpose, fight and compass set out on pages 10 and 11. All Directors lead by example and promote the Company's values and culture.

Board and succession planning

There were a number of changes to the Company's leadership during 2019.

After 32 years with RB, Rakesh Kapoor retired from the Board and from his role of Chief Executive Officer (CEO) on 2 September 2019. The Board carried out an extensive formal search process for Rakesh's replacement, considering both internal and external candidates, and in June 2019 we announced the appointment of Laxman Narasimhan. Laxman was appointed as CEO-Designate on 16 July 2019 and became CEO on 1 September 2019. On behalf of the Board, I would like to take this opportunity to once again thank Rakesh for his many significant contributions to RB, transforming the Company with his vision, passion and leadership throughout his tenure. Looking ahead, the Board and I are confident that Laxman will continue to evolve the strong culture of RB in this next phase. Laxman is an outstanding leader who brings a wealth of experience in the consumer goods industry and has a proven track record in developing purpose-led brands. Further details on the CEO recruitment process are provided in the Nomination Committee Report on pages 97 to 102.

In October, we announced that Adrian Henna, Chief Financial Officer (CFO) would be retiring from the Board and his role as CFO in 2020, and Jeff Carr would be appointed as Adrian's successor. Adrian will be stepping down as CFO and retiring from the Board when Jeff starts on 9 April 2020, remaining with the Company until his retirement date of 21 October 2020 to ensure a seamless transition. I would like to thank Adrian for the important role he has played in the strategic transformation of RB and in helping drive our strong track record of value creation. I wish Adrian all the best for the future.

After ten years with RB, Warren Tucker will be retiring from the Board and Audit Committee and will not stand for re-election at this year's AGM. On behalf of the Board, I would like to thank Warren for his valued service and strong commitment to RB, and wish him well for the future.

As part of the ongoing refreshment of the Board, and following an extensive search and thorough recruitment process, we strengthened the Board with the appointment of Sara Mathew as a new Non-Executive Director. On her appointment in July 2019, Sara also joined the Audit Committee. Sara has extensive experience with consumer goods products, digital technologies and healthcare and brings great insight to the Board. I am delighted to welcome Sara to the Board.

The Board also appointed Mary Harris as designated Non-Executive Director, for engagement with the Company's workforce on 26 July 2019 and further information on Mary's role can be found on pages 47 and 101.

Further details on the Board and Executive Committee's succession plans, including the recruitment process and selection criteria, can be found in the Nomination Committee Report, commencing on page 97. Biographies of the members of our Board and Executive Committee can be found on pages 78 to 85.

Code

The Board considers compliance with the Code of utmost importance. Any instances of non-compliance are only allowed through the authority of the Board if it can be shown that the spirit of the Code and good corporate governance within the Company generally continues.

The Corporate Governance Statement outlines the Company's governance processes in greater detail and is on pages 86 to 96. The Company has complied with the Code throughout the year ended 31 December 2019.

I am extremely proud of the Board and all our RB colleagues for their commitment to creating value for our Shareholders and for contributing to the good governance and stewardship of our business, on behalf of all our stakeholders.

Chris Sinclair

Chairman
26 March 2020

CORPORATE GOVERNANCE CONTINUED

Key areas of Board focus in 2019

Board meetings are structured in an open atmosphere conducive to challenge and debate. Agendas are tailored to the requirements of the business, and agreed in advance by the Chairman, CEO and General Counsel/Company Secretary. Five formal meetings are held each year. Additional meetings, which may be held in person, by phone or consist of written resolutions, are held throughout the year to consider topics that may arise outside the formal standing agenda.

The Board receives operating and financial reports from the CEO and CFO on strategic and business developments as well as financial performance and forecasts at each meeting. Detailed presentations are also made by non-Board members on material matters to the Group. In addition, the Chairs of the Audit, Remuneration, Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) and Nomination Committees update the Board on the proceedings of those meetings, including key topics and areas of concern.

At the conclusion of every formal Board meeting, the Chairman holds a session with the other Non-Executive Directors, without the Executive Directors present, providing further opportunity for the Non-Executive Directors to assess the performance of the Executive Directors and help drive future agenda items. Details of each Director's attendance at Board meetings can be found on page 91.

The Board uses its meetings as a way of discharging its responsibilities set out in s172 of the Companies Act 2006, and considers the various stakeholder groups when making decisions to promote the success of the Company as a whole.

The following areas formed substantial areas of focus for the Board in the year:

Strategy and planning	Key stakeholder groups considered
Group budgets, forecasts and key performance targets, including assumptions, scenarios and projections	● ● ● ●
Potential mergers and acquisitions and post-acquisition reviews. This year RB acquired UpSpring LLC, an innovative pre- and post-natal health company	● ● ● ●
Group debt and funding arrangements	● ● ●
RB Strategic Review	● ● ● ● ● ●
Investment into new Chinese factory in Taicang, Jiangsu province	● ● ● ● ●
Approval of interim and final dividend payments	● ●
Risk management and internal control	Key stakeholder groups considered
Review of RB's principal risks and internal controls, emerging risks and the Group's risk register	● ● ● ● ● ● ●
Consideration and approval of the Viability Statement	● ● ● ● ● ● ●
Agreement with US Department of Justice (DoJ) to settle investigation into the Group's former pharmaceuticals business, Indivior, which was demerged at the end of 2014	● ● ●
Review and update of the Group's Treasury Policy	●
Results and Financial Statements	Key stakeholder groups considered
Annual Report and Financial Statements including compliance with reporting requirements	● ● ● ● ●
Results and presentations to analysts	● ●
Leadership and governance	Key stakeholder groups considered
Board and Committee evaluation and effectiveness	● ●
Director and senior management succession planning, including appointment of a new CEO and CFO	● ● ● ● ● ● ●
Relations with Shareholders and stakeholders	● ● ● ● ● ● ●
Review of Board Matters Reserved, Share Dealing Code and compliance with Corporate Governance Code and best practice	● ●
Other	Key stakeholder groups considered
Independent review of the Group's management of sustainability and social impact issues	● ● ● ● ● ● ●
Pensions	●

Colour key

- Communities
- Customers
- Shareholders
- Government and industry associations
- Consumers
- Employees
- Partners

UK Corporate Governance Code

The Company is premium listed on the London Stock Exchange (LSE) and this Statement is prepared with reference to the Financial Reporting Council's (FRC) UK Corporate Governance Code 2018 (the Code) in effect for the financial periods beginning on or after 1 January 2019, which can be found on the FRC's website at www.frc.org.uk, and the Disclosure Guidance and Transparency Rules requirements to provide a corporate governance statement. The Code sets out the framework of governance for premium listed companies within the UK, emphasising the value of good corporate governance to long-term sustainable success. It sets out governance practices in relation to Board leadership, purpose and culture; division of responsibilities on the Board; Board composition and effectiveness; procedures for audit, risk and internal control; and remuneration practices and policies.

We are pleased to report that we have complied with the provisions of the Code. This Statement sets out how the Company has applied the Principles of the Code throughout the year ended 31 December 2019 and as at the date of this Statement.

Board responsibilities

The Board is responsible for the effective leadership of the Group and for promoting its long-term sustainable success, generating value for Shareholders and contributing to wider society, whilst focusing on governance with the highest regard to the principles of the Code. The Board provides leadership by setting the Company's purpose, strategy and values, monitoring our culture and ensuring alignment with purpose, strategy and values, and overseeing implementation by management. All Directors must act with integrity, lead by example and promote the Company's values and culture. The Board also ensures there are appropriate processes in place to manage risk, including the Company's risk appetite and monitors the Company's financial and operational performance against objectives.

The Board consists of a balance of Executive and Non-Executive Directors who together have collective accountability to RB's Shareholders and stakeholders as well as responsibility for the overriding strategic, financial and operational objectives and direction of RB. It is the Board's responsibility to ensure there are effective engagement methods in place with its stakeholders. Further information on the Board's engagement activities can be found in the s172 Statement set out on pages 46-47.

The Board manages the overall leadership of the Group with reference to its formal Schedule of Matters Reserved for the Board. This schedule is reviewed annually, with the last review undertaken in November 2019, and broadly covers:

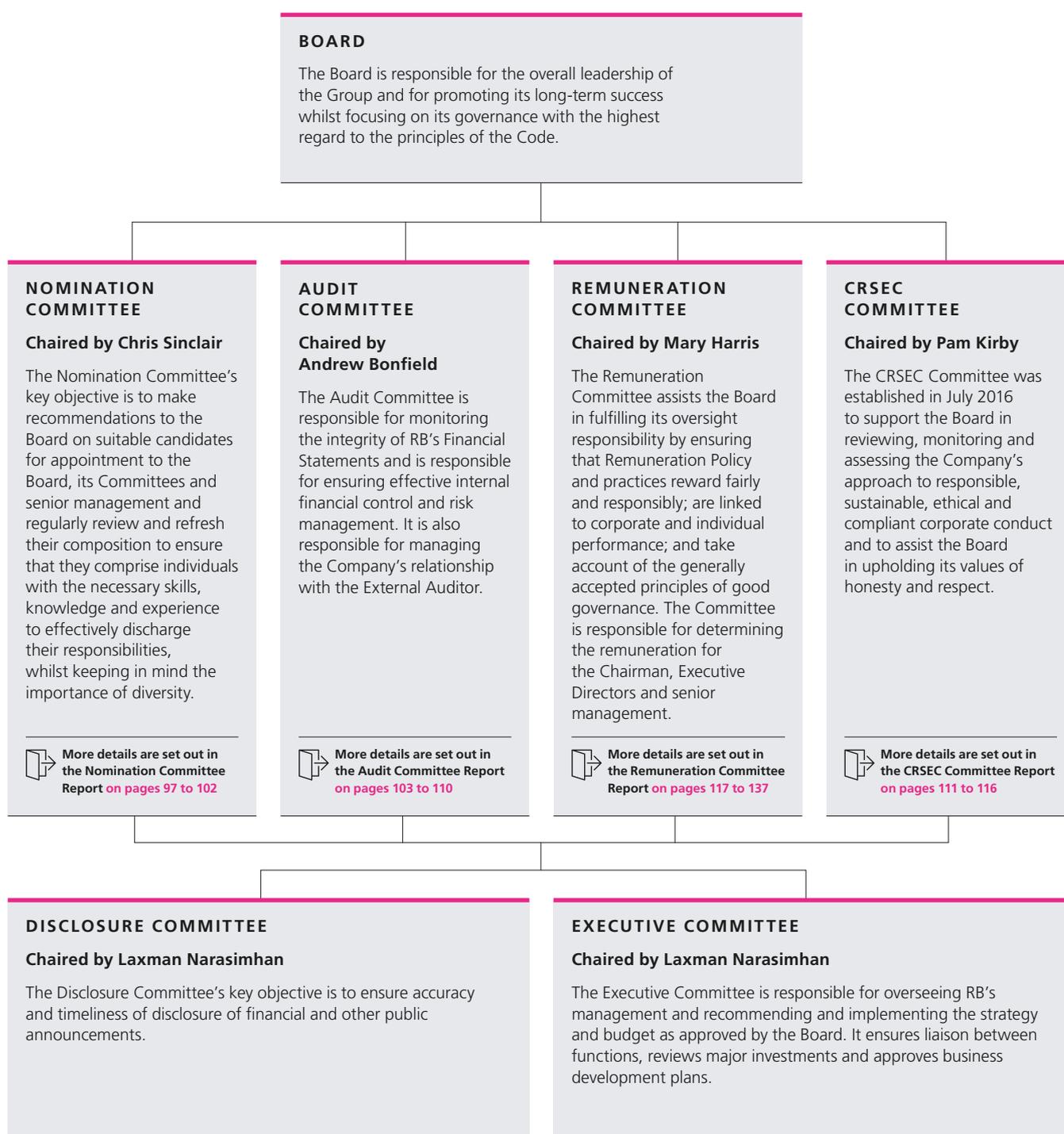
- matters which are legally required to be considered or decided by the Board, such as approval of RB's Annual Report and Financial Statements, declaration of dividends and appointment of new Directors;
- matters recommended by the Code to be considered by the Board, such as terms of reference for the Board and its Committees, review of internal controls and risk management;
- compliance with regulations governing UK publicly listed companies, such as the UK Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules; and
- matters relating to developments in, or changes to, the Group's strategic direction, material corporate or financial transactions.

The full Schedule of Matters Reserved for the Board is available at www.rb.com.

The principal activities undertaken by the Board are set out over the following pages. A summary overview is set out in the table on Board Focus Areas in 2019 on page 88.

Board governance structure – Committees of the Board

The Board has established four Board Committees to assist in the execution of its responsibilities. These are the Nomination Committee, Audit Committee, Remuneration Committee and Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee. Each Committee operates under terms of reference approved by the Board. The terms of reference are reviewed regularly, the last review taking place in November 2019, and can be found on the Company’s website, www.rb.com. The current Committee membership of each Director is shown on pages 80 to 83. The Board has also established two supporting management committees: the Disclosure Committee and the Executive Committee.



Board attendance at scheduled meetings

In 2019, there were five scheduled Board meetings, plus 12 additional Board meetings relating to various matters, including the appointment of a new CEO and CFO, settlement of federal investigations into RB in connection with the subject matter of the Indivior indictment and ongoing reviews of the Company's strategy. There were four scheduled and two additional Audit Committee meetings, five scheduled and six additional Remuneration Committee meetings, three scheduled and three additional Nomination Committee meetings and four scheduled meetings of the CRSEC Committee. The table sets out the attendance by individual Directors at the regularly scheduled Board and individual Committee meetings which each Director was eligible to attend. Directors who were not members of individual Board Committees were also invited to attend one or more meetings of those Committees during the year. Where a Director is unavoidably absent from a Board or Board Committee meeting, they still receive and review the papers for the meeting and typically provide verbal or written input ahead of the meeting, usually through the Chairman of the Board or the Chair of the relevant Board Committee, so that their views are considered at the meeting. Given the nature of the business to be conducted, some of the additional Board meetings are convened at short notice, which can make it difficult for some Directors to attend due to prior commitments and their home locations.

Board attendance at scheduled meetings

	Board	Audit Committee	Remuneration Committee	CRSEC Committee	Nomination Committee
Andrew Bonfield	5 of 5	4 of 4	–	–	3 of 3
Nicandro Durante	5 of 5	–	5 of 5	3 of 4 ⁴	3 of 3
Mary Harris	5 of 5	–	5 of 5	–	3 of 3
Adrian Hennah	5 of 5	–	–	–	–
Rakesh Kapoor ¹	3 of 3	–	–	–	1 of 2 ¹
Mehmood Khan	5 of 5	–	–	3 of 4 ⁴	–
Pam Kirby	5 of 5	4 of 4	–	4 of 4	3 of 3
Sara Mathew ²	3 of 3	2 of 2	–	–	–
Laxman Narasimhan ³	3 of 3	–	–	–	1 of 1
Chris Sinclair	5 of 5	–	5 of 5	4 of 4	3 of 3
Elane Stock	5 of 5	–	5 of 5	–	–
Warren Tucker	5 of 5	4 of 4	–	–	–

¹ Retired from the Board on 2 September 2019. He did not attend one Nomination Committee meeting as it was in respect of his succession.

² Appointed to the Board and Audit Committee on 1 July 2019.

³ Appointed to the Board as CEO-Designate on 16 July 2019 and as CEO on 1 September 2019.

⁴ Did not attend one CRSEC Committee meeting due to a long-standing commitment.

Leadership

To ensure the Board performs effectively, there is a clear division of responsibilities, set out in writing and agreed by the Board, between the leadership of the Board and executive leadership of the business. The key roles have been defined in greater detail below.

THE CHAIRMAN

- Leading the Board and taking responsibility for the Board's overall effectiveness in directing the Company.
- Chairing Board and Shareholder meetings and setting Board agendas.
- Encouraging constructive challenge and facilitating effective communication between Board, management, Shareholders and wider stakeholders, whilst promoting a culture of openness and constructive debate.
- Leading the annual performance evaluation process for the Board and its Committees and addressing any subsequent actions.
- Promoting the highest standards of corporate governance.
- Ensuring Directors receive accurate, timely and clear information.
- Ensuring there are appropriate induction and development programmes for all Board members.

THE CHIEF EXECUTIVE OFFICER

- Principally responsible for the day-to-day management of RB, in line with the strategic, financial and operational objectives set by the Board.
- Chair of the Executive Committee, consisting of the CEO, the CFO and senior management executives, who together are responsible for execution of the Company's strategy and achieving its commercial aims.
- Effective development and implementation of strategy and commercial objectives as agreed by the Board.
- Managing RB's risk profile and establishing effective internal controls.
- Ensuring there are effective communication flows to the Board and the Chairman, and that they are regularly updated on key matters, including progress on delivering strategic objectives.
- Regularly reviewing the organisation structure, developing an executive team and planning for succession.
- Ensuring the long-term sustainability of the business.

THE SENIOR INDEPENDENT DIRECTOR

- Acting as a sounding board for the Chairman on Board-related matters.
- Acting as an intermediary for other Directors as necessary.
- Evaluating the Chairman's performance on an annual basis.
- Chairing meetings in the absence of the Chairman.
- Being available to Shareholders and stakeholders to address any of their concerns, which they have been unable to resolve through normal channels.
- Leading the search and appointment process for a new Chairman, if necessary.

CHIEF FINANCIAL OFFICER

- Supporting the CEO in developing and implementing the Company's strategy.
- Leading the global finance function, developing key talent and planning for succession.
- Responsible for establishing and maintaining adequate internal controls over financial reporting.
- Developing and recommending the long-term strategic and financial plan.

NON-EXECUTIVE DIRECTORS

- Providing independent input into Board decisions through constructive challenge and debate, strategic guidance and specialist advice.
- Setting/approving the Company's long-term strategic, financial and operational goals.
- Examining the day-to-day management of the business against the performance targets and objectives set, ensuring that management is held to account.
- Reviewing financial information and ensuring it is complete, accurate and transparent.
- Ensuring there are effective systems of internal control and risk management and that these are continually monitored and reviewed.
- Setting appropriate levels of remuneration for Executive Directors and ensuring performance targets are closely aligned with Shareholder interests.
- Development of succession planning and the appointment and removal of senior executives and management.

COMPANY SECRETARY

- Providing advice and support to the Chairman and all Directors.
- Advising and keeping the Board up to date on all relevant legal and governance requirements and ensuring the Company is compliant.
- Ensuring the Board receives high-quality, timely information in advance of Board meetings to ensure effective discussion.
- Facilitating the induction program for all Board members.
- Ensuring there are policies and processes in place to help the Board function efficiently and effectively.



A full description of the roles and responsibilities of the Chairman, Chief Executive Officer and Senior Independent Director can be found in the Corporate Governance section of our website: www.rb.com.

Effectiveness

Board composition and succession planning

The Board regularly reviews its composition to determine whether it has the right mix of skills, experience, diversity and background to effectively perform its duties. The Board also reviews internal executives and senior management positions to ensure a proper breadth of talent is developed. Appointments are subject to a formal, rigorous and transparent procedure and are based on merit and objective criteria, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board has appointed Directors from a wide variety of business backgrounds to provide it with a strong balance of skills and experience. The Board is comprised of the Chairman and a majority of Non-Executive Directors who, together with the Executive Directors, help maintain a solid, collective understanding of the Company and its daily business.

More details about the current Board members can be found on pages 80-83. More details about succession planning can be found in the Nomination Committee Report on pages 97-102.

In accordance with the Code, every Director submits himself or herself for election or re-election at every AGM.

Board balance and independence

On appointment, Non-Executive Directors are made aware and are required to confirm that they will allocate sufficient time to their role to discharge their responsibilities effectively. They are also required to seek agreement from the Chairman before taking on additional commitments, and to declare any actual or potential conflicts of interest. Non-Executive Directors are engaged under the terms of a letter of appointment. Initial terms of appointment are for three years with one month's notice, with all Directors standing for election or re-election at every AGM. The Board has examined the length of service of each Director and considers that the Chairman and each Non-Executive Director standing for re-election or election at this year's AGM is independent. The Board considered all Non-Executive Directors who served during the year to be independent. Warren Tucker has served for ten years since his first election at the 2010 AGM. However, Warren continued to demonstrate appropriate challenge, act independently and provided newly appointed Non-Executive Directors with a wealth of experience to avail themselves of in respect of the RB business. Warren Tucker will not be standing for re-election at this year's AGM.

The Nomination Committee has principal responsibility delegated to it for making recommendations to the Board on new appointments and the composition of the Board and its Committees. The Board and each Director are confident that each Director individually has the expertise and relevant experience required to perform the role of a Director of a listed company and to contribute effectively to the Board and Committees to which they are appointed. The Company recognises the developmental advantages of an external non-executive role on a non-competitor board and Executive Directors are permitted to seek such a role, provided that they do not take on more than one non-executive directorship in, or become the Chairman of, a FTSE 100 company. Adrian Henna is currently a Non-Executive Director of RELX plc and Jeff Carr, who will become a Director on 9 April 2020, is currently a Non-Executive Director of Kingfisher plc.

The 2019 evaluation of the Board's performance during the year concluded that the Chairman and other Non-Executive Directors continue to devote sufficient time to carrying out their duties to the Company. Each Director standing for election or re-election has individually provided assurances that they remain committed to their roles and can dedicate sufficient time to perform their duties. Accordingly, the Board recommends that Shareholders vote in favour of the resolutions to elect or re-elect the Directors put forward for election or re-election at the 2020 AGM.

Board support

The Company Secretary is responsible for organising Board meetings, as well as collating any papers for the Board to review and consider. Board and Committee papers are accessible to all Directors through a secure and confidential electronic document storage facility. This facility is maintained by RB's Secretariat function and additionally holds other information which the Chairman, the CEO or Company Secretary may deem useful to the Directors, such as press releases and pertinent Company information.

All of the Directors have individual access to advice from the Company Secretary and a procedure exists for Directors to take independent professional advice at the Company's expense in furtherance of their duties.

Conflicts of interest and indemnity

Directors have a duty under the Companies Act 2006 (CA 2006) to avoid interests, direct or indirect, which might conflict with the interests of the Group. Under the terms of the Company's Articles of Association, such conflicts can be authorised by the Board. Procedures are in place to manage and, where appropriate, approve such conflicts. Any authorisations granted by the Board are recorded by the Company Secretary in a Register of Conflicts, together with the date on which the conflict was authorised. Any conflicts authorised during the year are reviewed annually by the Board. In addition, each Director certifies on an annual basis that the information contained in the Register of Conflicts is correct.

The Company indemnifies the Directors and Officers of the Company and any Group subsidiary to the extent permitted by CA 2006 and the FCA Listing Rules in respect of the legal defence costs for claims against them and third-party liabilities. The indemnity would not provide cover for a Director or Officer if that individual was found to have acted fraudulently or dishonestly. Additionally, Directors' and Officers' liability insurance cover was maintained throughout the year at the Company's expense.

Evaluation of the Board

The Board undertakes an annual review of its own and its Committees' performance and effectiveness, with a formal externally facilitated evaluation of the Board conducted every three years. An externally facilitated evaluation took place in 2019, conducted by MWM Consulting Limited (MWM). MWM is independent of and has no other links with the Company or its Directors in connection with the evaluation, apart from having undertaken a limited number of executive searches. The process consisted of two elements: the completion of a questionnaire by all Directors; and individual interviews between each Director and MWM. These confidential discussions explored the efficiency and effectiveness of the Board and focused on the following key areas:

- Board composition and diversity
- Capability and alignment
- Efficiency and effectiveness (both of the Board and individual Board Committees)
- Board dynamics
- Strategy
- Risk and financial controls

A report, with action points and recommendations for the Board to consider, was distributed to Directors and the results of the evaluation were subsequently discussed by the Board at its September meeting, facilitated by MWM. The key areas outlined in the 2018 internal evaluation were reviewed and have been and continue to be addressed including: CEO succession planning; strategic review, supporting a culture of responsibility; risk management; and maintaining Shareholder engagement.

In addition, the Chairman's performance was considered by the Senior Independent Director with input from his fellow Non-Executive Directors and discussed following the November Board meeting without the Chairman present. The discussion concluded that the Chairman continued to devote sufficient time to his role, and continued to lead the Board constructively, demonstrating objective judgement, and encouraging a culture of openness and debate.

Principal outcomes of the Board evaluation

BOARD COMPOSITION AND DIVERSITY

- The Board has been through a period of significant change with a number of new members, but has quickly established itself and is developing into a strong collaborative team. Positive progress has been made in building Board capability as well as successfully hiring a new CEO and this new talent has contributed additional capability, experience and diversity to the Board.

BOARD DYNAMICS

- There was a culture of increased openness and dialogue evolving between the Non-Executives and the executive team and the Board is well positioned to provide highly effective governance and strong strategic challenge in the business.

STRATEGY

- Reviewing and determining strategy and ensuring appropriate support and challenge to the executive team will be key.
- The Board should continue to monitor and oversee the delivery of the strategy against clear performance KPIs.

CAPABILITY AND ALIGNMENT

- The Board should continue to build a culture of ongoing strategic dialogue between the Board and executive team, creating a clear annual framework for the discussion of key topics (strategy, talent, succession) which follows the cycle of the business.

EFFICIENCY AND EFFECTIVENESS (OF THE BOARD, INDIVIDUAL BOARD COMMITTEES AND INDIVIDUAL DIRECTORS)

- The Board and its Committees worked well together, with thorough debate and challenge demonstrated. There was a good balance of appropriate skills, knowledge and experience of Non-Executives on each Committee and Committees were considered to be well chaired and managed.

RISK AND FINANCIAL CONTROLS

- The Board's focus on risk was considered to be appropriate. Continuing to support a culture of responsibility, including health, safety, compliance and risk management was noted.
- Ensuring that the Board has sufficient oversight and control on reputational-related risks, and that the Board understands the key assumptions, uncertainties and risks associated with strategic proposals was key.

PEOPLE AND DIVERSITY

- Monitoring people, culture, succession planning and ensuring that the organisation is building capability for the future should be a key focus.

The 2019 review of the Board's performance and that of its Committees concluded that the Board, its Committees and individual Directors were performing effectively. The Board was considered to have a good mix of skills and sector-relevant experience and the degree of support and challenge provided by Directors was appropriate. The Board has reviewed the recommendations of the evaluation and is taking steps to address these. The principal outcomes of the review will be reviewed and reassessed as part of the Board's 2020 evaluation.

Accountability

Risk management

The Board has ultimate responsibility for preparing the Annual Report and Financial Statements. RB has implemented robust internal controls to safeguard the integrity of both the Group and its subsidiary Financial Statements and ensures that adequate verification processes are in place to enable it to confirm that the Group's Financial Statements present a fair, balanced and understandable assessment of RB's position and prospects, in line with the Code's requirements. The Board considers that the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable and provide sufficient information for Shareholders to be able to assess the Company's position, performance, business model and strategy.

RB's finance function, headed by the CFO, has implemented a number of policies, processes and controls to enable the Company to review and fully comply with changes in accounting standards, financial regulations and recognised practices. These processes are kept under review on an ongoing basis. Multiple teams including consolidation and financial accounting, together with technical support, ensure both internal and external developments are reviewed and responded to. The Group also maintains a Finance Policy Manual setting out the required standards of financial reporting and approvals across the Group and its operating units, including a structured process for the appraisal and authorisation of any material capital projects.

The basis for the preparation of the Group Financial Statements is set out on page 157 under Accounting Policies.

The Company's External Auditor's Report, setting out its work and reporting responsibilities, can be found on pages 143 to 151. The terms, areas of responsibility and scope of the External Auditor's work are agreed by the Board and set out in the Auditor's engagement letter.

More information on the Group's principal and emerging risks and strategy for growth and achieving targeted goals is detailed in the Strategic Report, which can be found on pages 64 to 76.

The Viability Statement can be found on page 77.

The Statement of Directors' Responsibilities on page 141 details the going concern statement as required by the Listing Rules and the Code and the Directors' responsibility for the Financial Statements, for disclosing relevant audit information to the External Auditor and for ensuring that the Annual Report is fair, balanced and understandable.

Risk appetite

The Board has overall responsibility for complying with the Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. It oversees the internal controls established, and monitors their effectiveness, in managing risk. The sectors and environment within which RB operates are dynamic and fast-moving, and in some areas highly regulated, and the controls are continually kept under review to minimise the potential exposure to risk. The system is designed to assess and manage, rather than eliminate, risks to RB's business objectives, and the Board relies on these controls in-so-far as they are able to provide reasonable, but not absolute, assurance against material misstatement or loss. The Group's principal risks and mitigating factors are detailed on pages 64-76.

As part of its risk control, RB regularly evaluates its risks to achieving objectives, and the likelihood of such risks materialising and determining the ability of the Group to cope with the circumstances should they occur. In doing so, we are inherently considering our risk appetite through the actions that can be taken, controls that can be

implemented and processes that can be followed to reduce the chances of risk events taking place, mitigating the potential impact and ensuring that the cost of doing so is proportionate to the benefit gained.

Internal control

Internal control processes are implemented through clearly defined roles and responsibilities, supported by clear policies and procedures, delegated to the executive team and senior management.

RB operates three strands in monitoring internal control systems and managing risk:

- Management ensures that the controls, policies and procedures are followed in dealing with risks in day-to-day business. Such risks are mitigated at source with controls embedded into the relevant systems and processes. Supervisory controls either at management level or through delegation ensure appropriate checks and verifications take place, with any failures dealt with promptly and awareness raised in order to review gaps in existing controls. Throughout RB, a key responsibility for any line manager is to ensure the achievement of business objectives with appropriate risk management and internal control systems.
- Each function and business unit has its own management which acts as a second line of oversight and verification. This level sets the local level policies and procedures, specific to its own business environment, subject to Group policy and authorisation. They further act in a supervisory capacity over the lower level management implementation of controls. The financial performance of each function and business unit is monitored against pre-approved budgets and set against forecasts, developed higher up the management chain, and ultimately overseen by the executive management and the Board.
- The third strand is provided through independent review by the Internal Audit team, who challenge the information and assurances provided by the first two strands. This review ultimately gets reported back to the Board, via the Audit Committee, with action taken to address matters identified. More details on the Audit Committee and its activities can be found on pages 103 to 110. The Group's compliance controls further include operating an independent and anonymous Speak Up whistleblower hotline, annual management reviews and providing training specific to individual needs within the business. The Board is also provided with reports on the effectiveness of these controls to ensure full oversight of the business.

RB is committed to maintaining strong internal controls. Functions and operating management meet to discuss performance measured against strategic aims and goals, with risks and risk controls incorporated into the discussions. During the year, the Directors undertook a robust assessment of the principal and emerging risks facing the Company, including those that could threaten RB's business model, future performance, solvency and liquidity. More detail on the Group's principal strategic risks and uncertainties can be found in the Strategic Report on pages 1 to 77.

The CRSEC Committee focuses on the Company's corporate social responsibilities, environmental and sustainability issues and overall ethical conduct and regulatory compliance. Further details of the work of the Committee can be found in the report of the CRSEC Committee Chair from page 111.

The Audit Committee focuses on maintaining the integrity of financial reporting, reviewing and challenging management on the robustness of internal controls and risk management systems, and providing oversight and reassurance to the Board on risk management processes and control procedures. Further details of the work of the Committee can be found in the Audit Committee Report from page 103.

The Board confirms that reviews and monitoring of the appropriateness and effectiveness of the system of internal control and risk management throughout the financial year and up to the date of approval of the Annual Report and Financial Statements have been satisfactorily completed with no significant failings or weaknesses identified.

Annual General Meeting and Shareholder voting

The Board views the AGM as a valuable opportunity to meet with its private Shareholders, giving them an opportunity to put questions to the Chairman, Chairs of the Committees and the Board.

All Shareholders can vote on the resolutions put to the meeting. In line with good governance, voting is by way of poll, providing one vote for each share held. Results of the poll are released to the LSE and published on the Group's website shortly after the AGM.

The Investment Association (IA) has launched a public register of FTSE All-Share companies which have received votes of 20% or more against any Shareholder resolution, or which withdrew a resolution prior to a Shareholder vote, along with Company statements of actions taken following the vote. At our AGM in May 2019, all resolutions were passed and no resolution had a vote of 20% or more against it.

Website

The Investor Relations section on the RB website provides the Board with an additional method of communicating to Shareholders. As well as the latest regulatory disclosures, copies of the latest and previous years' Annual Reports, latest share price information and copies of previous investor presentations and key calendar dates are available. The page can be found at www.rb.com/investors.

Shareholders can also access information on all our sustainability activities, our Modern Slavery Statement, our Gender Pay Gap Report and associated policies on the RB website at www.rb.com/responsibility.

NOMINATION COMMITTEE REPORT



2019 was a busy year for the Committee, which saw the search for and appointments of a new CEO and new CFO, changes to the Executive Committee and the appointment of an additional Non-Executive Director

Chris Sinclair

Chair of the Nomination Committee

On behalf of the Board, I am pleased to present the Nomination Committee Report for the financial year ended 31 December 2019.

There were many changes to the Board and at Executive Committee level during the year which necessitated extensive time-commitment from Committee members. I am grateful to my fellow Directors for their support and dedication during this busy period. Our main priority during 2019 was to find a successor for our outgoing Chief Executive Officer. We also undertook the appointment of the successor for our outgoing Chief Financial Officer, continued the review and refresh of our Non-Executive Directorships and worked on succession planning for other Executive Committee roles.

Board changes during the year

Following André Lacroix's departure from the Board and as Audit Committee Chair last year, with effect from 1 January 2019 we appointed Nicandro Durante as Senior Independent Director and Andrew Bonfield as Chair of the Audit Committee. Nicandro and Andrew became members of the Nomination Committee on the same day.

We announced in January 2019 that Rakesh Kapoor would retire as Chief Executive Officer (CEO) and a Director of RB by the end of 2019, after more than 32 years with RB. Following an extensive search, in June 2019 we announced we had selected Rakesh's successor for the position of CEO – Laxman Narasimhan. Laxman joined the Board on 16 July 2019 as CEO-designate and Executive Director, and became CEO on 1 September 2019. Laxman joined us from PepsiCo, Inc., where he had been Global Chief Commercial Officer, responsible for the long-term growth strategy, and a member of PepsiCo's executive committee. I provide more details of Laxman's priorities and further insight into the CEO recruitment process later in this report.

Rakesh retired from the Board on 2 September 2019 and left the Group at the end of December. I would like to acknowledge the enormous contribution and leadership that Rakesh provided to RB over the past three decades. RB has transformed and, while it has not been without its challenges, we would not be where we are today without Rakesh's vision, passion and leadership throughout his tenure.

As also announced in January 2019, as part of our succession planning for the Board and Audit Committee, Warren Tucker was asked to remain on the Board for an additional 12 months from the 2019 AGM, when he had been intending to retire. Warren will not stand for re-election at this year's AGM and accordingly will retire from both the Board and Audit Committee on conclusion of the AGM on 12 May 2020. Warren has been a long-standing and valued member of both the Board and Audit Committee and has provided continuity during a period of change and assisted with the induction of new Board members. On behalf of the Board, I would like to extend our gratitude to Warren for his excellent service and wish him well in his future endeavours.

We strengthened the Board with the appointment of Sara Mathew as a Non-Executive Director from 1 July 2019 and are confident that Sara is a great fit for RB. Sara brings a wealth of relevant sectoral experience in healthcare and consumer goods, and we are delighted that she accepted our offer to join the Board, where she has already made a strong contribution.

The Board also appointed Mary Harris as designated Non-Executive Director, for engagement with the Company's workforce on 26 July 2019.

Chief Financial Officer succession

On 21 October 2019 we announced that Adrian Hennah, Chief Financial Officer and Executive Director, had signalled his intention to retire from the business on 21 October 2020. Adrian has been with RB since 2013 and has helped to navigate many changes at RB including the Mead Johnson Nutrition acquisition and RB 2.0. We thank Adrian for his many contributions during his time at RB, but are delighted to welcome back Jeff Carr as Adrian's successor. Jeff previously worked at RB in senior finance roles between 1994 and 2004. He brings extensive experience across consumer and retail companies, with a strong record of transformational strategic and operational leadership. Jeff is currently CFO of Koninklijke Ahold Delhaize N.V. and has held many financial roles at other large companies such as Grand Metropolitan plc, Associated British Foods plc and easyJet plc. Adrian will be stepping down as Chief Financial Officer and Executive Director when Jeff starts on 9 April 2020, though he will remain with the Company until his retirement date of 21 October 2020 to ensure a seamless transition.

Refreshment of Executive Committee

During the year, there were other changes to our Executive Committee, including: the retirement of Amedeo Fasano, Chief Supply Officer; Seth Cohen, Chief Information Officer, departed the Company; we announced the retirement of Adrian Hennah, Chief Financial Officer, in October 2019; and the departure of Rob de Groot, President, Hygiene Home in December 2019. Rakesh Kapoor, who was Chief Executive Officer, stepped down from the Board and as CEO in September 2019. Following the year end, regrettably Mike Duijser, Chief Supply Officer, and Gurveen Singh, Chief Human Resources Officer, both indicated they would leave RB in 2020. On behalf of the Committee and the Board, I would like to express gratitude to the outgoing Executive Committee members for their commitment and dedication during their time with RB.

We were pleased to welcome a number of new Executive Committee members: Laxman Narasimhan, Chief Executive Officer, joined us in September 2019; Kris Licht, Chief Transformation Officer – a newly-created role – joined us in November 2019; and in December 2019 it was announced that Harold van den Broek had been promoted from CFO Hygiene Home to Chief Operating Officer, Hygiene Home. In October 2019 we also announced the appointment of Jeff Carr as Chief Financial Officer from April 2020. Since the year end we announced in January 2020 Ranjay Radhakrishnan's appointment as Chief Human Resources Officer from 1 March 2020. We are delighted to have these new Executive Committee members with us and are confident they will make a great contribution to RB.

In February, at the time of our strategy announcement, we also confirmed new senior leadership roles with effect from 1 July 2020 for Harold van den Broek, Kris Licht and Adi Sehgal, as Presidents of Hygiene, Health, and Nutrition and E-RB/China respectively. Kris Licht will also be the Global Chief Customer Officer for the Group.

Committee priorities for 2020

- Succession planning and bench strength for senior executive roles and above at RB.
- Ensuring successful handover and onboarding of our new Executive Committee members, and our new Chief Financial Officer, Jeff Carr.
- Ongoing renewal of the Non-Executive Directors of the Board.

I would like to thank my fellow Committee members for their exceptional support during another busy year for the Committee.

Chris Sinclair

Chair of the Nomination Committee
26 March 2020

Composition

The members of the Committee during the year were:

Composition	Tenure during the year
Chris Sinclair (Chair)	Chair and member of the Committee for the whole year
Nicandro Durante	Member for the whole year
Andrew Bonfield	Member for the whole year
Laxman Narasimhan	Member from 17 September 2019
Rakesh Kapoor	Member until resignation on 2 September 2019
Pam Kirby	Member for the whole year
Mary Harris	Member for the whole year

Members of the Committee are appointed by the Board. Membership is set out in the Committee's terms of reference and comprises the Chairman, CEO, Senior Independent Director and Chair of each of the Board's Committees. In accordance with the principles of the 2018 UK Corporate Governance Code (the Code), the Committee is made up of a majority of independent Non-Executive Directors. The Company Secretary acted as Secretary to the Committee during the year.

The membership of the Committee is reviewed annually by the Chairman, as part of the annual performance evaluation of the Committee. All Directors are required to seek re-election each year at the AGM. Biographical details of the Directors, explaining their skills and expertise, can be found on pages 80 to 83.

Meetings

The Committee meets as needed but is required to meet at least once a year. In 2019 the Committee met six times. Meetings usually take place ahead of Board meetings and the Chair of the Committee reports formally to the Board on its proceedings.

During the year, Committee members met with candidates shortlisted for the positions of CEO, CFO and Non-Executive Director, reported their feedback at Committee meetings and made ensuing recommendations to the Board. Further details on the recruitment process are discussed on the following pages.

Role of the Nomination Committee

The role of the Committee is to ensure there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, to lead the process for Board appointments and make recommendations to the Board. The Committee also assists the Board in succession planning for top management. The role of the Committee includes, but is not limited to, the following matters:

- Regularly reviewing the structure, size and composition (including skills, experience, independence, knowledge and diversity) of the Board and making recommendations to the Board with regard to any changes deemed necessary, taking into account the length of service of the Board as a whole and the need to regularly refresh membership.
- Reviewing the composition of each of the Board Committees and evaluating the performance and effectiveness of each Director.
- Keeping under review the leadership capabilities of the Company, covering executive, non-executive and senior management positions and ensuring plans are in place for orderly succession, with a view to ensuring the continued ability of the Company to compete effectively in the markets in which it operates.

- Ensuring that all new Directors undertake an appropriate induction programme to ensure that they are fully informed about the strategic and commercial issues affecting the Company and the markets in which it operates, as well as their duties and responsibilities as a Director of the Board and member of Board Committee(s).
- Keeping under review and continually monitoring potential conflicts of interest, and, if appropriate, authorising situational conflicts of interest, whilst ensuring the risk of unacceptable influence resulting from any conflict of interest is minimised.



A further description of the Committee's roles and responsibilities is set out in its terms of reference which can be found on our website at www.rb.com.

Executive Director succession planning

Chief Executive Officer

Following the announcement on 16 January 2019 of Rakesh Kapoor's decision to retire as CEO by the end of 2019, during the year we undertook a formal search for his successor. The Committee instructed an independent executive search firm, MWM Consulting Limited (MWM), to assist with the search, considering both internal and external candidates. MWM is independent of and has no other links to the Company or its Directors in connection with the executive search, apart from having undertaken the Board's 2019 externally facilitated evaluation. I was delighted to announce on 12 June 2019 that we had concluded our search and the Committee appointed Laxman Narasimhan as Rakesh's successor. Rakesh formally resigned from the Board and Committee on 2 September 2019. Laxman was appointed as CEO-designate and as an Executive Director from 16 July 2019, and became CEO on 1 September 2019, at which time he also took over leadership of the Health business unit. Laxman became a member of the Committee on 17 September 2019.

Laxman is an outstanding leader who brings wide experience across the consumer goods sector, both operationally at scale, and from his time at McKinsey & Company. In previous roles, he has led complex operational businesses and inspired teams across developed and emerging markets to achieve market-leading performance. He has exceptional strategic capabilities and consumer insight with a proven track record in developing purpose-led brands and driving consumer-centric and digital innovation. This, combined with his excellent people engagement and leadership skills, filled the Board with confidence that Laxman will continue to evolve the strong culture of RB in its next phase.

I would like to thank Rakesh for his outstanding leadership and express my gratitude for his commitment and enormous contribution to RB over more than three decades.

Selection process

If I had one word to describe the selection process, it would be 'comprehensive'. Whilst I led the process, I was assisted by the Committee. The Board defined its key attributes for RB's new CEO, which included strong cultural fit, demonstrable operational leadership at scale, strong consumer orientation, strategic capability and commitment to RB's purpose and corporate responsibility.

We initially identified over 60 candidates, shortlisted 12 and interviewed eight. The candidates included CEOs, former CEOs, divisional heads of large companies and specialists in our sector, consumer goods. The candidates were diverse from both a gender and nationality perspective and included both internal and external

candidates. The top three candidates were interviewed extensively by the Board and we unanimously agreed that Laxman was the right candidate and are delighted that he agreed to join us. Laxman's leadership, talent development capabilities and business acumen are without parallel and made him stand out above the other candidates.

Overview of selection process – in numbers



Induction

Laxman had a handover with Rakesh where they both travelled to key RB sites so Laxman could be immersed into the RB business and build his knowledge and understanding of how our businesses operate. Laxman met with customers, brand and category teams and visited factories in Evansville (US) and Nijmegen (Netherlands) and operations in Parsippany (US) and Amsterdam (Netherlands). Laxman and Rakesh also travelled to China where Laxman had an opportunity to meet customers, partners and colleagues and visit stores. Leaders across both the Health and Hygiene Home business units and corporate group spent time with Laxman, and employee town halls, roadshows and broadcasts were held to give employees an opportunity to say farewell to Rakesh and to learn more about Laxman and his initial priorities following his appointment.

Chief Financial Officer

During the year, Adrian Henna, Chief Financial Officer and Executive Director, announced his intention to retire from his positions in 2020. At the same time as announcing Adrian's retirement, we were able to confirm Jeff Carr as Adrian's successor. Adrian will be stepping down as Chief Financial Officer and Executive Director when Jeff starts on 9 April 2020, remaining with the Company until his retirement date of 21 October 2020 to ensure a seamless transition.

We instructed Egon Zehnder International Ltd to carry out the search for a new Chief Financial Officer. Both internal and external candidates had been considered and a shortlist drawn up, which was followed up by meetings with the Chairman and the Chair of the Audit Committee. Jeff was considered the most suitable candidate and best fit, given his wealth of experience in global consumer goods and retail companies and strong track record, coupled with his previous experience at RB and understanding of the business and our culture. Jeff is an RB alumnus, having previously worked at RB in financial roles for some ten years.

Adrian has played an important role in the strategic transformation of RB and in helping drive our strong track record of value creation. We wish Adrian all the best for the future and are happy to welcome Jeff back.

Egon Zehnder International Ltd is an independent executive search firm which undertakes a number of executive searches for the Group and is a signatory to the Voluntary Code of Conduct for Executive Search Firms in the UK to address diversity and best practice relating to Board appointments. They do not provide any other services to the Group.

Non-Executive Director search

We instructed Egon Zehnder International Ltd to carry out the search for new Non-Executive Directors. Upon their recommendation we reviewed a list of candidate profiles and I had exploratory meetings with potential candidates who were considered a good fit for RB, in terms of international experience, skills, culture and diverse talent ahead of recommending for further consideration. This was followed up by individual meetings with each of the Committee members, the CEO (who is a Committee member) and the CFO.

Following recommendation by the Committee, we announced the appointment of a new Non-Executive Director to the Board, Sara Mathew, with effect from 1 July 2019. Sara became a member of the Audit Committee on the same day. Sara has extensive Board experience across a number of industries, including healthcare, consumer goods and financial services and has held several senior management roles. In previous roles, Sara led strategic and digital transformations and she holds an MBA in Marketing and Finance. We believe Sara brings great insight and we have been delighted to welcome her to the Board.

During the recruitment process, the Committee followed a formal, rigorous and transparent assessment of all potential candidates and considered potential conflicts of interest in making recommendations to the Board. As a Committee we will continue to regularly review and refresh the Board where appropriate.

Director induction and training

RB has established a comprehensive induction programme for new Directors. The programme covers RB's business, legal and regulatory requirements of Directors and includes one-to-one presentations from senior executives across the Group covering topics such as strategy, investor relations, taxation, internal audit, CRSEC Committee matters, supply and the Company's two business units – Health and Hygiene Home. The induction programme has several aims and serves multiple purposes. It provides new Directors with an understanding of RB, its businesses and the markets and regulatory environments in which it operates, provides an overview of the responsibilities for Non-Executive Directors of RB and builds links to RB's people and stakeholders. Incoming Board members will also have legal due diligence meetings and an open offer to meet with the Group's External Auditor.

During 2019 Sara Mathew was appointed Non-Executive Director and Laxman Narasimhan was appointed as Chief Executive Officer. Both received tailored inductions following their appointment. Consistent across the separate inductions were meetings with the CEO, CFO, SVP General Counsel/Company Secretary. The new Directors then met with pertinent individuals depending on the Committees they had joined/were joining. For example, Sara Mathew is a member of the Audit Committee and met with key individuals in RB's IT, Treasury, Finance and Safety, Quality, Regulatory & Compliance (SQRC) teams, in addition to receiving presentations on topics covered in all Director inductions, such as tax, Internal Audit and strategy.

Ad hoc site visits are arranged to the Group's operations to gain an insight into the business, and form part of the annual Board meeting cycle, and we aim to have one Board strategy meeting held at an off-site business location.

The Chairman has overall responsibility for ensuring that the Directors receive suitable training to enable them to carry out their duties. As part of their role, Directors are also expected to personally identify any additional training requirements they feel would benefit

them in performing their duties to the Company. Ongoing training arranged by the Company covers a wide variety of sector-specific and business issues, as well as legal and financial regulatory developments relevant to the Company and the Directors. Training is also provided by way of briefing papers or presentations at each scheduled Board meeting, as well as meetings with senior executives or other external sources.

Renewal of existing Board members

Non-Executive Director appointments are generally made for three-year terms. During the year the Committee considered the renewal of existing Non-Executive Directors. Details of the specific reasons each Director contributes to and continues to be important to RB's long-term success are set out in the Notice of Annual General Meeting, available at www.rb.com.

With the exception of Warren Tucker, who will not stand for re-election at the AGM on 12 May 2020, the Committee recommended that all existing Board members have their appointments renewed, and as such, resolutions to this effect will be proposed to Shareholders for approval at the AGM.

Executive Committee changes

We announced the appointment of Kris Licht to the new position of Chief Transformation Officer and as an Executive Committee member in November 2019. Kris has held several transformation roles at other large companies and we believe his contributions in this area will be extremely valuable during a period of strategic change and focus for RB. We were sorry to see Amedeo Fasano, Chief Supply Officer, and Seth Cohen, Chief Information Officer, leave RB in June and July 2019 respectively. We thank both Amedeo and Seth for their contributions and wish them well.

In December 2019 we announced that Rob de Groot, President of our Hygiene Home business, would step down from his role and leave the Group in February 2020. Rob has been an excellent leader of our Hygiene Home business and has seen great success over his long career at RB. We would like to thank Rob and wish him good luck for the future. We were happy to announce Harold van den Broek as Rob's successor. Harold was previously CFO to the Hygiene Home business and has worked closely with Rob for a number of years. Harold became Chief Operating Officer, Hygiene Home and an Executive Committee member on 4 December 2019 and we have every confidence that Harold will be a great leader of the Hygiene business and continue its growth.

Since the year end, further changes to the Executive Committee were announced. In January 2020, regretfully we announced that Mike Duijser, Chief Supply Officer, had decided to leave RB to return to the US for personal reasons. Mike had been instrumental in building the strategy for the supply function and implementing transformational change within supply. We are grateful to Mike for his contribution and wish him all the best for the future. Mike left in February 2020 and his successor will be appointed in due course.

We also announced in January 2020 that after 27 years at RB, Gurveen Singh, Chief Human Resources Officer, decided to retire in June 2020. During her tenure, Gurveen has held a number of roles at RB and in her current role she has led and improved many HR initiatives and is known for her passion for people. We wish Gurveen all the best in her future endeavours. Ranjay Radhakrishnan joined RB on 1 March 2020 as Chief Human Resources Officer (and Executive Committee member). Ranjay is a skilled and experienced HR leader; he was previously CHRO at InterContinental Hotels Group plc and prior to

that, he worked at Unilever for 23 years in senior HR leadership roles – his last role being Executive Vice President Global HR, where he was responsible for eight regions and four global product categories. Ranjay holds degrees in Commerce and Accounting and Personnel Management and Industrial Relations. We were delighted to welcome Ranjay to RB and are positive that he will contribute greatly to both RB and the HR function.

In February, at the time of our strategy announcement, we also confirmed new senior leadership roles with effect from 1 July 2020 for Harold van den Broek, Kris Licht and Adi Sehgal, as Presidents of Hygiene, Health, and Nutrition and E-RB/China respectively. Kris Licht will also be the Global Chief Customer Officer for the Group.

More information about our current Executive Committee membership can be found on pages 84 to 85.

Review of potential conflicts of interest

During the year the Committee reviewed Board members' potential conflicts of interest. The Committee reviewed a schedule of external appointments and other potential situational conflicts as disclosed by each Director. Having reviewed the schedule, the Committee concluded that the appointments did not affect any Director's ability to perform his/her duties and recommended that the Board authorises each Director to continue in each of his/her external commitments.

We acknowledge that Pam Kirby sits on four Boards, and some Shareholders are concerned she is 'overboarded'. The Committee monitors her time devoted to her duties, her attendance at meetings and availability to Shareholders, and believes that Pam continues to be effective, committed and diligent in her role.

Governance

Committee evaluation

This year, the Committee did not carry out its own self-evaluation, as it was covered under the main Board external evaluation, conducted by MWM Consulting Limited. Respondents scored the Committee highly in key areas, specifically noting excellent new Board member inductions, and the Board as a whole is satisfied that the Committee works well and is effective. The main area of focus relevant to the Committee, identified as a result of the evaluation, is to ensure succession planning remains a top priority. Further details on the Board evaluation can be found on page 94.

Review of Committee terms of reference

At the Committee's November meeting, we reviewed our terms of reference and proposed minor changes regarding the evaluations of the Committee, Board and Chairman and those of individual Board members. The revised terms of reference were approved by the Board in November 2019 and can be found on our website at www.rb.com. We review our terms of reference annually.

Designated Non-Executive Director

On 26 July 2019, following consideration of the best manner of Board engagement with the workforce, Mary Harris was appointed as designated Non-Executive Director in line with the provisions of the Code. Whilst Mary holds the title of designated Non-Executive Director, for engagement with the Company's workforce, it is not intended to delegate all such Board engagement to Mary, but rather that she should have oversight of a programme of engagement in co-ordination with management. A proposed plan and areas of focus have been drawn up. Details of engagement activities carried out during 2019 are set out on page 46 to 47.

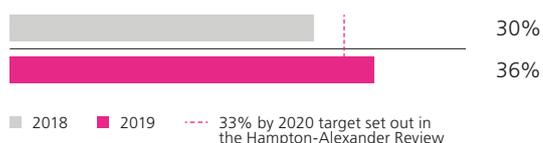
Inclusion and diversity

The Board and Committee fully recognise the importance of diversity, including gender and ethnicity, at Board level and senior management roles at RB. We do not have a written Board diversity policy but the Committee and the Board are committed to recruit members of the Board on the strict criteria of merit, skill, experience and cultural fit of any potential candidates, and to seek diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. This commitment is demonstrated by the composition of the Board, which comprises five nationalities, and four women, two of whom are Committee Chairs. I am pleased to report that 36% of our Board members are women, which exceeds the original 25% target set by the Davies Report and we have achieved the 33% target by 2020, set out by Lord Davies, and subsequently outlined in the Hampton-Alexander Review. We also meet the requirements of the Parker Review published in October 2017, with at least one person from an ethnic minority on the Board.

Our Group diversity policy can be found at www.rb.com/responsibility/people-and-culture/diversity-and-inclusion/. We are committed to equality of opportunity in all areas of employment and business, regardless of personal characteristics. We always recruit the best and most suited candidates for any role and we strive for a well-balanced representation of backgrounds, nations, cultures, skills and experiences, at all levels across the Group. Ultimate responsibility and sponsorship for this policy rests with the Executive Committee. Senior management is accountable, and all RB employees are responsible, for ensuring that our diversity policies and programmes are actively implemented and followed.

We continue to work hard on our inclusion and diversity programmes, and further details can be found in our Stakeholder Engagement section from page 12.

Female representation on the Board



Our Executive Committee, comprising the most senior management level in the business, represents five different nationalities from across the globe, embodying our corporate inclusion and diversity policy. The Company’s wider global leadership community holds over 50 nationalities between them, representing a broad background of collective skills, cultures and experience. This widens our understanding of our consumers, who themselves come from the broadest possible backgrounds, allowing us to be best placed in serving their needs.

At 31 December 2019, female representation within the Executive Committee (and their direct reports) was 26%. We are cognisant of our poor performance towards the 33% target for female leadership within the Executive Committee (and their direct reports) as detailed in the Hampton-Alexander Review (and in provision 23 of the Code), and we are working to improve gender balance amongst our senior management.

AUDIT COMMITTEE REPORT



Maintaining the integrity of our financial reporting and monitoring the robustness and effectiveness of internal controls and risk management systems remain our primary objectives. To achieve this, we work closely with the Board and other Committees, as appropriate

Andrew Bonfield
Chair of the Audit Committee

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 December 2019.

This report details how the Committee has discharged its role, duties and performance during the year under review in relation to internal control, financial and other reporting, risk management, the internal audit function and our relationship and interaction with the External Auditor.

The Committee has a detailed annual standing agenda of matters to be considered and reviewed based on its terms of reference, which, during 2019, included focused reviews in the following areas: risk assurance mapping; delivery of the RB 2.0 programme; the structure of shared services; IT risk; compliance risk; and taxation matters.

The risk and control challenges around the RB 2.0 reorganisation were reviewed to track implementation of the programme and mitigation of the risks associated with it. The Committee met with operational management at each scheduled meeting to review the RB 2.0 workstreams and to consider programme governance and the associated financial, legal, regulatory and IT risks and controls. Though some work remains in relation to this programme, much of the work has now been completed. The Committee and I would like to convey our thanks to the teams involved in the successful implementation of the programme and for their hard work during a busy year for RB.

During the year, we also reviewed the Company's major risk assessment process, which identifies and prioritises the principal and emerging strategic risks and uncertainties which may affect the Group, how they can be mitigated and whether they have increased, diminished or remained the same, compared to the previous year. Looking at the major risk assessment process is a key element of our review of the effectiveness of RB's risk management and control systems and identified risks are clearly and transparently reflected in our communications to Shareholders in the Annual Report. Details are set out on pages 64 to 76.

AUDIT COMMITTEE REPORT CONTINUED

The Committee also considered many other matters outside its annual standing agenda, such as: UK payment reporting practices; implementation of the UK Corporate Governance Code 2018 (the Code); the potential impact of Brexit; the US Department of Justice (DoJ) settlement; the annual impairment testing of goodwill and indefinite-life assets; the adoption of IFRS 16 (Leases) from 1 January 2019; and revised Group finance policies. Further detail on our activity during the year can be found on pages 106 to 107.

The Committee is responsible for the External Auditor's effectiveness and independence. In 2017, the Committee led a rigorous external audit tender process leading to the Board's recommendation to Shareholders at the 2018 AGM to appoint KPMG LLP (KPMG) as External Auditor for the 2018 financial year. I am pleased to report that the Shareholders passed a resolution to re-appoint KPMG at the 2019 AGM, and as the Committee has recommended to the Board that KPMG be re-appointed by the Shareholders, a similar resolution to re-appoint KPMG as External Auditor for the 2020 financial year will be proposed at the AGM on 12 May 2020. Further details on our interaction with the External Auditor can be found on pages 108 to 109.

Committee priorities for 2020

- Maintaining oversight and reassurance to the Board on RB's risk management process and internal control procedures, including monitoring key areas in the context of risk and control, such as IT, tax and legal and compliance.

- Aligning RB's new strategic aims and priorities within our risk assessment process.
- Sustaining a strong culture of risk management across the Group.
- Monitoring IT controls and embedding new IT and finance systems across the Group.
- Continuing to monitor legislative and regulatory changes which may affect the work of the Committee.
- Closely monitoring developments in the UK audit profession.

During the year, we strengthened the membership of the Committee with the appointment of Sara Mathew. Sara has an MBA in Marketing and Finance and has held various senior roles during her career, including roles as Chief Financial Officer at Dun & Bradstreet Corporation and Procter & Gamble's global baby care business. She has extensive experience in the consumer goods, digital technologies and healthcare sectors and the Committee is confident that Sara's appointment has added valuable insight, relevant financial and sectoral expertise and challenge.

I would like to acknowledge and thank my fellow Committee members, Pam Kirby, Warren Tucker and Sara Mathew, for their diligence and service during the year.

Andrew Bonfield

Chair of the Audit Committee
26 March 2020

Committee membership

	Member from	Meetings attended	Recent and relevant financial experience	Sectoral experience relevant to RB's operations
Andrew Bonfield (Chair) ¹	July 2018	6/6	<ul style="list-style-type: none"> • Financial expert • Chartered Accountant • Has held numerous CFO roles at other large companies, including those in the consumer goods sector 	<ul style="list-style-type: none"> • Consumer goods • Pharmaceuticals/healthcare
Pam Kirby	February 2015	6/6	<ul style="list-style-type: none"> • Sits on another FTSE 100 company's Audit Committee 	<ul style="list-style-type: none"> • Pharmaceuticals/healthcare • Technology
Warren Tucker ²	February 2010	6/6	<ul style="list-style-type: none"> • Financial expert • Chartered Accountant • Has held senior finance roles at other large companies • Sits on a FTSE 250 company's Audit Committee 	<ul style="list-style-type: none"> • Manufacturing
Sara Mathew ³	July 2019	2/2	<ul style="list-style-type: none"> • Financial expert • Holds Master's degrees in Finance and Accounting • Has held senior finance roles and CFO roles at other large companies 	<ul style="list-style-type: none"> • Consumer goods • Pharmaceuticals/healthcare

There were four scheduled meetings and two additional meetings (held by telephone) during the year.

¹ Andrew became Chair of the Committee on 1 January 2019.

² Earlier this year we announced that the Board had asked Warren to remain as a Director and member of the Committee until the Company's AGM in 2020, when he will not stand for re-election and will retire from the Board and Committee.

³ Sara was eligible to attend two of the scheduled meetings during the year, having been appointed on 1 July 2019.

The Chair of the Committee is a Chartered Accountant with recent and relevant financial experience. He is currently Chief Financial Officer of Caterpillar Inc. and has previously held CFO roles for large, multinational companies.

All Committee members are independent Non-Executive Directors who have financial, economics and/or business management expertise in multinational companies. Committee members are expected in particular to have an understanding of:

- the Group's operations, policies and internal control environment;
- the principles of, and recent developments in, financial reporting;
- relevant legislation, regulatory requirements and ethical codes of practice; and
- the role of internal and external auditing and risk management.

The Board is satisfied that, in compliance with the Code, Committee members as a whole have competence relevant to the Company's sector (consumer goods). The skills and expertise of each Committee member are summarised in the table on page 104.

Committee appointments are generally made for a three-year period. Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, experience, independence, knowledge and diversity. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with management covering internal audit, risk management, legal, tax, treasury and financial matters as well as meetings with the External Auditor. All members of the Committee receive regular briefings from senior executives on matters covering governance and legislative developments, accounting practices and policies and tax and treasury.

The Assistant Company Secretary was Secretary to the Committee throughout the year.

Meetings

During 2019, the Committee held four scheduled meetings at times aligned to the Company's reporting cycle, two additional calls and an informal session with local finance management in the US, as part of the Board's overseas strategy meetings in September 2019. Committee meetings usually take place ahead of Board meetings and the Committee Chair provides an update to the Board on the key issues discussed at each meeting. Committee papers are provided to all Board Directors in advance of each meeting, including a copy of the minutes of the previous meeting(s).

Meetings are attended by senior representatives of the External Auditor, the Group Head of Internal Audit, Group CFO and SVP Corporate Controller. The Chairman of the Board and the Group CEO are also invited to attend. Other senior management attend when deemed appropriate by the Committee. Time is allocated at the end of each meeting for private discussion with the Internal and External Auditors without other invitees being present, as well as a private session of the Committee members. Committee member meeting attendance is set out in the table on page 91.

Role and responsibilities

The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's financial reporting, internal controls and overall risk management process and relationship with the Company's External Auditor. There were no significant changes to the Committee's role and responsibilities during the year. The Committee's role and responsibilities are set out in its terms of reference, which can be found at www.rb.com.

Committee meetings cover matters set out in its terms of reference related to the reporting and audit cycle, including: half- and full-year results; Internal and External Audit work plans and reports; and regular updates from senior financial management and the External Auditor.

The Committee's responsibilities include, but are not limited to, the following matters:

Financial and other reporting matters

- Monitoring the integrity of the Group Financial Statements including annual and half-yearly reports, interim management statements, preliminary announcements and any other formal announcements relating to the Company's financial performance. Reviewing and challenging, where necessary, the actions and judgements of management before submission to the full Board, paying particular attention to: the clarity and completeness of financial reporting disclosures; the application and appropriateness of significant accounting policies; methods used to account for significant or unusual transactions; whether judgements and estimates are appropriate; and considering the External Auditor's views on the Financial Statements.
- As requested by the Board, reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy and whether it informs the Board's statement in the Annual Report on these matters that is required under provision 25 of the Code.
- Reviewing all material non-financial information presented with the Annual Report and Financial Statements, such as the Strategic Report and the Corporate Governance Statements, insofar as it relates to activities or functions within the Committee's remit.
- Reviewing and approving the statements to be included in the Annual Report concerning internal control, risk management, going concern and the Viability Statement.
- Receiving updates on accounting matters, including consideration of relevant accounting standards, underlying assumptions and the impact of changing or adopting new accounting standards.
- Considering significant legal claims and regulatory issues.

Risk management and internal controls

- On behalf of the Board, overseeing and ensuring that the assessment process for the Group's principal and emerging risks is robust and of a high quality, that procedures are in place to identify emerging risks and considering the Company's response to identified risks.
- Advising the Board on the Group's current risk exposure and future risk strategy.
- Reviewing and monitoring, on behalf of the Board, the Group's internal financial controls and systems and, at least annually, carrying out a review of its effectiveness and reviewing and approving the statement to be included in the Annual Report concerning internal risk management.
- Ensuring that appropriate procedures are in place for detecting fraud and prevention of bribery, and secure whistleblowing arrangements by which staff may raise concerns including possible wrongdoings in matters of financial reporting and financial controls.

Internal Audit

- Monitoring and assessing the effectiveness of the Internal Audit function, including its role and mandate, assessing the effectiveness of its work and satisfying itself that the function has the requisite skills, expertise and standing within the Group.
- Reviewing Internal Audit activities, significant recommendations and findings and related management actions.
- Assessing and approving Internal Audit's annual work plan to ensure it is aligned to the key risks of the Group and receiving reports on progress.
- Ensuring that the Internal Audit function has unrestricted scope, the necessary resources and appropriate access to information to enable it to perform effectively.

External Audit

- Overseeing the relationship with the External Auditor, negotiating, agreeing and approving their terms of engagement and their remuneration to ensure that the level of fees is appropriate to enable an effective and high-quality audit to be undertaken.
- Annually reviewing and monitoring the External Auditor's independence, objectivity and effectiveness, taking into account relevant UK law, the Ethical Standard and other professional and regulatory requirements.
- Considering and making recommendations to the Board to put to Shareholders for their approval at the AGM regarding the appointment, reappointment or removal of the External Auditor.
- Receiving the annual Audit plan and receiving the External Auditor's findings and reports on the annual Audit and interim review.

- Meeting with the External Auditor following each formal Committee meeting without management being present, to review and discuss the External Auditor's remit and the findings of the audit including (but not limited to) any major resolved or unresolved issues arising from the audit, the External Auditor's explanation of how risks to audit quality were addressed, key accounting and audit judgements, the External Auditor's view of their interactions with senior management and levels of errors identified during the audit.
- Considering communications from the External Auditor on audit planning and findings on material weaknesses in accounting and internal control systems that come to the External Auditor's attention, including a review of material items of correspondence between the Company and the External Auditor.
- Developing, implementing and keeping under review the policy on non-audit services provided by the External Auditor, considering relevant ethical guidance and the impact this may have on independence.
- Agreeing with the Board the Group's policy for the employment of former employees of the External Auditor, taking into account the Ethical Standard and legal requirements and monitoring the application of this policy.
- At the end of the audit cycle, assessing the effectiveness of the External Audit process.
- Monitoring the rotation of the External Audit lead partner and managing the competitive tendering process of the external audit services contract, ensuring a competitive tender for the external audit services contract is conducted at least once every ten years.

Activity during the year

Standing agenda items reviewed by the Committee throughout the year

- Received reports from the SVP Corporate Controller, Internal Auditor and External Auditor.
- Considered tax and treasury matters, including provisioning and compliance with statutory reporting obligations.
- Considered legal matters, including provisioning and compliance risk.
- Kept abreast of changes in financial reporting and governance matters by way of technical updates throughout the year.
- Received focused risk and control reviews concerning the delivery of RB 2.0 (in particular, in the areas of the shared services function, deployment of IT systems, legal entity restructuring, operating model review and financial reporting); risk assurance mapping; IT risk; legal and compliance; and tax disputes risk.
- Monitored the Group's risk assessment processes.

Other items considered by the Committee at meetings during the year

Meeting	Topic
January 2019	<ul style="list-style-type: none"> Additional meeting held by telephone, following Corporate Control's 2018 impairment review exercise, to consider the outcome in detail
February 2019	<ul style="list-style-type: none"> Conclusion of 2018 impairment reviews Review of 2018 preliminary results, draft unaudited Financial Statements and related announcement and recommendation for approval by the Board Review of going concern and viability statements Refinements to Group return on capital employed (ROCE) definition Review of KPMG's 2018 audit findings report and draft management representation letter Approval of KPMG's final non-audit fees for 2018 and review of 2019 non-audit fees forecast Results of KPMG's assessment of its objectivity and independence KPMG's report on the reform of the External Audit profession Review of work undertaken in respect of the 2018 Internal Audit plan
March 2019	<ul style="list-style-type: none"> Additional meeting held by telephone, to consider whether the Committee could recommend that the Board approve RB's 2018 Annual Report and Financial Statements
May 2019	<ul style="list-style-type: none"> Review of full year 2019 Internal Audit plan Review of KPMG's 2019 audit strategy KPMG's observations of RB's internal controls for the 2018 financial year, including their report on the 2018 Annual Report
July 2019	<ul style="list-style-type: none"> Review of the half-year results announcement and recommendation for approval by the Board Review of going concern and Viability Statement Review of KPMG's half-year review report findings to 30 June 2019 and draft management representation letter Review of KPMG's response to Audit Quality Review findings
November 2019	<ul style="list-style-type: none"> Review of the Committee's 2020 standing agenda Review of the Committee's terms of reference and recommendation to the Board for approval Review of the results of effectiveness reviews of the Committee, Internal Audit function and External Auditor

Significant and key financial reporting matters

The key matters reviewed and evaluated by the Audit Committee during the year were as follows:

Accounting and financial reporting

The Audit Committee is responsible for reviewing and approving the appropriateness of the interim and annual Financial Statements and related announcements, including:

- recommending that, in the Committee's view, the Financial Statements are fair, balanced and understandable. In addition to the detailed preparation and verification procedures in place for the 2019 Annual Report and Financial Statements, management

continued its focus on narrative reporting and clear written and visual messaging to communicate the Group's strategy; and

- reviewing the appropriateness of the accounting policies, judgements and estimates used as set out on page 157 and concluding that the judgements and assumptions used are reasonable.

Areas of significant financial judgement

The significant financial judgements and complex areas in relation to the 2019 Group Financial Statements considered by the Committee, together with a summary of the actions taken, were as follows:

Impairment assessments

Under International Financial Reporting Standards (IFRS), goodwill and indefinite life assets must be tested for impairment on at least an annual basis.

As in prior years, management performed this testing over the course of late 2019 and early 2020. The testing utilised cash flow projections included within one-year budgets and three- to five-year strategic plans. Cash flows beyond the five-year period were projected using steady or progressively decreasing growth rates followed by terminal growth rates.

Impairment testing is inherently judgemental and requires management to make multiple estimates, for example around future price and volume growth, future margins, and discount rates.

As a result of the 2019 testing, management recorded a £5.0 billion impairment against Infant and Child Nutrition (IFCN) goodwill and a £0.1 billion impairment against Oriental Pharma intangible assets.

In February 2020, the Audit Committee reviewed the detailed results of the 2019 testing and understood both the external (e.g. declining birth rates in China) and internal (e.g. performance against budgets) drivers behind the impairments. The Committee confirmed the appropriateness of the key judgements and estimates made by management (see Note 9 for further details) and reviewed the sensitivity of the impairment models to reasonable changes in key assumptions.

As required under IFRS, management has included additional impairment-related disclosures in the Financial Statements. The Committee has reviewed these disclosures, included within Note 9, and considers them appropriate.

Trade spend

Trade spend remains a significant cost for the Group, and the main judgements relate to trade accruals, specifically the timing and extent to which temporary promotional activities occurred. The Committee reviewed with management its assessment of the control environment, a revision to trade spend policy and the findings of Internal Audit relating to trade spend, and considered that management operates an appropriate control environment which recognises the risks in this area.

Tax provisioning

From time to time, the Group may be involved in disputes in relation to ongoing tax matters in a number of jurisdictions around the world where the approach of the local authorities is particularly difficult to predict. The level of provisioning for these investigations is an issue where management and tax judgement are important. The Committee debated the key judgements made with management, including relevant professional advice that may have been received in each case, and considers the tax provisioning levels and disclosures to be appropriate.

Legal liability provisioning

At 31 December 2019, a provision of £151 million (2018: £461 million) was held on the Group's Balance Sheet in relation to regulatory, civil and/or criminal investigations as well as litigation proceedings and a provision in respect of the South Korea Humidifier Sanitizer (HS) and the US DoJ issues. The Committee challenged management on legal judgements made in determining the level of provisioning and was satisfied with the level of provisioning and disclosure.

Adjusting items

The Committee considered the presentation of the Group Financial Statements and, in particular, the presentation of adjusting items and the elements included within such measures. The Committee discussed this with management and agreed that the presentation provided meaningful information to Shareholders about the underlying performance of the Group.

Going concern and Viability Statement

A viability review was undertaken by management, encompassing its going concern review. The Committee reviewed and challenged the key assumptions used by management in its viability review and going concern assessment, as well as the scenarios applied and risks considered, including the risks associated with COVID-19. Based on its review, the Committee considers that the application of the going concern basis for the preparation of the Financial Statements was appropriate and confirmed the suitability of the Viability Statement covering a five-year period, as set out on page 77. The use of a five-year period for the viability review was approved by the Board in 2019 as it is the period of the Group's long-term forecasting process and covers the various business cycles.

Risk management and internal control

In monitoring the adequacy and effectiveness of the system of risk management and internal controls, the Committee reviewed compliance procedures and RB's overall risk framework (including the Group's whistleblowing arrangements) and considered financial, operational risk and internal control processes. There were no significant failings or weaknesses during the year meriting disclosure in this report. The Committee reported to the Board in February 2020 that it considers the internal control framework to be functioning appropriately, to enable the Board to meet its obligations under section C of the Code, to maintain sound risk management and internal control systems and to report to Shareholders on these in the Annual Report (see pages 95 to 96).

External Auditor

The Committee is responsible for maintaining the relationship with RB's External Auditor on behalf of the Board. The Company's External Auditor is KPMG LLP (KPMG). Following a competitive tender undertaken in 2017, KPMG was formally appointed as the Group's External Auditor by Shareholders in 2018. There are no current plans to commence an External Audit tender. The Company will be required to conduct its next External Audit tender no later than 2027.

The Committee considers and makes a recommendation to the Board in relation to the appointment, reappointment and removal of the External Auditor, taking into account independence, effectiveness, lead audit partner rotation and any other relevant factors, and oversees the tendering of the External Audit contract. The Committee approves the External Auditor's terms of engagement and remuneration and reviews the strategy and scope of the audit and the work plan. The Committee also monitors the rotation of the lead audit partner, who rotates every five years in accordance with the Ethical Standards. The current lead audit partner, Richard Broadbelt, has just completed the second year of his five-year term. A new lead audit partner will be required for the year ending 31 December 2023.

The Committee reviews the nature and level of non-audit services undertaken by the External Auditor during the year to satisfy itself that there is no impact on its independence and is required to approve all non-audit services. The Board recognises that in certain circumstances the nature of the service required may make it more timely and

cost-effective to appoint an auditor that already has a good understanding of RB. The total fees paid to KPMG for the year ended 31 December 2019 was £14.5 million, of which £1.9 million related to audit-related and non-audit work (to which KPMG was appointed principally for the above reasons). Details of services provided by the Auditor are set out in Note 4 on page 167.

Following the introduction of EU reforms, the Group's internal policy on non-audit fees was revised, effective 1 January 2017, to reflect prohibited non-audit services, including all tax services provided to entities within the EU. The policy states that, on an annual basis, non-audit fees should not exceed 50% of the Group's external audit and audit-related fees for the year. The Board confirms that, for the year ended 31 December 2019, non-audit and audit-related fees were 15% of the audit fees.

RB has a formal policy in place to safeguard the External Auditor's independence. In addition, as part of its audit strategy presentation to the Committee in May 2019, KPMG identified its own safeguards in place to protect its independence and confirmed their independence in March 2020 to the Committee.

The Group has a policy that restricts the recruitment or secondment of individuals employed by the External Auditor into positions that provide financial reporting oversight where they could exercise influence over the financial or regulatory statements of the Group or the level of audit and non-audit fees.

The External Auditor is a key stakeholder in helping the Committee fulfil its oversight role for the Board. In the opinion of the Committee, the relationship with the External Auditor works well, the Committee remains satisfied with the External Auditor's independence and effectiveness and believes KPMG is best placed to conduct the Company's audit for 2020. KPMG has expressed a willingness to continue as External Auditor of the Company. Following a recommendation by the Committee, the Board concluded, on the Committee's recommendation, that it was in the best interests of Shareholders to appoint KPMG as the Company's External Auditor for the financial year ending 31 December 2020. In accordance with s489 of the Companies Act 2006, resolutions to propose the re-appointment of KPMG as the Company's External Auditor and to authorise the Committee to fix its remuneration will be put to the Shareholders at the AGM on 12 May 2020.

For the year ended 31 December 2019, the Company has complied with the Competition & Markets Authority Order: The Statutory Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

During the financial year under review, the Company had no interaction with the FRC's Corporate Reporting Review Team or its Audit Quality Review Team.

Internal Audit

The Committee is responsible for reviewing and monitoring the effectiveness of the Internal Audit function. The Group Head of Internal Audit reports to the Chair of the Committee and to the CFO for administrative matters and updates the Committee at each meeting. The Internal Audit function is responsible for impartially assessing the key risks of the organisation and appraising and reporting on the adequacy and effectiveness of RB's risk management and internal controls in financial, information systems and other business and operational areas to develop and improve the effectiveness of the Group's risk management control and governance processes and strategies.

The Internal Audit plan is prepared on a half-yearly basis under an agreed cover and scope policy and reflects a risk-based approach within the cover policy. Designated audit locations are determined at the start of each year following a risk and control assessment of each commercial and supply unit. Information systems, change programmes and head office locations also fall within Internal Audit's remit and are subject to audit. Following each audit, findings are reviewed and reported to management and to the Committee, together with recommendations and updates. Resulting management actions and progress are tracked until a report is satisfactorily closed. In 2019, routine Internal Audit work delivered 61 audits, which covered 39% (by Net Revenue) of RB's global commercial business and 40% (by industrial sales) of global manufacturing facilities. The failure rate for 2019 audits was broadly consistent with previous years; all failed audits receive a follow-up audit within six to 18 months as appropriate.

Fair, balanced and understandable

The Committee reviewed the 2019 Annual Report and Financial Statements to ensure that they are fair, balanced and understandable and provide sufficient information to enable the Shareholders to assess the Group's position, performance, business model and strategy.

The Annual Report project team was primarily comprised of individuals in RB's Company Secretarial, Finance, Investor Relations, Corporate Communications and Sustainability teams. Individuals from those teams with sufficient knowledge and experience undertook the drafting of sections of this Annual Report. The overall governance and coordination of the Annual Report was managed by the Company Secretarial team, in conjunction with the Corporate Communications team. The project team held regular meetings and accountability was ensured by obtaining internal sign-off from key stakeholders in the project team for the section(s) they were responsible for.

The Directors, individually and collectively, were provided with drafts of the Annual Report at set stages, and information contained within the Annual Report was verified internally and by our External Auditor as required. The preparation and verification processes were determined to be robust.

Following the Committee's review, the form, content and consistency of narrative within the 2019 Annual Report and Financial Statements, the disclosures contained in the Financial Statements and the underlying processes and controls were confirmed as appropriate. The Committee was satisfied that the 2019 Annual Report and Financial Statements, taken as a whole, met its objectives and accordingly we recommended to the Board that the 2019 Annual Report and Financial Statements be approved and we supported the Board in making its statement on page 141.

Governance

Terms of reference

We review our terms of reference annually. During the year, the Committee's terms of reference were reviewed and updated, to more closely align all RB Committee terms of reference and to ensure that the Committee's terms of reference continue to reflect best practice. Following a recommendation from the Committee to approve its updated terms of reference, the Board approved the changes in November 2019. The updated terms of reference can be found at www.rb.com.

Informal Committee evaluation

In addition to the Committee's inclusion in the Board's external performance evaluation this year, the Committee chose to undertake a separate, informal evaluation of its performance. The informal evaluation of the Committee consisted of two internally facilitated questionnaires; one was sent to Committee members and regular meeting attendees, and the other was sent to individuals who regularly present at Committee meetings. The rationale was to provide the Committee with a more holistic view from other internal Stakeholders and to gather their views of the Committee's operation and interaction with them.

Matters reviewed by Committee members included effectiveness in the areas of: risk strategy and framework; Internal and External Audit; external reporting; Committee role and composition; information and support; meeting logistics and focus; and engaging internally and externally. The questionnaire used for presenters was more narrative based and sought views on interaction with Committee members and levels of engagement, feedback and challenge.

The overall conclusions drawn from both questionnaires depicted a Committee with strong foundations and talented members, recognising there was a continual learning and improvement process.

Internal Audit evaluation

The Internal Audit effectiveness review was carried out through a combination of direct post-audit feedback together with questionnaires targeted at Committee members, Executive Committee members, business unit leadership teams and local finance management.

The evaluation of the Internal Audit function, which covered audit scope, cost and communications, quality process, governance and independence, and calibre and capability, indicated that respondents deemed the Internal Audit team to have a strong degree of integrity, a reputation for producing high-quality audits and as a function are well respected.

The Committee considered the effectiveness review and the work carried out by the Internal Audit function as reported at every Committee meeting and concluded that it was an effective operation and the Committee remains satisfied that the resourcing, quality, experience and expertise of the function is appropriate for the Company.

External Audit evaluation

As 2018 was KPMG's first year as RB's External Auditor, the assessment was conducted during the November 2018 Committee meeting. This year, the assessment of the External Auditor was conducted using a questionnaire which was circulated to the Board, Committee, Executive Committee, business unit, finance and other functional leadership and local finance management.

The questionnaire covered the four competency areas outlined in the Financial Reporting Council's Guidance on Audit Quality Practice (published in May 2015) (Guidance): mindset and culture; skills and knowledge; quality control; and judgement. In addition, specific areas in the questionnaire included the audit team, fees, communication, governance and independence. In terms of the Guidance, KPMG scored particularly highly in 'mindset and culture' and 'quality and control' and the overall results were largely consistent with those attained by RB's previous External Auditor.

The Committee is satisfied with the effectiveness, expertise, quality, review, and in particular, challenge from the External Auditor and is confident that KPMG remains best placed to conduct a high-quality audit of the Group for the 2020 financial year.

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT



We are committed to always acting responsibly and with integrity, for the health, safety and benefit of our consumers and employees

Pam Kirby

Chair of the Corporate Responsibility, Sustainability,
Ethics and Compliance Committee

On behalf of the Board, I am pleased to present the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee Report for the financial year ended 31 December 2019.

The CRSEC Committee supports the Board in reviewing, monitoring and assessing the Company's approach to responsible, sustainable, ethical and compliant corporate conduct and assists the Board in upholding its values of responsibility, honesty, integrity and respect. The following report details the work undertaken by the Committee during 2019 and our role in ensuring that our approach to CRSEC is aligned to the Group's purpose-led strategy and societal responsibility. We have worked hard, together with the RB management team, to continue to build on our foundations and ensure that momentum is maintained to deliver planned safety, quality and compliance objectives within and across each of our business units.

I am pleased to report on our good progress over the last year. In addition to reviewing matters at our CRSEC Committee meetings, I have held regular meetings with our CEO, Chief Safety, Quality, Regulatory and Compliance (SQRC) Officer and SVP Corporate Communications and External Affairs, and the Chief Ethics and Compliance Officer, to review progress against the strategy and to represent the Board in supporting the efforts in these critical areas. I was also able to visit our R&D sites in Hull, UK and Montvale, US with my fellow Committee member Mehmood Khan and the CEO over the last year to see our R&D facilities and speak with employees on any matters of concern. The visit to Hull incorporated an inspection of the newly built innovation centre that links our proud history in RB to the future of science and technology. In Montvale, the science platforms were reviewed and it was an excellent opportunity to meet some of the inspiring scientists in our organisation.

During 2019, a strong compliance plan was implemented focusing on key priorities such as strengthening and driving consistency in our global standards for quality and employee safety, delivering systems and infrastructure initiatives that will strengthen our foundation of compliance and our operating model and building essential capabilities to meet the obligations we have today as well as anticipating the future. In the area of legal compliance, due diligence assessments to a total of 7,743 new third parties (vendors and distributors) were conducted to ensure we are selecting reliable partners to work with. New policies have been implemented to mitigate major risks, such as a policy related to interactions with healthcare professionals.

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT CONTINUED

With the arrival of our new CEO, we took the opportunity to review and further strengthen management's approach to governance, and instituted a new management Risk, Sustainability and Compliance Committee which will report into the CRSEC Committee.

At the start of the year, following disruption at our European Infant and Child Nutrition (IFCN) plant in late 2018, the Committee undertook a programme to strengthen foundations at its Nijmegen site in the Netherlands and improve performance, innovation and business continuity. A focus was placed on safety and people, quality assurance and strengthening operational rigour.

We recognise the central element of non-financial delivery as part of our purpose, supporting brands and performance going forward. As a manufacturer, we are ever mindful of the emerging risks relating to the sustainability of our products and packaging using plastics. In addition, we are taking steps to reduce our environmental footprint, including reduced emissions. We have monitored and supported the varying requirements arising from such issues to ensure RB is equipped to manage its obligations and remains a responsible global citizen, on behalf of all its stakeholders. More details on our sustainability aims, activities and progress can be read from page 40 and online at www.rb.com/responsibility.

We have continued to further our human rights strategy. We have been working with the Danish Institute of Human Rights on our total value supply chain, embedding human rights into our overall business activity. To date, I can report a good improvement in first-tier supply chain performance. RB has also mapped areas with migrant labour of high potential risk, for example the Gulf States and Malaysia, and is also addressing the repayment debt potentially accrued by those migrant workers during their international recruitment process.

We were delighted in September 2019 to re-join the Dow Jones Sustainability Index, after two years. This result reflects the improvements we have been making to run our entire business in a responsible way. Also, in December 2019 RB secured continued accreditation for the 16th year in the FTSE4Good Index, the world's leading global responsibility investment index.

In January 2020 we donated £5.5 million in cash and antibacterial products to combat the COVID-19 outbreak in China. Soap and sanitiser products were donated to help meet the cleaning and disinfection requirements in Wuhan's hospitals, as well as cash to support front line health working in the promotion of hand washing.

Finally, although not mentioned specifically in the following report, the Committee continues to oversee the efforts to mitigate the impact and alleviate the suffering caused by the tragic Humidifier Sanitizer issue in South Korea. Further details on the event and our remediation efforts can be found at www.rb.com/responsibility/humidifier-sanitizer.

I should like to thank my fellow Committee members, Chris Sinclair, Nicandro Durante and Mehmood Khan, for their diligence and service to the Committee, and all my fellow Board colleagues for their strong support and focus on our work throughout the year. I also thank the RB management team for the timeliness, quality and rigour of their reporting.

Pam Kirby

Chair of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee
26 March 2020

Activities

Some of the key achievements in the reporting period follow.

RB Code of Conduct

During 2019 we ran RB's Compliance Passport training, achieving a completion rate of 96% of employees and contractors worldwide. This training uses RB's Code of Conduct, its mission and values as a cornerstone to address RB's most relevant and mandatory topics which all employees need to understand. Our Code of Conduct is divided into key sections including RB's leadership tone at the top, living our values, respect for each other, caring for our consumers and customers, responsibility to our Shareholders and acting with integrity in any market in which we sell our products.

Additionally, in 2019 we also developed RB's Third-Party Code of Conduct which serves as an independent guide and standard of our expectations that our suppliers and vendors need to meet to work with RB, aiming to build trusted business relationships in accordance to the Company's values, policies, procedures and applicable laws.

With the arrival of our new CEO in 2019, we have developed a new Code of Conduct that is being launched in 2020, incorporating RB's new vision and values.

Interactions with healthcare professionals and healthcare entities

RB Health launched a new global policy, along with eight related Standard Operating Procedures, which set the minimum compliance standards for interacting with healthcare professionals, healthcare entities and government officials. It applies to all of the RB Health portfolio of products, as well as to all RB Health employees, contractors and sub-contractors including any third parties interacting on behalf of RB. Online training has been developed and is mandatory for all relevant employees.

Speak Up service

2019 was an opportunity to continue raising awareness of the confidential Speak Up service available for all employees and third parties to ask questions and raise concerns on potential violations of regulations, internal policies or any misconduct observed at RB.

A campaign was launched globally that promoted a significant increase in reported cases. To ensure the increase in cases were managed and investigated in a timely manner, investigation training was delivered globally to all regions and included both business units. RB received a total of 466 Speak Up cases during 2019 in both Health and Hygiene Home. From those cases, 339 were from Health, 115 from Hygiene Home and 12 related to the Corporate Centre. All cases were or are in the process of being investigated. 160 reports have been so far substantiated or partially substantiated. The complete report can be viewed online at www.rb.com/responsibility/policies-and-reports.

GDPR

With the implementation of the European General Data Protection Regulation, RB developed a programme to increase the internal levels of privacy awareness and compliance through the remediation of several areas. This is consistent with RB's vision to create a 'Privacy by Design' culture, where the privacy rights of our employees, consumers and business partners are considered at the forefront of all projects and future innovation developed by the Company.

RB has appointed a Group Data Privacy Officer (DPO) and established a Group Privacy Office to support the DPO in overseeing and maintaining RB's privacy risk framework. The Privacy Office also established an extended network of Heads of Privacy and Privacy Champions for all EU markets and other relevant jurisdictions. This network is now starting to be extended outside of the EU, in markets like the US, Brazil, Russia, India and China, which have been identified as relevant from a privacy compliance perspective. The second phase of the programme focused on identifying and mitigating privacy risks through the implementation of RB's privacy strategy both in central functions, as well as more broadly across EU offices and factory sites.

Global Anti-Money Laundering Policy

In 2019, RB launched the Global Anti-Money Laundering Policy, which aims to ensure that all business transactions are accomplished in full compliance with applicable laws aimed at combating money laundering and terrorist financing. The Policy is further evidence of RB as a responsible company that only conducts business with those who are involved in legitimate business activities. The Policy can be found online at www.rb.com/responsibility/policies-and-reports.

Global Sanctions Policy

In 2019, RB launched the Global Sanctions Policy, as part of our commitment to complying with all applicable trade sanctions laws that restrict activities with certain countries, entities, or individuals worldwide. The objective is to support RB in making the right decisions in line with this corporate position and the Policy applies to all RB operations globally and other third parties acting on RB's behalf. The Policy can be found online at www.rb.com/responsibility/policies-and-reports.

Environment

Our environmental performance was not where we wanted to see it against our 2020 targets, while we focused on quality, safety and supply chain consolidation in the past three years. We are reinstating our environmental programme with new targets for 2020 looking beyond to 2025/2030 so we effectively play our part in tackling global climate change. During the year, we have made progress on plastics and improving our packaging and use of recycled materials, but recognise that there is more to do. Our overriding objective is responsible use of plastic for packaging, using the 4R approach – reduce, replace, reuse and recycle. Further details can be found at: www.rb.com/responsibility/plastics. In September 2019, we partnered with TerraCycle to announce a free 'Healthy You, Healthy Planet' national recycling programme in the US. Packaging waste from vitamins, sexual health and well being, cold and flu, infant formula and personal care items are cleaned and melted into hard plastic that can be remoulded to make new recycled products.

Climate change was and continues to be a material issue within our sustainability activity and we continue to review our strategies and operational activity on energy and water specifically, and climate change more broadly. This includes considering risks arising from both low-carbon transition policies and physical climate impacts in the context of the Task Force on Climate-related Financial Disclosures.

Infant and Child Nutrition (IFCN)

In December 2019, we introduced a supportive and inclusive Global Parental Leave Policy, increasing fully paid maternity leave to 26 weeks. The policy places RB in the top tier of all FMCG companies. In addition, 100 wellness suites are available at our sites to support nursing mothers.

During 2019, as part of RB's commitment to monitoring and transparency, we responded to the Globalisation Monitor Report and undertook two external audits. The audit reports, RB's responses and corrective action plan are all publicly available. We also reported on our Breast Milk Substitute (BMS) progress over 2018 and will be preparing a similar report for fiscal year 2019. Please refer to www.rb.com/responsibility/infant-and-child-nutrition/policies-and-progress-reports/ for further related materials.

As a result of RB securing continued accreditation in the FTSE4Good Index, FTSE undertake independent verifications of RB's BMS marketing practices. In late 2019, the first step was completed – a review of our Corporate Centre. FTSE will undertake further field work during 2020, with public reporting expected by the end of the year. The CRSEC Committee has final oversight of all IFCN related reporting.

Ingredients

There was continued focus on the management and safety of ingredients in products. The Committee continued to monitor emerging concerns on any ingredients, and RB's approach to both developing new ingredients to address these and collaboration with relevant regulators where appropriate. Efforts were being made to reduce our chemical footprint, alongside our commitment to transparent product labelling for consumers. More information can be found on page 43.

Human Rights and Modern Slavery Act Statement

In May 2019, RB published its third Slavery and Human Trafficking Statement following the Committee's recommendation to the Board. The Statement can be found at: www.rb.com/media/news/2019/may/rb-releases-2018-modern-slavery-act-statement/. The statement is based on our established Human Rights Policy that commits to no slavery and human trafficking, and our monitoring and improvement programme to prevent modern slavery and improve supply chain standards. During the year we partnered with the Danish Institute for Human Rights to further enhance our existing human rights strategy. In conjunction with the Institute, we have carried out an analysis of our business model and geographical footprint to identify where we can strengthen respect for human rights and evaluated those countries where our activities might impact human rights and develop recommendations to minimise negative and maximise positive impacts.

Corporate security

RB's corporate security team is responsible for supporting the implementation of strategies to secure RB people, assets and operations. They have supported RB management to deal with sensitive and relevant business matters. In January 2019, they assisted the secure evacuation of employees in Nairobi following a terrorist incident near to the RB office there.

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT CONTINUED

Global Responsible Advocacy Policy

Advocacy means the interaction we have with NGOs, public authorities or associations in general, at global, regional, national or local level, regarding legislation, public policy or administrative decisions. A new Advocacy Policy was launched during the year to help employees and relevant contractors understand and comply with our approach to conducting any advocacy activity in a transparent, ethical and responsible way. Our advocacy activities typically include dialogue around: product quality and safety; self-care and the role of OTC (over-the-counter) medicines; health; hygiene; infant nutrition; sustainability; and changes to legislation. The Committee assists the Board in discharging its responsibilities regarding this policy, which can be found at www.rb.com/responsibility/policies-and-reports.

Safety, Quality and Regulatory Compliance (SQRC) programmes

The Committee has continued its oversight of the SQRC remediation and infrastructure programmes. The Product Lifecycle Management programme was successfully piloted in our Bangpakong factory and this has informed the development of a global template which was designed and built during 2019. It now goes into the final stages of testing before being fully deployed, with a planned completion date of 2023. We have continued to monitor quality, safety and sustainability leading and lagging indicators which have driven real-time improvement actions where needed and which are demonstrating improved performance in areas such as quality and employee health and safety audits. The Committee has also been briefed and provided guidance on issues as they have occurred during the year.

We recognise that we have the responsibility of maintaining the high quality our consumers expect, and our commitment to quality runs through everything we do. In November 2019, we celebrated World Quality Day aimed at instilling responsibility and pride for quality into all areas of the business and this was coupled with the launch of Quality Days at each of our manufacturing and commercial sites.

Performance review

During the year, the Committee reviewed its performance from the 2018 evaluation, which focused on the Committee's role and responsibilities, getting the right picture, quality of controls and manner of working together with management. Positive feedback had been received in all areas. The Committee and management undertook to focus on the following areas in 2019:

- ensuring reports provide the right level of detail and are presented in a way that makes it easy for the Committee to understand the important issues; and
- looking sufficiently at the root cause and accountabilities in the analysis of incidents.

The Committee reviewed its manner of Committee meeting preparation so that more concise, focused pre-reads were submitted to the Committee before meetings, and meetings themselves focused on interactive discussion.

An external Board evaluation was carried out by MWM Consulting Limited in 2019 and the Committee's performance review was undertaken in conjunction with that of the Board. Details are set out on page 94.

Focus for 2020

Looking ahead, we will continue our focus on consumer safety and creating a consumer experience that builds confidence and trust while continuing to strengthen our operational foundations.

We continue to review our sustainability objectives and chart progress against our targets. We are developing a new set of targets that reach beyond 2020, to 2025 and 2030 for our most material issues. We will share more details of this during the year. With the new strategy announced by our CEO on 27 February 2020 (see page 8 for details), we will be especially vigilant to ensure that there is no loss in momentum and focus on delivering the safety, quality and compliance agenda that management has committed to. We will monitor the progress of a number of Group-wide initiatives, as well as the establishment of proper governance and oversight.

Composition

The members of the Committee during the year were:

Composition	Tenure during the year
Pam Kirby (Chair)	Chair and member of the Committee for the whole year
Nicandro Durante	Member for the whole year
Chris Sinclair	Member for the whole year
Mehmood Khan	Member for the whole year

The Deputy Company Secretary was Secretary to the Committee until 18 November 2019, when the Senior Assistant Company Secretary assumed the role.

Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, knowledge and experience. The Board is satisfied that each member of the Committee is independent and that Committee members as a whole have competence relevant to the Company's sector and industries in which it operates. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with internal management covering CRSEC matters. All members of the Committee receive regular briefings from senior executives on matters covering governance, regulatory and legislative developments, and RB practices and policies.

Responsibilities

The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's corporate responsibility and sustainability, ethics and compliance strategies, policies, programmes and activities. Its role and responsibilities are set out in its terms of reference, which can be found at www.rb.com. In November 2019, the Board approved the Committee's proposed changes to its terms of reference, to take account of the UK Corporate Governance Code 2018 and recommended best practice. We review our terms of reference annually.

The Audit Committee has a monitoring function in respect of risk management and internal control systems, especially financial controls, but which also includes the assurance framework established by management to identify and monitor risks identified by the CRSEC Committee. The Committee liaises with the Audit Committee as appropriate.

The Committee is expected to meet at least three times per year. During 2019, the Committee held four scheduled meetings, and the attendance of members at the meetings is set out in the table on page 91. The CEO and the CFO, the Chief SQRC Officer, the Group Head of Audit, the SVP General Counsel/Company Secretary and the Chief Ethics & Compliance Officer regularly attend meetings. Other Board members are invited to attend all meetings. Other senior management attend when deemed appropriate by the Committee. Time is allocated at each meeting for private discussion with the Chief SQRC Officer, the Chief Ethics and Compliance Officer and the Chief Internal Auditor without other invitees being present, as well as a private meeting of the Committee members.

Committee meetings usually take place ahead of Board meetings and the Committee Chair provides to the Board an update of the key issues discussed at each meeting. Copies of Committee papers are provided to all Board Directors in advance of each meeting and minutes of each Committee meeting are provided to the Board.



See more
www.rb.com

Agenda items

The Committee has a number of standing agenda items which it considers in line with its terms of reference:

- Review of constitution, terms of reference and performance.
- Assessment, benchmarking and recommendations on policies, processes and procedures for corporate responsibility, sustainability and compliance and ethical conduct.
- Monitoring and review of processes for risk assessment for corporate responsibility, sustainability & compliance and ethical conduct.
- Agreeing targets and KPIs for corporate responsibility, sustainability and compliance and ethical conduct. Review of internal and external reports on progress towards set targets and KPIs.
- Reports from Management Committees in respect of corporate responsibility, sustainability, ethics or compliance and to investigate and take action in relation to issues raised or reported to it.

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT CONTINUED

Specific matters which were considered by the Committee at its meetings during the year are shown below:

Meeting	Topic
February 2019	<ul style="list-style-type: none"> • Review of the Committee's performance evaluation carried out in 2018 • SQRC Matters • Review of reports for Product Safety Evaluation, Product Integrity Reach and Product Lifecycle Management • Quality performance • Brexit impact • 2019 SQRC Priorities
May 2019	<ul style="list-style-type: none"> • SQRC Matters <ul style="list-style-type: none"> – Quality review of Nijmegen facility in The Netherlands – Corporate Risk Assessment – Review of Audit of Corporate Quality function – Review of PLM plan and PIR control process – Organisation review • Ethics & Compliance <ul style="list-style-type: none"> – Corporate Security review
July 2019	<ul style="list-style-type: none"> • SQRC Matters <ul style="list-style-type: none"> – Review PLM plan – SQRC Organisation – Report of the Compliance Management Committee – Health Regulatory Review – Employee Health & Safety Compliance Review • Ethics & Compliance <ul style="list-style-type: none"> – Speak Up Review – Monitoring of Compliance Passport Training
November 2019	<ul style="list-style-type: none"> • Governance <ul style="list-style-type: none"> – Review of the Committee's terms of reference and recommendation to the Board for approval – Change of Secretary • SQRC Matters <ul style="list-style-type: none"> – PLM and PIR review – SQRC Risk Register – Regulatory update – 2020 Audit Schedule Endorsement

DIRECTORS' REMUNERATION REPORT



Central to our remuneration philosophy are the principles of pay for performance and Shareholder and strategic alignment

Mary Harris

Chair of the Remuneration Committee

This Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The Report meets the requirements of the FCA Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules. In this Report we describe how the principles of good governance relating to Directors' remuneration, as set out in the UK Corporate Governance Code (July 2018) (the Code), are applied in practice. The Remuneration Committee confirms that throughout the financial year the Company has complied with these governance rules and best practice provisions.

Contents of Directors' Remuneration Report

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On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2019.

Firstly, I would like to thank Shareholders for their approval of our new Directors' Remuneration Policy at our AGM on 9 May 2019. The Committee were particularly pleased with the support for the new Policy with a vote in favour of 87%, an increase on the previous policy which attracted a vote of 76%. I would also like to thank Shareholders for their time taken in providing feedback as we consulted with them ahead of the 2019 AGM, which gave valuable input to the Committee as we finalised the proposals which received Shareholder approval. In addition, our Annual Report on Remuneration was approved at the AGM with a vote in favour of 86%.

The substantial vote in favour of our Remuneration Policy reflects the changes we made to further strengthen the link between remuneration and RB's strategic priorities and Shareholders' interests, which we outline in this Report.

Context for executive remuneration at RB

RB strives for leading global performance. Our management team is multinational, and we compete for talent against a peer group of global companies. Central to our remuneration philosophy are the principles of pay for performance and Shareholder and strategic alignment. Combined with RB's compass and business model, they define how decisions are made, how people act and how we assess and reward them.

As you will have seen, Laxman Narasimhan recently announced the findings of his strategic review of the Company. RB will focus on three global business units of Hygiene, Health and Nutrition, as we fulfil our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

The new strategy of the Company is intended to rejuvenate sustainable growth and deliver Shareholder value. The Group's key strategic priorities in the mid-term are restoring organic growth on the top line, focusing on achieving sustainable increased earnings growth and maintaining disciplined capital allocation.

Remuneration Policy

Our Remuneration Policy strives to ensure that the management team is rewarded appropriately for delivering against RB's strategic priorities, reflects the global nature of our business and delivers significant benefits for Shareholders.

Substantial changes were made to the Remuneration Policy last year and approved by Shareholders at the 2019 AGM and it is intended that this Policy will operate unchanged in 2020 as the Committee is of the view that it remains fit for purpose. As a reminder, some of the key changes made to the Policy and to the implementation of the Policy for 2019 were as follows:

- Reinforcing Shareholder alignment – the introduction of a two-year holding period for LTIP awards from 2019 onwards and the introduction of bonus deferral with one-third of any bonus paid being deferred into awards over RB shares for three years.
- Reduction in pension levels for new hires to the Board – both the CEO and CFO recruited to the Board in 2019 have been appointed with a pension contribution of 10% of salary, in line with our wider workforce in the UK.
- Malus and clawback – expanded to include corporate failure.
- Shareholding requirements – shareholding requirements for the recent new hires to the Board are 200,000 shares for the CEO and 100,000 for the CFO, remaining the most demanding in the UK market. There has also been the introduction of a formal post-employment shareholding requirement, at 50% of the shareholding requirement (or actual shareholding on leaving if lower) for two years after departure.
- LTIP performance measures – the introduction of two new LTIP performance measures for 2019 awards – like-for-like Net Revenue growth and return on capital employed (ROCE) – to be used alongside earnings per share (EPS).

In addition, the Committee made further reductions to the CEO LTIP award. The 2019 award made to Laxman Narasimhan as incoming CEO was 150,000 share options and 75,000 shares, a substantial reduction from awards made under the previous Policy of 400,000 share options and 240,000 shares. The Committee has also implemented an adjustment mechanism to annually review the numbers of shares and options granted.

To reinforce our remuneration philosophy, the majority of the Executive Directors' remuneration packages are made up of variable at-risk pay, linked to stretching financial targets that align with our strategy and Shareholder value creation, and are largely delivered in RB shares. In addition, we have market-leading shareholding requirements for executives. This approach is cascaded throughout our senior management.

The Committee is aware of the sensitivity around executive pay and in taking decisions throughout the year we have taken into account Shareholders' views and guidelines and the new UK Corporate Governance Code, whilst ensuring that the Policy incentivises delivery of the Company's strategic priorities and creation of Shareholder value. The Committee will also review the Remuneration Policy during 2020 and may propose further changes for Shareholder approval in 2021 depending on the outcome of this review; if this is the case the Committee will consult with Shareholders later in the year.

Further information regarding the composition, role and work of the Committee during 2019 can be found on page 123.

2020 LTIP performance conditions and targets

Within the Policy the Committee is in the process of reviewing the weightings of the performance conditions and the performance targets themselves that apply to LTIP awards in respect of the 2020-22 performance period.

This is to ensure that the weighting of the LTIP conditions and targets better reflect the Company's new strategic priorities following the CEO's recently announced findings of his strategic review, which consists of three phases to rejuvenate sustainable growth to drive mid-term outperformance.

Due to the timing of publication, the weightings and targets are not finalised in time to set out in this report. We are currently consulting with Shareholders on the performance conditions before making the awards, and will disclose them externally when we make the awards and in next year's Annual Report.

Board changes

During 2019 RB announced two changes to the Executive Directors.

Laxman Narasimhan was appointed as Chief Executive Officer to succeed Rakesh Kapoor, joining the Company as CEO-designate and the Board as an Executive Director effective 16 July 2019, and becoming Group CEO with effect from 1 September 2019. Rakesh Kapoor remained with the company until his retirement date of 31 December 2019 to ensure a seamless transition.

Jeff Carr has been appointed as Chief Financial Officer and Executive Director to succeed Adrian Hennah, who will be retiring. It is intended that Jeff will join the Company and the Board on 9 April 2020. Adrian will be stepping down as Chief Financial Officer and Executive Director when Jeff starts, remaining with the Company until his retirement date of 21 October 2020 to ensure a seamless transition.

The remuneration arrangements for both the outgoing Executive Directors and the incoming Executive Directors are in line with the Remuneration Policy approved by Shareholders and published on announcement. In particular for Laxman and for Jeff the salaries and incentive opportunities are either in line with or lower than those paid to their predecessors, and there has been a reduction in pension contribution to 10% of salary, which is aligned with our wider workforce in the UK. The other enhancements made to the Remuneration Policy in 2019 also apply. Further detail on the packages are set out in the Annual Report on Remuneration.

2020 remuneration

There is no change in base salaries for the CEO and the CFO for 2020. Laxman’s salary is £950,000, unchanged since his appointment, and Adrian’s salary remains at £680,000. When Jeff joins RB his salary will also be £680,000, reflecting his extensive experience across consumer and retail companies.

There are also no changes to the bonus opportunity for the CEO and CFO, remaining at 120% and 100% of salary at target respectively.

The 2020 LTIP award for Laxman will be in line with the 2019 LTIP award, consisting of 150,000 share options and 75,000 shares.

The Committee is mindful of current investor sentiment around LTIP award levels where the share price has fallen year-on-year. As the LTIP award is made as a fixed number of shares and options as opposed to as a fixed percentage of salary, individuals at RB are not awarded a greater number of shares or options when the share price is lower year-on-year. As previously disclosed, Jeff’s initial LTIP award for the 2020-22 performance period will be 80,000 share options and 40,000 shares and Adrian will not be granted an LTIP award in 2020.

Annual bonus in respect of 2019 performance

RB operates an annual bonus plan that is strongly aligned to performance, measured against stretching targets set by the Committee at the start of the year for Net Revenue growth and profit before tax.

2019 was a difficult year for the Company. The like-for-like Net Revenue growth was 0.8%, made up of -1.0% in Health and +3.6% in Hygiene Home. The growth in adjusted profit before income tax was 2.0%. As set out in more detail on page 126 these results reflect performance towards the bottom end of the performance ranges set for the 2019 annual bonus.

As a result, the formulaic outcome of the 2019 annual bonus for the Executive Directors is 12% of maximum which is in line with all other employees on the same Group-wide measures. This is a substantial reduction in comparison to last year. In line with the Remuneration Policy, for Laxman and Adrian, one-third of the annual bonus will be deferred into an award over RB shares for three years and two-thirds will be paid in cash.

In addition to the annual bonus plan, Laxman will receive a buyout in respect of the annual bonus that was forfeited on leaving PepsiCo of £670,652. While this payment is included in the 2019 single figure, it relates to legacy arrangements implemented by his previous employer. As with the RB annual bonus, one-third of the payment will be deferred into an award over RB shares for three years and two-thirds will be paid in cash.

Vesting of the 2017-19 LTIP

The 2017-19 LTIP award was subject to EPS growth over the three-year performance period. The EPS growth targets were set at 6% per annum for threshold vesting with 10% per annum required for maximum vesting. Earnings per share growth for LTIP purposes, over the three-year period from 2017 to 2019, was 3.8% per annum, on an adjusted diluted basis. This results in zero vesting when measured against the vesting schedule approved by Shareholders.

As previously disclosed, Laxman received a buyout in respect of long-term incentive awards he forfeited on leaving PepsiCo. To replace his forfeited awards on a like-for-like basis in terms of form of award, time horizons and actual pay-out levels, he was awarded RB shares and a cash award which vest based on PepsiCo performance to 2019. The cash award has vested at 102% of target and the share award vested at 75.6% of target. Whilst these awards are included in the 2019 single figure, they relate to legacy arrangements implemented by his previous employer.

Overall assessment of performance

As we do every year, the Remuneration Committee has also reviewed the overall performance of the Company and of the Executive Directors to ensure alignment of pay with performance.

This broad performance assessment included consideration of the quality of earnings, the shareholder experience and the performance of Mead Johnson Nutrition (MJN) measured against the expectations of the Board at the time of the acquisition. In light of this review of the 2019 performance the Committee determined it appropriate to adjust the annual bonus outcome for Rakesh Kapoor in order to ensure it better reflected this overall performance of the Company, during 2019. As a result Rakesh will not receive a 2019 annual bonus.

The bonus for Adrian and Laxman is in line with the formulaic outcome of 12% of maximum.

The Remuneration Committee noted that the formulaic outcome for the vesting of the LTIP for the period 2017-19 was zero. It was not felt appropriate to adjust this outcome and as such there is zero LTIP vesting for the Executive Directors.

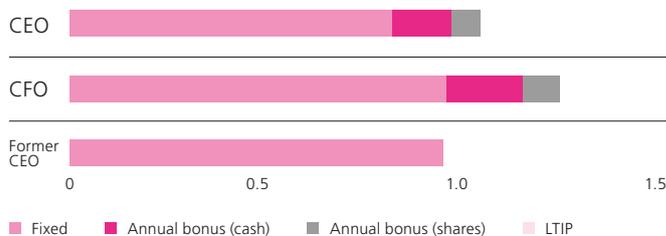
In addition, the Remuneration Committee reviewed the impairment of goodwill in respect of the MJN acquisition. As this reduces the capital employed it has the potential to increase the calculation of ROCE. However, the Committee will ensure that the impairment does not lead to an increase in vesting in respect of the proportion of the LTIP related to ROCE in future years.

The final part of the annual assessment is for the Committee to consider the potential use of malus and clawback. As set out in our Remuneration Policy, these are aligned with the terms seen in the UK market and apply in cases of gross misconduct, a material misstatement or an error in the calculation, and, in the case of most recent awards, corporate failure. The Remuneration Committee has carefully considered all of the relevant factors and is satisfied that none of the above terms has been triggered and therefore no malus and clawback have been applied at this time.

2019 single figure

The impact of this bonus payment and LTIP vesting is a total single figure of £1.0 million for Laxman (£4.6 million including the buyout of legacy arrangements from his previous employer) and £1.2 million for Adrian. This figure for Laxman reflects the period since he joined RB, and includes one-off relocation benefits provided. For the period until he stepped down from the Board the single figure for Rakesh was £0.9 million, comprising salary, benefits and pension. The chart below illustrates the breakdown of the single figure (excluding buyout).

Single figure illustration (£m)



Chair and NED fee increases

During 2019 the Chairman and Non-Executive Director fees have been reviewed taking into account the additional time commitment required to meet the scope and responsibilities of the roles, which have increased over recent years.

The fee for the Chairman was set in 2017, in advance of his appointment at the 2018 AGM, at £500,000 with 25% of the fee paid in shares. This fee level was set at the bottom end of FTSE 30 market practice. Taking into account the significant additional time commitments required for the role beyond those anticipated at the time of appointment and performance in the role to date, the fee was increased to £550,000 with effect from 2020, with 25% of the fee being paid in shares. This is still below the median for the Chair of FTSE 30 companies.

The Non-Executive Directors receive a base fee together with additional fees paid based on Committee membership. The base fees were last reviewed in 2018 and the additional fees have not been increased since 2013. Since that time the levels of responsibility and time commitments of the role of NEDs has increased, given the changes to the Corporate Governance Code and expectations of Shareholders, as well as the broader business scope of the Company. In particular, the workload of the Board Committees has increased markedly since 2013 as the responsibilities and expectations of those Committees have increased.

Following this review, no change is being made to the amount of the base fee paid to NEDs. However, there is a change to the fees paid in respect of additional responsibilities, increasing by £5,000 for Committee Chairs and Committee members and by £10,000 for the SID, with effect from 1 January 2020. With effect from 26 July 2019, a new role of the designated NED for engagement with the Company's workforce was created. Given the additional responsibilities and time commitments that come with this, an additional fee of £20,000 is paid for the role with effect from 1 January 2020.

The base fee for the NEDs continues to have a proportion required to be invested in RB shares; however, this is increasing by £5,000 to £21,750, with the cash element of the base fee reducing by the same amount, such that around 24% of the base fee is now required to be invested in RB shares.

Context for remuneration in the wider workforce

During the year, the Committee reviewed the revised UK Corporate Governance Code (the Code) which requires the Committee to review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration.

The Remuneration Committee has had the opportunity to understand the remuneration of the wider workforce and has been provided with an overview of workforce remuneration and related policies, as well as the alignment of incentives and rewards with culture. Information provided to the Remuneration Committee includes salary structures, bonus design and targets, the long-term incentive plan, share ownership, RB's International Transfer Policy and RB's all-employee Share Plans.

The Committee is pleased to note from this review that the Company's remuneration policies are aligned with those of the Executive Directors, with a cascade throughout the organisation.

The Remuneration Committee was very supportive and pleased with the changes made during the year including formal accreditation by the Living Wage Foundation, enhancement of RB's global maternity policy to 26 weeks' paid leave and an increase in paid paternity leave to four weeks. In addition, the Remuneration Committee was delighted that RB's all employee share plan won Best International Share Plan at the ProShare Awards, recognition of the design and communications of the Plan resulting in our high take-up rate of more than 55% of our global employees participating.

Further details on wider workforce remuneration, including enhanced disclosure, are set out on page 130.

Finally, since 26 July 2019, I have been the designated NED for engagement with the Company's workforce and have been able to feed back the views of the workforce to the Remuneration Committee as well as the wider Board.

Conclusion

Our Remuneration Policy reflects Shareholders' views and guidelines and the UK Corporate Governance Code. It continues to drive the appropriate behaviours and performance to support the Company's business strategy and delivery of shareholder value. I trust that I can count on your support at the upcoming AGM.

I would also like to acknowledge and thank my fellow Committee members for their diligence and service during the year.

Mary Harris

Chair of the Remuneration Committee
26 March 2020

REMUNERATION AT A GLANCE

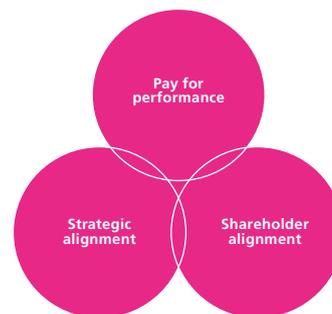
RB's compass



RB's strategic priorities

- Rejuvenate RB to deliver shareholder value
- Restore organic top-line growth
- Achieve sustainable increased medium term earnings growth
- Maintain disciplined capital allocation

RB's remuneration philosophy



Combining RB's compass, strategy and remuneration philosophy drives RB's remuneration principles

1 High proportion of long-term variable pay

- Drive outperformance and shareholder value
- Stretching performance targets

2 Attract and retain the best global talent

- Engage highly performance-driven individuals
- Reflect global competitive practice across our industry peer group

3 Market Leading Share Ownership Policy

- Align the interests of management and Shareholders
- A culture of ownership

4 Ensure alignment with strategy across the business

- Alignment of performance metrics with strategic priorities
- Alignment across the business of metrics and ownership

Element	Key features of Policy	How we implemented for 2020	Link to strategy	2020	2021	2022	2023	2024	2025
Salary, benefits and pension	<ul style="list-style-type: none"> • Salaries and benefits set competitively against peers • Salary increases and pension contribution set in context of wider workforce 	<ul style="list-style-type: none"> • No salary increases for 2020 • Pension contribution set at 10% of salary 	<ul style="list-style-type: none"> • To enable the total package to support recruitment and retention 						
Annual bonus (APP)	<ul style="list-style-type: none"> • Target bonus of 120% for CEO and 100% for CFO • One-third deferred into awards over RB shares for three years. • Malus and clawback provisions apply 	<ul style="list-style-type: none"> • Targets set for Net Revenue growth and adjusted profit before income tax growth. • Threshold performance results in zero payout, with maximum of 3.57x target 	<ul style="list-style-type: none"> • To drive strong performance with significant reward for overachievement of annual targets linked to RB's strategic priorities • Use of deferral for longer-term Shareholder alignment 		Cash APP paid			Deferred APP vests	
LTIP	Performance shares	<ul style="list-style-type: none"> • Three-year performance period and two-year holding period • Malus and clawback provisions apply until two years after vesting • Options have seven years to exercise post-vesting 	<ul style="list-style-type: none"> • To incentivise and reward long-term performance and align the interests of Executive Directors with those of Shareholders • Two-year holding period for longer-term Shareholder alignment 	Award granted			Award vests		Holding period ends
	Performance options			Award granted			Award vests		Holding period ends
Shareholding requirements	<ul style="list-style-type: none"> • CEO: 200,000 shares • CFO: 100,000 shares 	<ul style="list-style-type: none"> • Period of eight years from appointment to achieve • Two-year shareholding requirement post-departure 	<ul style="list-style-type: none"> • Promotes long-term alignment with Shareholders • Promotes focus on management of corporate risks 						

DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION AT A GLANCE: PAY OUTCOMES FOR THE YEAR

2019 Fixed Remuneration

Base salary

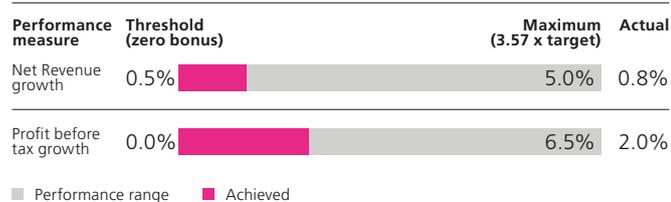
CEO	CFO	Former CEO
£437,138	£680,000	£653,489

Pension

CEO	CFO (retiring 2020)	Former CEO
10% of salary	25% of pensionable salary	30% of pensionable salary

Annual performance plan

The performance outcomes for the annual bonus were below target and have resulted in a payout of 12% of maximum, of which a third is deferred, by way of an award over RB shares.

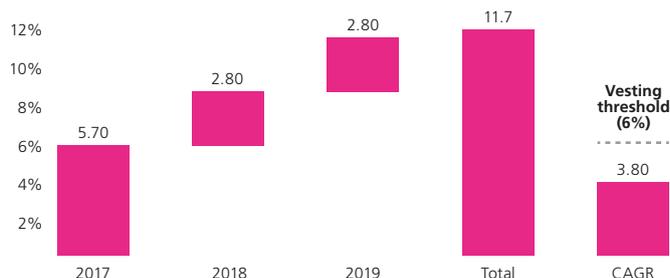


	Base salary	Target	Multiplier	Delivery	
				Cash	Shares
CEO	£437,138	120%	0.42	2/3	1/3
CFO	£680,000	100%	0.42	2/3	1/3
Former CEO	£653,489	120%	0		

Long-term incentive plan

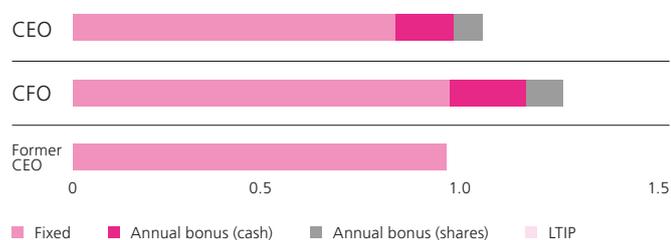
Earnings per share growth, as measured for LTIP purposes, over the three-year period was 3.8% per annum. As this is below the threshold required of 6% per annum the LTIP will not vest for the period 2017-19.

EPS performance



The single figure for 2019 is therefore comprised of the elements in the graph below.

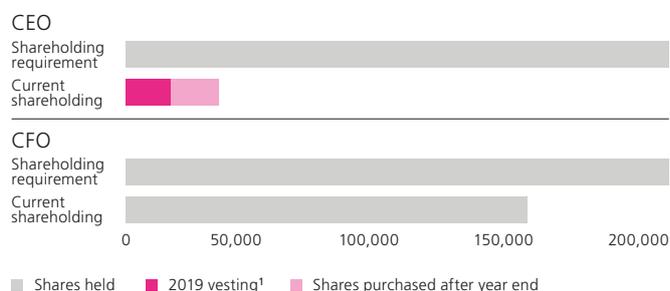
Single figure illustration (£m)



In addition Laxman Narasimhan also received a buyout in respect of legacy arrangements from his previous employer, as detailed on page 127.

Shareholding of Executive Directors vs requirement

RB operates a market leading shareholding requirement with an eight year timeframe to achieve. The chart below illustrates the progress towards this of the executive directors.



1 2019 LTIP includes the estimated after tax value of buyout award.

REMUNERATION COMMITTEE GOVERNANCE

Who's on the Committee	<p>The Remuneration Committee is made up entirely of Non-Executive Directors who are appointed by the Board on the recommendation of the Nomination Committee. Membership of the Remuneration Committee during the year was as follows:</p> <table border="0"> <tr> <td>Mary Harris (Chair)</td> <td>Chris Sinclair</td> </tr> <tr> <td>Nicandro Durante</td> <td>Elane Stock</td> </tr> </table>	Mary Harris (Chair)	Chris Sinclair	Nicandro Durante	Elane Stock																				
Mary Harris (Chair)	Chris Sinclair																								
Nicandro Durante	Elane Stock																								
Our role	<p>The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance.</p> <p>On behalf of, and subject to approval by, the Board of Directors, the Committee primarily:</p> <ul style="list-style-type: none"> • sets and regularly reviews the Company's overall remuneration strategy; • determines the general Remuneration Policy for senior executives; and • in respect of the Chairman, the Executive Directors and members of the Executive Committee, sets, reviews and approves: <ul style="list-style-type: none"> – remuneration policies, including annual bonuses and long-term incentives; – individual remuneration and compensation arrangements; – individual benefits including pension and superannuation arrangements; – terms and conditions of employment including the Executive Directors' service agreements; – participation in any of the Company's bonuses and LTIPs; and – the targets for any of the Company's performance-related bonuses and LTIPs. • reviews wider workforce remuneration and related policies and the alignment of incentives and reward with culture. <p>The Executive Directors and the Company Chairman are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors.</p>																								
Meetings	<p>During the year the Committee held five scheduled meetings and six additional meetings. The attendance of members at meetings is set out in the table on page 91.</p> <p>The Chief Human Resources Officer was Secretary to the Committee throughout the year. Meetings were also attended by the CEO, CFO, SVP General Counsel and Company Secretary and the Group Head of Reward by invitation. Deloitte acted as advisor to the Committee throughout the year.</p> <p>Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.</p>																								
Peer group	<p>The Remuneration Committee has determined a peer group of international companies, which is referred to within the report. This peer group is used for benchmarking remuneration packages and as a reference point in ensuring that performance targets are appropriately stretching and when reviewing the Company's relative performance. This peer group is the same group used to benchmark remuneration of senior managers across the Company. The companies included are:</p> <table border="0"> <tr> <td>Abbott Laboratories</td> <td>Coca-Cola¹</td> <td>Johnson & Johnson</td> <td>Novartis</td> </tr> <tr> <td>Bayer</td> <td>Colgate</td> <td>Kellogg¹</td> <td>PepsiCo¹</td> </tr> <tr> <td>Campbell Soup¹</td> <td>Danone</td> <td>Kimberly-Clark¹</td> <td>Pfizer</td> </tr> <tr> <td>Church and Dwight</td> <td>GSK</td> <td>Kraft Heinz</td> <td>Procter & Gamble</td> </tr> <tr> <td>Clorox</td> <td>Henkel</td> <td>Nestlé</td> <td>Sanofi</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Unilever</td> </tr> </table> <p>¹ Companies used for remuneration benchmarking only and not for performance comparison.</p>	Abbott Laboratories	Coca-Cola ¹	Johnson & Johnson	Novartis	Bayer	Colgate	Kellogg ¹	PepsiCo ¹	Campbell Soup ¹	Danone	Kimberly-Clark ¹	Pfizer	Church and Dwight	GSK	Kraft Heinz	Procter & Gamble	Clorox	Henkel	Nestlé	Sanofi				Unilever
Abbott Laboratories	Coca-Cola ¹	Johnson & Johnson	Novartis																						
Bayer	Colgate	Kellogg ¹	PepsiCo ¹																						
Campbell Soup ¹	Danone	Kimberly-Clark ¹	Pfizer																						
Church and Dwight	GSK	Kraft Heinz	Procter & Gamble																						
Clorox	Henkel	Nestlé	Sanofi																						
			Unilever																						

DIRECTORS' REMUNERATION REPORT CONTINUED

The table below summarises the key activities at the Committee's meetings in 2019:

Meeting	Topic
January 2019	<ul style="list-style-type: none"> Determined exit arrangements for Rakesh Kapoor
February 2019	<ul style="list-style-type: none"> Reviewed performance to 2018 in respect of bonus outcomes and LTIP vesting Reviewed draft Remuneration Policy and Shareholder consultation Approved 2019-21 LTIP measures, definitions and targets
March 2019	<ul style="list-style-type: none"> Considered Shareholder feedback Final approval of 2018 bonus and 2016-18 LTIP vesting Final approval of new Executive Directors' Remuneration Policy Approved revised LTIP and Deferred Bonus Plan rules, in line with Policy
May 2019	<ul style="list-style-type: none"> Reviewed 2019 AGM voting Approved LTIP awards and associated plan documents
June 2019	<ul style="list-style-type: none"> Determined remuneration package for Laxman Narasimhan
July 2019	<ul style="list-style-type: none"> Reviewed wider workforce remuneration and demographics Reviewed corporate governance, shareholder guidelines and market practice
September 2019	<ul style="list-style-type: none"> Reviewed wider workforce remuneration and demographics Approved all-employee share plan
October 2019	<ul style="list-style-type: none"> Determined exit arrangements for Adrian Hennah Determined remuneration package for Jeff Carr
November 2019	<ul style="list-style-type: none"> Determined 2020 remuneration packages for Executive Directors and Executive Committee members Determined Chairman fees Reviewed updates to corporate governance and Shareholder guidelines Agreed Shareholder consultation Reviewed shareholding for senior employees with share ownership requirements Reviewed Remuneration Committee terms of reference
December 2019	<ul style="list-style-type: none"> Approved 2020 bonus targets

RB's Remuneration Policy

RB's Remuneration Policy reflects the philosophy of pay for performance, Shareholder alignment and strategic alignment over the short, medium and long term. The full Policy was approved by Shareholders at the AGM on 9 May 2019, and can be found in the 2018 Directors' Remuneration Report, including notes, on pages 98 to 106. It is also available on our website in the Corporate Governance section.

When determining the Policy, provision 40 of the Corporate Governance Code was taken into account as follows:

- Clarity** – arrangements are transparent, reflect Shareholder alignment and RB's strategic priorities, thereby effectively engaging with the wider workforce and Shareholders.
 The Committee consulted with Shareholders as part of the design phase of the policy.
- Simplicity** – the Policy is simple and clear, comprised of fixed pay, such as pay and benefits, pension schemes that are offered to most of the workforce, plus variable pay which incorporates the annual bonus, LTIP (share options and performance share awards), and a clear Share Ownership Policy for senior members of the business. Variable pay is set against financial targets to incentivise short- and long-term financial performance and alignment with Shareholders.
- Risk** – the malus and clawback provisions which apply to annual bonus and LTIP awards encourage the right behaviours which lead to long-term shareholder alignment and sustained value creation. The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards.

- Predictability** – the total of fixed pay, variable pay (target and maximum) illustrated in the scenarios of total remuneration in our Policy provide an estimate of the potential future remuneration of the Executive Directors, including the total remuneration if a 50% share price growth is achieved.
- Proportionality** – there is a clear link between pay for performance and link to business strategy, with stretching financial targets applied to annual bonus payouts and LTIP vesting.
- Alignment to culture** – financial targets apply to the Annual Bonus and LTIP awards across the wider workforce to drive business performance. These targets are reviewed on an annual basis. Malus and clawback provisions apply to annual bonus and LTIP, and together with deferred annual bonus, holding periods and share ownership for the Executive Directors (and any other relevant senior employees), drive the right behaviours expected within RB. The remuneration arrangements of the wider workforce reinforce employee engagement.

In light of the recent strategic review, the Committee will review the Remuneration Policy during 2020 and may propose further changes for Shareholder approval in 2021, depending on the outcome of this review. If this is the case the Committee will consult with Shareholders later in the year.

Annual Report on Remuneration

The rest of this report sets out how we have implemented the Remuneration Policy approved by Shareholders in 2019, as well as how we intend to implement it in 2020.

Remuneration arrangements for the new Chief Executive Officer and Chief Financial Officer

In establishing the remuneration arrangements for the incoming CEO and CFO, all arrangements are in line with the Remuneration Policy.

CEO

Laxman Narasimhan joined the Company as CEO-designate and the Board as an Executive Director effective 16 July 2019, and became Group CEO with effect from 1 September 2019. The remuneration was fully disclosed upon announcement of his appointment on 12 June 2019 and the buyout awards fully disclosed after they were made on 6 August 2019.

His base salary was set on appointment as £950,000 and has remained unchanged for 2020. He has a target APP of 120% of salary, and a maximum opportunity of 3.57x, with one-third of any APP payment deferred for three years. Laxman's pension contribution is 10% of salary, in line with the wider workforce in the UK.

Laxman's shareholding requirement is 200,000 shares, with a post-employment shareholding requirement of 100,000 shares, or his actual shareholding at the date of departure if lower, for two years after departure.

On 5 August 2019, Laxman received a grant under the RB LTIP of 75,000 performance share awards and 150,000 share options. This award vests based on performance conditions over the three-year performance period 2019-21 and is subject to a further two-year holding period, following the end of the performance period. He will receive an LTIP award in 2020 for the performance period 2020-22, which will also be 75,000 performance share awards and 150,000 share options.

In addition, on 5 August 2019, Laxman received further share awards as Replacement Awards in respect of incentives which he forfeited on resigning from PepsiCo, his previous employer. These were made on a like for like basis in terms of the form of award, time horizons, and performance conditions. These were all disclosed at the time of the award and are detailed below.

He was granted Replacement Awards with a target amount of 89,300 shares:

- Of this, 40,890 performance shares were awarded in relation to the long-term incentive award over PepsiCo shares granted to Laxman in March 2017, and vesting based on PepsiCo's performance over the three-year period ended in December 2019. 40,890 shares may vest in March 2020 based on target performance, with full vesting of 71,557 shares if conditions are met in full.
- 48,410 performance shares were awarded in relation to the long-term incentive award over PepsiCo shares granted to Laxman in March 2018, and vesting based on PepsiCo's performance over the three-year period ending in December 2020. 48,410 shares may vest in March 2021 based on target performance, with full vesting of 84,717 shares if conditions are met in full.

These two Replacement Awards will accrue RB dividend equivalents from the time of grant to the time of vesting. There will be no retesting of any of the above awards. No consideration was paid for

the grant of these awards. The Replacement Awards will be satisfied by shares purchased in the market.

On the same day, Laxman also received Replacement Awards in the form of cash awards:

- A target cash amount of £1,043,959 was awarded in relation to the long-term cash award granted to Laxman in March 2017, and vesting based on PepsiCo's performance over the three-year period ended in December 2019 and payable in March 2020.
- A target cash amount of £1,252,751 was awarded in relation to the long-term cash award granted to Laxman in March 2018, and vesting based on PepsiCo's performance over the three-year period ending in December 2020 and payable in March 2021.
- The maximum extent to which the performance conditions can be satisfied is 200%, such that the maximum cash amount that Laxman may receive will be £2,087,918 in March 2020 and £2,505,502 in March 2021.

The vesting of these awards will be disclosed in the Annual Report on Remuneration for the relevant year, with those vesting in March 2020, included in this year's report and single figure table.

In addition to the above, RB will make a payment in respect of the PepsiCo annual bonus for 2019 which Laxman forfeited when he resigned. This payment was calculated based on his target bonus for the period in which he was employed with the PepsiCo performance outcome applied to this, based on disclosure of other named officers in their proxy statement. Two-thirds will be paid in cash and one-third deferred by way of an award over RB shares deferred for three years. This payment is included in the single figure table.

Finally, as Laxman was previously employed in the US, relocation benefits have been provided to cover the costs of his move to the UK, including flights, immigration, temporary accommodation, shipping of household goods, etc. These were all provided in line with RB's International Transfer Policy, which we apply to all of our transferees, and the Company also pays any tax due on the benefit on the employee's behalf. The costs of these benefits provided in 2019 are included in the single figure table in this report. As Laxman's family will permanently relocate in 2020, at the end of the school year, there will also be some costs paid in 2020 which will be disclosed in next year's report.

CFO

Jeff Carr has been appointed as Chief Financial Officer and Executive Director to succeed Adrian Hennah, who will be retiring. Jeff will join the Company and the Board on 9 April 2020.

His base salary was set the same as his predecessor, at £680,000 reflecting his extensive experience across consumer and retail companies. He has a target APP of 100% of salary, and a maximum opportunity of 3.57x, with one-third of any APP payment deferred for three years. Jeff's pension contribution will be 10% of salary, in line with the wider workforce in the UK.

Jeff's shareholding requirement is 100,000 shares, with a post-employment shareholding requirement of 50,000 shares, or his actual shareholding at the departure date if lower, for two years after departure.

He will receive an LTIP award in 2020 for the performance period 2020-22, which will be 40,000 performance share awards and 80,000 share options. This award will vest based on performance conditions over the three-year performance period and will be subject to a further two-year holding period, following the end of the performance period.

DIRECTORS' REMUNERATION REPORT CONTINUED

As Jeff is moving from the Netherlands to the UK, he is eligible for relocation benefits.

There was no buyout of bonus or LTIP associated with Jeff's appointment.

2019 performance and remuneration outcomes

Base salary

Base salaries are reviewed taking into account the salary increases for the wider workforce and individual performance.

For additional context, the Remuneration Committee also reviews market practice for similar roles in the Company's remuneration peer group, comprising 21 international companies and listed on page 123.

The Committee approved base salary increases of 3% for both the CEO and the CFO with effect from 1 January 2019, to £973,565 and £680,000 respectively. During 2019, the Remuneration Committee reviewed salaries and determined that there would be no salary increases for 2020.

The table below sets out base salaries with effect from 1 January 2020:

	Base salary 2019	Base salary from 1 January 2020	Percentage increase
Executive Director			
Laxman Narasimhan	£950,000	£950,000	0%
Adrian Hennah	£680,000	£680,000	0%
Jeff Carr (from 9 April)	n/a	£680,000	n/a
Rakesh Kapoor	£973,565	n/a	n/a

The average salary increase for our UK employees was c. 3%, effective 1 January 2020.

Annual bonus in respect of 2019 performance

Prior to the start of the year, the Remuneration Committee set stretching performance targets for the Executive Directors in 2019. As set out in last year's report, these were based on Net Revenue growth and adjusted profit before tax growth, both measured in GBP at a constant exchange rate.

In line with the Remuneration Policy, the CEO and the CFO had target bonus opportunities of 120% of salary and 100% of salary respectively. Actual payments can range from zero to 3.57x target depending on performance against the stretching performance ranges as follows:

- For each performance measure a range is set.
- A performance multiplier is calculated for each measure, calculated by the extent to which the performance for that measure is achieved. These multipliers can be up to 1.89 for outperformance of the stretching range set by the Committee.
- The two individual multipliers are then multiplied together to provide the total performance multiplier.



- The performance multiplier can range from zero for performance at threshold or below, to 3.57 for truly exceptional performance on both metrics (i.e. 1.89 x 1.89).
- This total performance multiplier is then applied to the target bonus opportunity to calculate the overall bonus outcome.

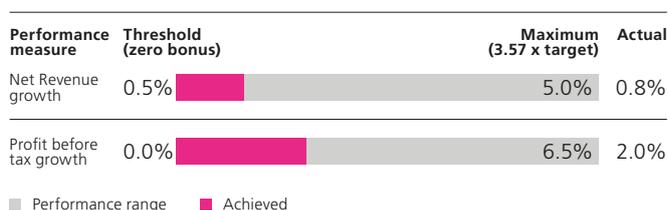


- The effect of the multiplicative approach means that a high-performance multiplier can only be achieved for outperformance on both top-line and bottom-line growth.
- Similarly, underperformance in one of the performance metrics will reduce the overall bonus payout including to zero, despite outperformance of the other.
- For example, if we grow Net Revenue above the stretching requirement for maximum performance but fail to convert it into profit growth, the bonus payout will be zero (i.e. 1.89 x 0).
- With effect from 2019, one-third of any APP is deferred into RB shares, to strengthen alignment with Shareholders.

2019 bonus outcomes

2019 was a difficult year for the Company. The like-for-like Net Revenue growth was 0.8%, made up of -1.0% in Health and +3.6% in Hygiene Home. The growth in adjusted profit before income tax was 2.0%.

The chart below illustrates this performance compared to the stretching targets set.



As illustrated above, the 2019 growth in Net Revenue (NR) and profit before tax (PBT) growth were towards the bottom end of the ranges set. The NR and PBT results combined give an overall multiplier of 0.42x target – this is 12% of maximum.

The Remuneration Committee has also carried out a broader review of the overall performance of the Company during 2019, as referred to on page 119. In light of this the Committee determined it appropriate to adjust the annual bonus outcome for Rakesh Kapoor in order to ensure it better reflected this overall performance of the Company, during 2019. As a result Rakesh will not receive a 2019 annual bonus.

The bonus for Adrian Hennah and Laxman Narasimhan is in line with the formulaic outcome of 12% of maximum.

Under the Remuneration Policy, one-third of the annual bonus will be delivered by way of an award over RB shares and deferred for a three-year period. The bonuses are as follows:

	Base salary	Target bonus	Performance multiplier	Total bonus	Deferred into Cash	Deferred into shares
Laxman Narasimhan	£437,138	× 120%	× 0.42	= £220,318	= £146,879	£73,439
Adrian Hennah	£680,000	× 100%	× 0.42	= £285,600	= £190,400	£95,200
Rakesh Kapoor ¹	£653,489	× 120%	× 0	= £0		

¹ For the period as Board Director from 1 January 2019 to 2 September 2019.

Vesting of bonus replacement award

The table below details the replacement bonus which will be paid to Laxman Narasimhan in respect of forfeiting his PepsiCo bonus when he joined RB. The table below shows the cash payment, and the amount that will be deferred by way of an award over RB shares.

This bonus relates to legacy arrangements implemented by his previous employer and was calculated based on the bonus he forfeited upon leaving PepsiCo, based on its 2019 performance and pro-rated for time worked in PepsiCo.

	Total value	Cash	Deferred into shares
Laxman Narasimhan	£670,652	£447,101	£223,551

Vesting of the 2017 LTIP – performance versus targets

The RB LTIP is designed to align participants with Shareholders through making awards with stretching performance conditions denominated in both share options and performance share awards.

Vesting of awards under the 2017 LTIP, granted in December 2016, was dependent on adjusted diluted EPS growth over the three-year period 2017-19. Threshold vesting of 20% required EPS growth of 6% per annum, with full vesting requiring EPS growth of 10% per annum, i.e. equivalent to 33% growth over the period.

Earnings per share growth for 2019 measured on an adjusted diluted basis grew by 2.8%. As disclosed in previous years, the 2017 and 2018 EPS growth for LTIP purposes was calculated to exclude any one off benefit from MJN and related transactions. The EPS growth for LTIP purposes for the period 2017-2109 was 11.7%, equivalent to compound average annual growth of 3.8% per annum. This EPS growth performance results in vesting of 0% being achieved when measured against the vesting schedule approved by Shareholders.

This performance is reflected in the value of the LTIP vesting as shown in the table below.

Further details on LTIP vesting (audited)

Based on the performance assessment above, the 2017 LTIP awards to the CEO and the CFO will not vest as detailed below:

	Interests held	Exercise price	Vesting %	Interests vesting	Share price ¹	Estimated value
CEO awards – Rakesh Kapoor						
Share awards	150,000	n/a	0%	0	£60	0
Options	300,000	£67.68	0%	0	£60	0
CFO awards – Adrian Hennah						
Share awards	38,250	n/a	0%	0	£60	0
Options	76,500	£67.68	0%	0	£60	0

¹ As the share price on the date of vesting is unknown at the time of reporting, the value is estimated using the average market value over the last quarter of 2019 of £60.00. The actual value at vesting will be disclosed in the 2020 Annual Report.

Vesting of buyout arrangements

Upon joining RB, Laxman Narasimhan received awards to compensate for remuneration arrangements forfeited on leaving his previous employer. These awards relate to legacy arrangements implemented by his previous employer, remain subject to PepsiCo performance conditions and mirror the form and the time horizons of forfeited awards.

The awards will vest as set out in the table below.

	Target	Exercise price	Vesting %	Interests vesting	Share price ¹	Value ²
CEO awards – Laxman Narasimhan						
Cash	£1,043,959	n/a	102%	n/a	n/a	£1,064,838
Share awards ²	40,890	n/a	75.6%	31,257	£58.65	£1,833,223

¹ The share award vested on 23 March 2020. The closing share price on this date was £58.65.

² These awards accrued dividend equivalents of 344 RB shares during the vesting period which have been included in the shares vesting shown above.

DIRECTORS' REMUNERATION REPORT CONTINUED

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2019, based on the information set out in the previous sections. This is compared to the prior year figure:

	Current Executive Directors				Former Executive Director	
	Laxman Narasimhan ¹		Adrian Hennah		Rakesh Kapoor ²	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Base salary	437,138		680,000	660,000	653,489	945,209
Taxable benefits ³	328,732		99,201	46,315	89,846	94,520
Pension benefit ⁴	43,714		168,000	163,000	194,436	281,163
Annual bonus ⁵	220,318		285,600	1,776,060	0	3,391,410
LTIP ⁶	0		0	1,800,338	0	9,601,800
Buyout arrangements ⁷	3,568,713					
Total (including buyout arrangements)	4,598,615		1,232,801	4,445,713	937,771	14,314,102
– Fixed Remuneration	809,584		947,201		937,771	
– RB Variable Remuneration (excl. buyouts)	220,318		285,600		0	
Total (excluding buyout arrangements)	1,029,902		1,232,801	4,445,713	937,771	14,314,102

1. Joined the Board on 16 July 2019 as CEO-designate. Became CEO on 1 September 2019.

2. Stepped down from the Board on 2 September 2019. Shows the single figure for the period from 1 January 2019 to 2 September 2019.

3. Benefits for Laxman Narasimhan include values for one off relocation expenses and for ongoing annual benefits. The relocation expenses include temporary accommodation, flights to the UK, immigration support, shipping of personal effects, etc. They were provided in line with RB's international transfer policy which applies to all transferees. The ongoing annual benefits include a car and healthcare. For Rakesh Kapoor and Adrian Hennah benefits include car/car allowance, healthcare and one off payment of legal fees related to their retirement agreements. Where relevant the costs above include a gross up for tax.

4. The Company paid the Executive Directors a cash allowance in respect of pension provision to the value shown in the table above. These payments reflect the full pension provision outlined in the Policy Table. Directors are only entitled to prospective pension on defined contribution basis, with no defined benefit accrual.

5. Annual bonus is based on formulaic outcome of 12% of maximum, as set out on page 126. One-third of this is deferred into share awards. The bonus for Rakesh Kapoor is zero.

6. These values have been restated from last year, which used an average share price of £ 64.76 over Q4 2018 to estimate the value of the vesting. The actual values shown above are based on the share price on the date of vesting of £ 61.55 on 9 May 2019. The LTIP vesting in 2019 is zero and therefore there is no share price appreciation included in this value.

7. The buyout includes replacement bonus and LTIP awards, related to legacy arrangements implemented by his previous employer, as detailed on page 127. As the share price at the date of vesting was lower than the share price at the date of the award, none of this value is related to share price appreciation.

Executive Directors' shareholding requirements (audited)

Executive Directors are expected to acquire significant numbers of shares over eight years and retain these until retirement from the Board. Since 2019, we also have post-employment shareholding requirements for a further two years. The table below shows the shareholding of each Executive Director against their respective shareholding requirement as of 31 December 2019:

	Shareholding requirement (number of shares)		Other interests in shares and options under the LTIP				
			Performance shares		Options held		
	Shares owned outright	To vest in 2020	Unvested, subject to performance	Vested but not exercised	To vest in 2020	Unvested, subject to performance	
Laxman Narasimhan	200,000	17,421 ¹	31,257	159,717	0	0	150,000
Adrian Hennah ²	200,000	147,900	0	78,250	59,204	0	156,500
Rakesh Kapoor ³	600,000	710,987	0	66,666	1,159,176	0	66,666

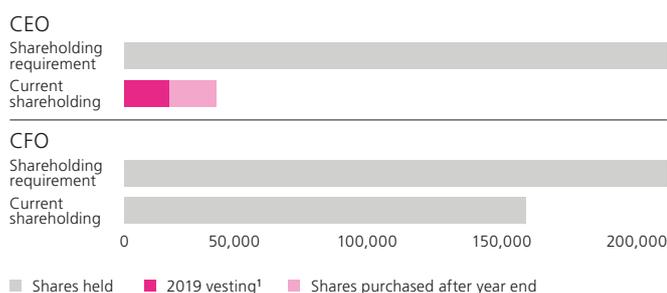
1 At 31 December 2019 shares owned outright was zero. The amount shown above were purchased on 3 March 2020.

2 Adrian Hennah's awards will be subject to pro-rating on his termination date in 2020, in line with the rules of the LTIP.

3 As Rakesh Kapoor stepped down as an Executive Director, and his employment terminated on 31 December 2019, during the performance period of previous long-term awards, the unvested performance shares and options subject to performance have been pro-rated in line with the rules of the LTIP.

The Executive Directors also participate in the all-employee Sharesave Scheme. Details of options held under this plan are set out on page 137.

Shareholding of Executive Directors vs requirement



1 '2019 vesting' shows the estimated number of shares which will vest in respect of performance to 2019, after tax.

Payments to Rakesh Kapoor

As disclosed in last year's Annual Report, Rakesh Kapoor remained employed by the Company until 31 December 2019, with no change to his remuneration package. Rakesh stepped down from the Board on 2 September 2019 and as such the single figure table sets out the remuneration for the period to 2 September 2019. The table below details the remuneration paid for the remainder of 2019 while he remained employed.

Base salary	320,076
Taxable benefits	26,082
Annual bonus	0
LTIP	0
Pension benefit	95,234
Total	441,392

2019 LTIP awards

LTIP (audited)

The 2019 LTIP awards were made following the approval of the Company's Remuneration Policy in May 2019. The structure for these awards made to the Executive Directors was in line with the approved Policy. The table below sets out the LTIP awards which were made to Adrian Hennah on 10 May 2019, and the awards made to Laxman Narasimhan on 5 August 2019. These awards do not accrue dividends during the vesting period. Vesting of these awards in full requires achievement of stretching performance conditions over the three-year period. Rakesh Kapoor was not granted a 2019 LTIP award.

	Date of grant	Shares over which awards granted	Market price at date of award ¹	Exercise price ²	Face value ³	Performance period	Exercise/vesting period	Holding period
Performance shares								
Laxman Narasimhan	5 August 2019	75,000	£59.72	n/a	£4,479,000	1 Jan 2019-31 Dec 2021	May 2022	1 January 2024
Adrian Hennah	10 May 2019	40,000	£61.45	n/a	£2,458,000	1 Jan 2019-31 Dec 2021	May 2022	1 January 2024
Share options								
Laxman Narasimhan	5 August 2019	150,000	£59.72	£63.72	£0	1 Jan 2019-31 Dec 2021	May 2022-May 2028	1 January 2024
Adrian Hennah	10 May 2019	80,000	£61.45	£60.83	£49,600	1 Jan 2019-31 Dec 2021	May 2022-May 2028	1 January 2024

1 The market price on the date of award is the closing share price on the date of grant.

2 The exercise price is based on the average closing share price over the five business days prior to the date of grant.

3 For performance shares based on the market price at the date of award and assumes the stretching performance criteria are met in order to achieve full vesting. For share options based on the face value of the potential gain at award assuming full vesting, calculated as the difference between market price and exercise price. The face value of shares under option is £8,958,000 for Laxman Narasimhan and £4,916,000 for Adrian Hennah if calculated as the number of shares multiplied by the market price at date of award.

In line with RB's Directors' Remuneration Policy, vesting of the LTIP awards is dependent on the achievement of stretching targets relating to growth in EPS, Net Revenue and ROCE, aligned with the Company's strategic priorities. EPS is measured on a total adjusted diluted basis, as shown in the Group's financial statements, as this provides an independently verifiable measure of performance. It is measured over the three-year period and requires significant compound annual growth in EPS in order for the awards to vest. Net Revenue is measured as like-for-like growth over three years. ROCE is measured based on the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings.

However, the Remuneration Committee maintains the discretion to make adjustments to the measures if this is considered to be appropriate. Any adjustments will be disclosed in the Annual Report on Remuneration.

Awards granted in 2019 will vest on the following schedule, which requires significant outperformance of stretching targets relating to: growth in EPS (50% actual FX, 50% constant FX), growth in Net Revenue and ROCE. The four targets are equally weighted, and each element is considered independently. They are presented in the table below:

	Threshold (20% vesting)	Maximum (100% vesting)
EPS growth (3-year CAGR) (50% weighting – 25% actual FX; 25% constant FX)	4%	9%
Net Revenue growth (3-year CAGR) (25% weighting)	2%	6%
ROCE (final year) (25% weighting)	10.8%	12.8%

DIRECTORS' REMUNERATION REPORT CONTINUED

The following buyout awards were also granted to Laxman Narasimhan and remained subject to PepsiCo's performance schedule:

Share awards	Shares over which awards granted ¹	Market price at date of award ²	Face value	Performance period	Vesting
March 2020 vest	71,557	£59.72	£4,273,384	1 Jan 2017-31 Dec 2019	March 2020
March 2021 vest	84,717	£59.72	£5,059,299	1 Jan 2018-31 Dec 2020	March 2021

1 Dividend equivalents to also be added at vesting.

2 The market price on the date of award is the closing share price on the date of grant.

The table below shows the replacement cash awards to Laxman Narasimhan. A target cash amount of £1,043,959 was awarded in relation to the long-term cash award granted to Laxman in March 2017, and vesting based on PepsiCo's performance over the three-year period ending in December 2019 and payable in March 2020. A target cash amount of £1,252,751 was awarded in relation to the long-term cash award granted to Laxman in March 2018, and vesting based on PepsiCo's performance over the three-year period ending in December 2020 and payable in March 2021. The maximum extent to which the performance conditions can be satisfied is 200%, and is shown in the table below:

Long-term cash awards	Value (at maximum)
March 2020 vest	£2,087,918
March 2021 vest	£2,505,502

Wider workforce pay arrangements

RB cascades our Reward Policy fairly and consistently throughout the organisation and the Remuneration Committee takes into account the arrangements for the wider workforce when setting Executive Director remuneration. The appointment of Mary Harris as Designated NED for engagement with the Company's workforce further strengthens this alignment.

The Remuneration Committee has reviewed the remuneration arrangements for the wider workforce throughout the year and these are summarised below.

Total Cash

RB's pay for performance philosophy is applied consistently through the organisation, with employee's paid for their role and location, with internal pay equity, pay ranges and external market benchmarks taken into account. The reward philosophy is for total cash to be competitive for on-target performance but with a high proportion of variable pay to drive outperformance and creation of shareholder value.

- Salary increases are determined by individual performance ratings with any adjustments based on benchmarking, with country specific conditions such as inflation also taken into account.
- Our Annual Performance Plan is operated consistently across the organisation, and has more than 14,000 employees participating. As employees progress and are promoted their target bonus and maximum multiplier typically increases.
- In line with the Executive Directors, bonus pay-outs are based on RB's financial performance, with all employees being incentivised on Net Revenue and a profit measure, which varies based on role. In addition some roles have a third measure related to market share, Net Working Capital or innovation.
- We also operate local bonus plans, for example for employees in sales and factories.

In the UK, RB has been voluntarily paying the living wage for a number of years and in January 2020 we formally joined nearly 6,000 Living Wage Employers who are recognised as paying a living wage to employees and contractors. This is our commitment to employees and staff that they will receive a wage that exceeds not just the minimum wage but recognises the actual cost of living in the UK.

Share Ownership

RB grants LTIP awards to members of the Executive Committee, Group Leadership Team and Senior Management Team to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation.

- Awards are made as a fixed number of shares and share options applied consistently depending on an employee's level in the organisation.
- Adjustments are made to the award level based on performance and talent ratings.
- The awards use the same performance measures as for the Executive Directors, i.e. Net Revenue, EPS and ROCE.

To further align the interests of management and Shareholders, the Share Ownership Policy which applies to the CEO and CFO also cascades to members of the Executive Committee and Group Leadership Team. Shareholding requirements are expected to be met within eight years of appointment and the Committee reviews progress on an annual basis. The total shareholding amongst this population is around £100m and averages more than 6x salary per employee.

RB also operates an award-winning all-employee share plan to foster the culture of ownership amongst employees. This gives employees the opportunity to save over a three year period to purchase RB shares at a discount to the share price.

- 55% of RB employees are currently participating in one of the three share plans.
- We are delighted to have won the ProShare awards for Best International Share Plan and the Most Effective Communication of an Employee Share Plan for 5,001 – 50,000 employees, as well as Best International All-Employee Share Plan by the Employee Share Ownership Centre.

Other benefits

RB’s unique International Transfer Policy is key to ensuring global mobility, which is a critical part of RB’s career development and our culture. Employees transfer consistently on a local terms basis, to remove inequities of home/host practices, with benefits such as international healthcare, international pension, school fees, tax return support and home leave provided to foster ongoing mobility.

RB regularly reviews the core benefits provided in each country to ensure they remain appropriate and in line with our philosophy of providing market competitive benefits.

- We provide life insurance to the vast majority of our global employee population. Where life insurance is not currently provided we are currently working to implement it.
- RB also provides health insurance, where it is not provided for by the state, for most of our global employee population.
- A pension/gratuity scheme is offered to more than 70% of our global employees. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the State.

At RB we work to ensure diversity and inclusion at all levels and as part of our global commitment to the well-being and success of all our employees, in 2019 we introduced a new approach to parental leave. This supportive and inclusive policy extends paid maternity and paternity leave for families of all kinds, providing employees with the Freedom to Succeed.

The new policy:

- Extends paid maternity leave from 16 weeks to 26 weeks. That’s six months to rest and bond with newborns, with the option to take a further 26 weeks unpaid.
- Increases paternity leave for new fathers and partners to a minimum of four weeks paid leave with the option to take a further four weeks unpaid.

- Provides extra support for parents of premature babies by increasing paid maternity leave by the number of full weeks between the date of birth and 37th week. It also allows the flexibility for additional paternity leave at full pay in this event.
- Supports new and breastfeeding mothers returning to work, with the launch of 100+ new wellness suites worldwide.
- Should they wish, returning mothers will also have access to a mentor for six months.
- Recognises that today’s families come in all shapes and sizes, so the same principles apply to all LGBTQ+ employees, as well as and including adopting and surrogacy families.

Gender Pay Gap

The Board also review the Company’s gender pay gap.

- The median gender pay gap in the UK for the year to April 2019 is -3.8% at median and 6.8% at the mean.
- This compares to the year to April 2018 when the gender pay gap was -4.5% at median and 7.9% at mean.

In addition, RB has set targets to increase the number of women in senior leadership positions. In the interests of transparency, in our gender pay gap report this year we will also voluntarily disclose our gender pay gap for the US, China, India and Mexico. Together with the UK, this covers around 50% of our global employees. A summary is below:

	Gender Pay gap	
	Mean difference	Median difference
US	2.0%	-9.6%
China	13.2%	19.0%
India	-56.0%	-138.0%
Mexico	4.8%	-32.0%

Further data and information on the initiatives RB is taking on diversity and inclusion are set out in our gender pay report.

CEO pay ratio

The table below provides pay ratios of the Chief Executive Officer’s total remuneration to the remuneration of UK employees at the lower quartile, median and upper quartile. This is in line with Corporate Governance Code reporting requirements.

In line with the requirements, the total pay and benefits paid to both Laxman Narasimhan and Rakesh Kapoor whilst in the role of CEO have been combined to calculate the total CEO pay. It should be noted that for Laxman this includes both the one off relocation benefits and the buyout in respect of legacy arrangements provided by his previous employer. The disclosure will, over time, cover a ten-year rolling period.

DIRECTORS' REMUNERATION REPORT CONTINUED

We have also set out in the table the separate pay ratio for Laxman and for Rakesh using the single figure disclosed on page 128.

CEO	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Laxman Narasimhan	2019	Option A	1:138	1:100	1:61
Rakesh Kapoor			1:28	1:20	1:12
Total CEO			1:158	1:115	1:70

The calculations reflect the application of RB's reward policy across the organisation as set out in the section on wider workforce pay arrangements.

In particular, the Remuneration Committee believes the pay ratio is consistent with the Company's wider policies on employee pay, reward and progression. RB ensures that employees are paid fairly for their role, based on the location they work in and their performance in role. As such, the base salary, annual bonus and benefits are based on the same principles for the identified employees as they are for Laxman Narasimhan and Rakesh Kapoor.

The table below summarises the identified employees:

	25th percentile	Median pay	75th percentile
Total employee pay and benefits	£33,224	£45,795	£75,561
Salary component	£27,170	£38,380	£58,721

Each identified employee was a full-time employee in 2019 and received a base salary and employer pension contribution. The employee identified as the 25th percentile was also paid overtime and shift pay. The employees identified as the median and 75th percentile received an annual bonus and healthcare coverage and the employee at the 75th percentile also received a car allowance.

In calculating the ratio we have used Option A, in line with shareholder guidelines. For identifying the three employees at the lower quartile, median and upper quartile, the following methodology has been used:

- All UK employees' total remuneration as at 31 December 2019 has been considered, excluding leavers and employees who were absent for more than 20 days during the financial year, as these would distort the ratio.
- Full-time equivalent salary, variable pay, allowances and benefits (using the part-time values and converting this to a full-time equivalent) have been calculated. In order to calculate the value of taxable benefits we have taken the P11D value, due to ease of accessing data. Actual pension contributions have been used, and, where appropriate, converted to full-time equivalents.

Implementation of Directors' Remuneration Policy for 2020 Salary

As set out earlier in this report, there were no changes to the salaries for 2020 for the CEO and the CFO. The CEO's salary is £950,000 and the CFO's is £680,000.

Pension

The CEO is eligible to receive a pension contribution, or equivalent cash allowance, of 10% of salary in line with the wider UK workforce. The incoming CFO, Jeff Carr, is eligible to receive a pension contribution or equivalent cash allowance of 10% of salary. Adrian Henna, the current CFO, will continue to receive 25% of pensionable salary until he leaves RB on 21 October 2020.

Annual bonus in respect of 2020 performance

For 2020, there will be no change to the annual bonus opportunity of the CEO and the CFO.

Bonuses for 2020 will be based on RB's Net Revenue growth and adjusted profit before income tax growth, measured in GBP at a constant exchange rate, with the outcome under each of the measures combined multiplicatively to give a maximum bonus outcome of 3.57x the target bonus opportunity if both stretch targets are met, as described on page 126.

We have not disclosed the performance target ranges for 2020 as we consider them to be commercially sensitive. However, we commit to retrospectively disclosing the performance ranges in the Directors' Remuneration Report for the year ending 31 December 2020.

2020 LTIP awards

The Remuneration Policy sets out the operation of the LTIP.

Last year the Committee undertook a thorough review of the performance measures which LTIP vesting is subject to. For the 2019 LTIP awards these were 25% based on Net Revenue, 25% based on EPS calculated on constant FX, 25% based on EPS calculated on actual FX and 25% based on ROCE.

Since becoming CEO, Laxman Narasimhan has carried out a strategic review of the Company. This was announced in February 2020. RB will focus on three business units of Hygiene, Health and Nutrition, as we fulfil our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

The new strategy of the Company is intended to rejuvenate sustainable growth and deliver shareholder value. The Group's key strategic priorities in the mid-term are restoring organic growth on the top line, focusing on achieving sustainable increased earnings growth and maintaining disciplined capital allocation.

As a result of this strategic review, within the Remuneration Policy the Remuneration Committee is in the process of reviewing the weightings of the performance conditions and the performance targets themselves that apply to LTIP awards in respect of the 2020-22 performance period.

This is to ensure that the LTIP conditions and targets better reflect the Company's strategic priorities. Due to the timing of publication the weightings and targets are not finalised in time to set out in this report.

We are currently consulting with Shareholders on the performance conditions before making the awards, and will disclose them externally when we make the awards and in next year's Annual Report.

Other required disclosures

Remuneration arrangements for the departing Chief Executive Officer and Chief Financial Officer

Rakesh Kapoor stepped down as CEO and from the Board on 2 September 2019 and retired from the Company on 31 December 2019. His remuneration arrangements were detailed on page 112 of last year's Annual Report.

The single figure table on page 128 of this report sets out the value of his package in respect of service whilst a Board member. For the remainder of the year his remuneration continued unchanged, with his salary, pension, benefits and bonus opportunity remaining the same, and detailed on page 129.

Rakesh has outstanding LTIP awards, which will be pro-rated for service and are detailed on page 136. These awards are subject to the original performance conditions and time horizon.

The Board announced on 21 October 2019 that Adrian Hennah will be stepping down as Chief Financial Officer and Executive Director when his successor starts, remaining with the Company until his retirement date of 21 October 2020 to ensure a seamless transition.

Our approach for 2019 remuneration was unaffected and is as set out in this report. For 2020, our approach is set out in detail below:

- Salary, benefits and pension will be paid up to the retirement date of 21 October 2020.
- There will be no payments in lieu of notice.
- Eligible for an annual bonus payment in respect of the 2020 financial year, which will be subject to RB performance over 2020, pro-rated for time employed and payable at the time bonuses are paid to other RB employees. One-third of this bonus will be deferred in RB shares.
- The 2018-20 and 2019-21 LTIP awards will remain subject to performance against the original performance conditions over the respective three-year performance periods. Both of these awards will then be subject to a two-year holding period following the end of the respective performance periods.
- These LTIP awards will be reduced pro-rata to reflect the proportion of the performance period that Adrian is employed for.
- There will be no 2020-22 LTIP award made to Adrian.

All payments will be made in line with our Shareholder-approved Policy, and will be set out in the 2020 Annual Report.

Percentage change in CEO remuneration

The table below shows the percentage change in CEO and CFO remuneration (salary, benefits and annual bonus) from the prior year compared to the average percentage change in remuneration for all UK employees.

The analysis is based on a consistent set of employees, i.e. the same individuals or roles appear in the 2018 and 2019 populations.

The percentage change in taxable benefits for other employees excludes international transfer benefits as this is volatile from year to year based on each individual's circumstances.

For 2019, the amounts shown for the CEO reflect the aggregate value of the service of Rakesh Kapoor and Laxman Narasimhan for their respective periods as CEO.

	CEO % change 2018-19	Other employees % change 2018-19
Base salary	2%	5%
Taxable benefits	259%	8%
Annual bonus	-95%	-71%

It should be noted that the taxable benefits include the value of the one off relocation benefits (and tax gross up) in respect of Laxman Narasimhan's move to the UK. As with the change in annual bonus for the CEO, the change in bonus for other employees reflects the performance of the company in 2019 which resulted in lower bonuses in 2019 compared to 2018.

Relative importance of spend on pay

The table below shows Shareholder distributions (i.e. dividends) and total employee pay expenditure for 2018 and 2019, along with the percentage change in both.

	2019 £m	2018 £m	% change 2018-19
Total Shareholder distribution	1,227	1,187	3.4%
Total employee expenditure	1,883	1,767	6.6%

Exit payments made in the year (audited)

No exit payments were made to Executive Directors during the year.

Payments to past Directors (audited)

No payments were made to past Directors in the year.

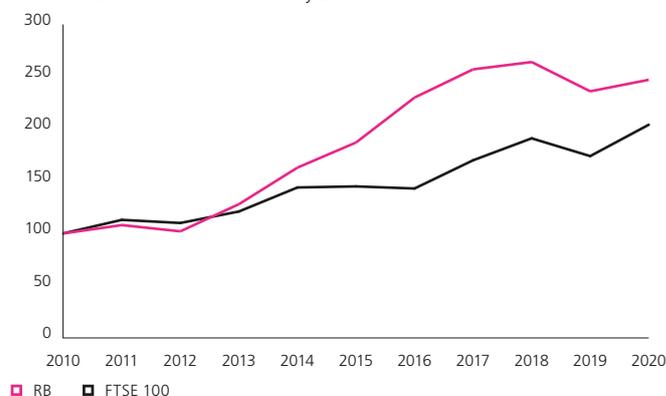
Performance graph

The graphs below shows the TSR of the Company and the UK FTSE 100 Index over the period since 1 January 2010. This shows the growth in the value of a hypothetical holding of £100 invested on 31 December 2009. The FTSE 100 Index was selected on the basis of companies of a comparable size in the absence of an appropriate industry peer group in the UK.

The table below sets out the single figure of total remuneration for the role of CEO over the last ten years.

Total Shareholder Return since 1 January 2010

£ value of £100 invested at 1 January 2010



DIRECTORS' REMUNERATION REPORT CONTINUED

(£000)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CEO single figure of remuneration										
Laxman Narasimhan										£4,599¹
Rakesh Kapoor		£4,497	£8,411	£6,840	£12,787	£25,527	£15,289	£8,999	£14,314	£938
Bart Becht	£17,150	£18,076								
Annual bonus (as a percentage of maximum)	76%	31%	53%	100%	72%	100%	0%	0%	84%	12%²
LTIP vesting	100%	100%	100%	40%	40%	80%	50%	50%	65%	0%

1 Includes buyouts in respect of legacy arrangements from previous employer.

2 Zero for Rakesh Kapoor.

Single total figure of 2019 remuneration for Non-Executive Directors and implementation for 2020 (audited)

The following Non-Executive Director fee policy was in place for the year ended 31 December 2019. The table also sets out the fees that will apply from 1 January 2020.

Role	2019 fees		2020 fees	
	Cash fee	Fee delivered in RB shares	Cash fee	Fee delivered in RB shares
Base fees				
Chairman	£375,000	£125,000	£412,500	£137,500
Non-Executive Director	£75,250	£16,750	£70,250	£21,750
Additional fees				
Chair of Committee	£30,000	–	£35,000	–
Member of Committee	£15,000	–	£20,000	–
Designated NED, for engagement with the Company's workforce	£15,000	–	£20,000	–
Senior Independent Director	£20,000	–	£30,000	–

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2019 and the prior year:

	2019 fees			2018 fees		
	Cash	Shares	Total	Cash	Shares	Total
Chris Sinclair	£375,000	£125,000	£500,000	£278,128	£88,087	£366,215
Nicandro Durante	£125,250	£16,750	£142,000	£105,250	£16,750	£122,000
Mary Harris	£111,717	£16,750	£128,467	£105,250	£16,750	£122,000
Pam Kirby	£120,250	£16,750	£137,000	£120,250	£16,750	£137,000
Warren Tucker	£90,250	£16,750	£107,000	£90,250	£16,750	£107,000
Andrew Bonfield ¹	£96,875	£25,125	£122,000	£53,500	–	£53,500
Mehmood Khan ¹	£81,875	£25,125	£107,000	£53,500	–	£53,500
Elane Stock ¹	£84,667	£22,333	£107,000	£32,883	–	£32,883
Sara Mathew	£45,125	£8,375	£53,500			

1 Directors appointed in the second half of 2018 had the relevant portion of their fees applied in the purchase of shares in relation to 2018 and 2019.

Travel and expenses for Non-Executive Directors are incurred in the normal course of business, for example, in relation to attendance at Board and Committee meetings. The costs associated with these are all met by the Company.

Summary of Shareholder voting at the 2019 AGM

The following table shows the results of the voting on the 2018 Directors' Remuneration Report and 2019 Directors' Remuneration Policy at the 2019 AGM:

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the 2018 Directors' Remuneration Report	455,970,845	86%	71,561,475	14%	527,532,320	1,368,921
Approve the Directors' Remuneration Policy	461,396,628	87%	66,134,073	13%	527,530,701	1,370,761

The Committee has had extensive discussions with Shareholders with a view to obtaining Shareholder support for our remuneration arrangements. In particular, last year, following a comprehensive consultation with our major Shareholders, we made a number of changes to the Remuneration Policy, to further align Executive Directors' remuneration with Shareholders' interests. This resulted in Shareholders supporting the 2018 Directors' Remuneration Report and the Directors' Remuneration Policy, with a significantly increased margin of support compared to the previous vote on Policy in 2016.

The Chair of the Remuneration Committee continues to have ongoing dialogue with Shareholders.

Directors' service contracts

Non-Executive Directors have letters of engagement which set out their duties and time commitment expected. They are appointed for an initial three-year term, subject to election and annual re-election by Shareholders. Appointments are renewable for subsequent three-year terms by mutual consent. Details are set out below:

Name	Date of appointment	Length of service as at 31 December 2019	
		Years	Months
Andrew Bonfield	1 July 2018	1	6
Nicandro Durante	1 December 2013	6	1
Mary Harris	10 February 2015	4	11
Mehmood Khan	1 July 2018	1	6
Pam Kirby	10 February 2015	4	11
Sara Mathew	1 July 2019	0	6
Chris Sinclair	10 February 2015 (appointed Chairman from 3 May 2018)	4	11
Elane Stock	1 September 2018	1	4
Warren Tucker	24 February 2010	9	10

Executive Directors' service contracts contain a 12-month notice period, as set out in the Directors' Remuneration Policy. The date of appointment to the Board for Rakesh Kapoor was 1 September 2011, for Laxman Narasimhan was 16 July 2019 and for Adrian Hennah was 12 February 2013. Directors' service contracts and letters of engagement are available for inspection at the registered office.

External appointments

Adrian Hennah was paid (and is permitted to retain) £129,500 in respect of his directorship of RELX plc.

Advisors

Deloitte LLP (Deloitte) was appointed by the Remuneration Committee as independent advisor effective from 1 January 2014 following a review of the advisor in late 2013. The Committee undertakes due diligence periodically to ensure that Deloitte remains independent of the Company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During 2019, Deloitte LLP also provided the Group with advice in numerous areas, including corporate and employment taxes, safety consulting, D&I assurance and technology and programme management support. These services were provided under separate engagement terms and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Deloitte's total fees for the provision of remuneration services were £481,200 on the basis of time and materials.

It should be noted that although we are required to only disclose the value of fees for services which materially assisted the Remuneration Committee, as with previous years, we have disclosed the full value of remuneration services from Deloitte which includes advice to management and to the Remuneration Committee.

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' interests in shares and options under the LTIP (audited)

LTIP	Notes	Grant date	At 1.1.19	Granted during the year	Exercised/ vested during the year	Lapsed during the year	At 31.12.19	Option price (£)	Market price at date of award (£)	Market price at date of exercise/ vesting (£)	Exercise/vesting period
Laxman Narasimhan											
Options	3	05.08.19	–	150,000	–	–	150,000	63.72	–	–	May 22-Aug 29
Performance-based share awards	4	05.08.19	–	71,557	–	–	71,557	–	59.72	–	Mar 20
	4	05.08.19	–	84,717	–	–	84,717	–	59.72	–	Mar 21
	3	05.08.19	–	75,000	–	–	75,000	–	59.72	–	May 22
Adrian Hennah											
Options		13.2.13	704	–	–	–	704	42.61	–	–	May 16-Feb 23
		13.2.13	73,312	–	73,312	–	0	41.44	–	63.73	May 16-Feb 23
		11.12.13	92,540	–	92,540	–	0	46.51	–	63.73	May 17-Dec 23
		1.12.14	45,000	–	45,000	–	0	50.57	–	63.73	May 18-Dec 24
	1	2.12.15	90,000	–	–	31,500	58,500	63.25	–	–	May 19-Dec 25
	2	1.12.16	76,500	–	–	–	76,500	67.68	–	–	May 20-Dec 26
	2	30.11.17	76,500	–	–	–	76,500	64.99	–	–	May 21-Nov 27
	3	10.05.19	–	80,000	–	–	80,000	61.55	–	–	May 22- May 29
Performance-based share awards											
	1	2.12.15	45,000	–	29,250	15,750	0	–	64.15	61.11	May 19
	2	1.12.16	38,250	–	–	–	38,250	–	66.28	–	May 20
	2	30.11.17	38,250	–	–	–	38,250	–	64.86	–	May 21
	3	10.05.19	–	40,000	–	–	40,000	–	61.45	–	May 22
Rakesh Kapoor											
Options		5.12.11	164,514	–	–	–	164,514	31.20	–	–	May 15-Dec 21
		3.12.12	329,028	–	–	–	329,028	38.06	–	–	May 16-Dec 22
		11.12.13	627	–	–	–	627	47.83	–	–	May 17-Dec 23
		11.12.13	205,007	–	–	–	205,007	46.51	–	–	May 17-Dec 23
		1.12.14	200,000	–	–	–	200,000	50.57	–	–	May 18-Dec 24
	1	2.12.15	400,000	–	–	140,000	260,000	63.25	–	–	May 19-Dec 25
	2	1.12.16	300,000	–	–	–	300,000	67.68	–	–	May 20-Dec 26
	2	30.11.17	200,000	–	–	66,667	133,333	64.99	–	–	May 21-Nov 27
Performance-based share awards											
	1	2.12.15	240,000	–	156,000	84,000	–	–	64.15	61.11	May 19
	2	1.12.16	150,000	–	–	–	150,000	–	66.28	–	May 20
	2	30.11.17	100,000	–	–	33,334	66,666	–	64.86	–	May 21

Notes
1 As disclosed in last year's report, vesting of the award made in December 2015 was 65% for the CEO and the CFO. This vested following the AGM in 2019 and any unvested award lapsed.
2 Vesting of the LTIP is subject to the achievement of the following compound average annual growth (CAGR) in adjusted EPS over the three financial years prior to the vesting date.

EPS CAGR for awards granted in 2016-17	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

3 Vesting of the LTIP is subject to the achievement of the following compound average annual growth (CAGR) in Adjusted EPS, Net revenue and ROCE over the three financial years prior to the vesting date.

	Threshold (20% vesting)	Maximum (100% vesting)
EPS growth (3-year CAGR) (50% weighting – 25% actual FX; 25% constant FX)	4%	9%
Net Revenue growth (3-year CAGR) (25% weighting)	2%	6%
ROCE (final year) (25% weighting)	10.8%	12.8%

4 Buyout awards as disclosed on page 125. These vest subject to PepsiCo performance and accrue dividends.

Executive employees also participate in the all-employee Sharesave Scheme on the same basis as all other employees. The table below details options held.

Sharesave Scheme	Grant date	At 1.1.19	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.19	Option price (£)	Market price at exercise (£)	Exercise period
Laxman Narasimhan	02.09.19	–	379	–	–	379	47.44	–	Feb 23-Jul 23
Adrian Hennah	04.09.13	403	–	403	–	–	37.20	63.83	Feb 19-Jul 19
	01.09.15	307	–	–	–	307	48.71	–	Feb 21-Jul 21
	02.09.19	–	316	–	–	316	47.44	–	Feb 25-Jul 25
Rakesh Kapoor	02.09.16	509	–	–	–	509	58.86	–	Feb 22-Jul 22

There have been no changes to the Directors' interests as set out in the above tables between 31 December 2019 and 26 March 2020.

Directors' interests in the share capital of the Company (audited)

The Directors in office at the end of the year and those in office at 26 March 2020 had the following beneficial interests in the ordinary shares of the Company:

	26 March 2020	31 December 2019	31 December 2018
Andrew Bonfield	226	226	0
Nicandro Durante	718	718	579
Mary Harris	2,323	2,323	2,114
Adrian Hennah	147,900	147,900	104,190
Laxman Narasimhan	33,780	0	0
Mehmood Khan	227	227	0
Pam Kirby	3,596	3,596	3,452
Sara Mathew ¹	75	75	–
Chris Sinclair	5,138	5,138	4,062
Elane Stock	2,061	2,061	0
Warren Tucker	3,614	3,614	2,471

1 Sara Mathew held her shares in the form of 378 American Depository Receipts. Each ADR is equivalent to five ordinary shares at 10 pence each in the Company.

2 No person who was a Director (or a Director's connected person) on 31 December 2019 and at 26 March 2020 had any notifiable share interests in any subsidiary.

3 The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe for shares.

As approved and signed on behalf of the Board of Directors,

Mary Harris

Chair of the Remuneration Committee
26 March 2020

REPORT OF THE DIRECTORS

Introduction

The Directors present their report, together with the Financial Statements of the Group for the year ended 31 December 2019, in accordance with s415 of the Companies Act 2006 (CA 2006).

In accordance with s414C of CA 2006 certain matters required to be included in this Directors' Report are included in the Strategic Report on pages 01 to 77. The Strategic Report includes an indication of the likely future developments of the business, research and development activities of the Group and details of important events affecting the Company. The Corporate Governance Report can be found on pages 86 to 96 and is deemed to be incorporated into this Directors' Report by reference.

Further disclosure requirements contained in CA 2006, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Part 3 of the Companies (Miscellaneous Reporting) Regulations 2018 and the Financial Conduct Authority's (FCA) Listing Rules, Disclosure Guidance and Transparency Rules, which are deemed to form part of the management report can be found on the following pages of the Annual Report for the year ended 31 December 2019, and are incorporated into this Directors' Report by reference:

	Page
Acquisitions and disposals	200
Awards under employee share schemes	196-199
Corporate Governance Statement including internal control and risk management statements	86-96
Statement of Directors' Responsibilities, including disclosure of information to the Auditor	141
Disclosure of greenhouse gas (GHG) emissions	57
Employment policy and employee involvement	139-140
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Environmental, social and governance (ESG) matters	12-47 and 56-57
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Post Balance Sheet events	203
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Viability Statement	77

Information on subsidiaries of the Company, including overseas branches, can be found in Note 11 (Subsidiary Undertakings) to the Parent Company Financial Statements (pages 205 to 222). Information on the Board's stakeholder engagement and activities is set out in the s172 Statement found on pages 46 to 47.

There is no additional information requiring disclosure under Listing Rule 9.8.4R.

Results and dividends

The Consolidated Income Statement can be found on pages 152 to 153. The loss for the year attributable to equity Shareholders of the Company amounted to -£4,199 million.

In July 2019, the Directors resolved to pay an interim dividend of 73.0 pence per ordinary share (2018: 70.5 pence), which was paid to Shareholders on 26 September 2019.

The Directors recommend a final dividend for the year of 101.6 pence per share (2018: 100.2 pence) which, together with the interim

dividend, makes a total for the year of 174.6 pence per share (2018: 170.7 pence). During the year no Shareholders waived their right to receive dividend payments.

The final dividend, if approved by the Shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 28 May 2020 to Shareholders on the register at the close of business on 17 April 2020.

Directors

The members of the Board and biographical details of the Directors are set out on pages 78 to 83 and form part of this report. Rakesh Kapoor retired as Chief Executive Officer of the Company on 2 September 2019.

Appointment of Directors

The Board's power to appoint Directors is contained in the Company's Articles of Association (the Articles) and all appointments are made in accordance with the UK Corporate Governance Code 2018 (the Code). Under the terms of reference of the Nomination Committee, all Director appointments must be recommended by the Nomination Committee for approval by the Board of Directors.

All Directors must submit themselves for re-election each year at the AGM. At the 2020 AGM all Directors will offer themselves for election or re-election in compliance with the Code, except Warren Tucker who will retire immediately after the AGM and Adrian Hennah who is stepping down from the Board on 9 April 2020. Details of the Directors standing for election or re-election can be found in the 2020 Notice of Annual General Meeting. Information on the service agreements of Executive Directors can be found in the Directors' Remuneration Report on pages 117 to 137. The letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office.

Powers of Directors

The Board of Directors is responsible for the management of the business of the Company and may exercise all powers of the Company subject to the provisions of the Company's Articles and the CA 2006.

The Articles contain specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the alteration of share capital are also included in the Articles and Shareholders are asked to renew such authorities each year at the AGM. A copy of the Articles is available on the Company's website at www.rb.com or can be obtained upon written request from the Company Secretary or the UK Registrar of Companies, Companies House.

Directors' insurance and indemnities

The Company indemnifies the Directors and Officers of the Company and any Group subsidiary to the extent permitted by s236 of CA 2006 and the FCA Listing Rules in respect of the legal defence costs for claims against them and third-party liabilities. The indemnity would not provide cover for a Director or Officer if that individual was found to have acted fraudulently or dishonestly. The Directors' and Officers' liability insurance cover was maintained throughout the year ended 31 December 2019 at the Company's expense.

Directors' interests

A statement of Directors' interests in the share capital of the Company is shown on page 137 of the Directors' Remuneration Report. Details of Executive Directors' options to subscribe for shares in the Company are included on page 136 in the audited part of the Directors' Remuneration Report.

During the year, none of the Directors had a material interest in any derivative or financial instrument relating to the Company's shares. Details of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 117 to 137.

No Director has a material interest in any 'contract of significance' (as defined by the FCA) to which the Company, or any of its subsidiary undertakings, is a party as at 31 December 2019.

Share capital

As at 31 December 2019, the Company's issued share capital consisted of 736,535,179 ordinary shares of 10 pence each of which 709,746,644 were with voting rights and 26,788,535 ordinary shares were held in treasury. Each share carries the right to one vote at general meetings of the Company. Details of changes to the ordinary shares issued and of options and awards granted during the year are set out in Notes 23 and 24 to the Financial Statements.

The rights and obligations attached to the ordinary shares are contained in the Company's Articles. There are no restrictions on the voting rights attached to the Company's ordinary shares or the transfer of securities in the Company except in the case of transfers of securities:

- that certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the United Kingdom Listing Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares.

No person holds securities in the Company which carry special voting rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Allotment of shares

At the 2019 AGM, authority was granted to the Directors under s551 of CA 2006 to allot shares or grant rights to subscribe for, or convert any security into shares of the Company. The authority granted to the Directors will expire at the conclusion of this year's AGM. At the 2020 AGM, a resolution will be proposed to the Shareholders to renew the Directors' authority to allot equity shares representing approximately one-third of the Company's issued share capital as at the latest practicable date prior to the publication of the Notice of AGM.

In accordance with the Investment Association Share Capital Management Guidelines, Directors will once again seek authority to allot further ordinary shares, in connection with a pre-emptive offer by way of a rights issue, up to a further one-third of the Company's existing issued share capital on the same date. The authorities sought would, if granted, expire at the earlier of six months after the Company's next accounting reference date, or at the conclusion of the AGM of the Company held in 2021, whichever is the sooner.

Under s561 CA 2006, Shareholders have a right of first refusal in relation to certain issues of new shares. A special resolution will also be proposed to renew the Directors' power to make non-pre-emptive issues for cash up to a nominal amount representing less than 10% of the Company's issued share capital as at the latest practicable date prior to the publication of the Notice of AGM. The resolution would also permit Directors, within the same aggregate limit, to sell for cash, shares that may be held by the Company in treasury.

In accordance with the Pre-Emption Group's Statement of Principles, the Investment Association Share Capital Management Guidelines and the Pensions and Lifetime Savings Associations'

Corporate Governance Policy and Voting Guidelines 2019, the Directors confirm their intention that, other than in relation to a rights issue, no more than 5% of the issued ordinary share capital of the Company, exclusive of treasury shares, will be issued for cash on a non-pre-emptive basis and no more than 7.5% of the share capital of the Company, exclusive of treasury shares, will be allotted for cash under a non-pre-emptive basis over a rolling three-year period without prior consultation with Shareholders, in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

This authority will maintain the Company's flexibility in relation to future share issues, including issues required to finance business opportunities, should appropriate circumstances arise.

Authority to purchase own shares

Authority was granted to the Directors at the 2019 AGM for the purposes of s701 of CA 2006 to repurchase shares in the market and this authority remains valid until the conclusion of this year's AGM. There were no share repurchases during 2019.

At the 2020 AGM, the Directors will seek to renew the authority granted to them. Such authority, if approved, will be limited to a maximum of 70 million ordinary shares, representing less than 10% of the Company's issued ordinary share capital (excluding treasury shares) calculated as at the latest practicable date prior to publication of the Notice of AGM, and sets the minimum and maximum prices which may be paid.

The Company's present intention is to hold shares acquired under this authority in treasury to satisfy outstanding awards under employee share incentive plans.

Change of control and significant agreements

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover, such as commercial contracts, bank agreements, property lease arrangements and employee share plans. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole.

There are no significant agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that provisions of the Company's share plans may cause options and awards granted under such plans to vest on a takeover.

There is no information that the Company is required to disclose about persons with whom it has contractual or other arrangements with, which are essential to the business of the Company.

Employees

During 2019, the Group employed an average of 42,400 (2018: 42,400) employees worldwide, of whom 4,025 (2018: 3,654) were employed in the UK. The Group is committed to the principle of equal opportunity in employment: no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, religion, race, ethnicity or disability.

Employment applications are considered on the basis of a person's aptitude and ability, and fair consideration is given to all applications regardless of disability. Where an employee becomes disabled during their employment, every practical effort is made to assist the employee in continuing their employment and to arrange appropriate training.

It is essential to the continued improvement in efficiency and productivity throughout the Group that each employee understands the Group's strategies, policies and procedures. Open and regular communication with employees at all levels is an essential part of the management process. Regular departmental meetings are held where opinions of employees are sought on a variety of issues. The Group operates multi-dimensional internal communications programmes which include the provision of a Group intranet and the publication of regular Group newsletters.

A continuing programme of training and development reinforces the Group's commitment to employee development. The Group aims to provide all employees with equal opportunities and the freedom to succeed at work and recognises the importance of employee health and well-being. RB's values create an inclusive environment for employees to act with integrity, responsibility and consistency and have been further enhanced in early 2020 with our renewed purpose, fight and compass set out on pages 10 to 11.

Employee matters, incentives and share ownership

Group incentive schemes reinforce financial and economic factors affecting the performance of the business. Employees typically have three to five performance objectives which are directly linked to their job and their specific contribution to the overall performance of the Group. In addition, presentations, videos and Q&A sessions are held for employees around the world on publication of the Group's financial results to provide employees with awareness of the financial and economic factors affecting the Company's performance, and so that employee views are fed back to management and taken into account when decisions are made.

The Company operates three all employee share plans, through these schemes, the Board encourages employees to become Shareholders and to participate in the Group's employee share ownership schemes, should they so wish. Savings-related share plans covering most of the world give employees the opportunity to acquire shares in the Company by means of regular savings. We currently have more than 55% of eligible employees participating. Further details on employee share plans and awards made under executive share plans can be found in Note 24 on page 196 of the Financial Statements.

Political donations

During the year, the Company and its subsidiaries did not make any political donations or incur any expenditure, nor were any contemplated. In keeping with previous practice, at the forthcoming AGM Shareholders will be asked in accordance with s366 and s376 of CA 2006 to approve, on a precautionary basis, for the Company and its subsidiaries to make political donations and incur political expenditure for period ending 31 December 2020.

Financial instruments and risk

The financial risk management objectives and policies of the Group are set out in Note 14, page 179 of the Financial Statements. The Note sets out information on the Company's policy for hedging each major types of forecasted transactions for which hedge accounting is used, and our exposure to currency, price risk, credit risk, liquidity risk and cash flow risk.

Amendment to Articles of Association

The Articles of the Company were adopted in 2012 and amended in 2015. Any amendments to the Articles may be made in accordance with the provisions of CA 2006 by special resolution of the Shareholders.

Independent Auditor

The External Auditor, KPMG LLP (KPMG), has indicated its willingness to continue in office and a resolution proposing the reappointment of KPMG, and to authorise the Audit Committee to determine its remuneration for the financial year ending 31 December 2020, will be proposed at the forthcoming AGM. In accordance with section 418(2) of the CA 2006, each of the Directors holding office at the date of this report confirm that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- he or she has taken all of the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Substantial shareholdings

As at 31 December 2019, pursuant to DTR 5 of the FCA's Disclosure Guidance and Transparency Rules, the Company had received the following notices of substantial interests (3% or more) in the total voting rights of the Company:

Holder	Date of last TR-1 notification	Nature of interest	% of voting rights
Massachusetts Financial Services Company and/or its subsidiaries	16 January 2013 ¹	Indirect	5.00

¹ Under a s.793 CA 2006 request, Massachusetts Financial Services Company confirmed on 3 February 2020 that its aggregate holding had decreased to 49,321,030 shares. The voting percentage was not disclosed.

As at 26 March 2020, the Company has not received any further notifications under DTR 5 of the Disclosure Guidance and Transparency Rules.

Application of the UK Corporate Governance Code 2018

We report against the requirements of the UK Corporate Governance Code 2018 (the Code) issued by the Financial Reporting Council. Details of how the Company has applied the Code principles and provisions can be found in the Corporate Governance Report on pages 86 to 96.

Annual General Meeting (AGM)

The forthcoming AGM of Reckitt Benckiser Group plc will be held on 12 May 2020 at 3.00pm at 103-105 Bath Road, Slough, Berkshire, SL1 3UH.

A separate Notice of Meeting, setting out the resolutions to be proposed to Shareholders, is available at www.rb.com. The Board considers that each of the resolutions is in the best interests of the Company and the Shareholders as a whole. The Directors unanimously recommend that Shareholders vote in favour of all the resolutions as they intend to do so in respect of their own beneficial holdings.

By Order of the Board

Rupert Bondy

Company Secretary
 Reckitt Benckiser Group plc
 103-105 Bath Road
 Slough, Berkshire SL1 3UH
 Company registration number: 6270876
 Legal Entity Identifier: 5493003JFSMOJG48V108
 26 March 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company Financial Statements in accordance with UK accounting standards, including FRS 102, *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU and IFRSs as issued by the International Accounting Standards Board (IASB) and due to a requirement of the US SEC, state they have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB);
- for the Parent Company Financial Statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company Financial Statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

Rupert Bondy

Company Secretary
Reckitt Benckiser Group plc
103-105 Bath Road
Slough, Berkshire SL1 3UH

26 March 2020