

Board of Directors

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

Rakesh Kapoor
Chief Executive Officer

NOM >7

Adrian Hennah
Chief Financial Officer

>5

Chris Sinclair
Chairman

NOM REM CRS >3

Nicandro Durante
Senior Independent Director

REM NOM CRS 5

Mary Harris
Non-Executive Director

REM NOM >3



Committees

- REM Remuneration
- NOM Nomination
- AUD Audit
- CRS CRSEC

Chair

10 Tenure (in years)

Andrew Bonfield
Non-Executive Director

AUD NOM <1

Mehmood Khan
Non-Executive Director

CRS <1

Elane Stock
Non-Executive Director

REM <1

Pam Kirby
Non-Executive Director

CRS AUD NOM >3

Warren Tucker
Non-Executive Director

AUD >8



Board of Directors continued

Rakesh Kapoor
Chief Executive Officer

NOM >7

Nationality

Indian/British

Skills and experience

Rakesh joined RB in 1987 and held a number of regional and central marketing roles with the Company. In 2006 he was appointed EVP Category with responsibility for global category management, R&D, media, market research and strategic alliances. Rakesh was appointed CEO in 2011 and brings to the Board a wealth of business experience and knowledge developed through his experience with the Company.

Rakesh holds an MBA from XLRI, Jamshedpur and a Chemical Engineering degree from the Birla Institute of Technology and Science.

Rakesh will retire as CEO of the Company by the end of 2019.

Chris Sinclair
Chairman

NOM REM CRS >3

Nationality

American

Skills and experience

Chris joined RB as a Non-Executive Director in February 2015 and was appointed Chairman of the Board in May 2018.

Chris has a wealth of experience in Chairman roles. Chris is the former Chairman and CEO of Mattel, Inc. Previously, he served as CEO for several private-equity backed companies, including Caribiner International and Quality Food Centers (now part of the Kroger Co.). Earlier in his career, he held various senior management positions with PepsiCo, including Chairman and CEO of Pepsi Cola Co., and Chairman of PepsiCo International Foods and Beverages, which gave him the platform to showcase his strong global branding skills. He is also a former Director of Foot Locker, Inc. and Perdue Farms, Inc.

Chris is a graduate of the University of Kansas and the Tuck School at Dartmouth College.

Adrian Hennah
Chief Financial Officer

>5

Nationality

British

Skills and experience

Adrian joined RB in January 2013 as Chief Financial Officer Designate, before being appointed CFO in February 2013. Adrian has valuable financial experience, having spent six years at Smith & Nephew plc as CFO and four years as CFO at Invensys plc. He also spent 18 years at GlaxoSmithKline plc where he held a number of senior management and financial roles. He started his career with PwC (then Price Waterhouse) working in audit and consultancy and worked with Stadtparkasse Koeln, the German regional bank.

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

Current external appointments

Non-Executive Director of RELX plc.

Nicandro Durante
Senior Independent Director

REM NOM CRS 5

Nationality

Brazilian/Italian

Skills and experience

Nicandro was appointed as a Non-Executive Director in December 2013 and became Senior Independent Director in January 2019. He brings strong leadership skills and international business experience to the Board. He holds degrees in Finance, Economics and Business Administration.

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

In September 2018, Nicandro announced that he will retire as CEO of BAT with effect from 1 April 2019.

Current external appointments

Chief Executive Officer of BAT since March 2011.

Mary Harris
Non-Executive Director

REM NOM >3

Nationality

British

Skills and experience

Mary was appointed as a Non-Executive Director in February 2015. She became the Chair of the Remuneration Committee in November 2017. Formerly a Partner at McKinsey & Company, Mary brings to the Board substantial experience in consumer and retail business in China, South East Asia and Europe.

Mary is a graduate of the University of Oxford (MA Politics, Philosophy and Economics) and Harvard Business School.

Current external appointments

Non-Executive Director of ITV plc. Member of Supervisory Board of Unibail-Rodamco-Westfield SE.

Andrew Bonfield
Non-Executive Director

AUD NOM <1

Nationality

British

Skills and experience

Andrew joined RB as a Non-Executive Director in July 2018 and became Chair of the Audit Committee on 1 January 2019. Andrew is a Chartered Accountant and brings significant financial expertise to the role.

In September 2018 he became Chief Financial Officer of Caterpillar Inc, after serving as Chief Financial Officer of National Grid plc from 2010. Prior to this he held the position of Chief Financial Officer at Cadbury plc and also served as Executive Vice President and Chief Financial Officer at Bristol Myers Squibb.

Current external appointments

Chief Financial Officer of Caterpillar Inc since September 2018.

Mehmood Khan

Non-Executive Director

CRS <1

Nationality

American/British

Skills and experience

Mehmood was appointed as a Non-Executive Director in July 2018. He is the Vice Chairman and Chief Scientific Officer, Global Research and Development, at PepsiCo Inc. He will retire from that position on 1 April 2019 and take up a new role as CEO of Life Biosciences Inc.

Mehmood previously held the position of President, Global Research & Development Center at Takeda Pharmaceuticals 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.

He earned his medical degree from the University of Liverpool Medical School and is a Fellow of the Royal College of Physicians, London, and a Fellow of the American College of Endocrinology.

Current external appointments

Vice Chairman and Chief Scientific Officer, Global Research and Development at PepsiCo. Director of CorMedix Inc. Director of Indigo Agriculture Inc.

Pam Kirby

Non-Executive Director

CRS AUD NOM >3

Nationality

British

Skills and experience

Pam joined RB as a Non-Executive Director in February 2015. She was appointed as Chair of the CRSEC Committee in July 2016.

Pam brings to the Board valuable knowledge of the healthcare sector. She 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.

She holds a first class BSc honours degree and a PhD in clinical pharmacology from the University of London.

Current external appointments

Non-Executive Director of DCC plc, Victrex plc and Hikma Pharmaceuticals plc. Member of the Supervisory Board of AkzoNobel N.V.

Elane Stock

Non-Executive Director

REM <1

Nationality

American

Skills and experience

Elane joined RB as a Non-Executive Director in September 2018 and became a member of the Remuneration Committee on 8 November 2018.

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, Kimberly-Clark Professional with responsibility for the division selling workplace hygiene and safety products. Earlier in her career, Elane was a partner with McKinsey and Company in the US and Ireland.

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

Current external appointments

Independent Director of Yum! Brands, Inc. Independent Director of Equifax Inc.

Warren Tucker

Non-Executive Director

AUD >8

Nationality

British

Skills and experience

Warren was appointed as a Non-Executive Director in February 2010. He has extensive Board experience and financial expertise. He was Executive Director and Chief Finance Officer of Cobham plc from 2003 to 2013 and previously Non-Executive Chairman of Paypoint plc. He has also held various senior finance positions at Cable & Wireless plc and British Airways plc.

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

Current external appointments

Non-Executive Director of Tate & Lyle plc, Thomas Cook Group PLC, Survitec Topco Limited and the UK Foreign & Commonwealth Office.

Other Directors who served in the year

Adrian Bellamy, Chairman and Non-Executive Director, appointed to the Board in December 1999, and as Chairman in May 2003. Did not seek re-election at the 2018 AGM and stepped down as Chairman and Non-Executive Director of the Company.

Ken Hydon, Non-Executive Director, appointed to the Board in December 2003, did not seek re-election at the 2018 AGM and stepped down as Non-Executive Director of the Company.

Judy Sprieser, Non-Executive Director, appointed to the Board in August 2003, did not seek re-election at the 2018 AGM and stepped down as Non-Executive Director of the Company.

André Lacroix, Non-Executive Director, appointed to the Board in October 2008 and stepped down as Non-Executive Director of the Company on 31 December 2018.

Committees

Committee	Chair	Tenure (in years)
REM Remuneration		10
NOM Nomination		
AUD Audit		
CRS CRSEC		

Executive Committee



Rakesh Kapoor
Chief Executive Officer

Nationality

Indian/British

Company tenure

31 years

Experience

Joined Reckitt & Colman in 1987. Rakesh has held a number of roles, including: Regional Sales Manager, North India; General Manager, Indian Southern Region; and Regional Marketing Director, South Asia. In 1999, he was appointed Global Category Director, Pest Control. Following the merger of Reckitt & Colman and Benckiser, he assumed the role of Senior Vice President, Home Care. He was appointed SVP, Regional Director, Northern Europe in 2001 and in July 2006 he was promoted to EVP, Category Development.

Rakesh was appointed CEO in 2011.

As part of RB's new strategy for sustainable outperformance, in January 2018 Rakesh was also appointed President of RB's Health business, headquartered in Slough.



Rupert Bondy
Senior Vice President
General Counsel &
Company Secretary

Nationality

British

Company tenure

Two years

Experience

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

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 GlaxoWellcome 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.



Seth Cohen
Chief Information Officer

Nationality

American

Company tenure

One year

Experience

Joined RB in September 2017 as Group CIO and is responsible for leading the next phase of RB's transformation, including the integration of IFCN systems with RB's, upgrading and deploying finance systems and enhancing the Company's technological capabilities.

Seth joined RB from PepsiCo where he spent three and a half years as SVP and Chief Information Officer, Europe and Sub-Saharan Africa. Prior to this Seth spent 12 years in a number of senior IS roles at Pepsi, including leading Global Business Solutions and IT Transformation programmes.



Mike Duijser
Chief Supply Officer

Nationality

American

Company tenure

Less than one year

Experience

Joined RB in November 2018 as Chief Supply Officer, and is responsible for manufacturing operations and the supply chain, further integration of IFCN supply, enhancing our supply technology capabilities and driving our focus on safety, quality, service and cost.

Mike joined RB from Amazon, where he spent three years as VP of Worldwide Engineering. Prior to this, Mike spent several years with Nestlé. His last role with the company was as Chief Technical Officer for Nestlé Germany.

Other Executive Committee members who served in the year

Amedeo Fasano, Chief Supply Officer, joined the Company in 1997, and will retire in June 2019, following his handover which occurred at the end of 2018, to Mike Duijser, current Executive Committee member and Chief Supply Officer.



Rob de Groot
President, Hygiene Home

Nationality

Dutch

Company tenure

30 years

Experience

Joined RB in 1988. After international roles in marketing and sales he became General Manager, The Netherlands, then SVP, Regional Director, Eastern Europe and was appointed Global Category Officer, Surface, Dish and Home Care before being appointed EVP, North America & Australia. In January 2012 Rob became EVP of the ENA area, responsible for North America, Europe, Russia, CIS and ANZ.

In January 2018 Rob was appointed President of RB's Hygiene Home business, headquartered in Amsterdam.

Adrian Hennah
Chief Financial Officer

Nationality

British

Company tenure

Five years

Experience

Joined RB in January 2013 as Chief Financial Officer Designate, and was appointed CFO in February 2013.

He previously spent six years at Smith & Nephew plc as CFO and four years at Invensys, the international engineering company. Adrian also spent 18 years at GlaxoSmithKline plc, one of the world's largest pharmaceutical companies, holding a number of senior management and financial roles. He previously worked at PwC (then Price Waterhouse) for four years in both audit and consultancy and also for Stadtsparkasse Koeln, the German regional bank.

He is a Non-Executive Director of RELX plc.

Gurveen Singh
Chief Human Resources Officer

Nationality

Indian

Company tenure

25 years

Experience

Joined RB in 1993 as HR Director India and was promoted to the role of Manpower Planning Director based in the UK. Following the merger of Reckitt & Colman and Benckiser, Gurveen returned to India as HR Director South Asia. In 2007, she moved to Regional HRD East Asia in Singapore and was promoted to Area HRD DVM in 2010 based in the UK. In 2012 she moved back to Singapore to become Area HRD LAPAC before moving to her role as Area HR Director DVM based in Dubai in 2015.

In January 2018 Gurveen was appointed Chief Human Resources Officer.

Before joining RB Gurveen held various HR roles in the hotel and consumer goods industries.

Adi Sehgal
Chief Operating Officer, Health

Nationality

Indian

Company tenure

24 years

Experience

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 Adi became EVP Infant & Child Nutrition with responsibility for leading the onboarding of MJN into RB and the integration of the IFCN category into Health.

In January 2018, he was appointed EVP Health for Developing Markets and E-commerce.

Adi became Chief Operating Officer, Health in January 2019. In addition to his responsibilities for Developing Markets and E-commerce, Adi is responsible for the business operations across Europe and America.

Chairman's Statement

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As a Board, we have a clear focus on creating value for our shareholders, and contributing to the good governance and stewardship of our business, on behalf of all our stakeholders.

Chris Sinclair
Chairman



On behalf of the Board, I present the Company's Corporate Governance Report for the financial year ended 31 December 2018. This is my first report to our Shareholders since succeeding Adrian Bellamy as Chair, following the 2018 Annual General Meeting (AGM). On behalf of the Board, I would like to thank Adrian for his contribution over many years and for the invaluable support he provided to me as Chairman-elect ahead of his retirement.

We report against the requirements of the UK Corporate Governance Code 2016 (the Code) issued by the Financial Reporting Council (FRC). I am pleased to confirm that our high standards of compliance with the Code remain.

A revised code was published in July 2018, which will become effective for accounting periods beginning on or after 1 January 2019. The key changes between the 2016 and 2018 Codes are:

- Enhanced board engagement with the workforce and focus on wider stakeholders in decision-making.
- Greater emphasis on the role of the Board in assessing and aligning culture with purpose, values and strategy.
- Broader focus on diversity and emphasis on skills and experience within the Board.
- Proportionate executive remuneration that supports the long-term success of the business.

Whilst reporting against the 2018 Code is not yet mandatory, the Board has and will continue to examine its current practices in relation to the requirements of the 2018 Code and some of the new provisions have already been adopted.

There have also continued to be a significant number of other changes in the political and regulatory landscape affecting the corporate governance agenda over 2018 and in the future. The introduction of the General Data Protection Regulation, gender pay gap reporting and the implications for the Group and its two business units around the withdrawal of the UK from the EU on 29 March 2019 were reviewed by the Board during the year, and we have continued to enhance our high governance standards.

RB 2.0

The Board has also spent considerable time reviewing and approving management's plans for transforming RB's operational performance under RB 2.0. In 2017, the Board approved the decision to reorganise the Group into two focused and fully accountable business units, Health and Hygiene Home, to better serve our consumers and customers and to simplify and streamline our business. Much progress has been made under the programme, which went live on 1 January 2018. You can read about this in our Strategic Report.

RB values at a glance



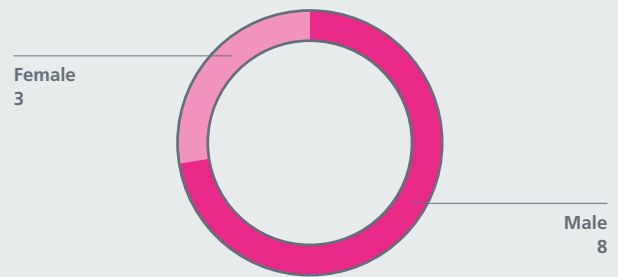
Both business units are united by shared values that reflect RB's underlying principles and beliefs. These values define the way that RB does business. Our Code of Conduct which reinforces our principles of business conduct is communicated to all employees at the start of each year with mandatory training. Our five values – Responsibility, Ownership, Entrepreneurship, Partnership and Achievement – underpin the Code and our commitment to outperformance.

Board and succession planning

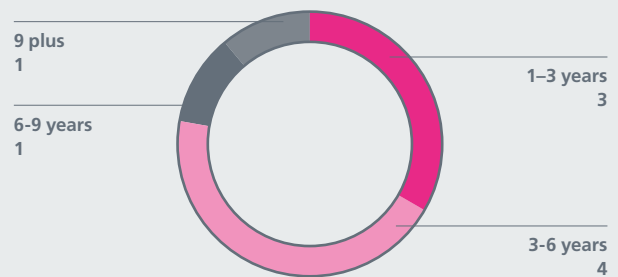
There were a number of changes to the Company's leadership during 2018. Adrian Bellamy, Ken Hydon and Judy Sprieser, all having served for a significant length of time on the Board, stepped down following the 2018 AGM on 3 May 2018. Following a detailed review of Chairman succession, led by the Senior Independent Director, the Nomination Committee in 2017 recommended to the Board that I should succeed Adrian as Chairman of the Board and I was delighted to accept.

André Lacroix also took the decision to step down from the Board at the end of December 2018, having served for over nine years. André was Senior Independent Director of the Board and these responsibilities have been taken over by Nicandro Durante.

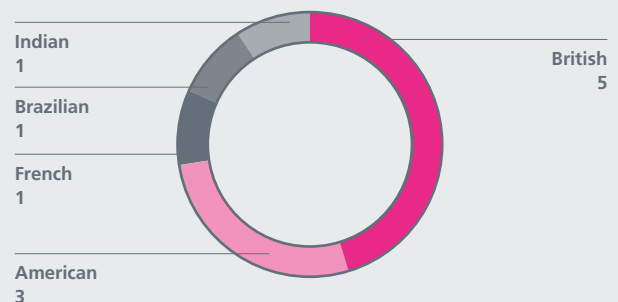
Directors as at 31 December 2018



Length of tenure of Non-Executive Directors as at 31 December 2018



Directors' nationalities as at 31 December 2018



Corporate Governance continued

As part of the refreshment of the Board, and following an extensive search and thorough recruitment process, we also saw three new Non-Executive Directors join the Board during the year. Andrew Bonfield and Mehmood Khan joined the Board as Non-Executive Directors on 1 July 2018, with Andrew joining the Audit Committee on appointment. Andrew was subsequently appointed Chair of the Audit Committee with effect from 1 January 2019 following the retirement of André Lacroix from the Board and its committees. On his appointment in July, Mehmood joined the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee.

Elane Stock joined as a Non-Executive Director on 1 September 2018, and on 8 November 2018, she joined the Remuneration Committee.

I am confident that these appointments bring to the Board strategic insight and recent relevant financial and sector experience. I am delighted to welcome Andrew, Mehmood and Elane to the Board.

On 16 January 2019, we announced Rakesh Kapoor will retire as CEO by the end of 2019. The Board has initiated a formal search process to recruit Rakesh's successor, considering both internal and external candidates.

Further details on Board succession can be found in my report as Chair of the Nomination Committee, commencing on page 76.

In addition to the new Non-Executive Director appointments, we also made some changes to our Executive Committee team. We appointed Adi Sehgal, EVP Health for Developing Markets and E-commerce, as Chief Operating Officer, Health and as an Executive Committee member on 22 January 2019. Adi has consistently delivered superior results in his career at RB, holding many management roles across sales, marketing and innovation. He played a leading role in building our China business and transformed our approach to e-commerce. Adi led the integration of MJN into RB and the subsequent integration of the IFCN division into the Health business unit.

Regretfully, Amedeo Fasano, Chief Supply Officer, will retire from the Company in June 2019 after 21 years with RB. Amedeo's successor, Mike Duijser, joined RB in November 2018, to allow for a smooth transition and handover, which occurred at the end of 2018. Amedeo played an important role in the strategic transformation of RB and our leading track record in value creation and built a very strong supply leadership capability.

Mike has hands-on experience of cutting edge supply chain management and previously held senior supply roles at Amazon and Nestlé. He will progress the transformation of various supply chains in RB and will focus on continuous improvement of manufacturing operations in Health, further integration of IFCN supply chains, enhancing and diversifying our supply technology capabilities and driving our focus on safety, quality, service and cost. Mike was appointed as an Executive Committee member on 12 November 2018.

Biographies of the members of our Board of Directors and Executive Committee can be found on pages 58 to 63.

Accountability and audit

The Board has responsibility for confirming that the Financial Statements for the Group are fair, balanced and understandable. It is supported in its decision by the Audit Committee, which ensures the integrity of the Group's financial reporting, internal controls framework and risk management processes. The Audit Committee works closely with the CRSEC Committee, the Internal Audit function and the External Auditor.

Following a comprehensive audit tender process and in compliance with the UK implementation of the EU requirements on auditor rotation, at the 2018 AGM Shareholders approved the appointment of KPMG LLP (KPMG) as External Auditor, replacing PwC for the financial year ended 31 December 2018. Having confirmed their willingness to act, a resolution to propose KPMG's reappointment as External Auditor at the AGM due to be held on 9 May 2019 will be submitted to Shareholders for their approval.

Remuneration

Aligning the interests of our Executive Directors with those of our Shareholders remains the key driver behind our Remuneration Policy. We are conscious of the need for a measured approach to remuneration, whilst offering sufficient reward for effective performance to maximise our ability to recruit and retain the best-suited candidates. Shareholders last approved our Remuneration Policy in 2016 and, in line with best practice, we will be asking Shareholders to approve the Company's Remuneration Policy this year. Details of the proposed Policy are set out in the Directors' Remuneration Report on pages 98 to 106 and are summarised in the separate Notice of AGM.

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.

All the existing Directors will be offering themselves for election or re-election at the 2019 AGM. As previously announced, Warren Tucker will have served nine years from his first election at the 2010 AGM. The Board has taken this into account and believes that the current mix of tenure is in the best interests of our Shareholders, and that Warren continues to challenge appropriately, act independently and provide our newly appointed Non-Executive Directors with a wealth of experience to avail themselves of in respect of the RB business. Consequently, we requested Warren to remain on the Board for a further year. We look for your continued support for Directors standing for election and re-election to serve the Board on your behalf and to promote the long-term success of the Company.

The Corporate Governance Statement outlines the Company's governance processes in greater detail and is on pages 68 to 75. The Company has complied with the Code throughout the year ended 31 December 2018.

I am extremely proud of the Board and all our RB colleagues for creating value for our Shareholders and contributing to the good governance and stewardship of our business, on behalf of all our stakeholders. Excellent work has been done and this will continue to be a focus for me in my role as Chairman. I believe RB is an outstanding company with leading brands, a very strong sense of purpose and a track record of outperformance. As a Board we continue to have a clear focus on maximising the opportunities to outperform in the future.

Chris Sinclair

Chairman
18 March 2019

Key areas of Board focus in 2018

The Board considers reports from the CEO and the CFO on strategic and business developments as well as financial performance and forecasts for the business at every meeting.

In addition, the following areas formed substantial areas of focus for the Board in the year:

Strategy and planning

- Group budgets, forecasts and key performance targets, including assumptions, scenarios and projections
- Potential mergers and acquisitions and post-acquisition reviews, including the integration of MJN
- Performance relative to key competitors
- Group debt and funding arrangements
- RB 2.0 structural reorganisation

Risk management and internal control

- RB's principal risks, emerging risks and the Group's risk register, including newly identified environmental risks and the impact of Brexit
- Consideration and approval of the Viability Statement
- The effectiveness of the Group's compliance programme
- Ongoing remediation of the South Korea Humidifier Sanitizer (HS) issue
- The ongoing investigation by the US Department of Justice (DoJ) into the Group's former pharmaceuticals business, which was demerged at the end of 2014
- Internal controls

- Strengthening the security and recovery processes of our IT systems

Results and Financial Statements

- Compliance with reporting requirements
- Annual Report and Financial Statements
- Results and presentations to analysts

Remuneration

- Oversight of executive remuneration and renewal of RB's Remuneration Policy

Leadership and governance

- Board and Committee evaluation and effectiveness
- Director and senior management succession planning
- Corporate responsibility, sustainability, ethics and compliance
- Relations with Shareholders
- Promoting the highest standards of corporate governance and best practice

Other

- Independent review of the Group's management of sustainability and social impact issues

Corporate Governance Statement

The Company is premium listed on the London Stock Exchange (LSE) and this Statement is prepared with reference to the Financial Reporting Council's UK Corporate Governance Code (the Code) in effect for the financial periods beginning on or after 17 June 2016, and the Disclosure Guidance and Transparency Rules requirements to provide a corporate governance statement. This Statement sets out how the Company has applied the Main Principles of the Code throughout the year ended 31 December 2018 and as at the date of this Statement.

Leadership

Board responsibilities

The Board is responsible for the overall leadership of the Group, focusing on its governance with the highest regard to the principles of the Code. As part of its responsibility, the Board oversees the development of the Company's strategic aims, ensures appropriate processes are in place to manage risk 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 as well as responsibility for the overriding strategic, financial and operational objectives and direction of RB.

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 2018, 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 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 2018 on page 67.

Board meetings

Board meetings are structured in an open atmosphere conducive to challenge and debate. Five scheduled meetings are normally 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 have arisen outside the formal standing agenda.

Operating and financial reports from the Executive Directors are discussed at each Board meeting, and detailed presentations may be made by non-Board members on material matters to the Group.

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.

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 the 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 2018, and can be found on the Company's website. The current committee membership of each Director is shown on pages 58 to 61. The Board has also established two supporting management committees: the Disclosure Committee, which ensures accuracy and timeliness of disclosure of financial and other public announcements; and the Executive Committee, which is RB's key management committee.

Board			
Audit Committee	CRSEC Committee	Remuneration Committee	Nomination Committee
See more on page 80	See more on page 87	See more on page 93	See more on page 76
Executive Committee		Disclosure Committee	

Nomination Committee

The Nomination Committee's key objective is to make recommendations to the Board on suitable candidates for appointment to the Board and its committees and regularly review and refresh their composition to ensure that they comprise individuals with the necessary skills, knowledge and experience to effectively discharge their responsibilities. The Committee also reviews and ensures that appropriate procedures are in place for succession plans of the senior management. Membership during the year and further details are set out in the Chair of the Nomination Committee Report on page 76.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities in relation to financial reporting and is responsible for ensuring effective internal financial control and risk management. Membership of the Audit Committee and details of its activities during the year are set out in the Chair of the Audit Committee Report on pages 80 to 86.

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its oversight responsibility by ensuring that Remuneration Policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance. Membership of the Remuneration Committee during the year is set out in the Directors' Remuneration Report on page 93. The report details the current policy on remuneration and sets out Executive Directors' remuneration, Non-Executive Directors' fees and share ownership.

CRSEC Committee

The CRSEC Committee was established in July 2016 to support the Board in reviewing, monitoring and assessing the Company's approach to responsible, sustainable, ethical and compliant corporate conduct and to assist the Board in upholding its values of honesty and respect. Details of the priorities which it has set itself for the coming year and its achievements to date are set out in the CRSEC Committee Report on pages 87 to 92.

Board attendance at scheduled meetings

In 2018, there were five scheduled Board meetings, plus seven additional meetings relating to potential M&A activities in the year. There were four regular Audit Committee meetings, five scheduled and one additional Remuneration Committee meetings, seven Nomination Committee meetings and four scheduled and two additional meetings of the CRSEC Committee. The table overleaf sets out the attendance by individual Directors at the main 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 Chairman of the relevant Board Committee, so that their views are considered at the meeting. Given the nature of the business to be conducted, some 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.

Corporate Governance Statement continued

Board attendance at scheduled meetings

	Board	Audit Committee	Remuneration Committee	CRSEC Committee	Independence ¹
Adrian Bellamy ²	2 of 2	–	2 of 2	2 of 2	n/a
Andrew Bonfield ³	3 of 3	2 of 2	–	–	y
Nicandro Durante	4 of 5	–	5 of 5	3 of 4	y
Mary Harris	5 of 5	–	5 of 5	–	y
Adrian Hennah	5 of 5	–	–	–	n/a
Ken Hydon ²	2 of 2	2 of 2	–	–	y
Rakesh Kapoor	5 of 5	–	–	–	n/a
Mehmood Khan ⁴	3 of 3	–	–	1 of 2	y
Pam Kirby	5 of 5	4 of 4	–	4 of 4	y
André Lacroix ⁵	5 of 5	4 of 4	–	–	y
Chris Sinclair	5 of 5	–	5 of 5	3 of 3	y
Judy Sprieser ²	2 of 2	–	2 of 2	–	y
Elane Stock ⁶	2 of 2	–	1 of 1	–	y
Warren Tucker	5 of 5	4 of 4	–	–	y

1 As determined by the Board for the purposes of the UK Corporate Governance Code.

2 Retired from the Board following the AGM on 3 May 2018.

3 Appointed to the Board and Audit Committee on 1 July 2018.

4 Appointed to the Board and CRSEC Committee on 1 July 2018.

5 Resigned on 31 December 2018.

6 Appointed to the Board on 1 September 2018, and to the Remuneration Committee on 8 November 2018.

The Chairman

The roles of the Chairman and the CEO have a clear division of responsibilities, set out in writing and agreed by the Board. The Chairman's principal responsibility is for the effective running of the Board and chairing Board and Shareholder meetings. Effective leadership and governance of the Board allows the Directors to focus on the key strategic, financial and operational issues, to make sound judgements and be comfortable to challenge any uncertainties, as well as ensuring a transparent approach in communicating with Shareholders.

The Chairman leads the annual performance evaluation process of the Board and its committees, which in 2018 was conducted using questionnaires and analytics software provided by Independent Audit Limited, in line with good governance. Details of the evaluation follow on page 72.

The Chief Executive Officer

The CEO is principally responsible for the day-to-day management of RB, in line with the strategic, financial and operational objectives set by the Board. He chairs 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. More details about the members of the Executive Committee are set out on pages 62 to 63.

The CEO has the power delegated to him by the Board to enable him to carry out his duties efficiently. Such powers include delegation of the day-to-day management of the business of the Company to each of the Officers of the

Executive Committee, acting individually or as a group or sub-committee; acquisition and disposal of businesses and unbudgeted capital expenditure projects subject, in each case, to a £50 million limit; and instructing advisors and instigating legal proceedings on behalf of the Company in respect of matters for which no further Board authority is required.

The Senior Independent Director

The Senior Independent Director provides a sounding board for the Chairman and is available to the other Directors and Shareholders who have concerns that cannot be addressed through the Chairman, CEO or CFO.

The Executive Directors

The Executive Directors have additional responsibilities for the operation of RB's business as determined by the CEO. Every Director may request that any matter not delegated to the CEO should be discussed by the Board and that no action should be taken before the Board has decided on the matter.

The Non-Executive Directors

The Non-Executive Directors share full responsibility for the execution of the Board's duties, are independent of management and provide critical input into Board decisions through their contributions to Board discussions and their roles on, and Chairmanship of, the Board Committees. With a wealth of experience and skills between them, they are well placed to help develop the Company's long-term strategic, financial and operational goals, as well as constructively challenge and examine the day-to-day management of the business against the performance targets and objectives set.

The Non-Executive Directors are responsible for setting appropriate levels of remuneration for the Executive Directors and ensuring performance targets are closely aligned with Shareholder interests. They are also critical to the development of succession planning and the appointment and removal of senior executives and management.

The Non-Executive Directors are also responsible for ensuring that adequate internal controls and risk management systems have been developed and implemented, that these are continually monitored and suitably robust and that financial information is complete, accurate and transparent.

The Company Secretary

The Company Secretary takes responsibility for compliance with all relevant governance requirements and assists the Chairman with ensuring Board procedures are followed. The Company Secretary in his or her role further advises the Board on changes to relevant legal and corporate governance regulations. The Board is collectively responsible for the appointment and removal of the Company Secretary.

Effectiveness

Board composition and succession planning

The Board regularly reviews its composition to determine whether it has the right mix of skills and background to effectively perform its duties. The Board also considers internal executives and senior management positions to ensure a proper breadth of talent is developed. 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. All Non-Executive Directors, excluding the Chairman who was independent on appointment, are determined by the Board to be independent.

More details about the current Board members can be found on pages 58 to 61.

The Shareholder agreement between the Company and JAB Holdings B.V. (JAB) at the time of the merger in 1999 entitled JAB to nominate Board Directors. A holding in excess of 20% or 10% of the Company's ordinary shares entitles JAB to nominate two Directors or one Director respectively. JAB's current holding is below this amount and there is currently no nominated Director on the Board.

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

Inclusion and diversity

We meet the recommendations set by the Davies Report on Women on Boards, and have the potential to achieve the target of 33% of women on our Board by 2020. We have

taken note of the Hampton-Alexander Review published in November 2018, which identified that RB is on target for 33% female representation at Board level, but has less than 20% female representation in the combined Executive Committee and their direct reports.

We also meet the recommendations of the Parker Review published in October 2017, with at least one person from an ethnic minority 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.

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.

We are committed to equality of opportunity in all areas of employment and business, regardless of personal characteristics. Our diversity policy can be found at www.rb.com/responsibility/workplace/diversity. 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.

Board balance and independence

On appointment, Non-Executive Directors are made aware and are required to confirm 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 of Shareholders.

The Nomination Committee has principal responsibility delegated to it for making recommendations to the Board on new appointments and composition of the Board and its committees. The Board and each Director are confident they individually have the expertise and relevant experience required to perform the role of a Director of a listed company. 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 a Non-Executive Director of RELX plc.

Corporate Governance Statement continued

The 2018 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 all the Directors at the 2019 AGM.

Director inductions 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 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.

The three new Non-Executive Directors appointed during the year received tailored inductions following their appointment, to coincide with the next meetings they would be eligible to attend. Consistent across the separate inductions were meetings with the CEO, CFO, SVP General Counsel & Company Secretary. Each of the new Directors then met with certain or pertinent individuals depending on the committees they had joined/were joining. For example, Andrew Bonfield met with the External Auditor, and Elane Stock met with Deloitte (consultant to the Remuneration Committee).

Andrew also met with key individuals across RB's Investor Relations, Tax, Treasury and Finance teams, and with representatives from each business unit. Elane and Mehmood separately met with the Group CIO and Chief Safety, Quality and Regulatory Compliance Officer, SVP Investor Relations, Chief Scientific Officer and SVP R&D Health. Elane also met with the Chief Human Resources Officer and Group Head of Audit prior to her being appointed as a member of the Remuneration Committee. Mehmood met with senior individuals within the SQRC and Supply teams.

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.

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 which at all times takes responsibility for ensuring compliance with laws and regulations on corporate governance, and that Directors' potential conflicts of interest are regularly reviewed.

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 annually reviews its own and its committees' performance and effectiveness. In line with the Code requirements, an internal review took place in the year, with targeted questionnaires and analytics software provided by Independent Audit Limited. Independent Audit Limited provides board evaluation services and has no other connection with the Company.

The questionnaire was based around the themes of strategy and risk-taking, risk management, line of sight, leadership and accountability, roles and responsibilities, and the manner of working together with management. Positive feedback was received in all areas. A report, with action points and

recommendations for the Board to consider, was distributed to Directors and the results of the assessment subsequently discussed by the Board at its November meeting.

In addition, the Chairman's performance was separately considered by the Senior Independent Director with input from his fellow Non-Executive Directors and discussed in November 2018.

The Board believes it is a collaborative team, and the refresh of talent, experience and diversity brought by the newer Non-Executive Directors has worked very well in delivering insight and improvements in our sustainability agenda, compliance activity, and the oversight of the RB 2.0 reorganisation as two business units, Health and Hygiene Home. The Board has a number of new members, and with its current membership, is quickly establishing itself and its way of working and has a willingness to openly discuss difficult issues.

The principal outcomes for the Board to focus on in the coming year are:

- continuing its focus on executive succession planning, particularly for CEO succession, talent management and leadership development, and continued renewal of the Board;
- supporting and providing oversight of the reorganisation of the Group into two business units, including monitoring delivery of the benefits of that reorganisation and leading the strategy for sustainable growth;
- reviewing and determining strategy, in particular with regard to the strategic flexibility which will be provided by RB 2.0;
- supporting a culture of responsibility, including health, safety, compliance and risk management;
- that the Board continues to consider reputational-related risks, and that the Board understands the key assumptions and uncertainties of strategic proposals; and
- maintaining the good work done on Shareholder engagement.

The 2018 review of the Board's performance and that of its committees concluded that the Board, its committees and individual Directors were continuing to perform effectively. Recommendations have been taken on board to be addressed and these will be reassessed as part of the 2019 evaluation, which will be facilitated by an external third party.

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 Code 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 142 under Accounting Policies.

The Company's External Auditor's Report, setting out its work and reporting responsibilities, can be found on pages 124 to 136. 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 risks and strategy for growth and achieving targeted goals is detailed in the Strategic Report, which can be found on pages 1 to 57.

The Viability Statement can be found on pages 56 to 57.

The Statement of Directors' Responsibilities on page 123 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 Financial Reporting Council'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 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 42 to 57.

Corporate Governance Statement continued

As part of its risk control, RB regularly evaluates principal risks to achieving objectives, emerging risks 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, it also looks to 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, delegated by the policies to the executive team and senior management.

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

- Management ensures 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 on a monthly basis 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 80 to 86. 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. Function 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 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 57.

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 87.

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.

Relations with Shareholders

The Board values effective communication with Shareholders and is committed to regular, clear and transparent dialogue. This includes formal presentations of full-year and interim results, together with quarterly statements on the Company's key performance indicators, with roadshows to meet with institutional investors following results announcements.

RB maintains regular dialogue with sector analysts and fund managers to ensure a widespread understanding and availability of information regarding developments for the Group, as well as the industry sectors which RB serves. The CEO, CFO and the SVP Investor Relations meet regularly with institutional Shareholders and analysts to discuss the performance of the Group and its strategy. The Chairman has regularly engaged in Shareholder meetings since his appointment at the last AGM. Where appropriate, the views of Shareholders are also sought in relation to remuneration plans and governance issues. RB's investor meeting held in May 2018 attended by the Chairman, SID and Committee Chairs, along with RB management, was well received. The Investor Forum engaged with the Company in preparing for this meeting.

Mary Harris, as Chair of the Remuneration Committee, met with investors during the year to discuss the renewal of RB's Remuneration Policy, which will be submitted for Shareholder approval at the forthcoming AGM. Details can be found in the Report of the Remuneration Committee Chair, commencing on page 93.

Pam Kirby, as Chair of the CRSEC Committee, also met with various institutional investors to share our progress on CRSEC matters, where we gave a deeper insight to the committed programme of work overseen by the Committee detailing the comprehensive nature of the programmes and activity since the inception of the Committee and our ongoing areas of focus.

Feedback is presented to the Board to ensure all Directors are fully aware of the views of existing Shareholders, major investors and analysts. An investor survey was undertaken in 2018 and the results were presented to the Board.

Analysis of RB's Shareholder register is made available to the Board, and reports prepared by the Group's brokers and public relations advisors are provided to all Directors after every significant corporate event and on other relevant occasions.

All Shareholders may speak with the Company's Investor Relations team and the Company Secretary and a section of the RB website is dedicated to Shareholders. The Chairman is also available to discuss governance and strategy with major Shareholders and does so regularly, providing feedback on the meetings to the rest of the Board. If required, key executives, along with the Senior Independent Director, are available to discuss matters of concern.

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 2018, 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. We published our first Payment Practices Reports in July 2018 for our qualifying UK subsidiary entities that transact with our suppliers and have since complied with the ongoing reporting requirements. We have also published our Tax Strategy in 2018.

Section 172(1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 introduced a new reporting requirement, set out in a new section 414CZA CA 2006. This requires us to report to you from next year on how the Directors of the Company have performed their duties under section 172(1) of CA 2006 to have regard to stakeholders and other matters while performing their duties to promote the success of the Company. Whilst we are not required to report on the new enhanced information for the financial year in review, we have included information about our stakeholders from page 12.



We are pleased with the progress we have made in renewal of the Non-Executive membership of the Board, and this work continues. We have also had a focus, along with the Board as a whole, on succession planning for top management.

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 2018.

I became Chair of the Nomination Committee in September 2017 at the time RB announced that I would become Chairman of the Board after the 2018 AGM, when Adrian Bellamy would retire as Chairman and step down from the Board. The focus of the Committee since that time and during 2018 has been on renewal of the Board in terms of Non-Executive Directors, but also succession planning for top management.

At the conclusion of the 2018 AGM, my predecessor, Adrian Bellamy, retired as Chairman and two of our long-standing Non-Executive Directors, Ken Hydon and Judy Sprieser, stepped down from the Board. The Committee's work to bring in additional skills and new Directors to the Board has resulted in the appointment of three highly talented new Non-Executive Directors: Andrew Bonfield and Mehmood Khan on 1 July 2018; and Elane Stock on 1 September 2018.

We also announced on 13 December 2018, that André Lacroix would step down from the Board at the end of 2018 and retire from his roles as Senior Independent Director and Chair of our Audit Committee. On behalf of the Board, I would like to thank André for his service and wish him all the best for the future. With effect from 1 January 2019 we appointed Nicandro Durante as Senior Independent Director and Andrew Bonfield as Chair of the Audit Committee. I am pleased to also welcome them both as members of the Nomination Committee. As part of our succession planning for the Board and Audit Committee, we asked Warren Tucker to remain on the Board for an additional 12 months from the 2019 AGM, when he had been intending to retire. On 4 January 2019, with Warren's agreement and subject to re-election by Shareholders at the forthcoming AGM, we announced that Warren Tucker would remain as a Non-Executive Director and a member of the Audit Committee until the 2020 AGM.

On 16 January 2019, it was announced that Rakesh Kapoor would retire as Chief Executive Officer and a Director of RB by the end of 2019. As announced, we are undertaking a formal and comprehensive process for appointing a successor for the role, considering both internal and external candidates. I would like to express the Board's sincere thanks and appreciation for Rakesh's vision, passion and leadership throughout his tenure.

Committee priorities for 2019

- To lead, on behalf of the Board, the search for and appointment of a new CEO and Executive Director
- Succession planning and bench strength for other senior executive roles at RB
- Ongoing renewal of the Non-Executive Directors of the Board
- Ongoing review of the effectiveness of the Board and its committees in the context of RB 2.0
- To review diversity and inclusion policies, in line with the guidance being introduced under the 2018 UK Corporate Governance Code

I would like to thank my fellow Committee members for their exceptional support during a very busy year for the Nomination Committee. I will be available to answer any questions Shareholders may have at the Company's AGM on 9 May 2019.

Chris Sinclair

Chair of the Nomination Committee
18 March 2019

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	Appointed as member of the Committee on 1 January 2019
Andrew Bonfield	Appointed as member of the Committee on 1 January 2019
Rakesh Kapoor	Member for the whole year
Pam Kirby	Member for the whole year
Mary Harris	Member for the whole year
André Lacroix	Member for the whole year; resigned from the Committee and the Board on 31 December 2018

Members of the Committee are appointed by the Board. Membership is set out in the terms of reference and comprises the Chairman, CEO, Senior Independent Director and Chairman of each of the Board's committees. In accordance with the principles of the UK Corporate Governance 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 58 to 61.

Meetings

The Committee meets as needed, but is required to meet at least once a year. In 2018 the Committee met seven 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 position of 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. A further description of the Committee's roles and responsibilities is set out in its terms of reference which can be found at www.rb.com.



See more
www.rb.com

Nomination Committee Report continued

The role of the Committee extends to the following matters:

- Reviewing and ensuring that appropriate procedures are in place for succession planning of senior management and for considering and authorising conflicts of interests.
- 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.
- Reviewing the composition of each of the Board Committees and evaluating the performance and effectiveness of each Director.
- Assessing the leadership capabilities of the Company, both executive and non-executive, 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.

Non-Executive Director search

Cognisant of the departure of Adrian Bellamy, Ken Hydon and Judy Sprieser, we conducted our search for new Non-Executive Directors to diversify the skills and expertise of the Board. The Committee discussed the need to identify individuals with international experience, financial experience and senior leadership skills in consumer-facing businesses.

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 as 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 Nomination Committee members, the CEO (who is a Committee member) and the CFO.

Egon Zehnder International Ltd is an independent executive search firm which undertakes a number of executive searches for the Group and also carried out an assessment of all MJN senior management, 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.

On 1 July 2018, Andrew Bonfield was appointed as a Non-Executive Director on recommendation of the Committee. Andrew brings extensive, recent and relevant financial experience to the Board and holds, and has previously held, roles as Chief Financial Officer at large international companies. It was decided that Andrew would join as a member of the Audit Committee on his appointment to the Board, and on 1 January 2019 he was appointed as Chair of the Committee.

Mehmood Khan was identified as a strong candidate for the position of a Non-Executive Director. The Committee agreed that he would be a good cultural fit for the role and broaden the diversity of the Board membership. Mehmood has a nutrition and pharmaceutical background and brings global R&D and sustainable innovation experience to the Board. His appointment was approved by the Board with effect from 1 July 2018. On appointment, Mehmood joined RB's Corporate Responsibility, Sustainability, Ethics and Compliance Committee.

We announced the appointment of Elane Stock as a Non-Executive Director, with effect from 1 September 2018, following the recommendation of the Committee. Elane brings her expertise of consumer goods products, particularly in personal care and wellness, and has wide-ranging knowledge of emerging markets and the changing preferences of trade and consumer channels. On 9 November 2018, it was announced that Elane had joined the Remuneration Committee.

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.

Executive Director succession planning

Following the announcement of Rakesh Kapoor's decision to retire as CEO by the end of 2019, we are undertaking the formal search for his successor. Whilst internal candidates are being considered, the Committee has also instructed a third-party search firm to assist with the search, considering both internal and external candidates. This process is ongoing.

Renewal of existing Board members

During the year the Committee considered the renewal of existing Non-Executive Directors. On 13 December 2018, it was announced that André Lacroix would retire from the Board with effect from 31 December 2018.

On 4 January 2019, it was announced that Warren Tucker would remain as a Non-Executive Director and as a member of the Audit Committee for an additional 12 months from the date of the 2019 AGM, subject to re-election by Shareholders. The Committee is mindful that Warren's tenure as a Non-Executive Director will exceed nine years following the 2019 AGM. Warren had intended to retire from the Board at the 2019 AGM, having joined the Board in 2010. With the appointment of three new Non-Executive Directors in the reporting period, Warren will provide continuity to the Board with his deep insight and experience of RB. Therefore, I am pleased that he has agreed to stand for re-election at the 2019 AGM, to extend his tenure until May 2020, at which time he intends to step down from the Board. The Board continues to regard Warren Tucker as independent.

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 as disclosed by each Director as areas of conflict. Having reviewed the schedule, the Committee concluded that the appointments did not affect a Director's ability to perform his/her duties and that the Board authorises each Director to continue in each of his/her external commitments.

We acknowledge that Pam Kirby sits on five 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

The Committee carried out a self-evaluation of its performance using a detailed questionnaire and report analysis software developed by Independent Audit Ltd, the results of which were reported at the November Committee meeting. The questionnaire was based on five main themes: Board composition; succession planning; finding the right people; engaging internally; and the Committee's role and composition. In summary, the results concluded that the effectiveness and performance of the Committee has strengthened. Succession planning, including executive succession, bench strength and talent management were identified as areas of continued focus for the Committee.

Review of Committee terms of reference

At the November meeting, we reviewed the Committee's terms of reference, to take account of the 2018 UK Corporate Governance Code (the Code) and recommended best practice to provide clearer detail on the role, responsibilities and duties of the Committee. The changes were approved by the Board, and the updated terms of reference can be found at www.rb.com. The terms of reference are reviewed annually.

In accordance with the Code, the Committee has also discussed Board engagement with the workforce, and various alternatives are being considered, which will be subject to future recommendation to the Board.

Diversity

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 gender and other diversity on the Board. The Board and Committee fully recognise the importance of diversity, including gender and ethnicity, at Board level and senior management roles at RB. This commitment is demonstrated by the composition of the Board, which comprises five nationalities, and three women, two of whom are Committee Chairs. I am pleased to report that 30% of our Board members are women, which exceeds the original 25% target set by the Davies Report and, at 28% women or more, we are closer to achieving the 33% target by 2020, set out by Lord Davies. We also meet the requirements of the Parker Review, with at least one person from an ethnic minority on the Board.

Our diversity policy can be found at www.rb.com/responsibility/workplace/diversity. 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.

Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 December 2018, which outlines the role, responsibilities and activities of the Committee during the year.

This is my first statement as Chair of the Audit Committee. I joined RB as a Non-Executive Director and became a member of the Audit Committee on 1 July 2018 and succeeded André Lacroix on 1 January 2019 as Committee Chair. As the new Chair of the Committee, I look forward to continuing André's efforts in maintaining the integrity of financial reporting, reviewing and challenging management on the robustness and effectiveness of our internal controls and risk management systems, and providing oversight and reassurance to the Board on the risk management process and control procedures.

Each year the Committee has a detailed standing agenda of matters to be considered and reviewed. In addition to our regular agenda reviews, we have carried out focused reviews in certain areas, including: risk assurance mapping; delivery of the RB 2.0 programme; the structure of shared services; compliance risk; and taxation matters.

“
Maintaining the integrity of our financial reporting, monitoring the robustness of internal controls and overseeing risk management processes continues to be our primary focus.

Andrew Bonfield
Chair of the Audit Committee



The risk and control challenges around the RB 2.0 reorganisation were reviewed and continue to be closely monitored, to track implementation of the programme and mitigation of the risks associated with it. The Committee met regularly with operational management at each of its meetings to review each of the RB 2.0 workstreams and also to consider programme governance and the financial, legal, regulatory and IT risks and controls.

During the year, we reviewed the Company's major risk assessment process, which identified and prioritised the principal and emerging strategic risks and uncertainties that might affect the Group, how they could 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 this report. Details are set out on pages 40 to 57.

We also built upon the assurance mapping review carried out in 2017 to formalise and enhance our second and third line of defence assurance activities, as a basis to drive and embed a more structural approach to management of and assurance required on our systemic as well as our specific (principal) risks.

The Committee has reviewed the 2018 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 and performance, business model and strategy. The form and content of the 2018 Annual Report and Financial Statements were reviewed and approved, and consistency of narrative within the document confirmed. The preparation and verification processes were determined to be robust. Following the Committee's review, we advised the Board that we were satisfied that the 2018 Annual Report and Financial Statements, taken as a whole, met its objectives and supported the Board in making its statement on page 123.

The Committee is responsible for auditor 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 as External Auditor for the 2018 financial year. I am pleased to report that the Shareholders passed this resolution at the 2018 AGM. During the year in review, the Committee oversaw and was pleased with the transition to KPMG. The change of auditor has brought a fresh and consistent challenge of management.

Committee priorities for 2019

- Continuing to provide oversight and reassurance to the Board on the risk management process and control procedures
- Regularly reviewing key areas in the context of risk and control, in particular: RB 2.0 delivery; shared services; and cyber-security
- Building on the assurance mapping exercise, further developing first, second and third lines of defence

I would like to acknowledge and thank André Lacroix, whom I succeeded on 1 January 2019 as Audit Committee Chair, for his valued leadership of the Committee; I wish André well in his future endeavours. André succeeded Ken Hydon as Chair of the Committee in May 2017. Ken stepped down as a member of the Committee and Board in May 2018 as he did not stand for re-election at the 2018 AGM.

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

I will be available to answer any questions Shareholders may have at the Company's AGM on 9 May 2019.

Andrew Bonfield

Chair of the Audit Committee
18 March 2019

Audit Committee Report continued

Composition

The members of the Committee during the year were:

Composition	Tenure during the year
Andrew Bonfield (Chair)	Appointed as a member of the Committee on 1 July 2018 and became Chair of the Committee on 1 January 2019
Pam Kirby	Member for the whole year
Warren Tucker	Member for the whole year
André Lacroix	Chair and member for the whole year; resigned from the Committee and the Board on 31 December 2018
Ken Hydon	Stepped down from the Committee at the AGM on 3 May 2018

The Deputy Company Secretary was Secretary to the Committee until November 2018. In November 2018, the Assistant Company Secretary was appointed as Secretary to the Committee.

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.

The Chair of the Committee is a Chartered Accountant with recent and relevant financial experience. All Committee members have financial, economics and/or business management expertise in multinational organisations and they are expected to have an understanding of the principles of, and recent developments in, financial reporting and an understanding of the Group's internal control systems. The skills and expertise of each Committee member are summarised on pages 58 to 61.

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 internal audit, 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.

Meetings

During 2018, the Committee held four scheduled meetings at times related to the Company's reporting cycle, and the attendance of members at the meetings is set out in the table on page 70. Senior representatives of the External Auditor, the Chief Internal Auditor and the CFO attend all meetings. The Chairman of the Board and the CEO are also invited to all meetings and other senior management attend when deemed appropriate by the Committee. Time is allocated at 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 meetings usually take place ahead of Board meetings and the Committee Chair provides an update of the key issues discussed to the Board 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.

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. Its role and responsibilities are set out in its terms of reference, which can be found at www.rb.com.



See more
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 Financial Statements of the Company and any 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.
- Reviewing the content of the Annual Report and Financial Statements and advising the Board on whether it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.
- Reviewing and approving the statements to be included in the Annual Report concerning internal control, risk management and the Viability Statement.
- Considering significant legal claims and regulatory issues.

Internal Audit, risk and controls

- Carrying out a robust assessment of emerging risks and considering the Company's response to identified risks.
- Ensuring that procedures are in place for detecting fraud and prevention of bribery, and secure arrangements are in place by which staff may raise concerns about possible wrongdoings in matters of financial reporting and financial controls.
- Assessing and approving Internal Audit's annual work plan to ensure it is aligned to the key risks of the business and

ensuring that the Internal Audit function has sufficient resources and access to management to perform its role.

- Reviewing Internal Audit activities, significant recommendations and findings and related management actions.
- Monitoring and assessing the effectiveness of the Internal Audit function.
- Reviewing and monitoring on an ongoing basis the scope and effectiveness of internal financial, operational and compliance risk management controls and processes.

External Audit

- 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.

- Monitoring the rotation of the External Audit partner and managing the competitive tendering process of the audit services contract.
- Reviewing and monitoring the External Auditor's independence, objectivity and effectiveness.
- Developing, implementing and keeping under review policy on non-audit services provided by the External Auditor, considering relevant ethical guidance and the impact this may have on independence.

Activity during the year

Items considered by the Committee at meetings during the year

February 2018	<ul style="list-style-type: none"> • Review of 2017 preliminary results, draft unaudited Financial Statements and related announcement and recommendation to the Board for approval • Review of work undertaken in respect of the 2017 Internal Audit plan • Approval of final non-audit fees for 2017 and review of 2018 non-audit fees forecast
May 2018	<ul style="list-style-type: none"> • Review of progress of 2018 Internal Audit plan
July 2018	<ul style="list-style-type: none"> • Review of the half-year results announcement
November 2018	<ul style="list-style-type: none"> • Review of KPMG's 'first impressions' of RB • Review of the Committee's 2019 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 • Review of 2019 Internal Audit Plan covering the first half of 2019

Standing agenda items reviewed by the Committee during the year

- Received reports of the SVP Corporate Controller, Internal Auditor and External Auditor
- Reviewed fraudulent activity or reports raised under the whistleblowing procedure
- Reviewed tax and treasury matters, including provisioning and compliance with statutory reporting obligations
- Reviewed legal matters including 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); the integration of MJN; risk assurance mapping; IT risk; legal compliance; and tax disputes risk
- Reviewed the Group's major risk assessment process

Audit Committee Report continued

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

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 2018 Annual Report and Financial Statements, management continued its focus on narrative reporting and clear written and visual messaging to communicate the Group's strategy. The Committee concluded that the disclosures contained in the Financial Statements and the underlying processes and controls are appropriate and recommended to the Board that the 2018 Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the necessary information for Shareholders to assess the Group's position and performance, business model and strategy; and
- reviewing the appropriateness of the accounting policies, judgements and estimates used as set out from page 142 and concluding that the judgements and assumptions used are reasonable.

The significant financial judgements and complex areas in relation to the 2018 Group Financial Statements considered by the Committee, together with a summary of the actions taken, were as follows:

• Impairment assessments

In the latter half of 2018, management performed its annual impairment review of goodwill and other indefinite-life intangible assets. Key management judgements included the allocation of these assets to cash-generating units (CGUs) or groups of cash-generating units (GCGUs), the assessment of expected short-, medium- and long-term growth rates, and the calculation of pre-tax discount rates (see Note 9 to the Group Financial Statements).

The Committee reviewed management's analysis and confirmed the appropriateness of the key judgements, as well as the specific risk factors and sensitivities applied to individual CGUs and GCGUs. Given the results of management's analysis, the Committee met in January 2019 to specifically discuss both the IFCN GCGU and Oriental Pharma CGU. Whilst the Committee is satisfied that no impairment was required at 31 December 2018, the Committee will continue to monitor both operations given their relative lack of headroom and sensitivity to 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 activity occurred. The Committee reviewed with management its assessment of the control environment 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 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 2018, a provision of £461 million (2017: £501 million) was held on the Group's balance sheet in relation to regulatory, civil and/or criminal investigations by government authorities as well as litigation proceedings and a provision in respect of the South Korea Humidifier Sanitizer (HS) and US Department of Justice 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 the key assumptions used by management in its viability review and going concern assessment, as well as the scenarios applied and risks considered. 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 pages 56-57. The use of a five-year period for the viability review was approved by the Board in 2018 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 internal controls, the Committee reviewed compliance procedures and RB's overall risk framework (including the Group's whistleblowing arrangements) and considered operational risk and control processes. There were no significant failings or weaknesses during the year meriting disclosure in this report and the Committee considers the internal control framework to be functioning appropriately.

External Auditor

The Committee is responsible for maintaining the relationship with RB's External Auditor on behalf of the Board. RB has a formal policy in place to safeguard the External Auditor's independence.

The Committee considers and makes a recommendation to the Board in relation to the appointment, reappointment and removal of the External Auditor, 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 best practice standards. The current lead Audit Partner, Richard Broadbelt, has just completed the first year of his five-year term.

Following a robust and rigorous audit tender process in 2017, the Committee and Board recommended the appointment of KPMG LLP as External Auditor of the Group for the year ending 31 December 2018 for Shareholder approval. KPMG was formally appointed as the Group's Auditor by Shareholders at the AGM on 3 May 2018. The tender process allowed for a smooth handover process from the Group's outgoing external Auditor, PricewaterhouseCoopers LLP. The Audit Committee and management closely monitored this transition process. KPMG was given an induction process to help build on its understanding of the business. These induction activities included attending key meetings with management and the outgoing Auditor during the 2017 audit cycle and attending the Committee's February 2018 meeting. This was supplemented by KPMG performing detailed audit planning activities at all of the Group's material operating locations through the Spring/Summer of 2018.

For the year ended 31 December 2018, 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.

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 advice 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 2018 were £9.9 million, of which £0.4 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 154.

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 2018, non-audit and audit-related fees were 4% of the audit fees.

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 2019. 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 the Shareholders to appoint KPMG for a further year. In accordance with s489 CA 2006, resolutions to propose the reappointment 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.

Internal Auditor

The Committee is responsible for reviewing and monitoring the effectiveness of the Internal Audit function. The Chief Internal Auditor 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. RB's identified Group major risks and their mitigating controls are described in detail on pages 42 to 57.

Audit Committee Report continued

The Internal Audit plan is prepared on a half-yearly basis under an agreed cover and scope policy and reflects a risk-based approach. 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 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 2018, routine internal audit work covered 38% (by Net Revenue) of RB's global commercial business and 47% (by industrial sales) of global manufacturing facilities.

Governance

In November 2018, the Board approved the Committee's proposed changes to its terms of reference to take account of the 2018 UK Corporate Governance Code and recommended best practice. The updated terms of reference can be found at www.rb.com. We review our terms of reference annually.

During the year, the Committee undertook a self-evaluation of its performance using a detailed questionnaire. 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. In summary, the results concluded that the effectiveness and performance of the Committee remain strong. Risk and assurance was identified as an area of continued focus for the Committee.

The Internal Audit effectiveness review was carried out through direct post-audit feedback and questionnaires targeted at Committee members, Executive Committee members and functional heads. 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 reviewers deemed the Internal Audit team to have a strong degree of integrity and reputation for producing high-quality audits. The alignment of Internal Audit activity with that of other second line of defence providers was noted as an area for increased attention. 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 quality, experience and expertise of the function is appropriate for the Company.

In light of 2018 being KPMG's first year as External Auditor, the assessment of the External Auditor was conducted during the Committee's November 2018 meeting. We are pleased with the way the change has been managed and the consistent challenge of management and output of a robust audit.

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.



We are committed to putting the safety of our consumers and employees first, and to ensuring that we conduct business responsibly.

Pam Kirby

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



On behalf of the Board, I present the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee Report for the financial year ended 31 December 2018.

The Committee, along with the RB management team, has worked hard building on the foundations set in 2017, which was the first full year of the Committee's operation. The following report outlines the role, responsibilities and activities of the Committee during 2018.

At the start of 2018, RB reorganised the business under RB 2.0 for long-term growth and outperformance by creating two focused, accountable and agile business units: Health and Hygiene Home. As I stated in my report last year, the Committee has ensured that momentum is maintained with regard to delivering the planned safety, quality and compliance objectives within and across each business unit. As a manufacturer, we are mindful of the emerging risks relating to the sustainability of our products and packaging using plastics. In addition, we want 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 12 and online at www.rb.com/responsibility.

Each year, the Committee has a detailed standing agenda of matters to be considered and reviewed. In addition to our regular agenda reviews, we have carried out in-depth reviews in specific areas. These include:

- General Data Protection Regulation (GDPR) compliance;
- anti-bribery compliance;
- the Modern Slavery Act Statement;
- delivery of the RB 2.0 programme;
- approval of our Plastics Pledge and Breast-Milk Substitute Marketing Policy and Procedures;
- oversight of the revised RB Code of Conduct and associated mandatory employee training launched in 2018;
- safety and compliance risks and mitigation; and
- environmental matters.

Some of the key achievements in the reporting period follow.

Corporate Responsibility, Sustainability, Ethics and Compliance Committee Report continued

FTSE4Good accreditation

RB secured continued accreditation for the 15th consecutive year in the FTSE4Good Index, the world's leading global responsible investment index measuring the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. With the acquisition of MJN in 2017, RB needed to satisfy a number of mandatory FTSE4Good inclusion criteria for the marketing of Breast-Milk Substitutes (BMS) to retain FTSE4Good accreditation, and became the third BMS manufacturer to do so.

Ethical Marketing and Infant and Child Nutrition (IFCN)

Early in 2018, two major milestones were achieved in relation to the IFCN business, namely:

- **Infant and Child Nutrition Pledge** – outlines RB commitments on infant nutrition and our support for exclusive breastfeeding in the first six months of life.
- **Policy & Procedures on the marketing of BMS** – establishes our mandatory marketing practices in higher-risk countries, in support of the aims and principles of the World Health Organization (WHO) International Code of Marketing of Breast-Milk Substitutes of 1981. The procedures section addresses management systems, governance, monitoring and reporting.

As part of RB's commitments to monitoring and transparency, during 2018 we concluded our first external audit and published the resulting audit report and corrective action plan. In 2019, two further audits are planned, with resulting public reporting planned for late 2019. At local market level, all alleged non-compliances reported are followed up, and corrective action plans implemented, as appropriate. In June 2018, RB took appropriate action in response to the allegations of non-compliance raised by the International Baby Food Action Network (IBFAN) in its report for the three-year period ended June 2017.

The CRSEC Committee has final oversight of all BMS-related reporting. Please refer to www.rb.com/responsibility/infant-and-child-nutrition for further related materials.

Ethics & Compliance (E&C)

Following the integration with MJN, an expanded E&C function was established to reflect RB's strong culture of integrity and to support the business to live its core value of 'Responsibility'. In addition to a Group E&C team, RB now has dedicated compliance professionals in both business units and in several different jurisdictions, to assist the Company in ensuring it conducts business in an ethical way that complies with applicable laws, regulations and internal policies.

Speak Up service

During 2018, one of RB's main priorities was to increase 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 in RB. The E&C team integrated MJN's

Speak Up processes and systems into RB's to ensure that all cases are investigated in a timely manner and the outcome reflected in proportionate and fair decisions, including the improvement of internal processes and the overall culture of compliance.

RB received a total of 296 Speak Up cases during 2018 in both Health and Hygiene Home. From those cases, 202 were from Health, 86 from Hygiene Home and eight related to RB Group. All cases were or are in the process of being investigated. The complete report can be viewed online at www.rb.com/responsibility/policies-and-reports.

Plastics

We approved and launched RB's statement on plastics in June 2018, on World Environment Day. 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.

Modern Slavery Act Statement

In May 2018, RB published its Slavery and Human Trafficking Statement following the Committee's recommendation to the Board. The Statement can be found at: www.rb.com/media/3415/rbs-2017-modern-slavery-act-statement-final.pdf.

It was reassuring that external reviews of our Statement by, for example, the Business & Human Rights Resource Centre, recognised the increased transparency we have brought to bear on this agenda. Our commitment to uphold the United Nation's Guiding Principles on Business and Human Rights remains central to our operations and our work with suppliers around the world.

Global Responsible Advocacy Policy

At the end of 2018, RB launched its Global Responsible Advocacy Policy, which aims to make transparent our influencing activities and practices. This is further evidence of the progress we have made in establishing RB as a responsible company and manufacturer. The Committee assists the Board in discharging its responsibilities regarding this policy, which can be found at www.rb.com/media/3684/rb-advocacy-policy-10-december-2018.pdf

Climate change and the Task Force on Climate-related Financial Disclosures (TCFD)

We are developing our understanding of risks associated with climate change impacts and this supports our response to the TCFD. We worked with PricewaterhouseCoopers LLP (PwC) to review our activities and reporting in support of TCFD in 2018; we will report further on this and our approach from 2019 onwards. Climate change was and continues to be a material issue within our sustainability activity and we will be reviewing our strategies and operational activity on energy and water specifically, and climate change more broadly, during 2019. This includes considering risks arising from both low carbon transition policies and physical climate impacts in the context of TCFD.

GDPR

We focused on overseeing the delivery of the critical elements for compliance with GDPR prior to the May 2018 implementation deadline. Online compliance training was completed by our employees, privacy controls were implemented for new GDPR requirements of consent, collection, retention and deletion, and an operational crisis and incident management process implemented to comply with the 72-hour breach reporting requirement for any notifiable personal data breach. The Committee monitors the delivery of broader privacy requirements, and this matter is on the Committee's standing agenda. RB appointed a Group Data Protection Officer and instituted a new Privacy Office team. At country level, Heads of Privacy in each relevant EU country/cluster were appointed in both Health and Hygiene Home.

South Korea Humidifier Sanitizer (HS)

The HS issue in South Korea was a tragic event, with many parties involved, and the Committee oversees the efforts to mitigate its impact and alleviate the suffering caused. We continue to make both public and personal apologies to victims. In August 2018, Oxy RB extended its compensation plan for the Oxy RB Category I & II users categorised to date in Round 4. The South Korean government opened Round 4 to new applicants on 25 April 2016 for an indefinite period and continues to receive applications. Further details on the event and our remediation efforts can be found at www.rb.com/responsibility/humidifier-sanitizer.

Safety, Quality and Regulatory Compliance (SQRC) remediation and infrastructure programmes

The Committee has continued its oversight of the SQRC remediation and infrastructure programmes and 2018 has seen the completion of three programmes designed to strengthen the safety and compliance framework along with a successful pilot of a new Product Lifecycle Management system that is now in design for global roll-out.

We have monitored 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, such as the temporary manufacturing disruption at an IFCN European facility, and the recall of Durex latex-free condoms.

RB 2.0

The risk and control challenges around the RB 2.0 reorganisation were reviewed and continue to be closely monitored, to track implementation of the programme and mitigate risk. The Committee met regularly with operational management at its meetings to review each of the RB 2.0 workstreams and also to consider the reputational, legal and regulatory risks and controls.

Shareholder engagement

In 2018, fellow Board members and I, along with the SVP Investor Relations and the Chief SQRC Officer, met with various institutional investors to share our progress on CRSEC matters, where we gave a deeper insight to the committed programme of work overseen by the Committee, detailing the comprehensive nature of the programmes and activities since the inception of the Committee and our ongoing areas of focus.

Committee priorities for 2019

- Review the most material sustainability issues facing RB and develop strategies looking beyond our current 2020 targets
- Continue monitoring governance and compliance as each business unit develops operationally
- Embed new standards, systems and ways of working into each of the business units
- Oversee the progress on the remaining remediation and infrastructure programmes
- Advance risk anticipation and mitigation efforts
- Support the efforts to further instil our Responsibility value into all aspects of our Group
- Support other countries to comply with new data protection regulations that follow GDPR standards
- Enhance Ethics & Compliance offline training processes and controls
- Review the existing processes and roll out a new integrated policy for third-party due diligence

I would like to acknowledge and thank our former Chairman of the Board, Adrian Bellamy, who stepped down as a member of the Committee and Board in May 2018, for his counsel and input while a member of the Committee.

I would also 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. Finally, but not least, the efforts of the RB management team in the timeliness, quality and rigour of reporting to us are very much appreciated.

I look forward to meeting as many of you as possible and to answering any of your questions at the Company's AGM on 9 May 2019.

Pam Kirby

Chair of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee
18 March 2019

Corporate Responsibility, Sustainability, Ethics and Compliance Committee Report continued

Activity during the year

Items considered by the Committee at meetings during the year

February 2018	<ul style="list-style-type: none"> • Governance in RB 2.0 • GDPR update • SQRC, including review of 2017 KPIs for reporting, update on transformation programmes, organisation and priorities • Approval of the Sustainability Report • Breast-Milk Substitute Marketing Policy and related procedures
May 2018	<ul style="list-style-type: none"> • Quality risk review • 2017 audit findings/remediation and 2018 Audit Plan – Quality, Health & Safety, Human Rights • Approval of Modern Slavery Act Statement
July 2018	<ul style="list-style-type: none"> • Approval of Plastics Strategy and the Breast Milk Substitutes Pledge • Evolution of RB Compliance Programme • SQRC key issues and programmes status update
October 2018	<ul style="list-style-type: none"> • Plastics update – peer benchmarking, future strategy • 2019 Sustainability strategy • GDPR update • Review of the Committee's terms of reference and recommendation to the Board for approval

Standing agenda items reviewed by the Committee during the year

<ul style="list-style-type: none"> • Report of the Compliance Management Committee
<ul style="list-style-type: none"> • Status of key programmes: <ul style="list-style-type: none"> – Product Lifecycle Management System design and implementation – REACH chemical legislation compliance – Trackwise system implementation for change control – Product Integrity Review to evaluate product compliance status of the portfolio – Product Safety Evaluation Report review of the portfolio
<ul style="list-style-type: none"> • Report of the Ethics Management Committee
<ul style="list-style-type: none"> • Legal compliance updates and key priorities
<ul style="list-style-type: none"> • Sustainability updates
<ul style="list-style-type: none"> • Progress of embedding RB Code of Conduct within RB and MJN
<ul style="list-style-type: none"> • Fraudulent activity or reports raised under the whistleblowing procedure
<ul style="list-style-type: none"> • Changes in governance matters by way of technical updates throughout the year from management
<ul style="list-style-type: none"> • Regular discussion without executive or management presence

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 entire year
Adrian Bellamy	Retired from the Committee and the Board on 3 May 2018
Nicandro Durante	Member of the Committee for the entire year
Chris Sinclair	Member of the Committee from 1 May 2018
Mehmood Khan	Member of the Committee from 1 July 2018

The Deputy Company Secretary was Secretary to the Committee for the full year.

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.

Meetings

The Committee is expected to meet at least three times per year. During 2018, the Committee held four scheduled meetings, and the attendance of members at the meetings is set out in the table on page 70. The CEO and CFO, the Chief SQRC Officer, the Chief Internal Auditor, the SVP General Counsel & Company Secretary and the Head of Ethics & Compliance 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.

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 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 2018, the Board approved the Committee's proposed changes to its terms of reference, to take account of the 2018 UK Corporate Governance Code 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.



See more
www.rb.com

Evaluation

During the year, the Committee undertook a self-evaluation of its performance using a detailed questionnaire and analysis software provided by Independent Audit Ltd, the results of which were reported to the February 2019 Committee meeting, due to the October meeting being held in advance of the finalisation of the results. Questionnaires were submitted to the Committee members, the CEO, CFO and SVP General Counsel & Company Secretary. The questionnaire was again based on four main themes: getting the right picture; role and responsibilities; quality of controls; and the manner of working with RB management. The 2017 evaluation had identified the need for closer contact with management, to assess attitudes for improved risk analysis and consideration of the Committee's longer-term strategic work goals. The Committee was pleased with progress made on these issues. They did not re-emerge in the 2018 evaluation, but it was acknowledged that there is always more work to be done by the Committee. In summary, the results concluded that the effectiveness and performance of the Committee remain strong. The Committee and management will 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.

Corporate Responsibility, Sustainability, Ethics and Compliance Committee Report continued

RB Code of Conduct

Our training on ethical behaviour is centred on our Code of Conduct, which was approved and relaunched in 2018. Living our values means everybody at RB must place the issue of responsibility at the centre of their working life. We conduct business honestly and with integrity and do the right thing. We act fairly and treat others with respect. We look for opportunities to improve our products, develop the talent of our people and innovate for results. We drive for outperformance and take responsibility for our work, for the impact we have on society and the environment in which we operate, and for delivering sustainable results to our stakeholders. Our people are encouraged to raise concerns through our Speak Up hotline, which RB continues to promote. The Code of Conduct covers areas such as:

Our people	Our consumers and customers	Our Shareholders and stakeholders	Our global marketplace
<ul style="list-style-type: none"> • Fair treatment • Health and safety • Respect for human rights • Employee privacy 	<ul style="list-style-type: none"> • Product safety • Reporting consumer-adverse events, safety concerns and quality issues • Marketing activities • Interactions with healthcare professionals 	<ul style="list-style-type: none"> • Keeping accurate records • Protecting confidential information • Data privacy • Insider trading and securities law compliance • Interacting with Shareholders, analysts, the media and the public • Government investigations • Protecting Company assets • Use of electronic resources • Conflicts of interest • Exchanging business gifts and entertainment 	<ul style="list-style-type: none"> • Fair competition • Anti-bribery and anti-corruption • Working with suppliers • Protecting the environment • Political activities

Doing the right thing – wherever we are located

Collaboration, and supporting each other for the good of our employees, consumers, communities and Shareholders, is how we succeed.

Directors' Remuneration Report

Contents of Directors' Remuneration Report

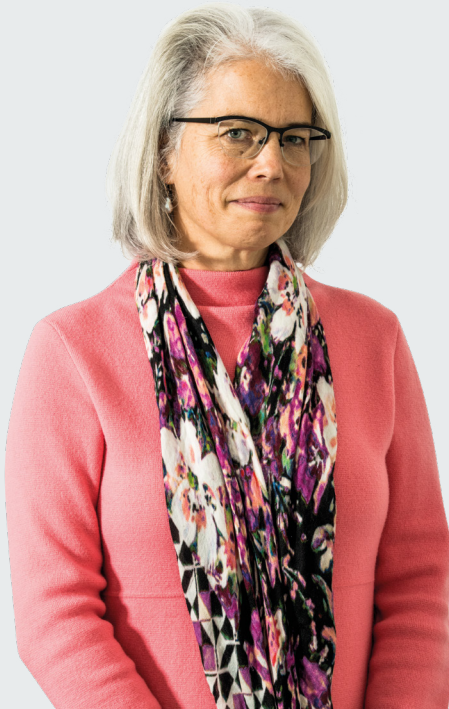
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Central to our remuneration philosophy are the principles of pay for performance and Shareholder and strategic alignment.

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.



On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2018.

In line with the three-year life cycle, a new Remuneration Policy is being put forward to a binding Shareholder vote at our AGM on 9 May 2019. On the following pages, I have set out our new Remuneration Policy and our Annual Report on Remuneration, which explains how we have implemented the Remuneration Policy previously approved by Shareholders, as well as how we intend to implement the new Remuneration Policy if approved by Shareholders. The Annual Report on Remuneration will be subject to an advisory Shareholder vote at our AGM.

Over the past year, I have met with a majority of our largest Shareholders to evaluate and discuss RB's remuneration philosophy and the proposed changes to the Policy for 2019. I would like to thank Shareholders for the time taken and their feedback, which has provided valuable input and assisted the Committee in developing the 2019 proposals. This proposed Policy strengthens the link between remuneration and RB's strategic priorities through new performance measures in the Long-term Incentive Plan (LTIP) and introduces a number of changes to strengthen alignment with Shareholders' interests.

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 values and business model, they define how decisions are made, how people act and how we assess and reward them.

Over the past few years, RB has been on a well-established journey, with a focused, strategic evolution to become a world leader in consumer health. The recent acquisition of MJN has been a catalyst for RB 2.0. The Group's key strategic priorities include accelerating organic growth on the top line and focusing on achieving more sustainability and predictability in earnings growth, while ensuring return on capital is enhanced as MJN continues to be integrated. The proposed Remuneration Policy, set out in further detail on the following pages, strives to ensure that the management team is rewarded appropriately for delivering against these key strategic priorities, reflects the global nature of our business and delivers significant benefits for Shareholders.

To reinforce our 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.

Directors' Remuneration Report continued

The Committee is aware of the sensitivity around executive pay and in undertaking our thorough review of the Remuneration Policy 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.

Further information regarding the composition, role and work of the Committee during 2018 can be found on page 96.

Key proposed changes to the Remuneration Policy and implementation of the Policy for 2019

As previously mentioned, RB is required to put a new Remuneration Policy forward to a binding Shareholder vote at the 2019 AGM, in line with the three-year life cycle. In developing the Policy, the Committee was mindful of the new UK Corporate Governance Code and engaged extensively with Shareholders and their representatives. The key changes to the Remuneration Policy and how we propose to implement the Policy in 2019 are as follows:

- **LTIP performance measures** – the Remuneration Committee reviewed the performance measures in light of RB's strategic priorities and is proposing to introduce two new LTIP performance measures – like-for-like Net Revenue growth and Return on Capital Employed (ROCE) – to be used alongside earnings per share (EPS) growth.
- **LTIP targets** – the LTIP targets are set out on page 111. The Committee went through a robust process when setting these targets, taking into account a number of factors and different reference points, and the Committee considers that the targets set are very stretching. As you will have seen, our guidance is for like-for-like (LFL) Net Revenue growth of 3-4%, for 2019, with a focus on sustaining our best-in-class margins. In this context, the Remuneration Committee believes that the performance ranges are appropriately stretching and incentivise management to deliver outperformance.
- **Reduction in CEO LTIP award levels** – had Rakesh Kapoor not announced his retirement, the Committee had agreed a further reduction in the CEO LTIP award level for 2019 to 160,000 options and 80,000 shares (from 200,000 options and 100,000 shares). Rakesh Kapoor will not receive a 2019 LTIP award. The 2019 LTIP award for the CFO is 80,000 options and 40,000 shares (2018: 76,500/38,250).
- **LTIP adjustment mechanism** – the Committee will implement a robust LTIP adjustment mechanism with the number of shares and options granted reviewed annually, prior to each award, in light of share price changes.
- **Reinforcing Shareholder alignment** – a two-year holding period has been introduced for LTIP awards going forward. In addition, with effect from 2019 bonus, one-third of any bonus paid will be deferred into awards over RB shares for three years.

- **Reduction in pension levels for new hires to the Board** – any new hires to the Board will have a maximum pension contribution of 10% of salary, in line with the wider workforce in the UK, representing a significant reduction on current levels.
- **Shareholding requirement** – the shareholding requirement for any new hires will be 200,000 shares for the CEO and 100,000 for the CFO. These new requirements remain the most demanding in the market. The shareholding requirements will remain at 600,000 and 200,000 shares for the current CEO and CFO respectively.

In addition, for new hires to the Board, we are introducing a formal post-employment shareholding requirement, for two years after departure. For existing Executive Directors, on departure in 'good leaver' circumstances any deferred bonus share awards and LTIP awards (including the holding period) continue on original timescales, ensuring that they maintain sufficient shareholdings post-departure.

- **Malus and clawback** – expanded to include corporate failure.

Further detail and rationale for the changes can be found on page 98.

2019 remuneration

The salaries for the CEO and the CFO have been increased by 3% for 2019, to £973,565 and £680,000 respectively. The average salary increase for our UK employee base was 3%. There is no proposed change to the bonus opportunity for the CEO (120% of salary at target). The target bonus for the CFO is being increased to 100% of salary (from 90% of salary). The proposals for the CFO have taken into account internal relativities at RB and the role expansion last year as part of the reorganisation of RB, under RB 2.0.

Annual bonus in respect of 2018 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 Net Income growth.

In 2018, RB made good progress in a transformational year, following the restructuring of the Company into two business units and with our first full year of MJN ownership. Net Revenue growth was 15% (3% pro-forma and like-for-like), there was accelerated delivery of MJN synergies and Adjusted Net Income growth of 11%.

Our Net Revenue growth was at the upper end of the bonus targets set, whilst our Net Income growth was at maximum.

As a result, the 2018 annual bonus for the CEO and CFO is 84% of maximum, in line with all other employees on the same Group-wide measures. There was no annual bonus paid in 2017.

Vesting of the 2016-2018 LTIP

All outstanding LTIP awards are subject to an EPS growth performance measure over the three-year performance period of the awards. In 2016, the EPS growth targets were set at 6% per annum for threshold performance and 10% per annum for maximum vesting.

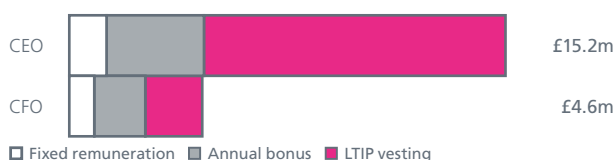
The Remuneration Committee made previous commitments to Shareholders to exclude the one-off impact of the MJN acquisition and related transactions when calculating EPS growth for measuring performance in order to ensure that the LTIP targets remain as stretching as prior to any major acquisition/disposal. This is to ensure that management's and Shareholders' interests remain fully aligned. Management should not be rewarded due to an increase in EPS derived simply from a material gearing of the balance sheet.

Further, as previously committed to Shareholders, the Committee assessed, and was satisfied, that the performance of MJN to date is in line with the expectations set at the time of the acquisition.

Earnings per share over the three-year period from 2016 to 2018, measured on an adjusted, diluted basis, grew by 31%, equivalent to compound average annual growth of 9.5% per annum. With the one-off effects of the MJN acquisition, and associated transactions, being totally removed, this reduces to 8.3% per annum. This EPS growth performance results in vesting of 65% being achieved when measured against the vesting schedule approved by Shareholders. The vesting in respect of 2017 was 50% for the CEO and the CFO.

2018 single figure

The impact of this bonus payment and LTIP vesting is a total single figure of £15.2m for the CEO and £4.6m for the CFO. The majority of this is variable pay, linked to stretching financial targets:



The year-on-year increase in the single figure total for the CEO is 22% when compared to the single figure total set out in the 2017 Directors' Remuneration Report. This reflects improved performance in 2018 which has been reflected in a bonus being paid in respect of 2018 (where one was not paid in 2017). The increase also reflects the Committee's decision in 2017 to use discretion and reduce the LTIP vesting by 50%. If discretion had not been exercised in 2017, the single figure total would have shown a year-on-year decrease. When determining 2018 variable pay outturns, the Committee evaluated performance in the round and determined that no discretion would be applied.

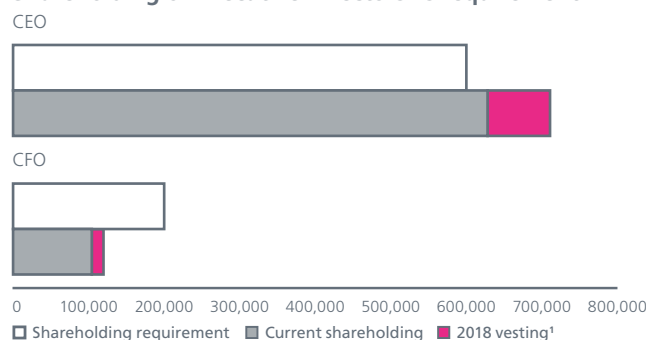
Share ownership requirements

For current incumbents, RB's share ownership requirements remain unchanged as a fixed number of shares and are equivalent to just under 4,000% of salary for the CEO and 2,000% of salary for the CFO.

These are the most demanding in the market; the highest share ownership requirement in our peer group is 800% and the highest in the FTSE 100 is 700% of salary. Amongst the

FTSE 30 the median is 400% of salary, with an upper quartile of 500% of salary.

Shareholding of Executive Directors vs requirement



¹ '2018 vesting' shows the estimated number of performance shares which will vest in respect of performance to 2018, after tax.

Committee changes

Judy Sprieser (the previous Committee Chair) and Adrian Bellamy both stood down as members of the Committee and Board in May 2018 as they did not stand for re-election at the 2018 AGM. I thank both for their contribution and in particular I would like to acknowledge Judy Sprieser, whom I succeeded on 1 November 2017 as Committee Chair, for her valued leadership of the Committee.

Elane Stock joined the Board as a Non-Executive Director on 1 September 2018 and was appointed as a member of the Remuneration Committee with effect from 8 November 2018.

Departure arrangements for the Chief Executive Officer

The Board announced on 16 January 2019 that Rakesh Kapoor has indicated his intention to retire as CEO by 31 December 2019, after more than eight years as CEO and 32 years at the Company.

Our approach for 2018 remuneration was unaffected and is as set out in this report.

For 2019, our approach is set out in detail on page 112. This can broadly be summarised as the same approach for 2018, save that there will be no LTIP award made to Rakesh in 2019. Outstanding LTIP awards will be appropriately time pro-rated, remaining subject to performance over the original performance period, with a further two-year holding period.

For the avoidance of doubt, all payments will be made in line with our Shareholder-approved Remuneration Policy.

Conclusion

Our revised Remuneration Policy reflects Shareholders' views and guidelines and the new 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. I will be available to answer any questions Shareholders may have at the Company's AGM on 9 May 2019.

Mary Harris

Chair of the Remuneration Committee
18 March 2019

Directors' Remuneration Report continued

Remuneration Committee governance

Who's on the Committee

The Remuneration Committee is made up entirely of Non-Executive Directors who are appointed by the Board on the recommendation of the Nomination Committee. Membership of the Remuneration Committee during the year was as follows:

Mary Harris (Chair)
Nicandro Durante
Chris Sinclair
Adrian Bellamy¹
Judy Sprieser¹
Elane Stock²

¹ Stepped down from the Committee on 3 May 2018.
² Appointed to the Committee on 8 November 2018.

Our role

The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance.

On behalf of, and subject to approval by, the Board of Directors, the Committee primarily:

- sets and regularly reviews the Company's overall remuneration strategy;
- determines the general Remuneration Policy for senior executives; and
- in respect of the Chairman, the Executive Directors and members of the Executive Committee, sets, reviews and approves:
 - remuneration policies, including annual bonuses and long-term incentives;
 - individual remuneration and compensation arrangements;
 - individual benefits including pension and superannuation arrangements;
 - terms and conditions of employment including the Executive Directors' service agreements;
 - participation in any of the Company's bonus and LTIPs; and
 - the targets for any of the Company's performance-related bonuses and LTIPs.

The Executive Directors are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors.

Meetings

During the year the Committee held five scheduled meetings and one additional meeting. The attendance of members at meetings is set out in the table on page 70.

The Chief Human Resources Officer was Secretary to the Committee throughout the year. Meetings were also attended by the CEO, CFO, SVP General Counsel & Company Secretary and the Group Head of Reward by invitation. Deloitte acted as advisor to the Committee throughout the year.

Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.

Peer group

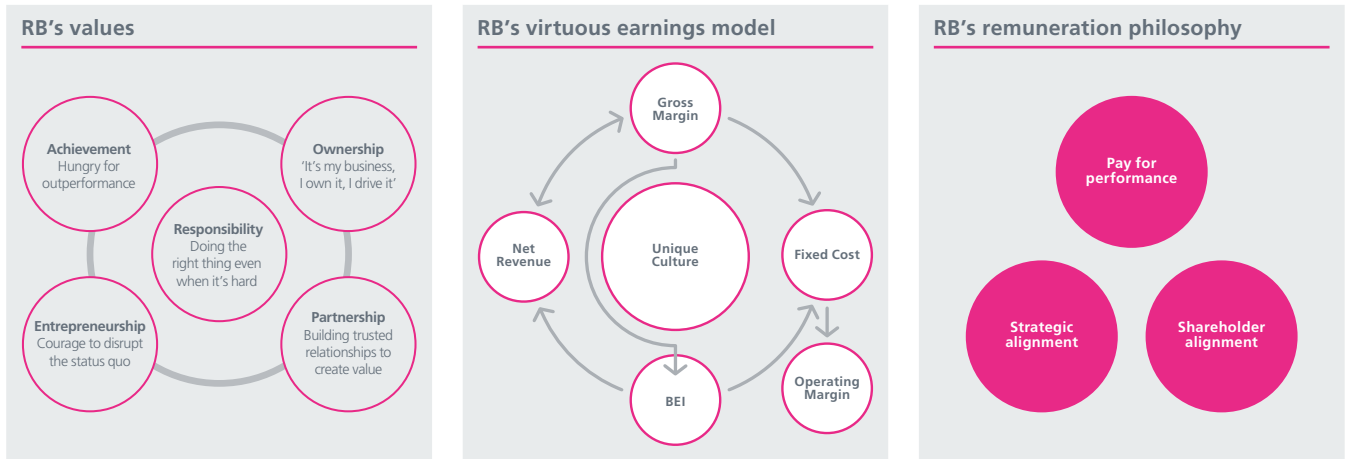
During the year the Committee reviewed the peer group to ensure the appropriateness of the selected peers. The Remuneration Committee has determined a peer group of international companies, which is referred to within the report. This peer group is used for benchmarking remuneration packages and as a reference point in ensuring that performance targets are appropriately stretching and when reviewing the Company's relative performance. This peer group is the same group used to benchmark remuneration of senior managers across the Company. The companies included are:

Abbott Laboratories	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

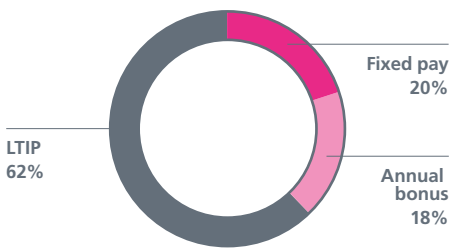
¹ Companies used for remuneration benchmarking only and not for performance comparison.

RB's proposed Remuneration Policy at a glance

A new policy, summarised below, is being put forward and will be voted on at the 2019 AGM.



1 High proportion of long-term variable pay



Value at award of CEO's target 2018 package

2 Attract and retain the best global talent

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

3 Significant share ownership policy

Executive	No. of shares	Value of shares ¹	% of salary
CEO – current incumbent	600,000	£38.9m	3,991%
CEO – new hire	200,000	£13.0m	1,330%
CFO – current incumbent	200,000	£13.0m	1,905%
CFO – new hire	100,000	£6.5m	952%

¹ Based on £64.76 share price, average Q4 2018.

4 Ensure alignment with strategy across the business

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

RB's proposed Remuneration Policy

RB's proposed Remuneration Policy reflects the philosophy of pay for performance, Shareholder alignment and strategic alignment over the short, medium and long term.

	2019	2020	2021	2022	2023	2024	Key features 2019 policy	How we implemented for 2019	Link to strategy
Base salary	→						Salaries set competitively against peers	2019 salary increases of 3% for both the CEO and the CFO, in line with the workforce	Supports recruitment and retention
Annual bonus	→	→	→	→	→	→	<ul style="list-style-type: none"> Based on Net Revenue and Adjusted Profit Before Income Tax growth 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"> Stretching Net Revenue and Adjusted Profit Before Income Tax growth targets, in excess of peer performance Threshold performance results in zero payout, with maximum of 3.5x target level 	<ul style="list-style-type: none"> Drives short-term overachievement in KPIs which leads to creation of Shareholder value Use of deferral promotes longer-term alignment with Shareholders
LTIP	→	→	→	→	→	→	<ul style="list-style-type: none"> Based on: adjusted, diluted EPS growth, Net Revenue growth and ROCE over a three-year performance period Malus and clawback provisions apply until two years after vesting Two-year holding period Options have seven years to exercise post vesting 	<ul style="list-style-type: none"> Vesting linked to stretching conditions requiring significant outperformance of our peers 	<ul style="list-style-type: none"> Incentivises long-term financial outperformance and sustained Shareholder value creation Introduction of holding period promotes longer-term alignment with Shareholders
Shareholding requirements	→	→	→	→	→	→	<ul style="list-style-type: none"> CEO: 600,000 shares (new hire: 200,000 shares) CFO: 200,000 shares (new hire: 100,000) 	<ul style="list-style-type: none"> Period of eight years from appointment to achieve A two-year shareholding requirement post-departure will apply for new hires 	<ul style="list-style-type: none"> Promotes long-term alignment with Shareholders Promotes focus on management of corporate risks

Directors' Remuneration Report continued

Directors' Remuneration Policy

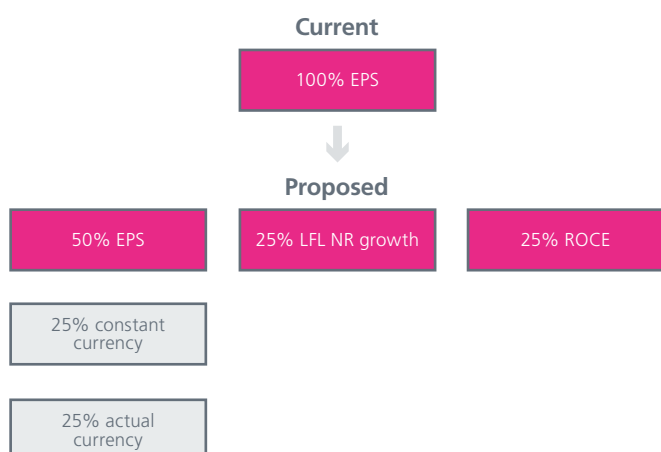
This section of the report sets out the Remuneration Policy for Executive Directors and Non-Executive Directors, which Shareholders will be asked to approve at the 2019 AGM on 9 May 2019. Until this time, the Policy approved by Shareholders on 5 May 2016 will continue to apply.

Key changes to the remuneration framework

1. LTIP performance measures

The Committee considered a broad range of performance measures and concluded that for 2019 LTIP awards onwards, there will be three measures used in order to strengthen strategic alignment: EPS growth; Net Revenue growth; and ROCE. This retains a focus on profitability, but with a proportion now based on top-line growth and how efficient profit generation has been, in line with RB's strategic priorities.

EPS growth will be split, with half measured on a constant currency basis and half measured on an actual currency basis. This retains exposure to currency movements and the introduction of EPS growth measured on a constant currency basis balances this with incentivising management over performance under its direct control.

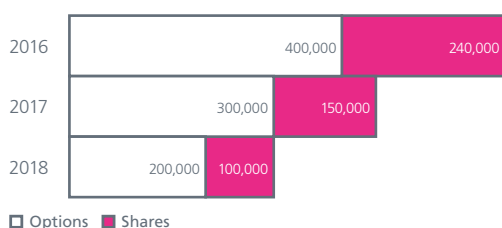


2. Reduction in CEO award levels

No LTIP award is being made to Rakesh Kapoor in 2019. Had he not been retiring, the Committee had determined to reduce the LTIP awards for the CEO to 160,000 options and 80,000 shares going forward. This is a significant reduction when compared to the last Remuneration Policy levels of 400,000 options and 240,000 shares. The graphic below shows the change in the LTIP awarded to the CEO since 2016.

Awards

Year of award



Options Shares

3. LTIP adjustment

In line with our historically embedded practice, LTIP award sizes are expressed as a fixed number of shares and options to provide full alignment with investors. The award size is determined by the Committee taking into account performance, the prevailing share price, market data and our pay positioning philosophy. In the event of a material increase or decrease in the share price prior to grant, the Committee will consider whether the prevailing award size remains appropriate and adjust it appropriately. Notwithstanding the above, the number granted will at no point be greater than 300,000 options and 150,000 share awards (reduced from 500,000 options and 275,000 share awards in the previous Remuneration Policy).

4. Pension reduction

Taking into account the new UK Corporate Governance Code, the Committee is proposing to commit to reducing the pension level for any new hires to the Board. The pension contribution level for any new hire will be in line with the wider workforce in the UK, 10% of pensionable salary, representing a significant decrease on current levels.

5. Reinforcing significant Shareholder alignment

Introduction of annual bonus deferral – one-third of the annual bonus will be deferred into awards over RB shares for three years.

Extension of LTIP holding period – a two-year holding period following the end of the three-year performance period will apply for LTIP awards going forward.

Shareholding requirements – the current CEO shareholding requirement has been in place since 2006. The Committee has reviewed these requirements in light of the significant share price increase since then, and the subsequent reductions in LTIP awards. The Committee has determined that for new hires the shareholding requirements will be reduced to 200,000 shares for the CEO and 100,000 for the CFO. These new requirements remain the most demanding in the market.

In addition, for new hires to the Board we are introducing a formal post-employment shareholding requirement for two years after departure. Reflecting our market-leading shareholding requirements whilst in employment, the post-employment requirement will be the lower of 50% of the shareholding requirement or actual shareholding on leaving.

6. MJN adjustment

Adjustments were made in respect of the MJN acquisition to ensure that it is a like-for-like comparison for remuneration purposes, in line with previous commitments:

- For the purpose of LTIP vesting the 2016 to 2017 EPS growth excludes MJN and related transactions.
- In calculating EPS growth from 2017 to 2018, the 2017 EPS figure has been adjusted on a pro-forma basis to include MJN results for the full year, adjusting for notional interest and tax, and related transactions.

For LTIPs outstanding at the time of acquisition, the MJN performance post-completion is reviewed at the time of vesting compared to the acquisition plan, and the Committee will use downwards discretion if the return on capital in respect of MJN does not meet the expectations agreed by the Board.

Executive Director Remuneration Policy Table

Fixed pay policy for Executive Directors

Component purpose and link to strategy	Operation	Opportunity
<p>Base salary To enable the total package to support recruitment and retention</p>	<p>Base salaries are reviewed annually, typically with effect from 1 January.</p> <p>Salary levels/increases take account of:</p> <ul style="list-style-type: none"> • salary increases awarded across the Group as a whole; and • individual performance. <p>The Committee also reviews market data for the Company's remuneration peer group, comprising international companies of a similar size and scope of operations.</p>	<p>Salary increases for Executive Directors will normally be aligned with those of the wider workforce, which take into account performance.</p> <p>Increases may be made above this level to take account of individual circumstances, which may include:</p> <ul style="list-style-type: none"> • Increase in the size or scope of the role or responsibilities. • Increase to reflect the individual's development and performance in the role. For example, where a new incumbent is appointed on a below-market salary. <p>Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration.</p> <p>To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the Remuneration Policy.</p> <p>Where increases are awarded in excess of the wider employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.</p>
<p>Pension To provide appropriate levels of retirement benefit</p>	<p>Executive Directors may receive contributions into the RB Executive Pension Scheme, a defined contribution scheme, a cash allowance or a combination thereof.</p> <p>Base salary is the only element of remuneration that is pensionable.</p>	<p>Current CEO: 30% of pensionable salary.</p> <p>Current CFO: 25% of pensionable salary.</p> <p>New hires to the Board: 10% of pensionable salary.</p>
<p>Benefits To enable the total package to support recruitment and retention</p>	<p>Executive Directors receive benefits which consist primarily of the provision of a company car/allowance and healthcare, although it can include other benefits that the Committee deems appropriate, for example, (but not limited to) the cost of legal fees, preparing tax returns or home leave. This includes the provision of a car and driver for business use, including travel from home to office, and any tax liability that may be due on this benefit.</p> <p>Relocation allowances and international transfer-related benefits may also be paid, where required.</p> <p>Executive Directors are also eligible to participate in the all-employee Sharesave Scheme on the same basis as all employees.</p>	<p>Whilst there is no maximum level of benefits prescribed, they are generally set at an appropriate market-competitive level determined by the Committee.</p> <p>Benefits in respect of the year under review, and participation in the all-employee Sharesave Scheme, are disclosed in the Annual Report on Remuneration.</p>

Directors' Remuneration Report continued

Variable pay policy for Executive Directors

Component purpose and link to strategy	Operation	Opportunity	Performance measures
<p>Annual bonus To drive strong performance with significant reward for overachievement of annual targets</p>	<p>Targets are set by the Committee at the start of the year. At the end of the year, the Committee determines the extent to which these have been achieved.</p>	<p>Target opportunity:</p> <ul style="list-style-type: none"> CEO: 120% of salary. CFO: 100% of salary. 	<p>Performance measures may be a mix of financial and non-financial measures. For 2019 the bonus is based on 100% financial measures.</p>
<p>Use of deferral for longer-term Shareholder alignment</p>	<p>Performance is assessed on an annual basis, using a combination of the payouts for performance against each of the targets.</p> <p>At least one-third of bonus payouts are deferred into share awards (in the form of options or conditional awards) for a period of three years.¹</p> <p>The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance, e.g. in the event performance is impacted by unforeseen circumstances outside of management control.</p> <p>Annual bonuses and deferred bonus awards are subject to malus and clawback provisions.</p>	<p>Maximum opportunity:</p> <ul style="list-style-type: none"> 3.57x target. CEO: 428% of salary. CFO: 357% of salary. <p>Dividend equivalents accrue on deferred share awards during the deferral period.</p>	<p>Financial performance will be assessed against the growth in one or more key metrics of the business determined on an annual basis.</p> <p>The weighting between different metrics will be determined each year according to business priorities.</p> <p>For performance below threshold, the bonus payout will be nil.</p> <p>Further details, including the performance measures for the current financial year, are disclosed in the Annual Report on Remuneration.</p>

¹ Due to Rakesh Kapoor's upcoming retirement, his bonus to be paid in respect of 2019 will have no deferred element.

Variable pay policy for Executive Directors continued

Component purpose and link to strategy	Operation	Opportunity	Performance measures
<p>LTIP (share options and performance share awards) To incentivise and reward long-term performance, and align the interests of Executive Directors with those of Shareholders</p> <p>Two-year holding period for longer-term Shareholder alignment</p>	<p>The LTIP comprises grants of share options and/or performance share awards (based on a fixed number), which vest subject to the achievement of stretching performance targets.</p> <p>The LTIP has a performance period of at least three years. Additionally, there is normally a two-year holding period commencing following the end of the performance period.</p> <p>The performance condition is reviewed before each award cycle to ensure it remains appropriately stretching.</p> <p>The Committee has discretion to adjust the formulaic LTIP outcomes to improve the alignment of pay with value creation for Shareholders to ensure the outcome is a fair reflection of the performance of the Company and the individual.</p> <p>Awards granted under the LTIP are also subject to malus and clawback provisions.</p>	<p>The Committee calibrates LTIP share award and option grant sizes as a fixed number, with periodic adjustments to ensure that the value of an Executive Director's total remuneration is appropriate.</p> <p>In line with our historically embedded practice, LTIP award sizes are expressed as a fixed number of shares and/or options to provide full alignment with investors.</p> <p>The award size is determined by the Committee taking into account performance, the prevailing share price, market data and our pay positioning philosophy. In the event of a material increase or decrease in the share price prior to grant, the Committee will consider whether the prevailing award size remains appropriate and adjust it appropriately.</p> <p>Notwithstanding the above, the number of shares and options granted to an individual will at no point be greater than 300,000 options and 150,000 shares. Details of the LTIP opportunity in respect of each year will be disclosed in the Annual Report on Remuneration.</p> <p>Neither dividends nor dividend equivalents accrue on unvested share awards or on shares underlying options before they are exercised.</p>	<p>Vesting of the LTIP is subject to continued employment and the achievement of stretching targets.</p> <p>Performance measures may be a mix of financial and non-financial measures. For 2019 the LTIP is based on 100% financial measures.</p> <p>Threshold performance will result in 20% of maximum vesting. The vesting level will increase on a sliding scale from this threshold to 100% vesting for stretch levels of performance.</p> <p>Further details, including the performance targets attached to the LTIP in respect of each year, are disclosed in the Annual Report on Remuneration.</p>

Directors' Remuneration Report continued

Notes to the Policy Table

Performance measure selection and approach to target setting

The measures used under the annual bonus are selected to reflect the Group's main priorities for any given financial year. With regard to the LTIP, the Committee regularly reviews the performance measures to ensure that they align well with the Company's strategy and with our Shareholders' interests. A combination of EPS growth, Net Revenue growth and ROCE are considered the most appropriate 2019 LTIP performance measures for a number of reasons:

- they are aligned to the Company's strategic priorities;
- they retain a focus on profitability, but with a proportion based on top-line growth and how efficient profit generation has been;
- they provide well-recognised and accepted measures of the Company's underlying financial performance; and
- they are measures that the plan participants can directly impact and are easily measurable from time to time.

Targets applying to the bonus and LTIP are reviewed annually, based on a number of internal and external reference points. Bonus targets take into account prevailing growth rates in RB's peer group, and as appropriate across the healthcare and/or FMCG industries more broadly. LTIP targets reflect industry context, expectations of what will constitute performance at the top of the peer group, and factors specific to the Company.

The rules of the LTIP allow the Committee, to waive or change performance conditions (including how performance is measured) in accordance with their terms or if anything happens which causes the Company reasonably to consider it appropriate (including in contemplation of a corporate event), provided that any changed performance conditions will be no more difficult to satisfy.

Malus and clawback

Annual bonuses in respect of 2019 and subsequent years will be subject to malus and clawback provisions, under which any actions or behaviours that are contrary to the Company's legitimate expectations may result in an adjustment to the amount of bonus payable and potentially clawback of annual bonus for up to three previous years.

For awards granted under the LTIP or the Deferred Bonus Plan in 2019 or subsequent years, the Committee has the discretion to apply malus and/or clawback in the event of the following circumstances:

- a material misstatement of the Company's financial results;
- gross misconduct by a participant (or serious misconduct in relation to malus);

- an erroneous calculation in assessing the number of shares subject to an award or the extent to which an award has vested; and/or
- corporate failure of the Company.

The clawback period applicable to LTIP awards ends on the earlier of (i) the second anniversary of the vesting date and (ii) the fifth anniversary of the date of grant. Deferred bonus awards are subject to malus and clawback until the third anniversary of grant.

Shareholder alignment

The Committee recognises the importance of aligning Executive Directors' and Shareholders' interests through executives building up significant shareholdings in the Company. Executive Directors are expected to acquire a significant number of shares over a period of eight years and retain these until retirement from the Board of Directors.

The shareholding requirement for the current CEO is 600,000 shares and for the current CFO is 200,000 shares. New hires to the Board will have shareholding guidelines of 200,000 shares for a new CEO and 100,000 for other Executive Directors. Details of the Executive Directors' personal shareholdings will be provided in the Annual Report on Remuneration.

For new hires to the Board, there will be a formal post-employment shareholding requirement. They will be required to hold the lower of 50% of their shareholding requirement or their actual shareholding at departure, for a period of two years. For current incumbents, on departure in 'good leaver' circumstances any deferred bonus share awards and LTIP awards (including the holding period) continue on original timescales, ensuring that they maintain sufficient shareholdings post-departure.

Remuneration Policy for other employees

RB's approach to setting remuneration is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and remuneration paid for comparable roles in comparable companies.

The principles that apply to Executive Directors are cascaded to other employees. Approximately 14,000 employees are eligible to participate in an annual bonus scheme with similar metrics to those used for the Executive Directors. Opportunities and specific performance conditions vary by organisational level, with business area-specific metrics incorporated where appropriate.

Senior managers who comprise c.500 employees are eligible to participate in the LTIP on broadly similar terms to the Executive Directors, although award sizes vary by organisational level. In addition, the Group Leadership Team who comprise c.30 employees are also required to build up significant shareholdings in RB. The current level is between 24,000 and 50,000 shares averaging 8-9x base salary.

All UK employees are eligible to participate in the Company's Sharesave plan on identical terms, with similar plans also operated for employees working outside of the UK.

Changes to Policy

This Policy is intended to apply with effect from 9 May 2019, subject to Shareholder approval at the AGM.

Following consultation with our major Shareholders, the Policy has been reviewed to reduce the maximum award that can be made under the LTIP and to include an additional two-year holding period in respect of share options and performance share awards for Executive Directors. Furthermore, the performance conditions of the LTIP have been altered to include Net Revenue growth and ROCE. Annual bonuses have also been modified to introduce deferral.

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out in this report where the terms of the payment were agreed (i) before the Policy came into effect (provided that the commitment to make the payment complied with any applicable Remuneration Policy of the Company at the time it was agreed) or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration, and an award over shares is 'agreed' at the time the award is granted.

In the event of a variation of capital in the Company which impacts the value of a share, which may include, but is not limited to, a capitalisation or rights issue, consolidation, subdivision or reduction of capital, stock-split or demerger, then:

- the maximum number of share awards and options which may be granted under the LTIP may be adjusted to ensure that the overall maximum value of awards would be the same immediately before and after any such event; and
- the maximum number of shares subject to an award granted under the LTIP or the Deferred Bonus Plan, the option price (where applicable) and the identity of the company whose shares are subject to the award may be adjusted in accordance with the rules of the plan as the Committee considers appropriate. The Committee can also, subject to the rules of the plan, require that awards are automatically exchanged for awards over shares in another company which are, in the opinion of the Committee, equivalent.

Non-Executive Director remuneration

Non-Executive Directors do not have service agreements, but are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code (July 2018) guidelines, all Directors are subject to re-election annually at the AGM.

It is the policy of the Board of Directors that Non-Executive Directors are not eligible to participate in any of the Company's bonus, share option, long-term incentive or pension schemes. An element of the basic fee is, however, paid in RB shares.

Details of the policy on fees paid to our Non-Executive Directors are set out in the table below:

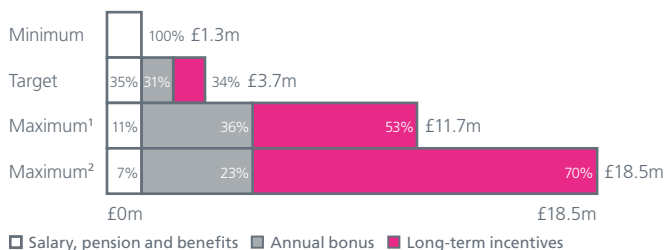
Component and objective	Approach of the Company
Fees (cash and shares) To attract and retain Non-Executive Directors of the highest calibre with broad commercial experience relevant to the Company	The fees paid to Non-Executive Directors are determined by the Board of Directors, with recommendations provided by the Chairman and CEO. The fees of the Chairman are determined by the Remuneration Committee. Additional fees are payable for acting as Senior Independent Non-Executive Director and as Chair of the Committees. Members of the Committees are also eligible to receive an additional fee, which may also be payable for other Board-related services. Fee levels may be reviewed annually, with any adjustments normally effective from 1 January. Fees are reviewed by taking into account external advice on best practice and competitive levels, in particular at FTSE 30 and FTSE 100 companies. Time commitment and responsibility are also taken into account when reviewing fees. Chairman and Non-Executive Director fees are delivered partly in cash and partly in RB shares or equivalent (e.g. ADRs) which must be held until retirement from the Company. The fees paid to the Chairman and Non-Executive Directors in respect of the year under review (and for the following year), including the split between cash and shares, are disclosed in the Annual Report on Remuneration. Aggregate fees are limited by the Company's Articles of Association. Travel and expenses for Non-Executive Directors (including the Chairman) 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.

Directors' Remuneration Report continued

Scenarios of total remuneration

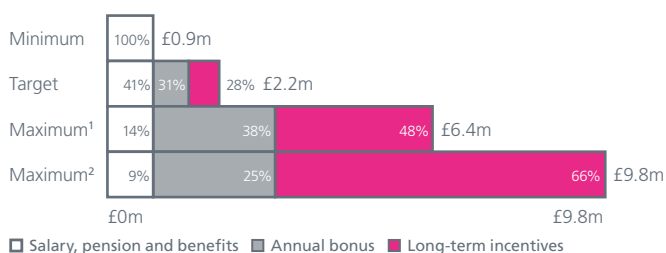
The charts below provide an estimate of the potential future total remuneration for the Executive Directors. Four scenarios of potential outcomes are provided based on underlying assumptions shown in the notes to the chart. It should be noted that the LTIP awards granted in a year do not normally vest until on or after the date of the AGM which follows the end of the performance period.

CEO



1 Excluding share price growth.
2 Including 50% share price growth.

CFO



1 Excluding share price growth.
2 Including 50% share price growth.

Notes
The scenarios in the chart above have been calculated on the following assumptions:

The 'Minimum' scenario reflects base salary, pension and benefits (i.e. fixed remuneration), being the only elements of the Executive Directors' remuneration package not linked to performance. This is based on the base salary and pension allowance as at 1 January 2019 and an estimated value of the benefits, based on amounts paid in 2018.

The 'On-target' scenario illustrates fixed remuneration as above, plus target payout of annual bonus and threshold vesting of the LTIP.

The 'Maximum excluding 50% share price growth' scenario sets out fixed remuneration, plus full maximum payout of the annual bonus and full vesting of the LTIP awards.

The 'Maximum including 50% share price growth' scenario sets out fixed remuneration, plus full maximum payout of the annual bonus, full vesting of the LTIP awards and 50% share price growth.

As LTIP awards are set as a fixed number of shares and options, the LTIP value is based on the number of shares and share options to be granted to the Executive Directors, in 2019. For the purposes of these scenarios, although no 2019 LTIP award was made to the CEO the charts assume an award of 160,000 share options and 80,000 shares. The value has been calculated assuming a price at grant of £64.76. Under the disclosure requirements the first three scenarios above exclude share price appreciation; share options have therefore been valued using a Black-Scholes option pricing model and assumptions aligned to the three-year performance period, at 10% of the assumed face value. The final scenario includes a 50% share price growth assumption, over the performance period, in line with recent legislation. It should be noted that if the share price appreciation over the performance period is greater than that assumed then the actual total remuneration may be more than that shown in the above charts.

External appointments

With the approval of the Board of Directors in each case, and subject to the overriding requirements of the Company, Executive Directors may accept external appointments as a Non-Executive Director of another company and retain any fees received. Details of external appointments and the associated fees received are included in the Annual Report on Remuneration.

Consideration of conditions elsewhere in the Company

Across RB, remuneration is reviewed regularly with the intention that all employees are paid appropriately in the context of their local market and given their role, experience and performance. The Company seeks to promote and maintain good relations with employee representative bodies – including trade unions and works councils – as part of its employee engagement strategy, and consults on matters affecting employees and business performance as required in each case by law and regulation in the jurisdictions in which the Company operates. Although the Committee has not consulted employees on executive remuneration, the Committee is mindful of the salary increases applying across the rest of the business in relevant markets when considering salaries for Executive Directors. The Committee reviews the overall pay framework of the Group including internal relativities, gender pay and participation in all-employee share plans. The Company encourages share ownership amongst employees and those who hold shares will be able to participate in the vote on the Remuneration Policy at the AGM.

Consideration of Shareholder views

The Committee considers Shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from Shareholder representative bodies more broadly, in shaping the Remuneration Policy. The Committee Chair speaks with a number of the Company's largest Shareholders on the subject of executive remuneration at least on an annual basis and the Committee is grateful for all of the feedback which is provided. The majority of Shareholders are supportive of the Company's philosophy and policy on remuneration, and the Committee will continue to keep its Remuneration Policy under regular review, to ensure it continues to reinforce the Company's long-term strategy and aligns closely with Shareholders' interests. The Committee will continue to consult our major Shareholders before making any significant changes to our Remuneration Policy.

Approach to recruitment remuneration

External appointment

In cases of hiring or appointing a new Executive Director from outside the Company, the Remuneration Committee may make use of all existing components of remuneration, as follows:

Component	Approach
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. Where new appointees have initial base salaries set below market, or the previous incumbent's salary, the shortfall may be managed with phased increases over a period of two or three years subject to their development in the role.
Pension	New appointees will receive pension contributions and/or an equivalent cash supplement at a maximum of 10% of pensionable salary.
Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a car allowance, car and driver, healthcare and any necessary relocation expenses in line with the ongoing Remuneration Policy.
Annual bonus	The structure described in the Policy Table will apply to new appointees with the relevant maximum opportunity.
LTIP	New appointees will be granted awards under the LTIP on the same terms as other executives, as described in the Policy Table. LTIP grants can take the form of performance share awards, share options or a combination of the two.

The overall limit of variable remuneration will be as set out in the Policy Table taking into account the maximum value of the annual bonus and the maximum awards of options and share awards under the LTIP.

The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer, including by utilising Listing Rule 9.4.2, i.e. over and above the approach outlined in the table above. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards and the likelihood of those conditions being met with the intention that the value awarded would be no higher than the expected value of the forfeited arrangements and made on a like-for-like basis.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above; except that where an

individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements even in instances where they would not otherwise be consistent with the prevailing Directors' Remuneration Policy at the time of appointment.

Recruitment of a new Non-Executive Director

In recruiting a new Non-Executive Director, the Remuneration Committee will use the policy as set out in the table on page 103. A base fee in line with the prevailing fee schedule will be payable for membership of the Board of Directors, with additional fees payable for acting as Senior Independent Non-Executive Director and as Chairman or member of a Committee. Fees will be delivered partly in cash and partly in RB shares to be held until retirement from the Company.

The fee for a new Non-Executive Chairman will be set with reference to the time commitment and other requirements of the role and the experience of the candidate. To provide context for this decision, appropriate market data would also be referenced.

Service contracts and exit payment policy

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. In accordance with general market practice, each of the Executive Directors has a rolling service contract which is terminable on 12 months' notice and this practice will also apply for any new Executive Directors. In such an event, the compensation commitments in respect of their contracts could amount to one year's remuneration based on base salary and benefits in kind and pension rights during the notice period. Termination payments may take the form of payments in lieu of notice. Copies of Executive Director service contracts are available to view at the Company's registered office.

The Committee may agree exit payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or in settlement of any claim arising in connection with the cessation of a Director's office or employment. This may include the provision of outplacement support. The Group may also pay reasonable fees for a departing Director to obtain independent legal advice in relation to their termination arrangements and nominal consideration for any agreement to any contractual terms protecting the Company's rights following termination.

The Company's policy on any termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the executive's service contract and the circumstances of the termination. The table overleaf summarises how awards under the annual bonus and LTIP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan.

Directors' Remuneration Report continued

Reason for cessation	Timing of vesting/payment	Calculation of vesting/payment
Annual bonus		
Voluntary resignation or termination with 'cause'	Not applicable	No bonus to be paid for the financial year
All other circumstances	Following the end of financial year	Bonuses will be paid only to the extent that objectives set at the beginning of the plan year have been met. Any such bonus will be paid on a pro-rata basis up to the termination date and will be subject to deferral requirements where applicable.
Deferred bonus share awards		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse
All other circumstances	Subject to the original time horizons, unless the Committee, at its discretion, decides these will vest on cessation of employment	Shares vest in full
LTIP		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse. Share awards and options in the holding period after the end of the performance period are retained, with the holding period continuing to apply (unless the Committee decides that they will be released early), save that they will lapse if the holder is summarily dismissed.
Ill-health, injury, permanent disability, retirement with the agreement of the Company, the participant's employing entity ceasing to be under the control of the Company, transfer of the undertaking in which the participant works outside the Group, redundancy or any other reason that the Committee determines in its absolute discretion.	Awards will vest in line with the original performance, vesting and holding periods.	<p>The Committee determines whether and to what extent outstanding awards vest based on the extent to which performance conditions have been achieved and the proportion of the performance period worked.</p> <p>In the event of an employee leaving the Group due to ceasing to be under the control of the Company, transfer of undertaking, or change of capital structure, such as demerger, IPO, etc., the Committee will retain the discretion for awards to be exchanged for new equivalent awards in the new company, where appropriate and permitted by the rules of the LTIP.</p>
Death	As soon as practicable after date of death (which could be at the end of the relevant financial year)	Performance conditions will be measured early and awards may be reduced to reflect the proportion of the performance period worked.
Change of control	On change of control	<p>Awards will vest to the extent that any performance conditions have been satisfied (unless the Committee determines that the performance conditions should not apply). Awards will also be reduced pro-rata to take into account the proportion of the performance period not completed, unless the Committee decides otherwise.</p> <p>Awards may alternatively be exchanged for new equivalent awards in the acquirer or another company where appropriate.</p>

Annual Report on Remuneration

The rest of this report sets out how we have implemented in 2018 the Remuneration Policy previously approved by Shareholders, as well as how we intend to implement in 2019 the new Remuneration Policy, if approved by Shareholders.

2018 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 96.

As disclosed in last year's report, following the review of salary levels in late 2017, the Committee approved base salary increases of 0% for the CEO and 8% for the CFO with effect from 1 January 2018.

During 2018, the Remuneration Committee reviewed salaries and determined that the CEO and the CFO would have salary increases of 3% for 2019.

The table below sets out base salaries with effect from 1 January 2019:

	Base salary at 1 January 2018	Base salary from 1 January 2019	Percentage increase
Executive Director			
Rakesh Kapoor	£945,209	£973,565	3%
Adrian Hennah	£660,000	£680,000	3%

The average salary increase for our UK employees was c.3%, effective 1 January 2019.

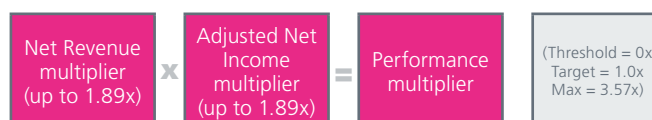
Annual bonus in respect of 2018 performance

Prior to the start of the year, the Remuneration Committee set stretching performance targets for the Executive Directors in 2018. As set out in last year's report, these were based on Net Revenue growth and Adjusted Net Income growth, both measured in GBP at a constant exchange rate.

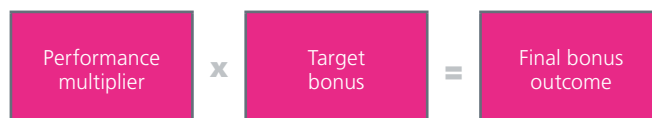
In line with the existing Remuneration Policy, the CEO and the CFO had target bonus opportunities of 120% of salary and 90% of salary respectively. Actual payments can range from zero to 3.57x target depending on performance against the stretching performance ranges as follows:

- 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).

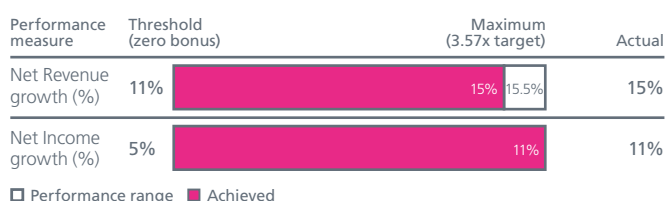
2018 bonus outcomes

In 2018 RB made good progress in a transformational year, following the restructure of the Company into two business units and with our first full year of MJN ownership. Highlights of the 2018 performance include:

- Net Revenue growth of 15%. On a pro-forma and like-for-like basis growth was 3%.
- Accelerated delivery of MJN synergies. In the year synergies of £158 million were delivered and we remain on track to achieve the increased synergy target.
- Adjusted Operating Margin of 26.7%.
- Adjusted Net Income growth of 11%, on a constant currency basis.
- Adjusted diluted EPS growth of 7% on continuing operations.
- Strong free cash flow generation of £2,029 million.
- This performance has resulted in a dividend payment that is a 4% increase on 2017.

Annual Report on Remuneration continued

The chart below illustrates the 2018 performance compared to the performance ranges set by the Remuneration Committee.



As illustrated above, the 2018 growth in Net Revenue (NR) was towards the upper end of the targets set and the Net Income (NI) growth was at maximum. The NR and NI results combined give an overall multiplier of 2.99x target – this is 84% of maximum.

This resulted in a 2018 bonus for the CEO and CFO as follows:

	Salary	x	Target bonus	x	Performance multiplier	=	2018 bonus
CEO	£945,209	x	120%	x	2.99	=	£3,391,410
CFO	£660,000	x	90%	x	2.99	=	£1,776,060

Vesting of the 2016 LTIP – performance versus targets

In determining the LTIP vesting the Committee undertook a thorough review to ensure that the payout was appropriate in light of the Company performance and in line with the Remuneration Policy.

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 2016 LTIP, granted in December 2015, is dependent on Adjusted Diluted EPS growth over the three-year period 2016-2018. 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.

At the time that the award was made, the peer group average EPS growth was 2% p.a. with an upper quartile of 9.5% p.a.

The Remuneration Committee made previous commitments to Shareholders to exclude the MJN acquisition and related transactions in calculating EPS growth to measure performance to ensure that the LTIP targets remain as stretching as prior to any major acquisition/disposal. This is to ensure that management's and Shareholders' interests remain fully aligned. Management should not be rewarded due to an increase in EPS derived simply from a material gearing of the balance sheet.

Earnings per share over the three-year period from 2016 to 2018, measured on an adjusted, diluted basis, grew by 31%, equivalent to compound average annual growth of 9.5% per annum. With the one-off effects of the MJN acquisition and associated transactions being totally removed, this reduces to 8.3% per annum. This EPS growth performance results in vesting of 65% being achieved when measured against the vesting schedule approved by Shareholders.

Further, in line with previous commitments, the Committee assessed, and was satisfied, that the performance of MJN to date is in line with the expectations set at the time of the acquisition.

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 2016 LTIP awards to the CEO and the CFO may vest to the following extent on 9 May 2019 for performance over the completed three-year period:

	Interests held	Exercise price	Vesting %	Interests vesting	Share price ¹	Estimated value
CEO awards						
Share awards	240,000	n/a	65%	156,000	£64.76	£10,102,560
Options	400,000	£63.25	65%	260,000	£64.76	£392,600
CFO awards						
Share awards	45,000	n/a	65%	29,250	£64.76	£1,894,230
Options	90,000	£63.25	65%	58,500	£64.76	£88,335

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 2018 of £64.76. The actual value at vesting will be disclosed in the 2019 Annual Report.

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 2018, based on the information set out in the previous sections. This is compared to the prior year figure:

	Rakesh Kapoor		Adrian Hennah	
	2018 £	2017 £	2018 £	2017 £
Base salary	£945,209	£945,209	£660,000	£613,020
Taxable benefits ¹	£94,520	£94,521	£46,315	£39,472
Annual bonus ²	£3,391,410	£0	£1,776,060	£0
LTIP ^{3,4}	£10,495,160	£7,678,000	£1,982,565	£1,477,350
Pension benefit ⁵	£281,163	£281,163	£163,000	£151,255
Total	£15,207,462	£8,998,893	£4,627,940	£2,281,097

1 Taxable benefits consist primarily of car/car allowance and healthcare. During 2019 an error in reporting of benefits came to light. The CEO and the CFO are provided with a car paid for by the Company for business travel, which also includes journeys from home to office. The Company also pays for any associated tax liability arising. This had not been included in benefits reported in prior years' remuneration reports. The 2017 benefits shown in the table above have therefore been restated to include the taxable value of this benefit. The total cost of this benefit for the years 2014-2016 was £88,995 for the CEO and £34,916 for the CFO. The Committee has limited the value of total benefits to 10% of salary in any year, with the employee required to pay the value above this.

2 Annual bonus paid at 84% of maximum as set out on page 108.

3 Reflects the estimated value of LTIP shares and options granted in December 2015, which are due to vest on 9 May 2019 at 65%. Valued using an average share price over Q4 of £64.76. See the relevant section on page 108 for more details.

4 These values have been restated from last year, which used an average share price of £66.67 over Q4 2017 to estimate the value of the vesting. The actual values shown above are based on the share price on the date of vesting of £55.60 on 3 May 2018. The year-on-year increase in the single figure total for the CEO is 22% when compared to the single figure total set out in the 2017 Directors' Remuneration Report. This reflects improved performance in 2018 which has been reflected in a bonus being paid in respect of 2018 (where one was not paid in 2017). The increase also reflects the Committee's decision in 2017 to use discretion and reduce the LTIP vesting by 50%. If this discretion had not been exercised in 2017, the single figure total would have shown a year-on-year decrease.

5 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.

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. The table below shows the shareholding of each Executive Director against their respective shareholding requirement as of 31 December 2018:

	Shareholding requirement (number of shares)	Shares owned outright	Other interests in shares and options under the LTIP				
			Performance shares		Options held		
			To vest in May 2019	Unvested, subject to performance	Vested but not exercised	To vest in May 2019	Unvested, subject to performance
Rakesh Kapoor	600,000	628,054	156,000	250,000	899,176	260,000	500,000
Adrian Hennah	200,000	104,190	29,250	76,500	211,556	58,500	153,000

Rakesh Kapoor has exceeded his requirement and Adrian Hennah has made good progress towards his requirement to the satisfaction of the Committee. Further details of the scheme interests contained in the table above are provided in the table on page 116. New hires to the Board will have different shareholding requirements of 200,000 for the CEO and 100,000 for other Executive Directors.

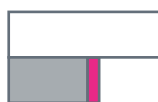
The Executive Directors also participate in the all-employee Sharesave Scheme. Details of options held under this plan are set out on page 117.

Shareholding of Executive Directors vs requirement

CEO



CFO



0 100,000 200,000 300,000 400,000 500,000 600,000 700,000 800,000

█ Shareholding requirement █ Current shareholding █ 2018 vesting¹

1 '2018 vesting' shows the estimated number of performance shares which will vest in respect of performance to 2018, after tax.

Annual Report on Remuneration continued

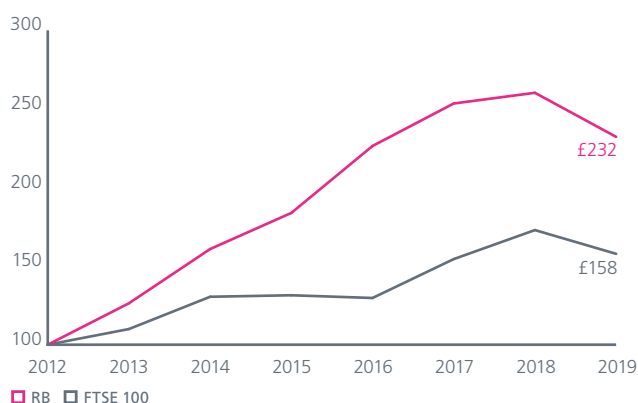
Review of past performance

The chart below shows the Total Shareholder Return (TSR) of the Company compared to the UK FTSE 100 Index over the seven-year period from 1 January 2012 to 31 December 2018. We have also shown how this translates into creation of value for our Shareholders.

This period represents the full financial years of the tenure of Rakesh Kapoor as CEO.

Relative Total Shareholder Return since 1 January 2012

£ value of £100 invested at 1 January 2012



Creation of Shareholder value since 1 January 2012

Market capitalisation at 1 January 2012 (£bn)



Shareholder value at 31 December 2018 (£bn)



0 10 20 30 40 50 60
 ■ Market capitalisation (1 Jan 2012) ■ Increase in market capitalisation
 ■ Dividends paid ■ Indivior demerger

Based on three-month average share price at start and end of period.

The table below sets out the single figure of total remuneration for Rakesh Kapoor in his tenure as Chief Executive. It should be noted that the LTIP vesting included in the single figure for 2011 to 2013 are in respect of awards made to him prior to his appointment as CEO.

(£000)	2011	2012	2013	2014	2015	2016	2017	2018
CEO single figure of remuneration								
Rakesh Kapoor	£4,497	£8,411	£6,840	£12,787	£25,527	£15,289	£8,999	£15,207
Annual bonus (as a percentage of maximum)	31%	53%	100%	72%	100%	0%	0%	84%
LTIP vesting	100%	100%	40%	40%	80%	50% ¹	50% ¹	65%

¹ The Remuneration Committee exercised discretion to reduce vesting.

Implementation of Directors' Remuneration Policy for 2019

Salary

As set out earlier in this report, the CEO's and the CFO's salaries for 2019 have increased by 3% from 2018. The CEO's salary is £973,565 and the CFO's is £680,000, with effect from 1 January 2019.

Pension

The CEO and the CFO are eligible to receive pension contributions, or equivalent cash allowances, of 30% and 25% of pensionable salary, respectively. For any new hires, this will be 10%.

Annual bonus in respect of 2019 performance

For 2019, there will be no change to the annual bonus opportunity of the CEO; the CFO's target bonus opportunity has increased from 90% of salary to 100% of salary. This change has been made taking into account the internal relativities at RB and the role expansion last year as part of the reorganisation of RB.

Bonuses for 2019 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 107.

We have not disclosed the performance target ranges for 2019 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 2019.

2019 LTIP awards

The Remuneration Policy, to be approved by Shareholders at the AGM in May 2019, sets out the operation of the LTIP.

The Remuneration Committee undertook a thorough review of the performance measures to be used in the LTIP and in order to strengthen the alignment between LTIP participants and delivery of RB's strategic priorities has introduced new performance measures. Vesting of the LTIP awards will depend on the achievement of stretching targets relating to: growth in EPS, growth in Net Revenue and ROCE. We have set out below the definition of these measures.

EPS is measured on an adjusted diluted basis, as shown in the Group's Financial Statements, as this provides an independently verifiable measure of performance. Adjusted Diluted Earnings Per Share is defined as Adjusted Net Income attributable to owners of the parent divided by the weighted average number of ordinary shares, on a diluted basis. 25% of the LTIP measure will be based on Adjusted Diluted EPS growth at constant exchange rates, and 25% of the LTIP measure will be based on Adjusted Diluted EPS growth at actual exchange rates.

Net Revenue growth will be measured as like-for-like (LFL) growth. This excludes the impact of changes in exchange rates, acquisitions, disposals and discontinued operations. 25% of the LTIP measure will be based on LFL growth of Net Revenue.

ROCE is defined as Adjusted Operating Profit after tax divided by monthly average capital employed. This measure will be equivalent to that to be disclosed in our Annual Report from 2018 onwards. However, in view of the fact that the currency profile of the Group's income statement differs from the currency profile of the Group's capital base in respect of several major currencies, and this has the potential to distort ROCE if rates move, we are proposing to measure ROCE for LTIP purposes on a constant currency basis. 25% of the LTIP measure will be based on ROCE, in the final year of the performance period.

The table below sets out the targets set by the Remuneration Committee for the 2019 LTIP awards. These awards will be made following the 2019 AGM, subject to Shareholder approval of our Remuneration Policy.

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

The Committee went through a robust process when setting these targets, taking into account a number of factors and different reference points. These included the internal business plan, guidance we provide to the market on expected future performance, consensus forecasts and current broker views, historic performance at companies in our peer group, and the general prevailing economic environment and market growth forecasts.

The Committee considers that these targets are very stretching. The performance required to achieve maximum vesting at 6% per annum for Net Revenue growth and 9% per annum for EPS growth represents performance that is double the average growth rates in our peer group over the last five years. However, the Committee is also mindful that the EPS growth targets have been reduced from those for previous awards. As you will have seen, our guidance is for LFL Net Revenue growth of 3-4%, for 2019, with a focus on sustaining our best-in-class margins. With this in mind, the Remuneration Committee believes that the EPS performance range of 4% per annum to 9% per annum is appropriately stretching.

Annual Report on Remuneration continued

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.

RB's usual practice is that LTIP awards are made in December, prior to the start of the performance period. However, due to the proposed changes being made to the LTIP under the new Remuneration Policy, 2019 LTIP awards will be made as soon as practicable following the AGM in May 2019, subject to Shareholder approval.

No 2019 LTIP award will be made to Rakesh Kapoor. The award to Adrian Hennah will be 80,000 share options and 40,000 performance shares. The value of these will be disclosed in our 2019 Annual Report.

Remuneration arrangements for the departing Chief Executive Officer

The Board announced on 16 January 2019 that Rakesh Kapoor has indicated his intention to retire as CEO by 31 December 2019, after more than eight years as CEO and 32 years at the Company.

Our approach for 2018 remuneration was unaffected and is as set out in this report. For 2019, our approach is set out in detail below:

- Salary, benefits and pension will be paid up to the retirement date of 31 December 2019.

- There will be no payments in lieu of notice.
- Eligible for an annual bonus payment in respect of the 2019 financial year, which will be subject to RB performance over 2019 and payable at the time bonuses are paid to other RB employees. There will be no deferral applied for Rakesh Kapoor.
- The 2017-2019 and 2018-2020 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.
- The 2018-2020 LTIP award will be reduced pro-rata to reflect the proportion of the performance period that Rakesh is employed for. There is no time pro-rating applicable to the 2017-2019 LTIP award, Rakesh will be employed for the whole performance period.
- There will be no 2019-2021 LTIP award made to Rakesh.
- Rakesh will retain an interest in 216,666 shares and 433,333 share options which may vest subject to performance and then will be subject to a holding period for at least two years after departure.

For the avoidance of doubt, all payments will be made in line with our Shareholder-approved Remuneration Policy.

Other required disclosures

Percentage change in CEO remuneration

The table below shows the percentage change in CEO remuneration from the prior year compared to the average percentage change in remuneration for all UK employees who form part of the senior management team. This group has been chosen as it represents the most appropriate comparator group for reward purposes for our UK-based Group Chief Executive.

The analysis excludes part-time employees and is based on a consistent set of employees, i.e. the same individuals or roles appear in the 2017 and 2018 populations.

	CEO	Other employees
	% change 2017-2018	% change 2017-2018
Base salary	0%	4%
Taxable benefits	0%	3%
Annual bonus	n/a	412%

The bonus for the CEO in 2017 was zero so it is not possible to provide a percentage change calculation. The aggregate bonus for other employees in respect of 2018 compared to 2017 shows a large uplift reflecting that just under half of the population received a zero bonus in 2017. The percentage change in annual bonus for other employees shown in last year's report for 2016-17 was -81%.

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.

Relative importance of spend on pay

The table below shows Shareholder distributions (i.e. dividends) and total employee pay expenditure for 2017 and 2018, along with the percentage change in both.

	2018 £m	2017 £m	% change 2017-2018
Total Shareholder distribution	1,187	1,134	5%
Total employee expenditure	1,767	1,597	11%

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.

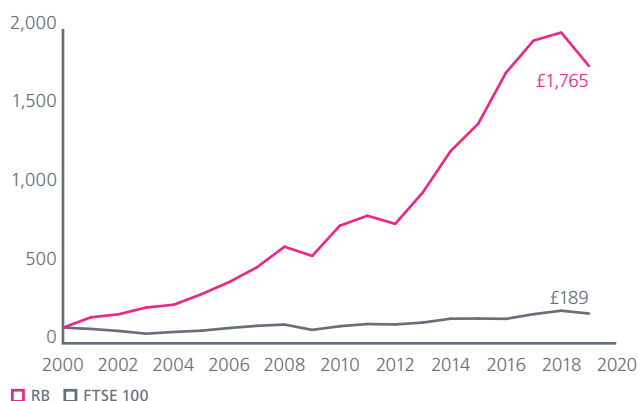
Annual Report on Remuneration continued

Performance graph

The graph below shows the TSR of the Company and the UK FTSE 100 Index over the period since 1 January 2000, representing the period of full financial years since the merger of Reckitt & Colman plc and Benckiser N.V. and the listing on the London Stock Exchange of Reckitt Benckiser Group plc. This shows the growth in the value of a hypothetical holding of £100 invested on 31 December 1999. We have also shown the growth in the value of a holding of £100 invested on 31 December 2008, as required by disclosure regulations. 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.

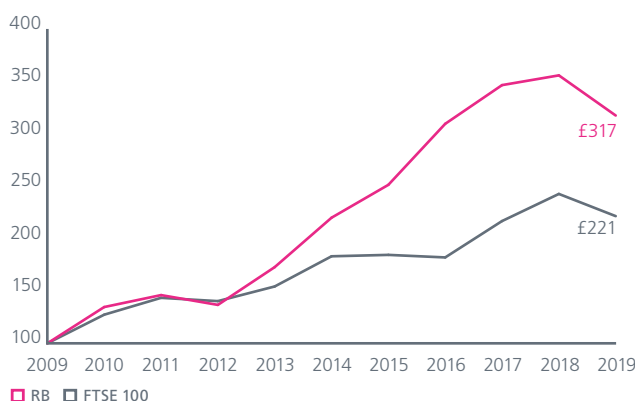
Total Shareholder Return since 1 January 2000

£ value of £100 invested at 1 January 2000



Total Shareholder Return since 1 January 2009

£ value of £100 invested at 1 January 2009



The table below sets out the single figure of total remuneration received by the previous CEO (Bart Becht) between 2009 and 2011:

Year	Single figure (£000)	Annual bonus (% of max)	LTIP vesting
2009	£28,881	100%	100%
2010	£17,150	76%	100%
2011	£18,076	31%	100%

Single total figure of 2018 remuneration for Non-Executive Directors and implementation for 2019 (Audited)

The following Non-Executive Director fee policy was in place for the year ended 31 December 2018. The table also sets out the fees that will apply from 1 January 2019, which are unchanged.

Role	2018 fees		2019 fees	
	Cash fee	Fee delivered in RB shares	Cash fee	Fee delivered in RB shares
Base fees				
Chairman	£375,000	£125,000	£375,000	£125,000
Non-Executive Director	£75,250	£16,750	£75,250	£16,750
Additional fees				
Chair of Committee	£30,000	–	£30,000	–
Member of Committee	£15,000	–	£15,000	–
Senior Independent Director	£20,000	–	£20,000	–

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2018 and the prior year:

	2018 fees			2017 fees		
	Cash	Shares	Total	Cash	Shares	Total
Chris Sinclair	£278,128	£88,087	£366,215	£88,750	£16,250	£105,000
Adrian Bellamy ²	£136,004	–	£136,004	£324,000	£71,000	£395,000
Nicandro Durante	£105,250	£16,750	£122,000	£103,750	£16,250	£120,000
Mary Harris	£105,250	£16,750	£122,000	£91,250	£16,250	£107,500
Ken Hydon ²	£36,840	–	£36,840	£93,750	£16,250	£110,000
Pam Kirby	£120,250	£16,750	£137,000	£118,750	£16,250	£135,000
André Lacroix	£125,250	£16,750	£142,000	£118,750	£16,250	£135,000
Judy Sprieser ²	£36,840	–	£36,840	£101,250	£16,250	£117,500
Warren Tucker	£90,250	£16,750	£107,000	£88,750	£16,250	£105,000
Andrew Bonfield ¹	£53,500	–	£53,500	–	–	–
Mehmood Khan ¹	£53,500	–	£53,500	–	–	–
Elane Stock ¹	£32,883	–	£32,883	–	–	–

1 For Directors appointed following the half-year, the relevant portion of fees applied in the purchase of shares in relation to 2018 remuneration was carried out in February 2019.

2 Directors who stepped down from the Board in May 2018 received the share-related portion of their fees in cash.

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 2018 AGM

The following table shows the results of the voting on the 2017 Directors' Remuneration Report, at the 2018 AGM, and of the Directors' Remuneration Policy at the 2016 AGM:

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the 2017 Directors' Remuneration Report	474,938,175	89%	58,492,636	11%	533,430,811	613,920
Approve the Directors' Remuneration Policy	377,323,671	76%	117,846,630	24%	495,170,301	30,453,974

The Committee continues to have ongoing dialogue with Shareholders with a view to obtaining Shareholder support for our remuneration arrangements. In particular, over recent years, following consultation with our major Shareholders, we made a number of changes to the Remuneration Policy, to further align Executive Directors with Shareholders. This resulted in Shareholders supporting the 2017 Directors' Remuneration Report.

The Committee has made further changes to the Remuneration Policy for 2019, which are set out in more detail earlier in this report. We discussed our proposals with Shareholders and the Committee is grateful for the feedback provided by Shareholders throughout our engagement on these matters.

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 2018	
		Years	Months
Andrew Bonfield	1 July 2018	–	6
Nicandro Durante	1 December 2013	5	1
Mary Harris	10 February 2015	3	11
Mehmood Khan	1 July 2018	–	6
Pam Kirby	10 February 2015	3	11
Chris Sinclair	10 February 2015 (appointed Chairman from 3 May 2018)	3	11
Elane Stock	1 September 2018	–	4
Warren Tucker	24 February 2010	8	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 and for Adrian Hennah was 12 February 2013. Directors' service contracts and letters of engagement are available for inspection at the registered office.

Annual Report on Remuneration continued

External appointments

Adrian Hennah was paid (and is permitted to retain) £118,990 in respect of his directorships of RELX plc and RELX NV. He additionally received (and is permitted to retain) a notional tax benefit of £780 related to the preparation of a tax return filed in the Netherlands, required as a result of his directorship of RELX NV.

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 2018, Deloitte LLP also provided the Group with support and advice in numerous areas, including corporate and employment taxes, share schemes, RB 2.0 and the HS issue in South Korea. 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. Its total fees for the provision of remuneration services to the Committee in 2018 were £400,600 on the basis of time and materials.

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

LTIP	Notes	Grant date	At 1.1.18	Granted during the year	Exercised/ vested during the year	Lapsed during the year	At 31.12.18	Option price (£)	Market price at date of award (£)	Market price at date of exercise/ vesting (£)	Exercise/vesting period
Adrian Hennah											
Options		13.2.13	704	–	–	–	704	42.61	–	–	May 16-Feb 23
		13.2.13	73,312	–	–	–	73,312	41.44	–	–	May 16-Feb 23
		11.12.13	92,540	–	–	–	92,540	46.51	–	–	May 17-Dec 23
	1	1.12.14	90,000	–	–	45,000	45,000	50.57	–	–	May 18-Dec 24
	2	2.12.15	90,000	–	–	–	90,000	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
Performance-based share awards											
	1	1.12.14	45,000	–	22,500	22,500	–	–	52.40	55.60	May 18
	2	2.12.15	45,000	–	–	–	45,000	–	64.15	–	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
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	1.12.14	400,000	–	–	200,000	200,000	50.57	–	–	May 18-Dec 24
	2	2.12.15	400,000	–	–	–	400,000	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	–	–	–	200,000	64.99	–	–	May 21-Nov 27
Performance-based share awards											
	1	1.12.14	240,000	–	120,000	120,000	–	–	52.40	55.60	May 18
	2	2.12.15	240,000	–	–	–	240,000	–	64.15	–	May 19
	2	1.12.16	150,000	–	–	–	150,000	–	66.28	–	May 20
	2	30.11.17	100,000	–	–	–	100,000	–	64.86	–	May 21

Notes
1 As disclosed in last year's report, vesting of the award made in December 2014 was 50% for the CEO and the CFO. This vested following the AGM in 2018 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 shown above.

EPS CAGR for awards granted in December 2014–2017	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

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 1.1.18	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.18	Option price (£)	Market price at exercise (£)	Exercise period
Rakesh Kapoor	02.09.16	509	–	–	–	509	58.86	–	Feb 22-Jul 22
Adrian Hennah	04.09.13	403	–	–	–	403	37.20	–	Feb 19-Jul 19
	01.09.15	307	–	–	–	307	48.71	–	Feb 21-Jul 21

There have been no changes to the Directors' interests as set out in the above tables between 31 December 2018 and 18 March 2019.

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 18 March 2019 had the following beneficial interests in the ordinary shares of the Company:

	18 March 2019	31 December 2018	31 December 2017
Andrew Bonfield	80	0	–
Nicandro Durante	579	579	434
Mary Harris	2,114	2,114	1,902
Adrian Hennah	104,190	104,190	92,166
Rakesh Kapoor	628,054	628,054	628,054
Mehmood Khan	80	0	–
Pam Kirby	3,452	3,452	3,301
André Lacroix	–	2,931	2,786
Chris Sinclair	4,062	4,062	3,246
Elane Stock	1,910	0	–
Warren Tucker	2,471	2,471	2,318

Notes

- 1 No person who was a Director (or a Director's connected person) on 31 December 2018 and at 18 March 2019 had any notifiable share interests in any subsidiary.
- 2 The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe for shares.

Report of the Directors

The Directors present their Annual Report and audited Financial Statements of the Group for the year ended 31 December 2018 to the Shareholders of the Company.

Directors

The Directors who held office during the year and those serving at the date of this report are:

Adrian Bellamy	Stood down following conclusion of RB's AGM on 3 May 2018
Adrian Hennah	
André Lacroix	Resigned on 31 December 2018
Andrew Bonfield	Appointed on 1 July 2018
Chris Sinclair	
Elane Stock	Appointed on 1 September 2018
Judy Spriesser	Stood down following conclusion of RB's AGM on 3 May 2018
Ken Hydon	Stood down following conclusion of RB's AGM on 3 May 2018
Mary Harris	
Mehmood Khan	Appointed on 1 July 2018
Nicandro Durante	
Pam Kirby	
Rakesh Kapoor	
Warren Tucker	

The biographical details of the current Directors are listed on pages 58 to 61.

We announced on 4 January 2019 that Warren Tucker will not stand for re-election at the Company's 2020 AGM and will retire from the Board following the Company's 2020 AGM.

On 16 January 2019, we announced Rakesh Kapoor will retire as CEO by the end of 2019. The Board has initiated a formal process to appoint Rakesh's successor, considering both internal and external candidates.

Directors' interests

A statement of Directors' interests in the share capital of the Company is shown on page 117.

Details of Executive Directors' options to subscribe for shares in the Company are included on page 116 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 and service agreements are disclosed in the Directors' Remuneration Report on pages 93 to 117.

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

Takeover directive

The Company is required to disclose certain additional information required by s992 of the Companies Act 2006 (CA 2006) which implemented the EU Takeover Directive. The following sets out disclosures not covered elsewhere in this Annual Report.

The Board's power to appoint Directors is contained in the Company's Articles of Association (the Articles). The Articles stipulate an appointed Director must submit themselves for election at the first AGM following their appointment. In addition, all Directors are required to offer themselves for re-election every three years. However, in accordance with the principles of the UK Corporate Governance Code (the Code), Directors submit themselves annually and will resubmit themselves at the forthcoming AGM.

The Board is responsible for the management of the business of the Company and may exercise all the powers of the Company subject to the provisions of the Company's Articles and with regard to their statutory duties as Directors under 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 from the Company's website at www.rb.com or can be obtained upon written request from the Company Secretary or from the UK Registrar of Companies.

Unless expressly specified to the contrary in the Articles, the Company's Articles may be amended by a special resolution of the Company's Shareholders.

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 would be required to disclose about persons with whom it has contractual or other arrangements which are essential to the business of the Company.

Dividend

In July 2018, the Directors resolved to pay an interim dividend of 70.5 pence per ordinary share (2017: 66.6 pence), which was paid to Shareholders on 27 September 2018.

The Directors recommend a final dividend for the year of 100.2 pence per share (2017: 97.7 pence) which, together with the interim dividend, makes a total for the year of 170.7 pence per share (2017: 164.3 pence).

The final dividend, if approved by the Shareholders, will be paid on 23 May 2019 to Shareholders on the register at the close of business on 23 April 2019.

Share capital

As at 31 December 2018, the Company's issued share capital consisted of 736,535,179 ordinary shares of 10 pence each, of which 707,501,818 were with voting rights and 29,033,361 ordinary shares were held in treasury. 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 Articles contain the rights and obligations attached to the Company's ordinary shares.

There are no restrictions on the voting rights attached to the Company's ordinary shares or the transfer of securities other than certain restrictions which may from time to time be imposed by laws, for example, insider trading law; in accordance with the EU Market Abuse Regulation, certain employees require the approval of the Company to deal in the Company's ordinary shares.

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

In accordance with CA 2006, Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by Shareholders at a general meeting.

The authority granted to the Directors at the 2018 AGM under s551 CA 2006 will expire at the conclusion of this year's AGM. At the 2019 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 2020, whichever is the sooner.

Report of the Directors continued

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 2018, 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.

Since the 2017 AGM, the Company has (in line with best practice recommendations) split the s561 resolution into two separate resolutions. At this year's AGM the resolution will again be proposed as two separate resolutions. The first resolution seeks authorisation for 5% of the issued ordinary share capital to be issued on an unrestricted basis, whilst the second resolution seeks authority for the additional 5% of the issued ordinary share capital to be used for an acquisition or a specified capital investment. 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 Directors at the 2018 AGM 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 2018.

At the 2019 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 such authority in treasury to satisfy outstanding awards under employee share incentive plans.

Employees

During 2018, the Group employed an average of 42,400 (2017: 40,400) employees worldwide, of whom 3,654 (2017: 3,431) 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.

The Group recognises its responsibilities to disabled persons and endeavours to assist them to make their full contribution at work. Where employees become disabled, every practical effort is made to allow them to continue in their jobs or to provide retraining in suitable alternative work.

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. A continuing programme of training and development reinforces the Group's commitment to employee development.

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.

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 and videos are given to employees around the Group on publication of the Group's financial results.

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.

Political donations

Authority is sought each year from Shareholders, on a precautionary basis, to approve political donations and incur political expenditures in accordance with the requirements of Part 14 CA 2006 as the definitions in the Act are broad.

No political donations or expenditure of the type requiring disclosure under s366 and s367 of CA 2006 were made in the year ended 31 December 2018 nor are any contemplated.

Independent Auditor

The External Auditor, KPMG LLP (KPMG), has indicated its willingness to continue in office and a resolution that KPMG be reappointed as External Auditor for the financial year ending 31 December 2019 will be proposed at the AGM on 9 May 2019.

Further disclosures

Further information, including information fulfilling the 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 FCA's Listing Rules and Disclosure Guidance and Transparency Rules can be found in the following sections of the Annual Report for the period ended 31 December 2018, which are incorporated into the Report of the Directors by reference:

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Information on subsidiaries of the Company, including overseas branches, can be found in Note 11 (Subsidiary Undertakings) to the Parent Company Financial Statements, from page 203.

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

Substantial shareholdings

As at 31 December 2018 and as at 18 March 2019, pursuant to DTR5 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 26 February 2019 that its aggregate holding had increased to 112,576,564 shares and 4,179,816 American Depositary Receipts (ADRs). The voting percentage was not disclosed.

Report of the Directors continued

Corporate Governance Statement

In compliance with the Disclosure Guidance and Transparency Rules 7.2.1, the disclosures required by DTR 7.2.2R to 7.2.7R and 7.2.8A are set out in this Report of the Directors and in the Corporate Governance Statement on pages 68 to 75 which together with the Statement of Directors' Responsibilities are incorporated by reference into this Report of the Directors.

Application of the UK Corporate Governance Code 2016

We report against the requirements of the UK Corporate Governance Code (the Code) 2016 issued by the Financial Reporting Council (FRC).

A revised code was published in July 2018, which will become effective for accounting periods beginning on or after 1 January 2019. Whilst reporting against the 2018 Code is not yet mandatory, the Board has and will continue to examine its current practices in relation to the requirements of the 2018 Code and some of the new provisions have already been adopted and are referred to in this Annual Report.

For the year in review, our high standards of compliance with the 2016 Code remain, and details of how the Company has applied the 2016 Code principles and provisions can be found in the Corporate Governance Report on pages 64 to 75.

Annual General Meeting (AGM)

The forthcoming AGM of Reckitt Benckiser Group plc will be held on 9 May 2019 at 11.15am at the London Heathrow Marriott Hotel, Bath Road, Hayes, Middlesex UB3 5AN.

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 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

18 March 2019

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;
- 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

18 March 2019