HEALTH ▸ HYGIENE ▸ HOME

betterrbusiness

2015

Reckitt Benckiser Group plc (RB)
Annual Report and Financial Statements

We make a difference to people's lives through a trusted portfolio of brands, across consumer health, hygiene and home.

Our vision
A world where people are healthier and live better.

Our purpose
To make a difference, by giving people innovative solutions for healthier lives and happier homes.

Our strategy

Chief Executive's Review on pages **8–9**

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Contents

Highlights

betterfinancials

Net Revenue

£8,874m

Like-for-like[1] growth +6%

Adjusted[1] earnings per share (diluted)

258.6p

+12%

Gross margin

59.1%

+140 bps

Developing markets

30%

of Net Revenue

Adjusted[1] operating margin

26.8%

+210 bps

Health and Hygiene

74%

of Net Revenue

Read more on pages 16–23

1. Note: Definition of non-IFRS measures and their reconciliation to IFRS measures are shown on page 39.

bettersociety

Net Revenue from more sustainable products

£558m

6% of Net Revenue

Read more on page 26

People reached with Health and Hygiene messaging

237m

Since 2013

Save a Child Every Minute

£6.5m

Committed to the programme in 2015

Read more on pages 24–26

betterenvironment

Greenhouse gas emissions per unit of production

14%

Reduction since 2012

Water use per unit of production

30%

Reduction since 2012

Waste per unit of production

14%

Reduction since 2012

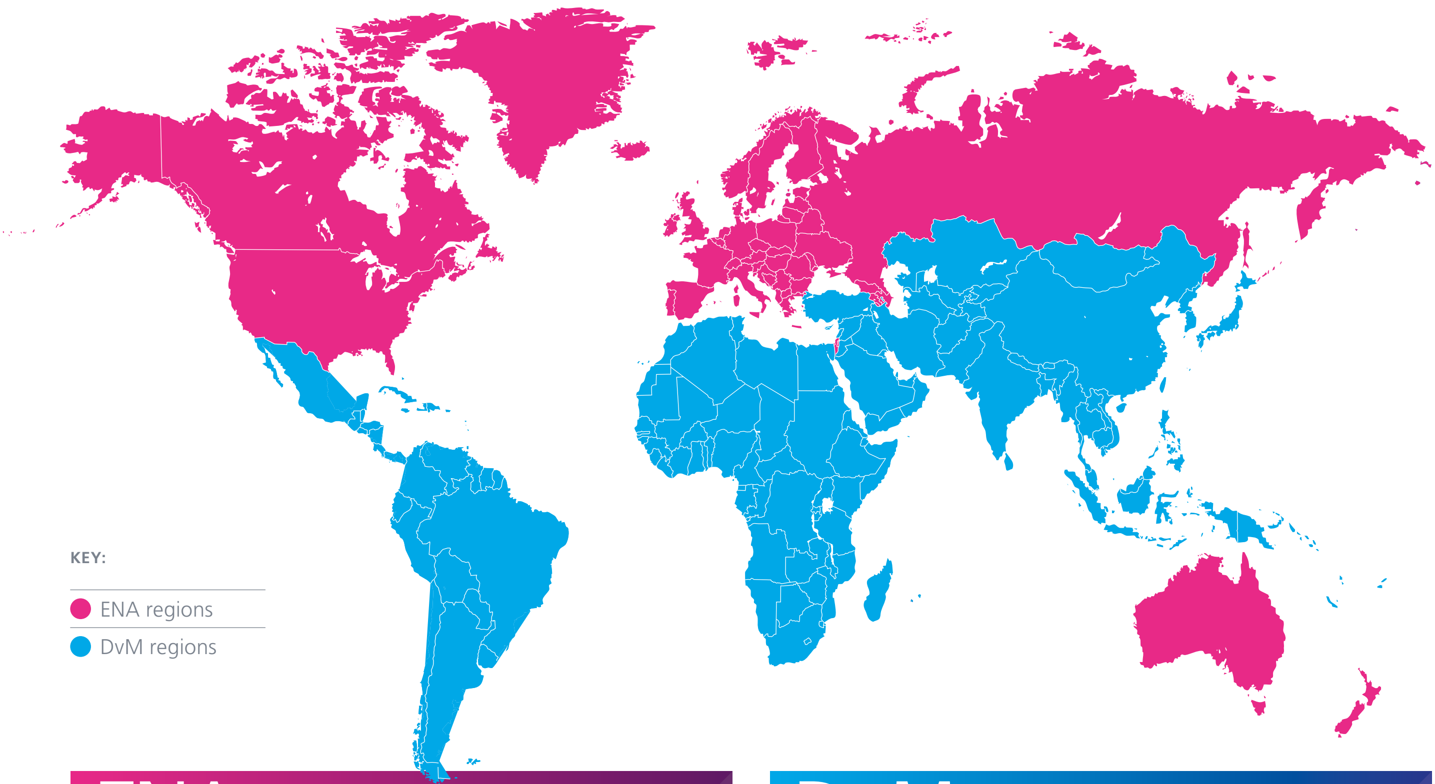
Read more on pages 27–29

At a glance

The right markets, categories and brands.

Millions of consumers worldwide love and trust our brands. We have operations in more than 60 countries and sales in most countries across the globe.

We organise our business into two areas, centred on groups of countries with many similarities in consumer behaviour, brand development and how the retail trade is organised. This structure helps us to be faster to market, with more consistent in-market activation.



KEY:

- ENA regions
- DvM regions

ENA

Europe (including Russia/CIS and Israel), North America and Australia/New Zealand

Net Revenue	Like-for-like growth
£5,830m 2014: £5,891m	+5%

DvM

Africa, Middle East (excluding Israel), Turkey, Asia (excluding Russia/CIS) and Latin America

Net Revenue	Like-for-like growth
£2,695m 2014: £2,629m	+9%

Food

We run Food as a standalone business. Its brands include French's, the leading mustard brand in the US.

Net Revenue	Like-for-like growth
£349m 2014: £316m	+4%

Health

Health and wellbeing are the key to happiness. Our health brands are generally sold over the counter and include products targeting everyday issues such as pain, fever, cold, flu, sore throat or heartburn. Our sexual wellbeing products, including condoms, lubricants and other aids, promote safe and pleasurable sex. The Health category also includes footcare, with products to address hard skin and other foot and nail conditions.

Net Revenue

£2,942m

2014: £2,701m

Like-for-like growth

+14%

Market positions

- Nurofen and Gaviscon are leading analgesic and gastro-intestinal brands in Europe and Australia
- Durex is No.1 worldwide in condoms for both safe and more pleasurable sex
- Strepsils is No.1 in medicated sore throat globally
- Mucinex is the No.1 cough brand in the US
- Scholl has leading positions in many footcare markets

Hygiene

Hygiene is the foundation for healthy living. Our brands promote personal hygiene for good health and home hygiene, to create a safe environment for families. Our range includes disinfectant cleaners, multipurpose and speciality cleaners, lavatory care, automatic dishwashing detergents, pest control, depilatory products and acne treatments.

Net Revenue

£3,589m

2014: £3,627m

Like-for-like growth

+3%

Market positions

- RB is No.1 globally in the overall category of surface care
- No.2 worldwide in lavatory care with Lysol in North America and Harpic across Europe and Developing Markets
- Dettol is No.1 worldwide in antiseptic liquids
- Finish is No.1 worldwide in automatic dishwashing
- No.2 worldwide in pest control with the Powerbrand Mortein, the Group's international brand, supported by local brand franchises like d-Con in North America
- Veet is No.1 worldwide in depilatory products

Home

Home is the centre of family life. Our brands help create the right environment for families to enjoy their time together. Products in this category include air care, water softeners, garment care and fabric treatment.

Net Revenue

£1,715m

2014: £1,810m

Like-for-like growth

+2%

Market positions

- Vanish is No.1 worldwide in fabric treatment
- Calgon is No.1 worldwide in water softeners
- Woolite is No.2 worldwide in garment care
- Air Wick is No.2 worldwide in air care

Portfolio (including Food)

The Portfolio category includes our laundry and fabric softener business, as well as our Food brands.

Net Revenue

£628m

2014: £698m

Like-for-like growth

+1%

Chairman's Statement

"Our purpose-driven strategy is delivering for all stakeholders."

Adrian Bellamy / Chairman

Returns to Shareholders

£20.8bn

Of additional value delivered to our Shareholders in the last three years

Net Revenue from more sustainable products

£558m

6% of Net Revenue

A year of delivery

2015 was another successful year for RB, as we continued to benefit from the strategy we outlined in 2012. Total Net Revenue was flat due to the negative impact of foreign exchange, but increased by 6% on a like-for-like basis. Reported Operating Profit was up 4% in actual currency and 7% in constant currency terms. Adjusted Operating Profit rose 9% in actual currency and 12% in constant currency, resulting in a 210bps increase in our Adjusted Operating Margin. Reported Diluted Earnings Per Share were 240.9p, up 6% while Adjusted Diluted Earnings Per Share were 12% higher at 258.6p.

Our strong operational performance and continued excellent cash conversion enabled us to return a record amount to Shareholders in 2015. We maintained the level of dividend this year, despite the loss in earnings from the Indivior demerger in December 2014. The Directors have proposed a final dividend of 88.7p per share, up 12%, giving a total dividend for the year of 139p. Subject to Shareholder approval, the final dividend will be paid on 26 May 2016 to Shareholders on the register on 15 April 2016.

We also increased our share repurchase programme to £0.8 billion for the year (up from £0.3 billion) while maintaining our net debt position at around £1.6 billion. The Directors believe this policy of balanced returns leaves your Balance Sheet in a healthy position, while giving us the financial strength to invest in strategic, value-accretive acquisitions, in line with our strategy.

It is pleasing that RB's share price performance continues to reflect our successful delivery. During the year, RB's share price rose by 20.6% to 6281p, well ahead of the 4.9% change in the FTSE 100.

A successful strategy

RB's strategy concentrates our resources on the attractive Health and Hygiene categories and looks to deliver well-balanced growth across developed and developing markets. The Board remains highly focused on the success of this strategy. Each year, we spend considerable time with the Executive Committee, reviewing RB's competitive environment and our plans for driving the business forward. We also carefully monitor the Company's progress against its plans. Through this work, we remain convinced that our strategy is the right one and that it continues to position RB to outperform for the long term.

Sustainability is a fundamental part of this strategy, as we recognise that we have a wider responsibility that goes beyond our commitment to deliver financial returns for Shareholders. We made further strong progress with our sustainability agenda this year, using our health and hygiene capabilities to make a real difference to people's lives, while ensuring we operate safely and with the lowest possible impact on the environment.

At the start of 2015, we announced Project Supercharge, which is already making a significant difference to our organisation and its performance. At its heart, it is about simplifying our business, so we can get our innovations to market more quickly and effectively. At the same time, the substantial cost savings from the programme frees up cash for investment elsewhere, further improving our prospects for growth. More information about Project Supercharge and its benefits can be found on page 17.

Governance in action

Board members' trip to India

In September 2015, the Board held a highly successful visit to India, which is a key growth market for RB and we believe will soon rank in the top three countries for revenues. Board members met government ministers, including Minister of Power, Piyush Goyal and Finance Minister, Arun Jaitley, e-commerce entrepreneurs including Snap Deal CEO Kunal Bahl, and Kailash Satyarthi, who won the 2014 Nobel Peace Prize for his work to protect the rights of children and young people.

The visit enhanced Board members' knowledge of the Indian business environment, including the pivotal role that e-commerce will play in future growth. At the same time, it emphasised the importance of RB's purpose as a company, which goes beyond our financial success. The Board learned about the progress we have made in supporting the Indian Government's campaign for a cleaner India – known as Swachh Bharat – in which we are helping to improve hand hygiene and sanitation, which in turn helps people in India to live healthier lives.

Chairman's Statement continued

Governance
We believe that good governance is vital for business success. It provides the framework within which RB can implement its strategy and create further value for our Shareholders. Our annual evaluation of the effectiveness of the Board and its committees again showed that governance within RB is strong and effective. The evaluation identified areas for further improvement, which we are implementing. More detail about the evaluation and its findings are on page 57.

The Board also benefitted from the contributions and broad range of skills of our three new Non-Executive Directors, Mary Harris, Pam Kirby and Chris Sinclair, who joined the Board in February 2015 and who have brought fresh perspectives to add to the deep experience of our long-standing Directors.

More information about RB's approach to corporate governance and the Board's activities during the year can be found in my statement on pages 52 and 53 and in the full Corporate Governance Report on pages 54 to 58.

A culture of outperformance
As this Annual Report makes clear, RB's culture is critical to its success. Our culture makes RB a dynamic and exciting business, which rewards outperformance and is constantly looking to do better for our customers, consumers and Shareholders.

Appreciation
On behalf of the Board, I would like to thank Rakesh Kapoor and his team for their substantial achievements this year and for positioning the business to succeed for years to come. We have an exceptional depth of talent on our Executive Committee and in our broader senior management team, which gives us the leadership we require to continue to outperform. I would also like to thank everyone in RB around the world for their outstanding commitment and performance in the last 12 months.

My thanks also go to my colleagues on the Board for their guidance. During the year we were very sorry to receive the resignation of our long time Deputy Chairman, Peter Harf, due to his ever increasing workload at JAB. Peter led the public offering of Benckiser and was subsequently very instrumental in bringing together Reckitt and Colman and Benckiser to form RB as we are today. This wise combination of two great companies has proven enormously beneficial to the shareholders of both corporations. Over the years Peter has been an outstanding director offering his great experience and wisdom during our Board deliberations. He contributed meaningfully to the growth of Shareholder wealth in RB. On behalf of all stakeholders I thank Peter for his immense contribution and wish him well in the future.

At the AGM to be held on 5 May 2016 (AGM), Jaspal Bindra, Sue Shim and Doug Tough will not be offering themselves for re-election and will retire from the Board from the conclusion of the meeting. I would very much like to thank each of them for their contributions and wish them well for the future pursuits they will be undertaking.

Thank you also to our Shareholders for your continued support.

AGM resolutions
The AGM is on 5 May 2016 and the resolutions that Shareholders will vote on are fully explained in the Notice of Meeting.

Conclusion
The Board remains confident that the building blocks are in place for RB's ongoing success. The combination of our strategy, culture and people gives us a platform for continued growth and outperformance, which will benefit all our stakeholders.

Adrian Bellamy / Chairman
22 March 2016

Reasons why RB delivers

Performance-driven culture

Our culture is central to our outperformance, because our strategy becomes real when we execute it with excellence. We live our values of Achievement, Ownership, Entrepreneurship and Partnership. Our compensation approach and industry-leading share ownership requirement for senior management encourage our people to act as Shareholders and to treat the Company as their own.

Share ownership requirement of "Top40" management

£185m

Read more on pages **10–11**

Right portfolio strategy

We identify unmet consumer needs in underpenetrated, higher-growth and higher-margin categories. We drive growth through innovation, penetration-building programmes, scaled distribution, consumer education and in-store excellence. We invest disproportionately behind our high-potential markets (Powermarkets) and our faster growing brands (Powerbrands). Our growth is broad based and we do not rely on any one market or brand.

Powerbrands

19

Powermarkets

16

Read more on page **16**

Successful innovation

Continuous, successful innovation is the key to long-term success. We listen to our consumers and develop products that create healthier lives and happier homes. We then invest heavily behind these initiatives, with category and penetration-building and consumer education activities we call Brand Equity Investment (BEI).

Scholl Velvet Smooth Express Pedi rolled out in

50 **markets**

Read more on pages **30–33**

Virtuous earnings model

Our virtuous earnings model starts with Gross Margin, which we constantly seek to grow by targeting higher-margin segments, led by consumer health, and optimising cost throughout our supply chain. Combined with tight fixed-cost containment, this provides room in our Income Statement to invest for growth through our short and long-term BEI initiatives, enabling us to drive Net Revenue and expand our Operating Margin. Converting our profit into cash is an important part of our culture and compensation ethos. All our operational management teams have revenue, profit and net working capital objectives built into their annual bonus targets.

Gross Margin

+140bps

Read more on pages **22–23**

Value creation

We are primarily an organic growth company and have created significant value from successful innovation, investing behind our brands and in-store excellence. However, the consumer health market is fragmented, which gives us the opportunity to acquire strong brands. In recent years we have made important, value-accretive acquisitions, which have enhanced our organic growth platform and provided significant returns for our Shareholders.

Total Shareholder Return since 2012 announcement of new strategy

+126%

Read more on page **34–35**

Chief Executive's Review

"The combination of the right portfolio strategy and the right culture is delivering outstanding returns to Shareholders."

Rakesh Kapoor / Chief Executive Officer

"Our people have the hunger you usually only find in companies that are just starting out."

Number of "Top400" management working outside their home country

61%

Like-for-like Net Revenue growth

+6%

RB has a long track record of outperformance. While it is tempting to focus on the 'hardware' of our financial performance, to discover what truly makes RB special you need to understand the 'software' beyond it – our culture and values, and our talented people who embody both.

RB's culture is very different from others in our industry. Our people have the hunger you usually only find in companies that are just starting out. We have a compelling desire to challenge ourselves and each other, so we outperform and make RB the best company we can be. Our culture is reflected in our values – Achievement, Ownership, Entrepreneurship and Partnership. They determine how we make decisions and how our leadership provides a role model for the behaviours we want. Our values are interlinked, and they combine to make RB a business where we act fast, take responsibility and aim for and reward exceptional achievement.

I also believe that successful companies must have a clear purpose, which explains who they are and what they stand for. RB stands for healthier lives and happier homes. This purpose inspires us and helps us to prioritise. For example, we know which innovations to pursue and which capabilities we need, because we can easily see whether or not they will help us achieve our purpose. Our purpose therefore directly informs our business strategy.

Results

2015 was an excellent year for RB, as we continued to benefit from our focus on consumer health and hygiene. These categories are faster growing, higher margin and less competitive. Our approach of identifying unmet needs means we can drive category growth, rather than fighting for market share.

We delivered strong like-for-like growth and exceptional Operating Margin expansion. The starting point for our virtuous earnings model is Gross Margin, which we increased by 140bps, as we drove a superior sales mix and ongoing optimisation of our cost base. Higher gross margins give us the capacity to invest heavily behind our brands, which in turn drives our top line. Brand Equity Investment (BEI) rose by £48 million (constant) equivalent to 12.7% (-20bps) of Net Revenue, which understates the true increase given our reinvestment of efficiencies. Our operating margins are already best in class but we increased them by a further 210bps, to 26.8%.

Supercharging our organisation

In our markets, speed matters. However, as organisations grow they inevitably become more complex, which makes them rigid and slower to respond. We must constantly battle against this, so our culture and business can thrive.

We announced Project Supercharge at the start of 2015. It is our programme to ensure we have a simpler, more agile organisation, which focuses our efforts on our consumers and our retail customers. Supercharge is already delivering real benefits. For example, we have reduced our geographical areas from three to two, bringing our developing markets under a single leadership and helping us to deliver more scalable innovation and better in-country activation. To focus on the blockbuster innovations with the best returns, we have reduced the number of projects in our pipeline, while increasing their average value. And our Power of 1 teams (see page 30) are helping us to roll-out new products more quickly, consistently and cost effectively across our areas.

Supercharge is a cultural programme but it is also delivering cost savings to reinvigorate our earnings model. Our people have embraced Supercharge to such an extent that we have accelerated these benefits and achieved more than we planned in 2015. We also now expect to achieve the upper end of our £100 million – £150 million annual savings target once we have fully implemented this three-year programme.

A connected company

The digital revolution is transforming the business world, so we continue to invest in creating a connected company. The need to be where our consumers are, means we are increasingly moving online. In some of our key markets, more than 50% of our media impressions are now through digital media. We are connecting our Powerbrands directly to consumers, for example by engaging with new mothers to promote Dettol, and using technology and data to derive better and faster insights, so we can rapidly identify and respond to changes in consumer demand. E-commerce is ever more important and more than 25% of our revenue in China now comes through this channel. We use China to develop new approaches to e-commerce, which we can then apply to the rest of the world.

Our betterbusiness strategy

Truly sustainable businesses need to be financially strong while improving people's lives and acting in an environmentally sustainable way. Our **betterbusiness** strategy therefore encompasses how we drive financial performance – through our focus on our Powermarkets, Powerbrands, our organisation and our margins – as well as how we meet our social and environmental responsibilities, so we deliver sustainable value.

The most effective social programmes are those which inspire people because they are closely connected to the Company's business. Our ***Save a Child Every Minute*** campaign with Save the Children uses our expertise and our people's efforts to effect real change, with the goal of stopping diarrhoea being a top five killer of children. This year we have launched two innovative hygiene products to reduce the incidence of diarrhoea, with their profits being reinvested in the programme. We also continue to educate people and to raise awareness of health and hygiene. I am delighted that our efforts mean we have already hit our 2020 target of reaching 200 million people.

We have a well-established sustainability programme, as we aim to grow in an environmentally and socially responsible way. As a result, we work hard to make our products and our production more sustainable, by reducing our greenhouse gas emissions, waste and energy and water use, and by increasing the proportion of Net Revenues from more sustainable products. More details of our approach and performance can be found on pages 24 to 29.

Conclusion

We are making good progress with our strategy and remain on target to reach our 2020 goals. Despite all our achievements so far, we believe there is much more to go for, as we drive penetration of our markets and introduce innovations that delight consumers and create value for all our stakeholders.

In 2016 we expect that the macroenvironment will be tough but we remain confident that our strategic choices across Powerbrands and Powermarkets will enable RB to deliver another year of growth and margin expansion. We are targeting like-for-like Net Revenue growth of +4-5%. For operating margin our medium-term target is for moderate margin expansion. We expect this to be supplemented in 2016 by part of the remaining Project Supercharge efficiencies.

Rakesh Kapoor / Chief Executive Officer
22 March 2016

Case study

Connected to our consumers

Durex passionately believes in providing couples with better protection and better sex. We know that the best way to reach our core targets – young people – and talk to them about sex is through digital media. In 2015, Durex therefore decided to take connectivity to a completely new level.

In China, Durex created the first personalised condom packs, allowing people to go online to choose their preferred design and create a personal message for the person they love, with the packs then shipped directly to their home.

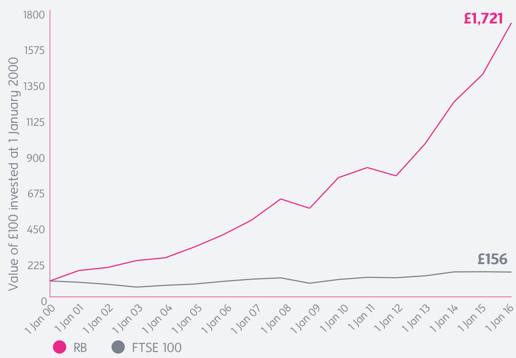
Globally, Durex showed that the best way to turn on is to turn off your device. YouTube videos created for our Earth Hour campaign in March 2015, were viewed more than 75 million times, making them the most-watched branded YouTube videos for weeks.

No icon is yet available to communicate safer sex on social platforms, so for World Aids Day 2015, Durex campaigned for a 'condom emoji'. The Durex video really struck a chord with young people, creating a digital interaction every three seconds during the campaign and achieving 2.9 billion impressions globally.

When it comes to better and healthier sex – in real life or on the net – the best way to connect is the Durex way.

SHAREHOLDER RETURNS

RB has demonstrated outstanding Shareholder return. If you invested £100 on 1 January 2000 that investment would have grown to £1,721 by the end of 2015. That same £100 invested in the FTSE 100 would be worth £156 over the same period of time.



Our unique culture

RB has a distinctly different culture. Our culture is all about the people who make RB what it is; the ways in which we improve the health and hygiene of our consumers, and how we work with and develop our people, suppliers, partners and third parties.

Our culture is captured by our four values – Achievement, Ownership, Entrepreneurship and Partnership. These values are interlinked and together define how we make decisions, how our people act and how we assess and reward them. Our leaders are role models for these behaviours, so everyone in RB understands the way we work.

THE RIGHT VALUES

ACHIEVEMENT
We don't just aim high, we strive for outperformance.

OWNERSHIP
We treat the Company as if it is our own.

ENTREPRENEURSHIP
Daring to be different, taking calculated risks.

PARTNERSHIP
Leveraging relationships for outperformance.

Achievement

Everyone wants a sense of achievement and for RB that means outperformance.

We constantly raise the bar, expecting more from ourselves and inspiring others to stretch beyond targets. This hunger is the basis of our drive to outperform.

Every day we challenge the tried and tested because we want to be better – better innovations, better ways of doing things and better results. We explore what it means to be the very best. We have a unique approach to rewards, where average performance results in average rewards but top performance earns excellent rewards.

Partnership

Partnership means leveraging our relationships to drive outperformance.

In today's world, we cannot be the best if we do everything ourselves. In aggregate, there is far more innovation, creativity and knowledge outside RB than there can ever be inside it. We therefore partner with organisations who can bring us innovative products and help us develop more effective ways of working.

We also strive for a spirit of openness in our internal partnerships. To maximise our potential, we have to seek help when we need it, share best practice and make each other better every day. To be a great company, we must be obsessed by making each other the best we can be.

Ownership

To build a company focused on achievement, our people need a sense of ownership.

This means our people take ownership of issues, identify what needs to be done and see ideas through to fruition. They accept responsibility and own the outcome. Rather than waiting to be told what to do, they act in RB's and consumers' best interests and when making spending decisions, they spend as if the money were their own.

We encourage our people to behave as if they own the business. The "Top40" managers in RB have the highest shareholding requirements in the industry. Medium to long-term rewards, based on outperformance in earnings per share growth, can significantly outweigh short-term bonuses. Many employees throughout the business also own shares and have share-based incentives. Wherever possible, employees are given the opportunity to participate in share ownership schemes. Outperformance therefore has material benefits for our people, by creating value for Shareholders.

Entrepreneurship

Owners are usually entrepreneurs. Entrepreneurs challenge the status quo, find fresh approaches and adopt new thinking.

They have more ideas and look for the resources to implement them. This contrasts with the typical big company, which has more resources than ideas and – because it worries more about failure than success – avoids taking calculated risks.

We make a conscious effort to breed a culture of entrepreneurship. By tightly controlling resources, we encourage our people to innovate and find better ways to achieve their goals. We allow passionate people to pursue projects they believe in, knowing they can fail small and will be rewarded if their project is launched. We create a culture of diversity, so we benefit from different experiences and viewpoints, and encourage people to speak up.

Case study

Project Supercharge

- We have focused our innovation pipeline on fewer, bigger, better innovations and it is now stronger than ever.
- We have increased investments behind our health products and behind those capabilities that are critical to grow our share of the healthcare market and drive our Powerbrands to market leading positions.
- We are reducing the number of partners we work with by consolidating our creative agencies and point of sale suppliers. By involving procurement specialists early in the supplier selection process, we are able to negotiate the best possible deals which often results in savings for the same level of service. Procurement have delivered significant savings in freight costs, copy production and Consumer Market Insights (CMI).

The benefits:

- Our resource allocation is now focused on fewer, bigger projects. We have boosted the average size of our top 10 projects by 27%, whilst reducing complexity.
- In DvM we have set up a centre of excellence for healthcare to boost capabilities.
- We have invested in e-commerce in the DvM area.
- Through agency consolidation we now have the very best creative agencies working across each of our portfolios. Our creative communications strategy is working much harder to grow penetration for our Powerbrands.
- Through better forward planning of copy production, we have been able to drive efficiencies and we are seeing significant increases in multi country campaigns and also in the average number of copies per TV campaign.

Supercharging Outperformance.

Total share ownership requirement for "Top40" management

£185m

Nationalities in "Top400" management

49

Strategic Framework:
The changing world drives our purpose-driven strategy and business model

Our world is changing...

Powerful long-term trends are increasing demands for our products

Read more on pages **14–15**

We are living longer

Our incomes are rising

We are more proactive (about health)

Our lives are busier

We are always connected

Healthcare costs are rising

Regulation is changing

Society and Shareholders expect more

Our purpose
To make a difference by giving people innovative solutions for healthier lives and happier homes.

Why we can deliver

Our purpose-driven strategy and unique culture create the conditions for outperformance relative to our markets

Read more on pages **16–29**

The right strategy:
(Our Hardware)

betterbusiness

betterfinancials
How we drive growth and outperformance

HEALTH • HYGIENE • HOME

bettersociety
How we support our communities and develop our people

betterenvironment
How we reduce our environmental impact

+

The right culture:
(Our Software)

- **Achievement**
- **Entrepreneurship**
- **Ownership**
- **Partnership**

How we can deliver

Our three-part model enables us to rapidly scale up our ideas and offer them to consumers around the world

Read more on pages **30–33**

Create

For our **Consumers**

Create innovative products that meet under-served demands

Scale

Scale our innovations, to make them as global as possible

Activate

For our **Customers**

Activate our ideas through our customer relationships while driving consumer demand

What we can deliver

Our strategy and business model create value for our stakeholders and reinforce our position as the global leader in health and hygiene

Read more on pages **34–35**

For our **People**

Rewarding and challenging careers

+

For our **Consumers**

Innovative solutions that make a difference

+

For our **Shareholders**

Sustainable growth and outperformance

+

For our **Customers**

Leading brands that drive profitable category growth and footfall

+

For our **Communities**

Healthier and happier communities through the use of our products

= Global leader in consumer health and hygiene[1]

1. Based on RB's definition of hygiene plus consumer health sales. (Data sources: Hygiene: RB select categories (Euromonitor); Consumer Health: OTC (Nicholas Hall) ; Condoms/Devices (ACNielsen); Foot care – (ACNielsen – select markets only).

Our world is changing...

Our market and resources

Our consumer landscape is changing

We are living longer

Life expectancy is rising around the world. Between 2015 and 2030, the number of people aged over 60 is expected to increase to more than 1.4 billion. Ageing populations are putting ever greater demands on healthcare services and motivating people to look for new ways to promote wellbeing as well as wellness.

Our incomes are rising

An expanding middle class, particularly in developing markets, means more people have money to spend on health and hygiene products after meeting their essential needs. Increased income also spurs development of better infrastructure such as sanitation systems, which further drives demand.

We are more proactive (about health)

Longer life expectancies and rising incomes are encouraging more of us to actively look after ourselves and prevent health issues before they occur, for example through better hygiene and healthier home environments. We believe that self-care is the new frontier of healthcare.

Our lives are busier

Modern life brings more opportunities at work and at home but also more demands on our time. This encourages consumers to use easily accessible over-the-counter health products, rather than wait for a doctor's appointment, to seek out the fastest-acting hygiene or laundry product and to look for personal grooming and beauty treatments that can be used at home.

We are always connected

Advances in digital technology, particularly mobiles, mean consumers can make ever-greater use of online resources and e-commerce to manage lifestyles and healthcare. Sites such as WebMD enable us to learn about health and wellbeing, while Facebook and other social media help us to interact with brands and to exchange information with people with similar issues and interests. Consumers around the world increasingly act on this information by buying products online.

E-commerce enables companies to gather data about consumers and their preferences, to tailor offers that are specific to them, and to provide a consistent customer experience across different countries and to increase engagement. This requires companies to have robust systems and processes for gathering data and the ability to analyse it to derive valuable insights while protecting consumer privacy.

Our environment is changing

Healthcare costs are rising

Access to healthcare is not only a human need – it is a basic human right. The current infrastructure and health delivery systems are creaking under the strain of ever-increasing demand as they face a perfect storm of pressures: burgeoning population, increased longevity, and resource shortfalls among doctors, nurses and other health professionals.

As the boundaries of science get pushed back, we are able to offer more solutions for health needs but that adds cost. As costs spiral and resources diminish, what we can least afford to do is reduce the healthcare that people can access. We need a radical rethink to find more cost-effective ways to help consumers protect and manage their health.

Regulation is changing

The ever-changing global consumer landscape exposes potential gaps in regulation in environmental stewardship, patient safety and data protection. In response, governments are demanding more responsible behaviours and accountability from all stakeholders. Evolving laws and regulations mean companies must innovate to keep pace and adapt their products to exclude ingredients that may affect safety or the environment and to reduce the environmental footprint of their operations. This favours forward-thinking companies who strive for transparency and continuous improvement.

Society and Shareholders expect more

The licence to operate for companies like RB now encompasses stakeholders' expectations that can go beyond the letter of the law and regulations. Continuous improvement on environmental and social metrics is expected of responsible companies.

One particularly strong trend is a growing focus on tackling the causes of easily preventable deaths and illness. For example, each year around the world there are over 84,000 deaths from sexually transmitted diseases, over half a million deaths of children under the age of five from diarrhoea and over 610,000 deaths from malaria, which can all be prevented.

We recognise the need to balance our desire for delivering sustainable financial outperformance for our Shareholders with delivering meaningful employment and economic viability for the communities where we live and operate and protecting our precious environmental resources.

Business must be a force for good across all three metrics. prioritising one over the other is not sustainable.

How this links to our strategy

We believe we are uniquely placed to respond to these global trends through our **betterbusiness** strategy.

Our focus on Health, Hygiene and Home categories helps consumers protect and improve their health and wellbeing as they enjoy longer and more prosperous lives.

Our Powermarkets address the countries with the fastest growing demand for these products. For example, we expect that in India there will be 100 million more toilets by 2020 and we want to be there and elsewhere to fulfil increased sanitation needs.

We continue to expand our e-commerce capabilities and to invest in our IT and data analysis. This will help us exploit opportunities in the emerging eHealth arena. We believe that digital capability will revolutionise health monitoring and we are committed to be at the forefront of this trend. In fact, 25% of all sales in China today are via e-commerce and we anticipate this to be over 50% by 2020.

Our emphasis on an agile, responsive organisation enables us to anticipate and address consumer needs quickly and effectively. Consumer health is higher margin, which helps give us the financial headroom to invest in innovation and in building brands, so that consumers have access to the next generation of products that meet their changing needs.

This approach drives financial outperformance, with revenues growing faster than the market and increasing margins creating value for our investors.

At the same time, we know that growth and responsibility go hand in hand. Our **betterbusiness** strategy therefore also encompasses our role in society – through the way we look after our people and our community programmes – and our drive to continue to reduce our environmental impact. Our **betterbusiness** strategy inspires us to do the right thing every day.

betterfinancials

Our strategy to deliver

The **betterfinancials** element of our strategy has four pillars, which focus our business on faster-growing markets and categories and enable us to outperform.

THESE PILLARS ARE:

Organisation

We organise our business into two geographical areas[1]

ENA/DvM

This helps us to allocate resources effectively and to scale our blockbuster innovations. We continually invest in and evolve our organisation, to ensure speed of decision making and execution.

1. Our total operations also include Food.

See pages **17–18**

Powermarkets

16

Powermarkets

We have selected 16 Powermarkets, the majority of which are in developing markets.

They benefit from higher growth, rising middle classes and opportunities to increase penetration. In addition to their growth potential, our Powermarkets are those where we see the ability to win.

See page **19**

Powerbrands

19

Powerbrands spread across[1]

Health

Hygiene

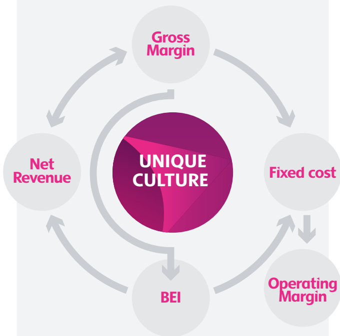
Home

These Powerbrands provide over 80% of our revenue and enable us to achieve higher growth and higher margins.

1. French's is also a Powerbrand.

See pages **20–21**

Virtuous earnings model



Our virtuous earnings model gives us the capacity to invest in top line growth, while expanding our operating margins.

See pages **22–23**

betterbusiness

Organisation

DESCRIPTION

For our business to continue to thrive, we need to organise it for continued success. Growing organisations can become more complex and slower to react, which is a major disadvantage in a fast-moving industry. We therefore focus on how we can remain agile so that our creativity is unleashed and we can be even more customer centric.

PROGRESS

At the start of 2015, we announced Project Supercharge. This is primarily a cultural programme, born from our desire to always be better. It is designed to fight the complexity that arises in big companies, which means we must constantly simplify and reduce the layers of decision making. Supercharge does this by ensuring we focus on the two things that really matter: the consumer and the retail customer. A full description of Supercharge can be found on page 17 of our 2014 Annual Report.

Supercharge is already delivering substantial benefits for us, examples of which include:

- Streamlining our portfolio of initiatives in support of blockbuster innovations has enabled us to increase the average size of our top 10 projects by 27% during 2015.
- Changing our geographical structure from the start of 2015, combining our two areas focused on developing markets into a single DvM area, and moving Australia, New Zealand, Russia, CIS and Israel into our ENA area.
- Organising our business around clusters of similar consumers and bringing developing markets under one leadership supports our ability to deliver bigger, better and more scalable innovation, combined with improved in-market activation at a country level. Simplifying and delayering our structure has also provided funds to reinvest in growing our revenue. We are already seeing benefits from the new structure, including faster growth in Australia and Russia, as a result of grouping them with similar countries, and the ability to streamline decision making and share information between markets more effectively.
- Deploying 'Power of 1' teams in both ENA and DvM, helping us to deliver more efficient, effective and scalable roll-outs of our innovations. Each Powerbrand is assigned a lead market. The Power of 1 team in that market is now responsible, with input from the other countries in its area, for developing a master launch package for that innovation. This ensures consistency across the area and avoids the time and cost of reworking the launch package for individual countries.

As well as creating a simpler, more agile organisation, Supercharge is providing substantial cost savings. We estimated these savings at the time of announcement of the project as £100 million – £150 million a year by 2017. The speed with which our people have embraced Supercharge accelerated delivery of savings in 2015, contributing to our operating margin enhancement this year (see page 22 for more details).

Creating a connected company

To improve our efficiency and support our ability to grow, we are focusing our information technology investment into three main areas.

First, we have introduced a global process for managing our investment so we create a standard set of systems. This ensures we only spend money in one place and can then scale that system as required, rather than duplicating investments in similar systems in different countries.

We are also enhancing the connectivity between our systems, so we can generate insights more quickly. For example, connecting our sales systems with our factories enables us to respond faster to changes in demand for a product. This improved connectivity will enable us to share data wherever it is needed in the business. During 2015, we have also rolled out collaborative tools such as telepresence units and document sharing. This helps create a more collaborative and productive environment, in which people can work more closely together, while reducing travelling costs.

In addition, we are improving efficiency by negotiating global deals with IT suppliers and beginning to standardise and globalise our back office processes.

OUTLOOK

After a highly successful first year of Supercharge, we are well positioned to continue to reap the benefits in its second year and we are now targeting the upper end of the initial £100 million – £150 million annual savings target.

betterfinancials

Organisation continued

ENA

Rob de Groot / Executive Vice President, ENA

PROGRESS

Total Net Revenue was £5,830 million, with LFL growth of +5%. All European regions had a strong finish to the year, completing a year of broad-based growth. Absolute growth was led by our larger markets (UK, France, Germany and Spain) whilst smaller markets in Eastern and South Eastern Europe had strong rates of growth. Australia performed well throughout the year. Operational performance in Russia and CIS was strong with an improved go-to-market model for our Consumer Health business but the outlook remains uncertain given the current market and currency issues.

North America had a good year with 3% LFL growth driven by the launch of our successful Velvet Smooth Express Pedi under the new brand name, Amopé, and in the second half, our new electronic nail file. VMS brands were mixed with good growth in Digestive Advantage and Move Free offset by weakness in Megared and Airborne. Mucinex had a strong end to the year, benefitting from the launch of new liquid filled caplets across the adult Fast Max Multi-Symptom and Sinus variants. Lysol performed well, driven by health education programmes, offset by competitive market conditions for Finish.

Adjusted Operating Profit increased +10% (constant) to £1,744 million; the adjusted operating margin increased +210bps to 29.9%, due to strong gross margin expansion and Project Supercharge initiatives.

Our priorities for 2016 include continuing our drive towards healthcare brands, with a focus on higher-margin channels, as well as continuing to build our e-commerce capabilities.

DvM

Frederic Larmuseau / Executive Vice President, DvM

PROGRESS

Total net revenue was £2,695 million, with LFL growth of +9%. Growth came from all regions. In South Asia, India continued to deliver improving growth trends. Our penetration-building initiatives within Dettol and Harpic support the Government's health and hygiene initiatives. China had a strong performance with Durex and e-commerce driven initiatives leading the growth. Middle East, Turkey and South Africa also had strong performances. Brazil remains challenging, although strong pest demand in the second half helped mitigate some of the weakness. Thailand, Indonesia and West Africa also remain challenging.

Adjusted Operating Profit increased by 19% (constant) to £528 million; the adjusted operating margin was +210bps higher at 19.6%. This was due to strong gross margin expansion, combined with Supercharge initiatives.

Our priorities for 2016 include continuing to enhance distribution and penetration to enable our products to reach even more consumers, as well as continuing to build our e-commerce capabilities.

Food

PROGRESS

Total Net Revenue was £349 million, a +4% LFL increase versus prior year at constant exchange rates. In North America growth was led by Frank's RedHot and the launch of French's ketchup. Growth in North America was partially offset by share losses in French's mustard due to a competitive entry. Increased distribution drove growth outside the USA. Operating margins improved by +230bps to 29.2% due to pricing initiatives and Project Supercharge efficiencies.

KEY PERFORMANCE INDICATORS

Like-for-like Net Revenue growth

+6%

2015 target: +4%

2016 target: +4-5% at constant exchange rates

Target to 2020: Total Net Revenue growth which outperforms the markets in which we operate

Operating margin Expansion

+210bps

2015 target: Moderate to 'nice' expansion

2016 target: Moderate margin expansion

Target to 2020: Moderate margin expansion

PERFORMANCE

- Exceeded our like-for-like Net Revenue growth target.
- Gross margin expansion +140bps to 59.1%, driven by mix, commodity costs and cost optimisation initiatives.
- Adjusted Operating Margin up +210 bps to 26.8%.

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Powermarkets

DESCRIPTION

Our Powerbrand approach, where we disproportionately invest resources and management talent behind our higher-growth, higher-margin brands, has been successful for us. This success encouraged us to adopt the same mindset to our markets, making our 'Powermarkets' one of the four pillars of our **betterfinancials** strategy. These are markets where we see the highest potential for absolute growth and where we have the capability and infrastructure to win.

By looking at our markets through this lens, we have identified 16 Powermarkets. A significant proportion of these are developing markets, due to their higher growth potential and better penetration opportunities for our brands. Our Powermarkets also include a number of our larger developed markets, which will be significant contributors to our absolute growth. Powermarkets receive priority for our top-rated and high potential people, and like our Powerbrands, we will invest disproportionately for growth.

KEY PERFORMANCE INDICATORS

Proportion of total Net Revenue from DvM

30%

2014: 30%

Target to 2020: 40%

PERFORMANCE

- Delivered broad-based growth across ENA (+5% like-for-like) and DvM (+9% like-for-like).
- Made further progress towards our target for the percentage of total Net Revenue from DvM, with good progress from strong, organic growth offset by unfavourable foreign exchange impacts from many emerging markets.

Case study

China

While the full list of our Powermarkets is commercially sensitive, we have said that China is one of them. So how have we treated China differently since it became a Powermarket?

- First, we promoted it within our organisational structure, from being designated as a small country within our hierarchy to being its own region. This has reduced the number of touch points and layers of management between it and the CEO/top management.
- We then upscaled both the seniority and reward structure of the management team. China is now a market where we put our more senior and high potential people. It is also a stepping stone for further promotion within RB. For example, our General Manager in China has recently been promoted to lead our Consumer Health division within our global category function.
- We also prioritise investment behind our brands, distribution and equity building capabilities. In fact China now has its own dedicated digital media team.

This means that China will be slightly dilutive to our operating margin in the short-term but we are happy to invest for growth. China, in due course, will be a large market for us, with the right product portfolio, strong gross margin and a similarly strong operating margin.

In summary, our strategy is simple – we aim to be a 'self-help' company. By investing disproportionately behind, and moving our centre of gravity towards, higher growth markets (our Powermarkets) and higher growth brands (our Powerbrands), we should become a higher growth business over the long-term, even if market and category growth rates do not materially change.

betterfinancials

Powerbrands

KEY PERFORMANCE INDICATORS

Proportion of total Net Revenue from Health and Hygiene

74%

2014: 72%

Target to 2020: 80%

PERFORMANCE

- Continued to benefit from strategy of focusing on Health and Hygiene, which delivered like-for-like Net Revenue growth of 14% and 3% respectively.
- High quality, Health and Hygiene led growth of LFL +8%.

OUR POWERBRANDS ARE:

Health	Hygiene	Home
Durex, Gaviscon, Nurofen, Mucinex, Scholl, Strepsils	Cillit Bang, Clearasil, Dettol, Finish, Harpic, Lysol, Mortein, Veet	Air Wick, Calgon, Vanish, Woolite

Portfolio (including Food)

- French's

Health

33%
of Net Revenue

DESCRIPTION

Health and wellbeing are the key to happiness. Our health brands are generally sold over the counter and include products targeting everyday issues such as pain, fever, cold, flu, sore throat or heartburn. Our sexual wellbeing products, including condoms, lubricants and other aids, promote safe and pleasurable sex. The Health category also includes footcare, with products to address hard skin and other foot and nail conditions.

PROGRESS

Total Net Revenue was £2,942 million, with LFL growth +14% (total +14%) – an exceptional year of growth and outperformance relative to our markets. Growth was driven by a number of factors:

- Strong category growth, towards the high end of the +4-6% medium-term category growth trends. This is due to a strong cold and flu season at the beginning of the year.
- Innovation within the Scholl franchise, in particular our Velvet Smooth Express Pedi, a series of insole initiatives, and the Velvet Smooth Electronic Nail Care System. This has delivered an outstanding performance throughout many ENA markets and a number of DvM markets.
- A full year of contribution from the successful Amopé franchise in North America following its initial launch in Q4 2014.
- Broad based growth across all of our Health Powerbrands, driven by innovation (eg; Durex RealFeel, Strefen Direct Spray).
- Consumer education programmes (eg; Nurofen Express), improved go-to-market capabilities (Russia and Turkey) and improved distribution and in-store execution programmes in pharmacies and online (Durex China).
- VMS performance was mixed, with good growth in Digestive Advantage and Move Free offset by weakness in Megared and Airborne.

We believe we are well positioned to outperform long-term category growth within Consumer Health, driven by our market leading, trusted brands, strong consumer centric innovation pipeline, and significant investment behind medical professional and consumer education programmes. We do not believe, however, that the current level of growth is sustainable.

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Hygiene

41%
of Net Revenue

DESCRIPTION

Hygiene is the foundation for healthy living. Our brands promote personal hygiene for good health and home hygiene, to create a safe environment for families. Our range includes disinfectant cleaners, multipurpose and speciality cleaners, lavatory care, automatic dishwashing detergents, pest control, depilatory products and acne treatments.

PROGRESS

Total Net Revenue was £3,589 million, with LFL growth of +3%. DvM weighted brands of Dettol and Harpic led the growth in this category behind both penetration-building programmes and innovations such as our new Dettol Squeezy hand wash and Harpic bathroom cleaner in India. Our pest franchise (led by Mortein and SBP) had a mixed performance, with innovations and strong demand in Brazil and Australia offset by weakness in India behind competitive activity. Finish also had a mixed performance with strong growth across emerging market countries and the UK offset by competitive market conditions in the US. Finish continues to be heavily weighted to developed markets. We continue to work on penetration improvement programmes with dishwasher machine manufacturers in order to drive category growth.

Home

19%
of Net Revenue

DESCRIPTION

Home is the centre of family life. Our brands help create the right environment for families to enjoy their time together. Products in this category include air care, water softeners, garment care and fabric treatment.

PROGRESS

Total Net Revenue was £1,715 million with LFL growth of +2%. Our largest Powerbrands of Air Wick and Vanish led the growth driven by fewer but larger innovations (Air Wick Life Scents range and Vanish Gold range) and scaling of these innovations across many markets. The roll-out of Air Wick Pure and launch of Wax Melts in the second half of 2015 are also showing strong in-market results. Vanish in Brazil had a challenging year due to both market conditions and competitive activity.

Portfolio (including food)

7%
of Net Revenue

DESCRIPTION

Portfolio includes the laundry and fabric softener business as well as Food brands.

PROGRESS

Total Net Revenue was £628 million, with LFL performance of +1%. The laundry detergents and fabric softener market in Southern Europe remains weak and competitive. However, the organisational changes made a year ago have helped stabilise the performance of our brands in this challenging category.

Case study

Dettol Squeezy

We all understand the importance of hand washing in leading a healthier life and preventing dangerous diseases. However, in developing markets, hand washing is not yet a regular habit.

Our research shows that consumers know that liquid hand wash is more hygienic than bar soap, which turns soggy and germ ridden over time. However, consumers can struggle to afford liquid hand soaps. We therefore took up the challenge to produce a liquid hand soap for the price of a bar of soap.

The result is the innovative delivery mechanism for new Dettol Squeezy, which comes in a squeezable bottle and is loved by kids and adults alike. It gives consumers the same superior Dettol protection and is proven to kill 100 illness-causing germs. India is our largest hand wash market and we achieved one of our most successful launches there, when we introduced Dettol Squeezy in March 2015.

betterfinancials

Virtuous earnings model

DESCRIPTION

We focus on higher-margin initiatives and rigorous control of our costs. Through our virtuous earnings model, this funds our investment in our brands, capabilities and development, and enables us to deliver operating margin expansion.

KEY PERFORMANCE INDICATORS

Adjusted Operating Margin

26.8%

2015 target: Moderate to 'nice' operating margin expansion

Medium-term target:
Moderate operating margin expansion

We expect this to be supplemented in 2016 by part of the remaining Project Supercharge efficiencies.

PROGRESS

Our virtuous earnings model continued to deliver in 2015.

Increased gross margin

+140bps

We increased gross margin by 140bps (actual), driven by mix, commodity costs and cost optimisation.

Reduced fixed costs

-50bps

We reduced fixed costs (excluding exceptional items) by 50bps, largely as a result of accelerated benefits from our Supercharge programme.

Increased BEI

+£48m

We increased investment behind our brands, increasing BEI by £48 million (at constant exchange rates), which equated to 12.7% (-20bps) of Net Revenue. The efficiencies we have driven from our Supercharge programme have been reinvested back into brand equity building initiatives throughout the year.

Net Revenue growth

+6%

We grew Net Revenue by 6% on a like-for-like basis.

Increased Adjusted Operating Margin

+210bps

The outcome was an increase in the operating margin of 210bps, to 26.8%.

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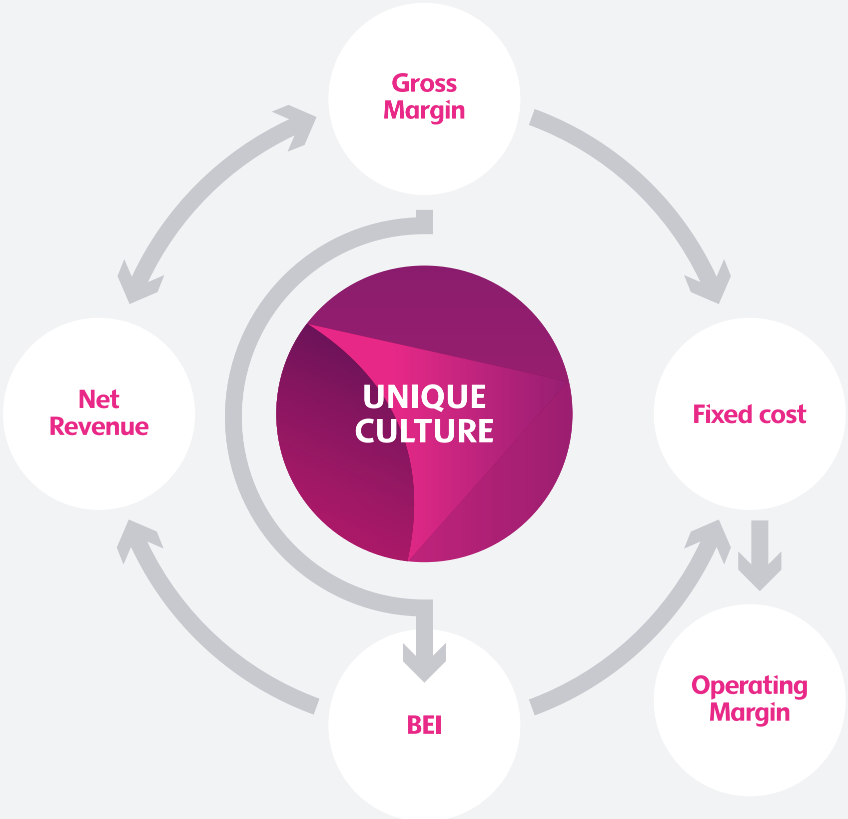
Gross Margin
Our ethos is that the virtuous earnings model starts at gross margin. Gross margin creates room in the income statement to fund investment and deliver operating profit growth. We drive gross margin expansion through our focus on higher-margin brands, which results in a superior sales mix, stronger pricing and by continuing to optimise our cost of goods sold, an ongoing process we call Project Fuel.

Fixed cost
We always invest appropriately behind our people, capabilities and infrastructure. However, we deliberately keep our organisation lean and encourage our people to focus and prioritise. We constantly seek to avoid duplication, inefficiency and waste.

Brand Equity Investment (BEI)
There are many ways to invest behind brands. We focus our investment on consumer education and penetration-building activities, to build long-term brand equity. BEI includes our TV and print media spend, digital and social media investment and consumer and medical education.

Net Revenue
BEI helps us to drive Net Revenue growth, in particular as we invest disproportionately behind our Powerbrands and in our Powermarkets, ensuring we put our investment where it can have the greatest effect on the top line.

Operating Margin
Our operating margin is already best in class, but we believe that our virtuous earnings model means our ability to further expand our margins is far from over.



bettersociety

Workplace

DESCRIPTION

Our trademark is to attract great people, give them a career packed with global challenges and experiences, inspire them with stretching performance-based rewards, and nurture an achievement-focused culture where winning is critical. At the same time, we look after our people and contractors through high standards of health & safety and adherence to RB's code of conduct. We expect our suppliers to take similar care, and our human rights programme includes a range of measures to facilitate this.

KEY PERFORMANCE INDICATORS

Increased supplier audits since 2014

51%

Lost work day accident rate[1]

0.080

2014: 0.093

Target: continual reduction year-on-year

1. At manufacturing, warehouse and R&D sites.

PROGRESS

Health & safety

Protecting our people is our priority. During this year a key initiative has been launched to further increase safety for our commercial offices and staff; this has included enhancing accountability, staff training and the release of global minimum safety standards. Research and Development (R&D) has completed a global risk register highlighting clear functional risks and mitigation in place; this work has led to the closing of gaps and will inform priorities for continually improving safety into 2016.

After an initial pilot in 2014, we have expanded our process safety management programme into Africa, Latin America and India. This programme considers the risks and controls needed to manage catastrophic risk at our aerosol and chlorine manufacturing facilities. We have also reviewed our behavioural safety programme across our factories, which included us focusing the safety observation programme to encourage workers to challenge known poor behaviours and become a key tool leading to a continually enhanced safety culture.

The outcome has been a further reduction in our lost work day accident rate, which fell by 13.9%, giving us an aggregate reduction since 2012 of 25.4%.

A diverse and global workforce

We value diverse backgrounds and experiences, which bring different perspectives and new ideas. Our Executive Committee (EC) is made up of seven nationalities and its members have had experience in multiple countries during their RB careers. Our "Top400" executives include 49 nationalities and 69% of our General Manager, marketing and sales leaders are working outside their country of origin.

International assignments are part of our way of life and range from the most strategic to the most operational roles. Being immersed in different cultures and ways of working helps our top people to challenge conventional thinking. We are confident that those who consistently succeed at these challenges become global leaders of distinction.

Diversity of course includes gender and this year we launched Project DARE, which aims to develop, attract, retain and engage talented women. Initiatives include more options for flexible working and a global maternity policy, which sets a minimum standard and makes us one of only a handful of employers with such a policy.

Gender diversity

The percentages of female members in the Group's director, senior manager and all employee populations at 31 December 2015 were 29%, 19% and 42% respectively. The Group has designated the members of its "Top40" and "Top400" populations as RB's 'senior managers' for the purposes of the gender split disclosure required by the Companies Act 2006. Of Board Directors, 10 were male and 4 female, of senior managers, 339 were male and 78 female, and 15,027 of all employees were male and 10,723 female. There is a variance in total employee numbers from those reported in note 5 on page 111, in respect of contracted labour for which gender split information is not available.

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We take on around 200 graduates each year, placing them in our larger markets, where we have the critical mass to develop them. We put considerable effort into identifying which universities will provide our next generation of leaders, considering not just their academic prowess but also their fit with our entrepreneurial culture.

Succession planning is a key focus and we review our plans at each monthly EC meeting. The EC oversees planning for all "Top40" and "Top400" roles, while regional leaders plan for middle manager positions, which are those below our "Top400". Our aim is to grow half our middle managers ourselves and to recruit the remainder from outside, ensuring we bring in people who think differently.

We have a career tool, which helps our people to identify the functional and leadership development they need. Training follows our 70/20/10 model, with 70% on the job, 20% learning from others and 10% formal training. On-the-job training mostly consists of stretch assignments, since we believe people learn best when challenged.

UNDERSTANDING ENGAGEMENT

We use a bespoke survey, which we call our Culture Pulse, to measure how well our people think we are doing. This measures our performance against our Culture and our Leadership Charter, which sets out how we behave and how we deliver. The survey identifies the areas that are most important to our people and where we are doing least well, relative to the other areas. We then formulate action plans at a local level to address these issues. The results show that our people are highly engaged to work at RB, and that they value both our culture and our Leadership Charter.

STRETCHING PERFORMANCE-BASED REWARDS

Our reward system is designed to attract and inspire a high-achievement talent base. We provide competitive base salaries and significant short and long-term incentives, which are set to deliver outstanding rewards for outperformance. Measures are simple, unambiguous and concrete. Average performance results in average bonuses, while top performance results in excellent rewards. We believe this unique approach ensures we attract the right people. Our annual performance reviews assess both what our people have achieved and how they have done it. The 'how' is defined by the behaviours expected in our culture and our Leadership Charter.

Read more in our Sustainability Report

HUMAN RIGHTS

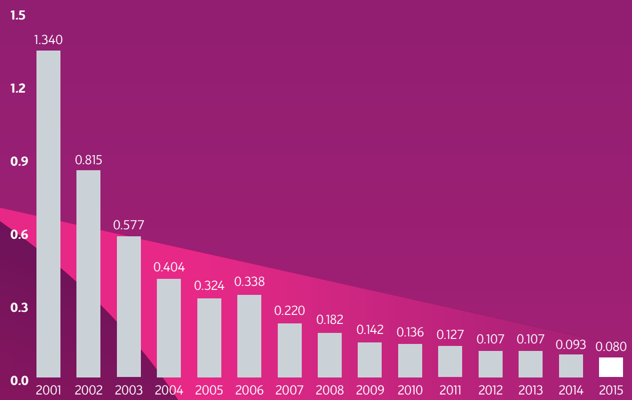
RB has had a human rights programme in place for some years and in 2015 undertook a review of its approach against industry comparators and the UN Guiding Principles on Business and Human Rights (UNGPs). We have established a range of mechanisms that use cross-functional support to engage on human rights with suppliers and to identify and address any issues identified. These measures focus on our own operations and supply chain and include due diligence, self assessments, audits, internal and external training and other capacity building initiatives. We acknowledge the growing importance and complexity of human rights and are committed to continuously improving our programme of activity in this area.

Case study

Lost Work Day Accident Rate

Our Shangma site in China has led the way in proactively improving safety and reducing the number of accidents on site. An innovative and focused approach on legal compliance, worker participation, procedures, health initiatives and leadership enabled the site to achieve 5 million hours worked without a lost work day, by the end of 2015. In November, the site held a safety week to celebrate this achievement and to look at how it could drive its health & safety culture forward in 2016 and beyond.

The LWDAR is the number of workplace accidents (resulting in at least one day of lost time) that occur per 100,000 hours of work.



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bettersociety

Communities

DESCRIPTION

As a responsible business, we recognise our larger role in society. Our community initiatives support our vision of a world where people are healthier and live better. We do this by promoting health and hygiene messages, bringing together the awareness and education work of our Dettol, Lysol, Harpic, Mortein and Durex brands, and through our partnership with Save the Children, which aims to eradicate child deaths from diarrhoea.

PROGRESS

Our aim is to reach over 200 million people by 2020, to help them improve their health and hygiene. This includes delivering hygiene, sanitation, sexual health and mosquito-borne disease prevention programmes. These programmes support the UN's Sustainable Development goals. Our progress has been rapid and this year we exceeded our 2020 target, which is why we have decided to increase the goal to reach 400 million people by 2020.

Since 2013 we have reached:

- 104 million people through hygiene and sanitation programmes;
- 115 million people with sexual health messaging; and
- 20 million people with malaria/dengue prevention education programmes.

Save a Child Every Minute is our diarrhoea eradication programme with Save the Children. In March 2015, we unveiled two innovative products to support the programme – a low-cost germ protection bar and a toilet powder which makes pit latrines more hygienic. Profits from these products will be reinvested in the programme and they will be produced locally, to encourage entrepreneurship and reduce their environmental footprint.

In 2015 we committed £6.5 million to the programme, of this £3.25 million was raised through RB events worldwide, plus a corporate donation of £3.25 million.

KEY PERFORMANCE INDICATORS

TARGET to 2020
People reached with health and hygiene messaging[1]

200m

1. This goal has been increased to 400 million.

PERFORMANCE:[2]

237m

since 2013

2. Total number of people reached is lower than the sum of the programmes to account for possible double counting.

Save a Child Every Minute

TARGET
Remove diarrhoea as one of the top killers of children

PERFORMANCE: Committed £6.5 million to the programme in 2015

Products

DESCRIPTION

We are committed to advancing global health, consumer safety and environmental protection by continuously optimising our products and aim to increase the proportion of our revenue that comes from products that we've made more sustainable. We are focused on ingredient innovation and increased transparency and aspire to provide 100% transparency about the ingredients in our products.

PROGRESS

The proportion of Net Revenue from more sustainable products rose to 6%, from 5% last year. To ensure our products are fit for the future, our primary focus has been on improving the sustainability profile of our innovations. By the end of 2015, almost 70% of our pipeline consisted of more sustainable products, up from 50% last year. From 2016, we will also include existing products where we have made changes that have a meaningful sustainability impact.

We have a proactive programme of assessing the ingredients of our products and have a restricted substances list, which contains ingredients we have phased out or are in the process of phasing out. Towards the end of the year, we introduced a new policy covering restricted substances. We provide ingredients information to consumers on packs, via our consumer care lines and, in some countries, through ingredients websites. We continue to roll-out new websites, so more consumers can obtain meaningful information.

KEY PERFORMANCE INDICATORS

TARGET to 2020
Net Revenue from more sustainable products

1/3

of Net Revenue

PERFORMANCE

6% of Net Revenue

up from 5% of Net Revenue

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betterenvironment

Greenhouse gas emissions

DESCRIPTION

We look to reduce our greenhouse gas (GHG) emissions by designing more sustainable products and by continually improving our manufacturing processes. Sustainability is a key element of our innovation process as we look at the carbon footprint of our products across their entire lifecycle, from the sourcing of raw materials to the way they are manufactured, used and disposed of. Our total carbon footprint per dose has remained broadly unchanged since 2012. While we are making good progress in the areas within our control, like manufacturing, we have not seen material reductions from the largest part of our footprint – those associated with consumers using our products. We are reducing carbon emissions associated with energy use by focusing on energy efficiency programmes, investing in on site renewable technologies and procuring energy from renewable sources.

PROGRESS

Our GHG emissions for 2015 were made up of:

1. Combustion of fuel and operation of facilities (Scope 1) 79,502 tCO_2e (2014: 86,235).
2. Electricity, heat, steam and cooling purchased for our own use (Scope 2): 214,586 tCO_2e (2014: 219,202).

Our total Scope 1 and Scope 2 emissions in 2015 were therefore 294,087 tCO_2e (2014: 305,437).

We calculate our emissions intensity per unit of production. This equated to 0.0389 tCO_2e per unit of production in 2015 (2014: 0.0410).

Footnote
Our GHG data includes all GHG emissions from operations covered by the Group Financial Statements for which we have operational control. We include emissions for businesses we acquire in the first full calendar year of our ownership. We calculated CO_2e emissions using internationally recognised methodologies from the WRI/WBCSD Greenhouse Gas Protocol and International Energy Authority (IEA). Scope 2 GHG emissions reported in 2015 are net emissions which equals gross emissions from renewable electricity purchased (7,542t).

KEY PERFORMANCE INDICATORS

TARGET to 2020
Carbon footprint per dose of product

1/3

reduction

PERFORMANCE
Increase since 2012

1%

TARGET to 2020
GHG emissions per unit of production

40%

reduction

PERFORMANCE
Reduction since 2012

14%

Case study

Scholl Velvet Smooth Express Pedi's reduced packaging

Following the success of the Scholl Velvet Smooth Express Pedi in 2014, we challenged ourselves to think bigger in a way that would drive even stronger growth. Aligned with our FUEL programme, we chased product improvements that improved sustainability while simultaneously delivering cost savings, focused on two areas. Packaging adaptation improved the product's visibility at the point of sale while decreasing the amount of materials used. Product improvements decreased the complexity of the device, while increasing durability. In total, we made a 26% reduction in material weight per product, saving approximately 300 tonnes of PET and 137 tonnes of paper and board each year. Combined, these changes will save over £5 million and 3,500 tonnes of CO_2 per year.

betterenvironment

Water

DESCRIPTION

We seek to reduce the water impact of all our products throughout their lifecycle, from raw materials sourcing through to the way they are manufactured, used and disposed of. We also consider water scarcity in specific locations.

PROGRESS

We continued our ongoing initiatives to reduce the water impact of our operations, including identifying sites in areas of water scarcity, so we can plan ahead. While we are making good progress in the areas within our control, the majority of our total water impact comes from the water used by consumers for our hygiene products, especially bar soap in developing markets, which creates a tension for us as our drive to improve people's lives through better hygiene inevitably results in greater water use for washing.

KEY PERFORMANCE INDICATORS

TARGET to 2020
Water impact per dose of product

1/3

reduction

PERFORMANCE
Reduction since 2012

9%

TARGET to 2020
Water use per unit of production

35%

reduction

PERFORMANCE
Reduction since 2012

30%

Waste

DESCRIPTION

Our aim is for none of our waste to go to landfill. We also look to reduce the waste created by our manufacturing processes. We are creating a culture of zero waste and look for new revenue streams and disposal options, for example where other organisations can use our waste as raw materials.

PROGRESS

We made further good progress, with our manufacturing sites showing great motivation to achieve our waste targets. At some sites, landfill is our only disposal option but we continue to develop partnerships with others who can use our waste, so we do not have to dispose of it.

We are also committed to reducing waste from our products by using less packaging.

KEY PERFORMANCE INDICATORS

TARGET to 2020
Factories sending zero waste to landfill

100%

PERFORMANCE
Factories sending zero waste to landfill

89%

TARGET to 2020
Manufacturing waste per unit of production[1]

10%

reduction

PERFORMANCE
Reduction since 2012

14%

1. Increased 2020 target to 20% reduction over 2012 baseline.

betterbusiness

Sourcing

DESCRIPTION

We believe in responsibly sourcing all our natural raw materials. Our policy clearly defines the minimum standards expected of our suppliers. We are committed to zero deforestation, zero development on peatlands and zero exploitation of workers or communities, and to being transparent about our requirements and our progress. Our responsible sourcing programmes focus on high-risk commodities such as palm oil and latex.

PROGRESS

We have continued to make good progress against our responsible palm oil sourcing targets. Partnering with TFT we have undertaken a detailed review of our physical palm oil supply chain, achieving 100% traceability to refinery in 2014, and 70% traceability to mill in 2015. Additionally, we completed on-the-ground risk assessments for all key suppliers and have Green Palm Certificates covering all palm oil procured.

During the year, we completed due diligence including on-the-ground field assessments of our latex supply chain. The findings of these assessments confirm that RB's latex has been responsibly sourced, meeting the requirements of our Natural Raw Material standard. We are now conducting a scoping exercise to identify opportunities to work with smallholder farmers within our latex supply chain.

KEY PERFORMANCE INDICATORS

TARGET to 2020
All natural raw materials to be responsibly sourced

PERFORMANCE
Palm oil traced to mill[1]

70%

1. Excluding surfactants.

Case study

Reducing waste to landfill

We have a goal of achieving zero waste to landfill by 2020. To help us reach this target, we are creating partnerships with local businesses and the communities in which we operate, to develop innovative solutions. In our Jammu pest factory, in India, a local brick manufacturer is now using our briquette ash to make bricks for boundary wall construction. This has diverted 2,100 tonnes of waste from landfill annually, reducing waste to landfill in our Asia region by 92%.

92%

reduction in waste to landfill in our Asia region

How we can deliver

Our operating model

Our operating model is to use FMCG experience to develop, acquire, produce, distribute and promote consumer products in growing Health, Hygiene and Home categories. Our model has three key elements, which enable us to create value for all our stakeholders, but primarily for our consumers, our people and our Shareholders.

Capital inputs

Financial
Shareholders' equity, debt and retained profit
+
Intellectual
Proven clinical R&D capabilities, well-loved brands and an agile organisation
+
Manufactured
Well-invested manufacturing sites, R&D laboratories and logistics centres
+
Human
Highly motivated people and partners, in a culture of outperformance
+
Social
Strong, value-creating relationships with customers, consumers, suppliers and communities
+
Natural
Natural raw materials, water and energy

Create

Create innovative products that meet under-served demands

Innovate

- Consumer insight
- Clinically proven R&D
- Embedded sustainability

Scale

Scale our innovations, to make them as global as possible

Procurement

- Centralised globally
- Sustainably sourced

Manufacturing

- 46 factories
- Quality assurance

Commercial operations

- Power of 1 – One lead market for each Powerbrand
- 124 logistics centres globally
- Best-in-class supply services

Acquisitions

- Rapid acquisition integration

Activate

Activate our ideas, through our customer relationships and driving consumer demand

Customer networks
- Sales in most countries across the globe
- Global sales operations and strategic partnerships
- Local sales forces with executional excellence

Consumer education
- Brand equity investment

Outcomes we deliver

Employees
Rewarding careers for our people

+

Consumers
Innovative solutions that make a difference

+

Shareholders
Sustainable growth and outperformance

+

Customers
Leading brands that drive profitable category growth and footfall

+

Communities
Healthier and happier communities through the use of our products

=

Global leader in health and hygiene

See our operating model in action on page 32

Our operating model in action

Our operating model is to use FMCG experience to develop, acquire, produce, distribute and promote consumer products in growing Health, Hygiene and Home categories. Our model has three key elements, which enable us to create value for all our stakeholders, but primarily for our consumers, our people and our Shareholders.

Create

Continuous and successful innovation is the key for staying ahead in our markets. Consumer insights are the starting point for all our innovations. Through our focus groups and digital channels, we gain a deep understanding of consumers' needs, including needs that consumers are not yet aware of.

Every day, our people generate new ideas for meeting those needs. We also increasingly partner with third parties who bring us ideas for great products. To maximise our return on investment, we focus on under-served needs, where we can create differentiated products which result in greater consumer loyalty, faster growth and better margins. We also concentrate our investment on ideas with blockbuster potential, rather than smaller enhancements to existing products. Speed is critical, so we focus on advances that come to life in months, not years.

We then leverage our R&D capabilities to develop clinically proven and innovative solutions, through R&D hubs in the UK, India and the US which specialise in particular product categories. The process contains 'gates', ensuring we regularly test the idea as development proceeds. Our spread by geography and product category reduces the risk of any one innovation failing to deliver. Sustainability considerations are built into our innovation process, for example as we look to minimise the carbon emissions and water used to make our products.

In action

Create

Scholl Velvet Smooth Express Pedi

We identified a widespread under-served need for quick and effective removal of hard skin. Consumers had been using pumice stones and manual files for hundreds of years, with few improvements. We test-marketed an electronic foot file and validated its potential, then improved both the design and performance to enable a rapid worldwide launch in 2014.

In 2015, we introduced additional versions to create a very strong second wave of growth. These included further device designs to target specific consumer types, and different coarseness levels for the roller-heads, to achieve optimum performance for different skin types.

Scale

Centralised procurement leverages our global purchasing power, while ensuring we source sustainably and responsibly. We then manufacture our products in 46 factories worldwide, which continually strive to improve efficiency and reduce their environmental impact. All our Powerbrands are manufactured in-house, while carefully selected third parties manufacture some other brands on our behalf.

Quality is essential, so we have a dedicated assurance team. The stringent quality requirements in healthcare mean that we manage our consumer health factories globally, to ensure we consistently meet our standards.

To make our products physically available, we have 124 logistics centres worldwide, holding finished products for quick and efficient distribution. Our supply services organisation is customer facing and aims to achieve best-in-class delivery and customer satisfaction.

To scale our innovation more quickly, we identify a lead market for our Powerbrands and use our Power of 1 teams to develop a global launch package that we can then take everywhere, minimising reworking and inconsistency.

Our strong Balance Sheet and sector-leading cash conversion also allow us to acquire brands that add value and support our vision. We quickly integrate acquired brands, so they benefit from our global value creation model.

Activate

Our brands include many category leaders. They drive footfall for our retail customers, which encourages them to stock our products. We develop strong relationships with major retailers, so we can work together to promote our products and drive growth and penetration of the product category.

To support our efforts, we have over 60 commercial operations worldwide, with local sales, marketing and doctor/medical detailing teams. Our global sales operation manages our global retailer relationships and our relationships with strategic partners such as Facebook. We use distributors to reach smaller retailers and build relationships with these distributors that focus on executional excellence.

Ultimately, our business depends on consumer demand for our products. We invest heavily behind our brands, through targeted television and print advertising, social and other digital media, and consumer and medical education. Our virtuous earnings model (see pages 22 to 23) enables us to fund this investment. This in turn enables us to grow revenues while increasing our margins, driving returns for Shareholders.

In action

Scale

Scholl Velvet Smooth Express Pedi

We used the lessons from our test-marketing to optimise our sales and marketing plans. Combined with agile centralised production, this enabled us to launch across 50 markets in 2014 – a record for RB. In 2015, we further tightened the process and focus, allowing us to introduce the additional versions across these same markets in under six months.

In action

Activate

Scholl Velvet Smooth Express Pedi

Our rapid roll-outs and the resulting success enabled us to define how to achieve executional excellence. By continually sharing and applying this knowledge, we were able to drive further success in market. Strong retailer profitability drove increased collaboration, leading to greater and more visible physical availability and creating a virtuous cycle.

With these well co-ordinated Create-Scale-Activate activities, sales of Velvet Smooth Express Pedi doubled in 2015, building on an already strong 2014 performance.

Creating stakeholder value

Our business model is designed to create value for all our stakeholders.

In the process, it ultimately creates a sustainable, long-term and growing business, which adds value for our Shareholders.

For our People

We provide fascinating and challenging careers for our people, with the opportunity to work across a growing group and around the world. We invest in their development, so they can maximise their potential, recognising that this benefits them and us. We enable our people to take responsibility so they can get things done, and provide excellent rewards for outstanding performance.

For our Shareholders

Our culture and strategy have delivered strong operational and financial performance, which in turn enable us to grow our dividend and return funds to Shareholders through share buybacks.

This success has helped us to generate outstanding long-term Shareholder returns. If you had invested £100 on 1 January 2000, that investment would have been worth £1,721 at the end of 2015. That same £100 invested in the FTSE 100 would be worth £156 over the same period.

For our Customers

With our many market-leading brands, our products are an important driver of footfall and web traffic for our traditional and online retail customers, which in turn helps them to grow their revenue. This is underpinned by our strong customer relationships and our ability to successfully activate our products in-store.

Through our innovation and penetration-building activities, we are able to grow our categories and further increase revenue for us and our customers.

For our Consumers

Consumers benefit from safe, high-quality products that help them to lead healthier lives and have happier homes. Our over-the-counter Health brands provide quick and easily accessible relief for common ailments and support our consumers' wellbeing. Hygiene products help to protect consumers, while our Home products create a pleasant and comfortable home environment that families love.

Through our relentless focus on innovation, we meet our consumers' changing needs and ensure our products play an important part in maintaining and improving their lifestyles.

For our Communities

We use our capabilities and the passion of our people to benefit our communities, by educating and raising awareness of the benefits of improving health and hygiene standards.

Through our partnership with Save the Children, we aim to stop diarrhoea being a major killer of children. Other products – such as Durex and Mortein – have a key role to play in preventing sexually transmitted and mosquito-borne diseases respectively.

Preview of 2016 Initiatives

RB has announced a number of new product initiatives for the first half of 2016:

Health

- Nurofen Soft Chews for Children: Effective relief with just the right strength medicine for kids 7-11. In an innovative gummy format; they're easy to chew and no need for water.
- Scholl Velvet Smooth Wet & Dry: for soft, beautiful feet effortlessly: on wet and dry skin.
- Scholl Athlete's Foot Complete Pen & Spray Kit: The first Athlete's Foot treatment kit to provide both effective treatment and prevention from reoccurrence.
- Roll-out of Durex Invisible condom: Durex's thinnest condom – offered in a super premium pack, maximising shelf impact. Offers consumers ultimate sensitivity for an even closer connection, protected by Durex quality.
- Durex Pleasure Ring: Harder for Longer. Durex's new constriction ring helps men maximise hardness for longer and to intensify the pleasure for them and their partner.

Hygiene

- Dettol Gold: Delivers 100% superior germ killing action vs. other anti-bacterial soaps in the market.
- Lysol Disinfectant Max Cover Mist: New wide area disinfectant mist for unbeatable protection and deodorisation of your large surfaces.
- Harpic/Cillit Bang/Lysol Fresh Power 6: Same amazing freshness from the first to the last flush.
- Finish Supercharged Powerball: One supercharged solution for all your dishwashing needs.

Home

- Air Wick Pure: Just fragrance, no wet spray. A water-free aerosol to enjoy the pleasure of Pure fragrance.
- Air Wick scented Oil Warmer: The ultimate fragrance control for a superior fragrance experience.

Food

- French's 'better for you' Ketchup and Mustard: A new range of products under our 'Promise' campaign, which is anchored in three pillars: Real Ingredients, Great Taste and Commitment to our Communities. In 2015 all French's formulas were reviewed and all those that did not comply with our 'Promise' principles were reformulated. We removed high fructose corn syrup and all artificial flavours, colours and fillers from all our formulas.

Financial Review

"In mixed market conditions, RB delivered an excellent year of growth and margin expansion, driven by an exceptional performance in our Consumer Health brands."

Adrian Hennah / Chief Financial Officer

Like-for-like revenue growth

+6%

2015 target: +4%

Adjusted Operating Margin expansion

+210bps

2015 target: Moderate to 'nice' expansion

Total full year (FY) Net Revenue was £8,874 million, an increase of +5% at constant exchange rates, (nil% on a reported basis) and +6% on a LFL basis. The impact of net M&A was slightly negative, as a positive impact from our K-Y acquisition was more than offset by the disposal of our Footwear and Medcom Hospital businesses. Negative foreign exchange on translation reduced Net Revenue by 5%. From a geographic perspective growth was broad based. Our developed market area of ENA delivered LFL growth of +5%, an excellent performance where markets are stable. Our emerging market area (DvM) delivered +9% LFL growth with improving trends in the second half driven by India and China. Brazil and parts of ASEAN remain challenging.

Health had an exceptional year of +14% LFL growth (nil% on a reported basis), with a combination of successful innovations (e.g. Scholl Express Pedi and electronic nail file, and Durex Invisible), a strong flu season at the beginning of the year, and a large new brand launch in the US (Amopé). We believe we are well placed to outperform in Consumer Health, but continue to emphasise that double digit growth – well above the longer-term category growth rate of 4-6% – is not sustainable.

Gross Margin increased by +140bps to 59.1%, with contributions from mix, input costs and cost programmes. Product mix was favourable as Consumer Health brands grew at a higher rate than the rest of the business. We also continued to deliver supply chain savings through our Project Fuel cost optimisation programme. The impact of commodity driven input costs will vary from year-to-year, and in 2015 these were a significant tailwind, offset somewhat by negative transactional foreign exchange (strengthening of the US dollar versus most currencies). Gross Margin has, and will continue to, drive our virtuous earnings model, as we focus on favourable mix, driven by Consumer Health led growth, Project Fuel, pricing and gross margin enhancing innovations across our Powerbrands.

We increased investment behind our brands (as defined by our BEI metric), by +£48 million (constant exchange), -20bps to 12.7% of Net Revenue. The efficiencies we have driven from our Supercharge programme, (e.g. consolidation of creative agencies and media buying savings), have been reinvested back into brand equity building initiatives throughout the year. We continue to expect Project Supercharge to deliver approximately £150 million in annual cost savings over three years, and have achieved a significant portion of those savings within the first year.

Operating profit as reported was £2,241 million, +4% versus FY 2014 (+7% constant), reflecting the impact of an exceptional pre-tax charge in 2015 of £133 million (2014: £21 million). The exceptional items were in line with previously announced programmes, principally the disposal of the Medcom Hospital business and Supercharge. Details of the exceptional charge are set out in Note 3 on page 110. On an adjusted basis, operating profit was ahead +9% (+12% constant) to £2,374 million. The Adjusted Operating Margin increased by +210bps to 26.8%, due to the strong gross margin expansion, and approximately £100 million Project Supercharge led cost efficiencies.

Net income as reported was £1,743 million, an increase of +5% (+8% constant) versus 2014. On an adjusted basis, net income was £1,871 million +11% (+15% constant). Diluted earnings per share of 240.9 pence was +6% on a reported basis; on an adjusted basis, the growth was +12% to 258.6 pence.

Net finance expense
Net finance expense was £33 million (2014: £38 million).

Tax
The effective tax rate was 21% (2014: 22%) and the tax rate excluding exceptionals was 20% (2014: 22%). The UK Chancellor has enacted future reductions in the UK corporate tax rate in 2017 and 2020. These reductions will have only a small impact on our ongoing tax rate. They have, however, a larger non-recurring accounting impact on our reported tax charge during 2015 (the year of enactment) as we have a significant deferred tax liability in the UK, the size of which will be reduced by lower future tax rates. Whilst there is no impact on cash tax payable from this adjustment to our deferred tax liability, our tax rate has been positively impacted in the year by 3%. We continue to expect our sustainable, underlying Group effective tax rate to be in the region of 23%.

Net Working Capital
Inventories decreased to £681 million (2014: £745 million) in part due to foreign exchange and our sustained focus on inventory management. Trade and other receivables were broadly maintained at £1,331 million (2014: £1,307 million). Trade and other payables increased to £2,948 million (2014: £2,883 million) in part due to the reclassification of a long-term payable to short-term payable. Together this has led to a decrease in Net Working Capital to -£936 million (2014: -£831 million). Net Working Capital as a percentage of net revenue is -11% (2014: -9%).

Cash flow
Converting our profit into cash is an important part of our culture and compensation ethos. Cash generated from operations was £2,295 million (2014: £2,324 million). Net cash generated from operating activities was £1,784 million (2014: £2,099 million) after net interest payments of £31 million (2014: £32 million) and tax payments of £480 million (2014: £416 million). The decrease largely reflects the demerger of Indivior plc in the prior year (£223 million) and higher tax payments.

Free cash flow is the amount of cash generated from operating activities after capital expenditure on property, plant and equipment and intangible assets and any related disposals. Free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt or to fund our strategic objectives. Free cash flow was £1,656 million (2014: £1,934 million, £1,711 million excluding cash flows from discontinued operations). Free cash flow conversion as a percentage of continuing net income was 95% (2014: 103% excluding cashflows from discontinued operations) with the reduction due in part to higher tax payments.

Net debt
Net debt at the end of the year was £1,620 million (2014: £1,543 million). This reflected strong free cash flow generation, offset by the payment of dividends totalling £924 million (2014: £988 million) and net M&A of £10 million (2014: £340 million). The Group regularly reviews its banking arrangements and has adequate facilities available to it.

Exceptional Items
A pre-tax exceptional charge of £133 million has been incurred during the year; £76 million in relation to the ongoing restructuring of the Group's organisation and the integration of prior year acquisitions and a further £57 million loss on the disposal of the Medcom hospital business. This included a loss of £33 million arising from the recycling, from equity, of previous exchange losses arising from consolidation of the legal entity sold.

Balance sheet
At the end of 2015, the Group had total equity of £6,906 million (2014: £6,834 million), an increase of +1%. Net debt was £1,620 million (2014: £1,543 million). The Group had non-current assets of £12,386 million (2014: £12,336 million), of which £730 million (2014: £757 million) is property, plant and equipment, the remainder being goodwill, other intangible assets, deferred tax, retirement benefit surplus and other receivables. The Group has Net Working Capital of -£936 million (2014: -£831 million), current provisions of £229 million (2014: £317 million) and long-term liabilities other than borrowings of £2,652 million (2014: £2,737 million).

The Group's financial ratios remain strong. Return on Shareholders' funds (net income divided by total Shareholders' funds) was 25.2% on a reported basis and 27.1% on an adjusted basis (2014: 47.2% on a reported basis and 28.7% on an adjusted basis).

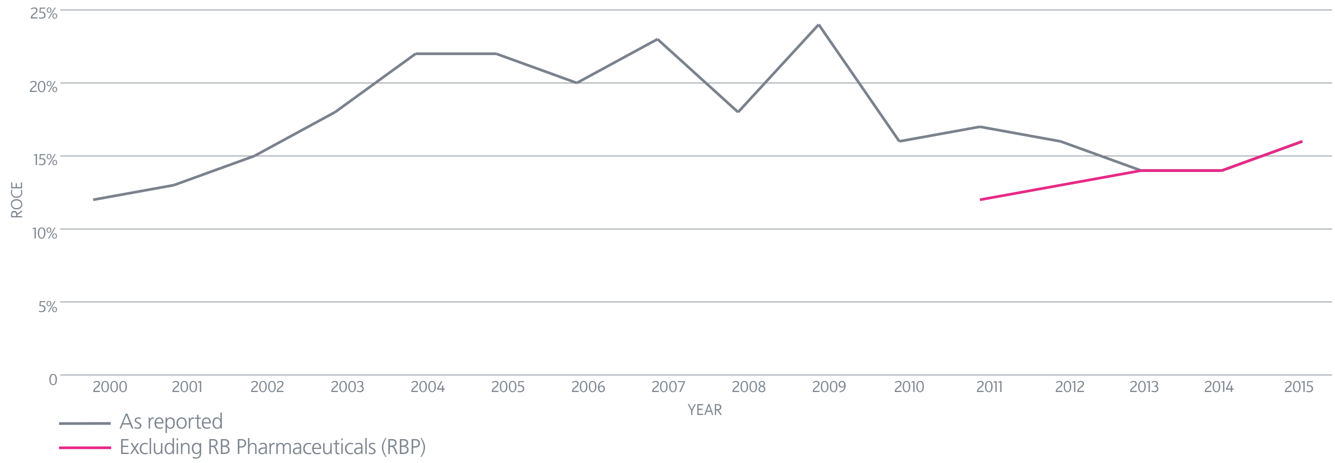
Dividends
The Board of Directors recommends a final dividend of 88.7 pence (2014: 79 pence), to give a full year dividend of 139 pence (2014: 139 pence). The dividend, if approved by Shareholders at the AGM on 5 May 2016, will be paid on 26 May 2016 to Shareholders on the register at the record date of 15 April 2016. The ex-dividend date is 14 April 2016 and the last date for election for the share alternative to the dividend is 5 May 2016. The final dividend will be accrued once approved by Shareholders.

Capital returns policy
RB has consistently communicated its intention to use its strong cash flow for the benefit of Shareholders. Our priority remains to reinvest our financial resources back into the business, including through value-adding acquisitions. Through continued strong cash generation the Group has reached a net debt level of approximately £1.6 billion. It is not possible to be definitive on future needs, but we consider that this provides the Group with appropriate liquidity. We intend to continue our current policy of paying an ordinary dividend equivalent to around 50% of adjusted net income. We also intend to continue our current share buyback policy which will broadly maintain our current debt level in 2016, subject to future M&A activity.

Contingent liabilities
The Group is involved in a number of civil and/or criminal investigations by government authorities as well as litigation proceedings and has made provisions for such matters where appropriate. Where it is too early to determine the likely outcome of such matters, or to make a reliable estimate, the Directors have made no provision for these potential liabilities.

The Group from time to time is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case.

Return on capital employed (ROCE)



RB's return on capital employed (ROCE), both "as reported" and adjusted for the demerger of RBP, is set out above. A return-based, approach is firmly embedded into both organic operational activities and M&A transactions undertaken by the Group.

Organic activities

Operational activities which utilise capital employed are undertaken with the same rigorous and returns-based approach, which we adopt for brand equity investment and other "P&L" based investments:

- **Capital expenditure (capex) –** all proposed capex must be supported by a relevant business case. We do not set rigid capex budgets each year, but allow the organisation to invest where and when the case is strong. We assign a high priority to projects addressing safety and quality opportunities. Capex levels are on average approximately 2% of Net Revenue.
- **Net Working Capital (NWC) –** tight management of inventories, payables and receivables is always required. The Leadership in every market in which RB operates is targeted on NWC performance. It is typically one of the three multiplicative metrics which determine the annual bonus. NWC is on average approximately minus 8–9% of Net Revenue, superior to industry averages.

Inorganic activities

Our principal focus is on organic growth. However, there is an inorganic element to our strategy focussed around both value accreting acquisitions, and non-core / tail brand divestures. Decision making with respect to inorganic opportunities is taken at a Group level. Our front-line operations play the leadership role in building the case for an acquisition, the due diligence prior to a transaction and delivering value once a transaction takes place.

A transaction may reduce the Group's ROCE during the years immediately following the transaction. Of key importance, however, is the generation of an appropriate cash return on invested capital within a reasonable time frame. The Group deliberately sets no return thresholds for an acquisition, as transactions vary in nature, strategic importance, risk and size. The Group does, however undertake a significant amount of analysis and due diligence prior to any transaction to review the return expected to be generated by the end of year three, compared to the Group's weighted average cost of capital (WACC).

As management are required to hold a significant personal stake of RB shares, there is strong alignment of interest between management and shareholders in seeking to ensure that transactions deliver an appropriate return within an appropriate time frame. Post investment reviews of all transaction are undertaken on a regular basis and discussed at a Board level.

Review of RB ROCE

The Group's ROCE declined immediately following the acquisitions of BHI (2006), Adams (2008), SSL (2010) and Schiff (2012) and then improved as good returns were subsequently generated. It was also negatively impacted in 2013 with the demerger of RBP, as RBP earned a high return on capital employed (RBP ROCE is removed in reported data from both 2014 and its comparative year, 2013).

RB performed well in 2014. ROCE performed less well, however, as reported profit was reduced by significant foreign exchange headwinds (-10% negative translational impact on Group profits), while capital employed was less impacted as the majority of the Group's net assets (especially intangible assets) are denominated in either sterling or US dollars – both of which showed meaningful strength versus other currencies.

In 2015 the Group ROCE increased following a year of excellent organic growth and a minimal increase in capital employed.

Non GAAP measures

Throughout the Annual Report, the following terms are used to describe RB's financial performance.

These terms are defined below:

- **Like-for-like (LFL) growth** on Net Revenue excludes the impact of changes in exchange rates, acquisitions and disposals.
- **Continuing growth** on Net Revenue excludes the impact of changes in exchange rates and disposals.
- **Constant exchange rate** adjusts the actual consolidated results such that the foreign currency conversion applied is made using the same exchange rates as was applied in the prior year.
- **Actual exchange rates** show the statutory performance and position of the Group, which consolidates the results of foreign currency transactions at year-end closing rates (Balance Sheet) or annual average rates (Income Statement).
- **BEI** represents our Brand Equity Investment and is the marketing support designed to capture the voice, mind and heart of our consumers.
- **Adjusted results** exclude exceptional items, defined as material, non-recurring expenses or income.
- **Free cash flow** is defined as net cash generated from operating activities less net capital expenditure.
- **Return on Capital Employed (ROCE)** is defined as Net Adjusted Operating Profit after Tax divided by capital employed, where capital employed is measured as Total Assets less non-interest bearing Current Liabilities.

Summary of % Net Revenue growth

	FY 2015				FY 2014			
	LFL	Net M&A	FX	Reported	LFL	Net M&A	FX	Reported
ENA	+5%	-1%	-5%	-1%	+3%	–	-7%	-4%
DvM	+9%	–	-6%	+3%	+6%	+1%	-12%	-5%
Food	+4%	–	+6%	+10%	+3%	–	-6%	-3%
Group	**+6%**	**-1%**	**-5%**	**–**	**+4%**	**–**	**-9%**	**-5%**

	FY 2015				FY 2014			
	LFL	Net M&A	FX	Reported	LFL	Net M&A	FX	Reported
Health	+14%	+1%	-5%	+9%	+8%	+2%	-8%	+3%
Hygiene	+3%	–	-4%	-1%	+3%	–	-9%	-5%
Home	+2%	–	-7%	-5%	+1%	–	-10%	-8%
Portfolio	+1%	-9%	-2%	-10%	-5%	-11%	-7%	-15%
Group	**+6%**	**-1%**	**-5%**	**–**	**+4%**	**–**	**-9%**	**-5%**

Adjusted Net Income	**2015 £m**	2014 £m
Net income attributable to owners of the parent from continuing operations	**1,743**	1,663
Exceptional items	**133**	21
Tax effect of exceptional items	**(5)**	–
Adjusted net income attributable to owners of the parent from continuing operations	**1,871**	1,684

Free Cash Flow	**2015 £m**	2014 £m
Cash generated from operations	**2,295**	2,324
Plus proceeds from sale of property, plant and equipment	**51**	19
Less net interest paid	**(31)**	(32)
Less tax paid	**(480)**	(416)
Less purchase of intangible assets	**(25)**	(27)
Less purchase of property, plant and equipment	**(154)**	(157)
Free cash flow	**1,656**	1,711

Our framework for risk management

The following table provides a summary review of the principal strategic risks and uncertainties that could affect the Group, as identified by management and the Board. RB operates a major risk assessment process to periodically identify, assess and mitigate those risks it considers to be most significant to the successful execution of our strategy.

The most senior leaders of our business dedicate time each year, in a facilitated discussion with the Group risk team to consider the risk environment for their particular functional or geographic area of responsibility and how their emerging or known risks could impact on the achievement of the Group's strategic objectives.

Similar sessions are held with the Group's external advisors. The key content from these sessions is then synthesised into the Group's top risks, with each risk having an Executive Committee (EC) owner, who is accountable for executing the current control strategy and for compiling and executing a plan of mitigating actions to properly manage the Group's exposure to that risk. Progress is reviewed periodically and the full output from the major risk assessment process is formally submitted annually by the EC to the Board for its consideration and endorsement. Through the course of each year, the EC and Board agendas address all of the top risks through specific 'deep dives' to ensure proper focus and progress with mitigation.

The Group's activities expose it to a number of other risks which, while also actively managed, may still adversely impact the business and its financials. A more detailed consideration of a broader range of risks faced by the Group appears on pages 158 to 164 of this report.

Group major risks

1. Non-Compliance of Licensed Products
2. Supply Business Continuity Planning
3. Non-Compliance with Quality Standards
4. ERP/IT Systems Failure
5. Cyber Security and Data Protection
6. Loss of Key Management
7. Significant Country Under-performance
8. Legal Non-Compliance
9. Major Tax Disputes
10. 'Black Swan' Event

Compared with a year ago, the Cyber Security and Data Protection risk is now considered sufficiently material to include this for the first time as a Group major risk, while Activities Upscheduling has been downgraded and removed from the list, as the materiality of the exposure has reduced significantly.

Exchange rate risk

A description of the exchange rate risk to the Group, and the means used to mitigate that risk, appears on page 164 (General Financial Risks of a Global Company) and on pages 163 to 164 (Currency Exchange).

Viability statement

Management conducted a viability review covering a five-year period. This period was selected as it is the period covered in the Group's long-term forecasting process. This period covers the introduction to market of the current product pipeline.

The five-year viability review first looks at the Group's ability to continue in operation if it performs in line with the Group forecast. This assumes that normal market conditions continue and current trends remain. The evaluation takes into account the Group's cash flow, historic Group planning accuracy, available banking facilities and interest cover ratios in connection with financial covenants. The analysis concluded that if RB performs in line with forecast it would have sufficient funds to trade, settle its liabilities as they fall due, and remain compliant with financial covenants.

The analysis goes on to consider the viability of the business should adverse unexpected events arise. To illustrate this, a sensitised view of the Group forecast was produced. The adverse assumptions are based primarily upon the realisation of key Group Strategic risks, which have the most relevant potential impact on viability (see risks marked "*" on opposite and following pages).

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

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

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

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

MAJOR RISK	DESCRIPTION	CONTEXT	MITIGATION
1. Non-Compliance of Licensed Products* betterfinancials ⊖	Risk that non-compliance with regulations (e.g. licences, manufacturing, products and laws) results in significant financial losses arising from regulator-enforced factory closures, product recalls, delayed launches, fines, penalties, etc. Also, reputational damage with consumers and regulators.	Regulation is imposed in respect of, but not limited to, ingredients, manufacturing standards, labour standards, product safety and quality, marketing, packaging, labelling, storage, distribution, advertising, imports and exports, social and environmental responsibility and health & safety. These regulations can change and may become more stringent. Additionally we are required to obtain, maintain and update licences for such products. If we are found to be non-compliant with applicable laws and regulations, we could be subject to civil remedies or regulatory actions, such as fines, injunctions or product recalls, and/or criminal sanctions.	The Group has quality and compliance structures in place with teams focused on driving adherence to the business management and quality systems company wide. Control programmes in place to manage compliance risks include: Regulatory Excellence (marketing authorisations), Product Vulnerability (formulation assessments), Core Company Data (legislative requirements), Pharmacovigilance (adverse events monitoring) and Consumer Care (complaints call line). RB employs senior regulatory and legal specialists at a Group, regional and local level who are responsible for setting policies and ensuring that all employees are aware of, and comply with, both Group policies and the laws and regulations relevant to their roles. A Governance Framework Team has recently been established to oversee and coordinate this broad-based agenda. There has been no change to the assessed profile of this risk in the last year.
2. Supply Business Continuity Planning betterfinancials ⊕	Risk that our business continuity plans (BCPs), including mono-sourcing (materials and products) do not adequately address all risks facing the Group, resulting in unforeseen business disruption.	We may face risks to continuity of supply arising from certain specialised suppliers, both of raw materials and of third party manufactured items. Significant disruptions to our own, or our suppliers' operations, may affect our ability to source raw materials and negatively impact our costs. Suppliers may fail to fulfil their contractual obligations. Replacing suppliers may require them to be qualified under industry, governmental or our own standards, which could require investment and may take time to resolve.	Suppliers of key raw and packaging materials, co-packers of finished product and the Group's manufacturing facilities and key technologies are risk assessed for their potential impact on supply disruption for our products. Business continuity plans are in place throughout the Group and major sites are routinely and independently assessed towards achievement of a highly protected risk (HPR) site status. Our consumer product recall process was fully tested and proven as effective during an incident in the USA. The concern level over this risk has reduced, with no significant further actions outstanding.

Increased

No change

Decreased

Strategic Risks continued

MAJOR RISK	DESCRIPTION	CONTEXT	MITIGATION
3. Non-Compliance with Quality Standards* **betterfinancials**	Risk of non-compliance with quality standards, most notably Good Manufacturing Practices (GMP), which are being increasingly audited by health agencies from multiple jurisdictions, restricting our ability to produce or sell key brands, particularly Healthcare. The span of this risk covers the complete product lifecycle: global regulated process compliance, R&D, factories, external manufacturing facilities (co-packers) and in-market execution non-compliance.	Various factors may adversely impact on our reputation, including product quality inconsistencies or contamination resulting in product recalls. Reputational risks may also arise from our third parties' labour standards, health, safety and environmental standards, raw material sourcing and ethical standards. We could also be the victim of product tampering or counterfeiting or grey imports.	The Group has a comprehensive suite of policies, processes and systems to drive compliance with good manufacturing practice and monitor quality assurance, together with routine KPI reporting. An appropriately resourced global quality audit team covers factories' co-packers, distribution centres and commercial units. Audits by regulatory bodies (FDA, MHRA, Anvisa, etc.) and notified bodies (SGS, DGM) are comprehensively prepared for and promptly responded to. The manufacturing of Personal Hygiene products has been integrated into the Healthcare cluster this year, driving stronger regulatory disciplines. The potential impact of this risk has been assessed slightly higher than previously, having analysed the Mucinex product recall experience, but its profile otherwise remains unchanged.
4. ERP/IT Systems Failure **betterfinancials**	Risk of IT disruption or accounting error, due to legacy Enterprise Resource Planning (ERP) and IT systems, impacts business operations in a number of areas, e.g. through unavailability of key management information or disruption to transactional processing.	Failures or disruptions to our systems or the systems of third parties on whom we rely, due to any number of causes, particularly if prolonged, or, if any failure or disruption were to impact our backup or disaster recovery plans, could result in a loss of key data and/or affect our operations. Sub-optimal implementations of new systems could occur. Our computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other cyber threats that could have a security impact. All of these could be costly to remedy and we may be subject to litigation.	The Group is engaged in a rolling ERP update programme. Disaster recovery plans are in place and are tested periodically. It also invests in security measures and anti-virus software to safeguard against this threat. Maintenance of current systems throughout the execution of the ERP programme implementation is an ongoing priority. SAP manufacturing and commercial templates have now been successfully put in place in some locations. This has resulted in the potential impact of this risk being assessed lower than previously, as more elements of the programme have been proven to be robust.

MAJOR RISK	DESCRIPTION	CONTEXT	MITIGATION
5. Cyber Security and Data Protection* **betterfinancials** ↑	Risk that RB is subject to increasingly sophisticated cyber attacks aimed at causing business disruption, capture of data for financial gain, general embarrassment and reputational damage or that RB's data protection is considered by regulators to be inadequate.	While this risk is not new, the context for its inclusion is the increased business appetite for consumer personal data to drive sales and growth. The potential impact of the threat is also now greater due to the reliance on an increasing number of connected systems. The legislative environment has also been strengthened with significant financial penalties now enforceable to penalise data protection breaches.	The Group has strengthened controls and defences around this area of increasing risk. A data protection programme has been established to drive compliance. An update of systems patching against cyber threats has been undertaken and improvements to approaches to protect against data loss and manage privileged access to systems are currently under way. Broader awareness training also continues to be a focus. This risk has been included in the Group major risks for the first time. It has been assessed as having a potentially major impact with a medium possibility of that occurring.
6. Loss of Key Management **betterfinancials** ↓	Risk that RB cannot implement its strategies and meet objectives as a result of key management leaving the business who cannot be readily replaced by equally experienced/qualified candidates.	The market for talent is intensely competitive and we could face challenges in sourcing qualified personnel. If we are unable to achieve our performance targets, our management would not be entitled to their variable pay, which is a significant element of total remuneration. This could operate as a disincentive for them to continue their employment with us.	The Group structures its reward programme to attract and retain the best people. The formal succession planning process continues to evolve with plans being reviewed and updated regularly for all key positions and individuals. The concern level over this risk has reduced, due to a consistently high retention level for key management.
7. Significant Country Under-performance **betterfinancials** ↓	Risk of material impact on Group growth and profit of under-performance or extreme foreign exchange volatility in certain markets e.g. China, Russia and Brazil.	A variety of factors may adversely affect our results of operations and financial condition during periods of economic uncertainty or instability, social or labour unrest or political upheaval in the markets in which we operate. Such periods may also lead to government actions, such as imposition of martial law, trade restrictions, foreign ownership restrictions, capital, price or currency controls, nationalisation or expropriation of property or other resources, or changes in legal and regulatory requirements and taxation regimes.	The Group has developed a robust strategy to drive margin expansion and enable continued investment behind our brands. Both financial results and currency volatility are closely monitored. Partnerships are strengthened with distributors to better manage local risks. This risk is spread over many varied markets, and is considered 'business as usual' as our strategy gives us increased protection against market uncertainty. As such, the potential impact of this risk has been assessed as lower than previously.

↑ Increased
⊖ No change
↓ Decreased

Strategic Risks continued

MAJOR RISK	DESCRIPTION	CONTEXT	MITIGATION
8. Legal Non-Compliance* **better financials**	Risk that we are not fully compliant with relevant laws and regulations, including anti-corruption laws and global competition laws, resulting in damage to RB's reputation and significant potential fines and other penalties.	Failure to comply with applicable anti-trust and competition laws, rules and regulations in any jurisdiction may result in civil and/or criminal legal proceedings. We are subject to the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended, and similar laws worldwide. Given our extensive international operations, we are exposed to significant risks, particularly with respect to parties not subject to our direct control, such as agents and joint venture partners, and also through businesses we acquire. Any violation of applicable sanctions, money laundering or other relevant laws could also have a negative impact on our reputation.	The Group is proactive in addressing legal risks internally, through mandatory online training undertaken by employees and country-based legal oversight. We also respond to government authorities in a forthright and co-operative manner. A Legal Academy was launched this year that will provide enhanced training on a wide range of topics, including compliance. The whistleblowing hotline was also relaunched and strengthened from the start of the year with a new supplier. There has been no change to the assessed profile of this risk in the last year.
9. Major Tax Disputes **better financials**	Risk of significant unprovisioned cash outflows as a result of tax authority challenge to filed tax positions in any particular territory.	We are subject to tax laws and transfer pricing regulations in multiple jurisdictions, including those relating to the flow of funds between RB and its subsidiaries. Our effective tax rate in any given financial year reflects a variety of factors that may not be present in succeeding financial years, and may be affected by changes in the tax laws of the jurisdictions in which we operate.	The Group has the appropriate risk framework in place to monitor, assess and mitigate operational tax risk. The Board considers that tax exposures are adequately provided for, while recognising that an element of risk will always remain. There has been no significant change to the assessed profile of this risk in the last year.
10. 'Black Swan' Event **better financials**	An absolute worst-case scenario with sufficient potential impact to risk the future of RB as a strong and independent business operating in its chosen markets. This could arise or be amplified by adverse economic or social conditions, political upheavals or natural disasters.	Significant reputational impact as a result of a major issue resulting in multiple fatalities, possibly compounded by apparently negligent management behaviour; extreme adverse press coverage and viral social media linking the RB name to consumer brands, leading to a catastrophic share price fall, very significant loss of consumer confidence and inability to retain and recruit quality people.	A strong governance framework and operating model are applied to drive compliance, transparency and oversight. Robust Group policies are maintained and a programme of rolling independent audits operated to ensure their proper application. Comprehensive crisis management training programme and support tools are in place and regularly updated.

Routine Risks

betterfinancials

DESCRIPTION	CONTEXT	MITIGATION
We are subject to a range of compliance and routine risks as part of everyday business.	In order to manage the more numerous and routine risks, the Group maintains a complete and robust governance framework.	This consists of a full set of policies, processes and systems covering all aspects of compliance, with international and local laws as well as with the Group's stated minimum control standards. Management provide primary assurance by driving risk compliance through their respective area, regional or functional responsibility. This is done through regular and detailed business reviews. Secondary assurance is provided independently through a combination of Internal and External Audit covering all aspects of the Group's operations.

By order of the Board

Christine Logan / Company Secretary
22 March 2016

Increased
No change
Decreased

Board of Directors

Adrian Bellamy
Chairman

Nationality
British

Length of tenure
16 years

Committee membership
Nomination, Remuneration

Skills and Experience
Appointed as a Non-Executive Director in 1999 and Non-Executive Chairman in May 2003. Adrian was formerly Chairman of The Body Shop International plc. Other previous directorships include The Gap Inc, Gucci Group NV and The Robert Mondavi Corporation.

Adrian earned his Bachelor of Commerce and Master of Business Leadership degrees from the University of South Africa.

Other current appointments
Adrian is Chairman of Williams-Sonoma Inc, River Island, Total Wine & More and Chairman of the Supervisory Board of Action Nederland BV.

Rakesh Kapoor
Chief Executive Officer

Nationality
Indian/British

Length of tenure
Four years

Committee membership
Nomination

Skills and Experience
Joined the Board in September 2011 following his appointment as CEO of the Company. Rakesh joined RB in 1987 and served in various regional and central marketing roles. He was appointed EVP Category Development in 2006 with responsibility for global category management, R&D, media, market research and strategic alliances.

Rakesh has an MBA from XLRI, Jamshedpur and a Chemical Engineering degree from BITS.

Other current appointments
None.

Adrian Hennah
Chief Financial Officer

Nationality
British

Length of tenure
Two years

Committee membership
None

Skills and Experience
Joined RB in January 2013 as Chief Financial Officer Designate, and was appointed CFO in February 2013. Prior to joining RB, Adrian spent six years at Smith & Nephew plc as CFO and four years as CFO at Invensys plc. Adrian also spent 18 years at GlaxoSmithKline plc, holding a number of senior management and financial roles. His earlier career was with PwC (then Price Waterhouse) in both audit and consultancy, and Stadtsparkasse Koeln, the German regional bank.

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

Other current appointments
Non-Executive Director of RELX Group plc, RELX NV and Indivior PLC.

Jaspal Bindra
Non-Executive Director

Nationality
Indian

Length of tenure
One year

Committee membership
Audit

Skills and Experience
Appointed as a Non-Executive Director on 1 July 2014. Jaspal served as Group Executive Director to the Board of Standard Chartered plc from January 2010 to May 2015. He joined that company in 1998 and held various senior positions, including Global Head of Client Relationship for Wholesale Bank prior to this. His earlier career was with UBS Investment Banking and Bank of America where he worked across Treasury Markets and Consumer Banking in India and Singapore.

Jaspal is a qualified Chartered Accountant and Master of Business Administration (MBA).

Other current appointments
None.

Nicandro Durante
Non-Executive Director

Nationality
Brazilian/Italian

Length of tenure
Two years

Committee membership
Remuneration

Skills and Experience
Appointed as a Non-Executive Director in December 2013. Following a career working in finance in Brazil, Nicandro joined BAT in 1981. He had an extensive career with BAT working in the UK, Hong Kong and Brazil, including holding the positions of Regional Director for Africa and Middle East and COO before being appointed to his current role.

Nicandro holds degrees in finance, economics and business administration from PUC, Sao Paulo.

Other current appointments
Chief Executive Officer of British American Tobacco p.l.c. (BAT) since March 2011.

Mary Harris
Non-Executive Director

Nationality
British

Length of tenure
<One year

Committee membership
Audit

Skills and Experience
Appointed as a Non-Executive Director in February 2015. Mary was formerly a Partner at McKinsey & Company, with a particular focus on consumer and retail businesses 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.

Other current appointments
Non-Executive Director of ITV plc and J Sainsbury plc. Member of Supervisory Boards of Unibail Rodamco SE and TNT Express NV.

Ken Hydon
Non-Executive Director

Nationality
British

Length of tenure
12 years

Committee membership
Chair of Audit, Nomination

Skills and Experience
Appointed as a Non-Executive Director in December 2003 and Chairman of the Audit Committee in November 2006. He was the Senior Independent Director between February 2005 and November 2006. Ken's experience in finance and business includes working in the electronics, retail, consumer products and healthcare sectors. Ken was formerly CFO of Vodafone Group plc and a former Non-Executive Director of Tesco plc and Pearson plc.

Ken is a Fellow of the Chartered Institute of Management Accountants, the Association of Chartered Certified Accountants and the Association of Corporate Treasurers.

Other current appointments
Non-Executive Director of Merlin Entertainments plc.

Dr Pamela Kirby
Non-Executive Director

Nationality
British

Length of tenure
<One year

Committee membership
Audit

Skills and Experience
Appointed as a Non-Executive Director in February 2015. Pamela served as Chairman of Scynexis Inc until June 2015. She was formerly CEO of Quintiles Transnational Corporation and held senior positions at AstraZeneca PLC and Hoffmann-La Roche.

Pamela is a graduate of the University of London (BSc Pharmacology and PhD Clinical Pharmacology).

Other current appointments
Non-Executive Director of DCC plc, Victrex plc and Hikma Pharmaceuticals PLC.

Board of Directors

André Lacroix
Non-Executive Director

Nationality
French

Length of tenure
Seven years

Committee membership
Audit, Nomination

Skills and Experience
Appointed as a Non-Executive Director of RB in October 2008. André became the Senior Independent Director in June 2013. He was CEO of Inchcape plc from 2006 until March 2015. He was previously Chairman and Chief Executive Officer of Euro Disney S.C.A., President of Burger King International, previously part of Diageo, and also held positions at Colgate, PepsiCo and Ernst & Young LLP.

André is a graduate of ESCP Europe.

Other current appointments
Chief Executive Officer of Intertek Group plc and Chairman of Good Restaurants AG.

Sue Shim
Non-Executive Director

Nationality
South Korean

Length of tenure
One year

Committee membership
Audit

Skills and Experience
Appointed as a Non-Executive Director on 1 July 2014. Sue has extensive consumer goods experience in a range of product categories and cultures, and held senior positions in Procter & Gamble, including Marketing Director, Cosmetics & Skincare in North East Asia, Global Marketing Director of Feminine Care and Skin Care in the USA prior to joining Samsung Electronics.

Sue attended the Harvard Business School Advanced Management Program in 2006 and received a Global MPA degree from New York University and University College London in 2015.

Other current appointments
EVP of Samsung Electronics, Korea.

Christopher Sinclair
Non-Executive Director

Nationality
American

Length of tenure
<One year

Committee membership
Remuneration

Skills and Experience
Appointed as a Non-Executive Director in February 2015. Chris was previously Executive Chairman of Scandent Holdings, Executive Chairman of Cambridge Solutions Ltd, Chairman and CEO of Caribiner International, and President and CEO at Quality Foods Centers, Inc. 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.

Christopher is a graduate of the University of Kansas (Business Administration) and the Tuck School at Dartmouth College.

Other current appointments
Chairman and CEO of Mattel, Inc.

Judy Sprieser
Non-Executive Director

Nationality
American

Length of tenure
12 years

Committee membership
Nomination,
Chair of Remuneration

Skills and Experience
Appointed as a Non-Executive Director in August 2003 and has been Chair of the Remuneration Committee since June 2004. Judy was previously Director and Vice Chairman at Royal Ahold NV, CEO of Transora Inc. and Executive Vice President of Sara Lee Corporation and CFO of Sara Lee's Food Group.

Judy has a Bachelor's and Master's degree from Northwestern University.

Other current appointments
Non-Executive Director of Experian plc and Director of Allstate Corporation and InterContinental Exchange Inc.

Other Directors that served in the year

Doug Tough
Non-Executive Director

Nationality
Canadian/American

Length of tenure
One year

Committee membership
Remuneration

Skills and Experience
Appointed as a Non-Executive Director on 1 November 2014. Doug was appointed a Non-Executive Director of International Flavors & Fragrances Inc in 2008 and acted as Chairman and CEO between 2010 and 2014. Prior to that, he served as CEO and MD of Ansell Limited. His earlier career was in a variety of executive positions with Cadbury Schweppes PLC.

Doug is a graduate of the University of Kentucky (BBA) and the University of Western Ontario (MBA).

Other current appointments
Director of Molson Coors Brewing Company.

Warren Tucker
Non-Executive Director

Nationality
British

Length of tenure
Five years

Committee membership
Audit

Skills and Experience
Appointed as a Non-Executive Director in February 2010. Warren was previously a Non-Executive Director and Chairman of Paypoint plc until May 2015. He was Chief Financial Officer of Cobham plc from 2003 to 2013 and previously held senior finance positions at Cable & Wireless plc and British Airways plc.

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

Other current appointments
Non-Executive Director of Thomas Cook Group PLC, Survitec Limited and the UK Foreign & Commonwealth Office.

Peter Harf
Non-Executive Director

Appointed as a Non-Executive Director in December 1999. He stepped down as a Non-Executive Director and Deputy Chairman of the Company on 21 December 2015.

Executive Committee

Rakesh Kapoor
Chief Executive Officer

Nationality
Indian/British

Company tenure
28 years

Experience
Rakesh joined Reckitt & Colman in 1987, serving in various 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, 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 became CEO in September 2011.

Amedeo Fasano
Executive Vice President, Supply

Nationality
Italian

Company tenure
18 years

Experience
Amedeo joined in 1997 as Supply Director Italy. After the Reckitt & Colman and Benckiser merger, he was appointed Manufacturing Director for Central, South Western and Southern Europe regions. In 2002 he became Regional Supply Director North America and in 2003 SVP Supply Australia and New Zealand. In 2007 he took over the role of SVP Supply Developing Markets and in March 2009 Amedeo was appointed as EVP Supply. He previously worked for Pirelli Tyres in multiple supply roles.

Roberto Funari
Executive Vice President, Category Development

Nationality
Brazilian

Company tenure
Two years

Experience
Roberto rejoined RB in February 2013 following two years at Imperial Tobacco where he was Group Marketing Director and an Executive Committee member. In his prior 12-year career with Reckitt & Colman and RB, Roberto rose rapidly through the organisation, holding increasingly senior marketing and general management roles in both emerging and developed markets, including Brazil, The Netherlands, South Africa and Central Europe. His last role was as Global Category Officer, Fabric and Home Care. He was appointed to his current role in January 2015.

Rob de Groot
Executive Vice President, ENA

Nationality
Dutch

Company tenure
27 years

Experience
Rob joined Reckitt & Colman 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 and Dish, before being appointed EVP North America & Australia. As part of RB's new strategy for continued outperformance, in January 2012 Rob became EVP of the newly created ENA area.

Adrian Hennah
Chief Financial Officer

Nationality
British

Company tenure
Two years

Experience
Adrian joined the Company in January 2013 as Chief Financial Officer Designate, and was appointed as CFO in February 2013. He joined the Company following six years at Smith & Nephew plc, as CFO. Previously he was CFO for 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 has 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 Group plc, RELX NV and Indivior PLC.

Frederic Larmuseau
Executive Vice President, DvM

Nationality
Belgian

Company tenure
14 years

Experience
Frederic joined the Company in 2001 as Marketing Director for Malaysia-Singapore. In 2003, he was promoted to Regional Marketing Director for East Asia and in 2005 became Global Category Director for Vanish. He was appointed General Manager for Brazil in February 2008 and in October 2009, Frederic was promoted to SVP, Regional Director, Latin America.

In January 2012, Frederic was appointed to the position of SVP, Regional Director, North America. He was appointed as EVP in June 2013 before taking up his current role in January 2015. Before joining RB, Frederic worked for Procter & Gamble.

Darrell Stein
Senior Vice President, Information Services

Nationality
British

Company tenure
One year

Experience
Darrell joined RB in September 2014 from Marks & Spencer plc, the UK-headquartered international clothes and food retailer. Darrell was responsible for the development of Marks & Spencer's global online platform. Importantly, Darrell also has experience of successfully delivering global ERP and supply chain systems, including SAP. Prior to this, Darrell spent five years with Vodafone in a number of increasingly senior roles culminating as Global Director Information Technology, Strategy and Planning. He also spent five years at Ernst & Young as a Programme Manager and two years at Mars Inc. as Business Systems Manager.

Deborah Yates
Senior Vice President, HR

Nationality
Australian

Company tenure
11 years

Experience
Deborah joined RB in 2004 in the Australian business. She has worked in Australia, the USA, the UK and The Netherlands since joining RB. Deborah was appointed Global HRD Finance and IS in 2009, Regional HRD ANZ in 2011, Regional HRD North America in 2012 and Area HRD Europe and North America in 2013. In 2015 Deborah was appointed SVP HR. Before joining RB, Deborah worked in a variety of industries in HR in Australia including News Limited, George Weston Foods and Qantas Airways.

Chairman's Statement on Corporate Governance

"We remain committed to the highest standards of corporate governance across the Group to underpin our strategy and promote our long-term success."

Adrian Bellamy / Chairman

Introduction

On behalf of the Board, I'm pleased to present the Company's Corporate Governance Report for the financial year ended 31 December 2015. As in previous years, we report against the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council (FRC). As your Board, we strive to work competently and effectively within that framework and I'm pleased to report that our high standards of compliance with the Code remain.

2014 saw considerable changes to narrative and remuneration reporting requirements for listed companies, and over the past year, we have built upon the changes implemented in last year's report to maintain and further enlighten our Shareholders' understanding of how their Company is being run, decisions are made, risks properly managed and value returned.

New appointments have been made to the Board, a new set of employee share option plans were introduced following approval at the 2015 AGM, our Supercharge programme has increased business cost efficiencies, and a review of risks to the business as a result of an ever increasingly digital world have all helped drive forward RB's profitability, transparency and governance structure.

Leadership

Following significant changes in regulatory reporting requirements last year and a focus on strengthening the composition of the Board, 2015 has been a year of integration and stabilisation.

Biographies of the members of our current Board of Directors can be found on pages 46 to 49. The strong base that our diverse Board offers enables us to draw on a vast array of skills and experiences to ensure the long-term success of the business, comprehensively manage risk and deliver on our stakeholders' expectations.

During the year I was pleased to announce the appointments of Chris Sinclair, Mary Harris and Pam Kirby. They have all been supported with comprehensive inductions to the Company, its business and its values and have added industry expertise and international and gender diversity to further strengthen our Board. Having an experienced, well-balanced and diverse Board with a wide range of skills enhances our decision-making capabilities and this Corporate Governance Report has been structured to demonstrate this, in addition to our compliance with the Code during the year.

In December 2015, Peter Harf stepped down from his position on the Board, to allow him to spend more time at JAB and its portfolio of companies. Throughout his tenure, Peter was a highly respected and well regarded member and I would like to thank him for his valued contribution over the past 16 years. We will miss his expertise and capabilities. We have a number of other long-serving members on the Board who have served longer terms than those recommended by the Code, their wealth of knowledge and experience is considered invaluable; Judy Sprieser and Ken Hydon have therefore been asked to remain with the Company and I am delighted they have both agreed to do so. While the newer members of the Board continue to be developed into their new roles, Judy and Ken will continue to serve as Chairs of the Remuneration and Audit Committee respectively to ensure a successful transition in due course.

On 16 March 2016, we announced that Jaspal Bindra, Sue Shim and Doug Tough would not offer themselves for re-election at the 2016 AGM and they will therefore retire from the Board at the conclusion of the meeting. On behalf of the Board, I would like to thank each of them for their contributions and wish them well in their future pursuits.

Effectiveness

In view of the changes to the Board, it was determined that the 2015 evaluation of the Board's effectiveness would be best served by being conducted internally, taking into account the principal themes raised over the previous two years.

The 2015 review concluded positively that members of the Board were committed to spending more time on Board discussions, as well as becoming more involved in development of strategy and focus on risk. The induction process was praised and it was acknowledged that, together with ongoing training, this was considered important in understanding the Company's key strategic priorities and emerging governance issues.

It is the intention of the Board to carry out an external evaluation in 2016, in line with the Code requirements and corporate governance best practice.

Diversity

We remain committed to a more balanced gender and ethnic background representation throughout our organisation, although we will always recruit the best placed candidate. I am pleased that in the last 12 months two additional female Non-Executive Directors have joined the Board.

The Company continues to operate with a corporate diversity and inclusion policy adopted and reviewed by the Executive Committee.

The Executive Committee, with seven nationalities, and the Company's wider global leadership community, with 49 nationalities between them, represent a broad background of collective skills and experience, helping to gain a greater insight into and better serve the needs of our customers and consumers.

RB also supports gender balance and our DARE (Developing, Attracting, Retaining and Engaging talented women) programme was launched during the year to provide support and flexibility to women to assist them with their career paths.

Accountability
The Board is responsible for confirming that the Group's Financial Statements 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 Internal Audit function, as well as the External Auditor, and further details of their work can be found on pages 61 to 65.

Engagement
We place considerable importance on the views of our Shareholders. As Chairman, I am responsible for effective communication with Shareholders and ensuring that the Board collectively understands their views. The Company has a regular investor relations programme of meetings between our institutional Shareholders, analysts, Directors and senior management. Additional dialogue is held with institutional Shareholders as appropriate. Private Shareholders have the opportunity to speak with the Board and raise any concerns at the Annual General Meeting (AGM).

Remuneration
Our approach to remuneration is detailed more fully in the Remuneration Report on pages 66 to 84. We remain committed to a policy of suitably rewarding effective performance and aligning the interests of Executive Directors and employees with the interests of our Shareholders. We will be asking Shareholders to approve an enhanced Directors' Remuneration Policy at the AGM. Details of the proposed policy are set out on pages 79 to 84. The primary change which will further strengthen the alignment of Executives' interests with those of Shareholders is the addition of a two-year holding period for unvested LTIP awards upon cessation of employment. The Policy also includes malus and clawback provisions for LTIP awards and a reduction in the maximum number of shares and options that can be awarded under the LTIP.

Summary
The Board considers compliance with the Code of utmost importance. The Board authorises any instances of non-compliance only once it has satisfied itself that the spirit of the Code and good corporate governance within the Company generally continue.

All of the existing Directors, with the exception of Jaspal Bindra, Sue Shim and Doug Tough, will be offering themselves for re-election at the 2016 AGM. Jaspal, Sue and Doug will retire from the Board following the meeting. Whilst myself, Ken Hydon and Judy Sprieser have served beyond the period recommended under the Code, the Board believes the mix of tenure is in the best interests of our Shareholders. The Board regularly considers Board member succession and, in particular, succession for the Chairman (led by the Senior Independent Director) and the Committee Chairs. We look for your continued support for them to continue to serve the Board on your behalf and to promote the long-term success of the Company.

Through the Audit Committee, the Board has considered the requirements of the Competition and Markets Authority Order in respect of audit tendering, as well as the Code recommendations and the related FRC guidance, and we will comply with the UK implementation of the EU requirements on auditor rotation. The Audit Committee has commenced a preselection process with a number of audit firms in preparation for a possible audit tender in 2017, allowing for the appointment of a new auditor at the 2018 AGM. We are required to undertake an audit tender and auditor rotation by the 2020 year end.

The Corporate Governance Report outlines the Company's governance processes in greater detail and is on pages 54 to 59. Except where otherwise mentioned above, the Company has complied with the Code throughout the year ended 31 December 2015.

Adrian Bellamy / Chairman
22 March 2016

Key areas of Board focus in 2015

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
- Post-acquisition reviews
- Performance relative to key competitors
- Group debt and funding arrangements
- The Supercharge programme
- Pensions

Risk management and internal control

- RB's principal risks, emerging risks and the Group's risk register
- Consideration and approval of the new Viability Statement
- The effectiveness of the Group's compliance programme
- Detection and response to cyber threats
- Internal controls
- Evaluation of Internal and External Auditors

Leadership

- On-boarding of three new Non-Executive Directors
- Director and senior management succession planning
- Change of Company Secretary
- Review of Non-Executive Directors' fees

Results and Financial Statements

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

Corporate Governance

- Board and Committee evaluation and effectiveness
- Corporate Responsibility, Sustainability and Environment
- Interactions with institutional investors
- Developments in corporate governance
- Legal and regulatory updates

Corporate Governance Statement

The Company is premium listed on the London Stock Exchange and this Report 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 1 October 2014. This Report sets out how the Company has applied the Main Principles of the Code throughout the year ended 31 December 2015 and as at the date of this Report.

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 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 2015 as part of the Board's performance evaluation 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 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 2015 on page 53.

Board meetings
Board meetings are structured in an open atmosphere conducive to challenge and debate. Board meetings are held regularly with all Directors expected to attend, with five scheduled meetings normally held each year. At least one of these meetings is held in an overseas Group business location to provide the Board with the opportunity to meet with local management and structured to include a formal and comprehensive site visit to an operating unit. The 2015 meeting was held in Delhi in India and included visits by the Board to the R&D office in Gurgaon, a Save the Children field visit, and time spent with external speakers covering local geopolitical, industry-related and commercial issues. Further details can be found on page 5. Additional meetings, which may be held by phone or consist of written resolutions, are held throughout the year to consider topics that may have arisen outside the formal agenda structure.

Directors receive papers several days in advance of meetings and are expected to devote sufficient time for review prior to the meeting taking place, enabling them to fully engage with, challenge and stimulate productive discussion.

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 challenge and critique the performance of the Executive Directors and help drive future agenda items.

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

Committees of the Board
The Board has established three Board Committees to assist in the execution of its responsibilities. These are the Nomination Committee, Audit Committee and the Remuneration Committee. Each Committee operates under terms of reference approved by the Board. The terms of reference are reviewed regularly and can be found on the Company's website. The current Committee membership of each Director is shown on pages 46 to 49. 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.

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. Membership during the year and further details are set out in the Nomination Committee Report on page 60.

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 Audit Committee Report on pages 61 to 65.

Remuneration Committee
The Remuneration Committee is responsible for making recommendations on remuneration policy to the Board in respect of the Chairman, Executive Directors and senior management and ensuring that remuneration policy and practices reward fairly and responsibly. Membership of the Remuneration Committee during the year is set out in the Annual Report on Remuneration on page 70. The Report on pages 66 to 84 details the current and proposed policy on remuneration and sets outs Directors' remuneration, Non-Executive Directors' fees and share ownership.

Board attendance at scheduled meetings
In 2015, there were five scheduled Board meetings (plus two additional meetings). There were four regular Audit Committee meetings (plus two additional meetings) and four regular Remuneration Committee meetings. No formal Nomination Committee meetings were held during the year and the business of the Committee was dealt with by the Board during its private sessions. The table below sets out the attendance by individual Directors at Board, Audit and Remuneration Committee meetings which each Director was eligible to attend. Mary Harris and Judy Sprieser were unable to attend one meeting each due to a long standing commitment. Directors who were not members of individual Board committees were also invited to attend one or more meetings of those committees during the year.

	Board	Audit	Remuneration
Adrian Bellamy	5 of 5		4 of 4
Jaspal Bindra	5 of 5	4 of 4	
Nicandro Durante	5 of 5		4 of 4
Peter Harf[1]	5 of 5		
Mary Harris	4 of 5		
Adrian Hennah	5 of 5		
Pamela Kirby	5 of 5		
Ken Hydon	5 of 5	4 of 4	
Rakesh Kapoor	5 of 5		
André Lacroix	5 of 5	4 of 4	
Sue Shim	5 of 5	4 of 4	
Christopher Sinclair	5 of 5		
Judy Sprieser	4 of 5		3 of 4
Doug Tough	5 of 5		4 of 4
Warren Tucker	5 of 5	4 of 4	

1. Peter Harf resigned from the Board on 21 December 2015.

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 2015, in light of the additional Non-Executive Director appointments, was structured to closely follow and improve upon the previous year's recommendations. An external evaluation, in line with good corporate governance practice, will take place in 2016.

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 50 to 51.

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 are therefore able to provide critical input into Board decisions through their contributions to Board discussions and their roles on, and Chairmanship of, 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 scrutinise 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 continually monitored to be closely aligned with Shareholder interests. They are also critical to the development of succession planning and 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 accurate and transparent.

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. All Directors have access to the Company Secretary and 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. As part of this review, it 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 11 Non-Executive Directors who, together with two Executive Directors, help maintain a solid, collective understanding of the Company and its daily business. More details about the current Board members can be found on pages 46 to 49.

André Lacroix acts as the Senior Independent Director. The Board has determined that the majority of Non-Executive Directors (excluding the Chairman, who was independent on appointment) are independent as recommended by the Code. The Board has deemed Judy Sprieser and Ken Hydon independent, notwithstanding that they have served in excess of the recommended nine years, by virtue of their behaviour and judgement, which remains challenging and unbiased.

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 him or herself for election/re-election at every Annual General Meeting of Shareholders.

Board diversity

The Board's recent appointments have further built on its already existing foundation of diverse professional, ethnic and national backgrounds, as well as improving on our gender balance. This diversity reflects itself throughout our business and helps to ensure that we cater fully to our varied spectrum of consumers across all markets that we serve. Details of diversity through the workplace can be found on page 24.

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 re-election at every Annual General Meeting of Shareholders.

The Nomination Committee has principal responsibility delegated to it for making recommendations to the Board on new appointments as well as the composition of the Board and its committees. The Board and each of its members are confident they individually have the expertise and relevant experience required to perform the functions required 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 Hennah is a Non-Executive Director of RELX Group PLC and RELX NV. The Board also approved his appointment as a Non-Executive Director of Indivior PLC in November 2014, prior to the demerger of that entity from RB the following month, and Adrian remained a Director throughout 2015. It was announced on 11 March 2016 that he would step down from the Indivior Board with effect from 11 May 2016.

The 2015 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 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 all Shareholders vote in favour of the resolutions to re-elect the Directors at the 2016 Annual General Meeting.

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, supply and the Company's categories of Health, Hygiene and 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 due diligence meetings with external legal advisors and meet with the Group's External Auditor.

Site visits are arranged to the Group's operations to gain an insight into the business, and also form part of the annual Board meeting cycle with at least one meeting held at an offsite 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 may be provided by way of briefing papers or presentations, 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, as well as past meeting minutes 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 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 who at all times take 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 2015, due to the significant addition of new Directors to the Board, it was determined more appropriate to conduct the process internally, to allow them to bed in. In line with the Code requirements, an independent external review will take place in 2016.

The 2015 evaluation built on the outcomes of the internal and external evaluations carried out in the previous two years. The process centred on a detailed questionnaire agreed with the Chairman around the topics of Board processes, composition, Director induction and training, strategy, risk assessment and engagement with Shareholders which all Directors were asked to complete and return, together with relevant comments or points they wished to raise. The recommendations from the external evaluation performed by Egon Zehnder International in 2013 were also reviewed and consideration given to Board best practices. The Board reviewed and discussed the results, which indicated overall that Directors were committed, with a willingness to spend more time on Board discussion of issues and to become more involved in development of strategy and risk. The induction process was praised and it was acknowledged that both induction and ongoing training were considered important and necessary to understand strategic priorities and keep abreast of governance issues.

The Chairman's performance evaluation was led by the Senior Independent Director with input from his fellow Non-Executive Directors, the CEO and the CFO and each individual Director's performance was evaluated by the Chairman through one-to-one discussions with each of them. The Remuneration Committee also reviewed the performance of the Executive Directors and other members of the Executive Committee.

The 2015 review of the Board's performance and that of its committees was positive and concluded that the Board, its Committees and individual Directors were continuing to perform effectively. Recommendations were taken on board and would be addressed and reassessed as part of the 2016 external evaluation.

Board visit to India

In November 2015, the RB Board travelled to Delhi, India for its annual off-site strategy session.

Local business insights

- Tour of the R&D facility in Gurgaon
- Trade visits

DvM and Indian landscape

- Presentations by leading experts on Indian consumerism and the e-commerce revolution
- Audience with the Minister of Finance
- Review of the DvM operating area
- Meetings with local management, with a focus on internal financial controls by the Audit Committee

Save the Children

- Visit to school in South Delhi to view RB's work with Save the Children on its Stop Diarrhoea initiative, in particular behaviours and attitudes to hand washing

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, balanced 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 up 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 Group Financial Statements is set out on page 102 under Accounting Policies.

The Company's External Auditor's Report setting out its work and reporting responsibilities can be found on pages 90 to 96. 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 significant risks and strategy for growth and achieving targeted goals is detailed in the CEO's statement and the Strategic Report, which can be found on pages 8 to 45.

The Directors' Statement of Responsibilities on page 88 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 Auditors and for ensuring that the Annual Report is fair, balanced and understandable.

Corporate Governance Statement continued

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 evolve 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 major risks and mitigating factors are detailed on pages 40 to 45.

As part of its risk control, RB regularly evaluates principal risks to achieving objectives, 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 interwoven into the relevant systems and processes. Supervisory controls either at management level or through delegation ensure appropriate checks and verification takes 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 operating 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 operating 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 both Internal and External Audit teams, 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 duties can be found on pages 61 to 65. The Group's compliance controls further include operating an independent and anonymous whistleblowing facility, 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 has a strong culture of support for its 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. More detail on the Group's principal strategic risks and uncertainties can be found in the Strategic Report on pages 40 to 45 as well as principal operating risks set out on pages 158 to 164.

RB has developed a Code of Conduct on which employees must undertake training. This training includes reminding employees of the Group's strict policies on reporting of any adverse events in relation to its products, as well as the availability of an independent and anonymous whistleblowing facility. Together they help ensure a solid backbone of ethical, responsible behaviour amongst RB's employees, providing an extra layer of support to the internal controls with an intrinsic awareness of RB's policies on corporate responsibility.

Statement of compliance with the Code

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 in compliance with provisions C.2.1 and C.2.3 of the Code with no significant failings or weaknesses identified. 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. For further details, see the principal risks section on pages 158 to 164.

The Company is compliant with DTR 7.2.6 and the information is included in the section on Takeover Directive on page 85.

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 trade 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 Executive Directors and the Director of Investor Relations meet regularly with institutional Shareholders and analysts to discuss the performance of the Group and its strategy. Where appropriate, the views of Shareholders are also sought in relation to remuneration plans and governance issues.

Feedback is presented to the Board to ensure all Directors are fully aware of the views of existing Shareholders, investors and analysts.

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.

On a monthly basis, and at each Board Meeting, the Board receives updates from the CEO on the Company's share price movements, major share transactions and the views of both investors and analysts on the Group's performance.

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 throughout the year, 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

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

All Shareholders are able to vote on the resolutions put to the meeting. Voting is by way of poll providing each share with one vote. Results of the poll are released to the London Stock Exchange and published on the Group's website shortly after the AGM.

Shareholder resources

Website

The Investor relations hub on the RB website provides the Board with an additional method of communicating with Shareholders. As well as the latest regulatory disclosures, the hub includes copies of the latest and previous annual reports, latest share price information and copies of previous investor presentations, as well as notable key calendar dates. The website is available at www.rb.com/investors.

Shareholders can also access our Sustainability report and associated policies on the RB website at www.rb.com/responsibility.

Annual Report online
Sustainability Report
Corporate website

Nomination Committee Report

"Our ongoing focus is to maintain strong, balanced leadership and to harness and develop the wealth of experience and skills available on the Board to promote RB's long-term success."

Adrian Bellamy / Chairman

Role of Nomination Committee

The main purpose of the Committee is to make recommendations to the Board of suitable candidates for appointment to the Board and its Committees, as well as regularly reviewing and making recommendations on their composition and membership. The Committee also has responsibility for reviewing succession plans for the Board and key management roles, and for authorising conflicts of interest.

Composition

During the year the Nomination Committee was made up of the Chairman, who also chairs the Committee, the CEO and all of the Non-Executive Directors. Members of the Nomination Committee and any persons attending its meetings do not participate in any discussion or decision on their own nomination.

Activity

Given that the composition of both the Board and the Nomination Committee was largely the same, during 2015 the Board integrated the Nomination Committee's delegated duties into its regular meetings with matters being considered as part of diarised Board discussions and during private sessions, without the presence of management or the Company Secretary.

In late 2014 and early 2015, the Nomination Committee retained Egon Zehnder International as external search consultants in respect of the search for new non-executive candidates. EZI is an independent executive search firm which has no other current connection with the Company. An extensive search was carried out and a shortlist drawn up. Following meetings with each of the Chairman, the Senior Independent Director, the Deputy Chairman and the Executive Directors, Chris Sinclair, Pam Kirby and Mary Harris were identified as exceptional candidates and recommended to the Board for appointment on the basis that they met the criteria required, which included international and industry expertise and a strong cultural fit.

The Committee's focus during 2015 and at the start of this year has been the maintenance of strong, balanced leadership, an introduction to RB and guidance to new Board members, the composition of the Board's Committees and their Chairs, as well as succession planning for the positions of Chairman, CEO, and senior management. The Committee considered that it was essential to retain the wealth of knowledge and experience on the Board following Peter Harf's resignation in late 2015, as well as stability. Therefore, following thorough consideration, it was determined that Judy Sprieser and Ken Hydon should be asked to remain with the Company and as Chairs of the Remuneration and Audit Committees respectively for the time being to mentor their fellow Directors.

Diversity

The Board and Nomination Committee consider diversity, including gender, amongst its members to be a key factor in steering the Company to strategic and financial success. RB's customers are from wide and diverse backgrounds and so diversity is pivotal to understanding and best serving our customers.

There is a strong commitment to engendering an all-embracing culture of acceptance throughout the business and the Board recognises the need to set the tone from the very top. This commitment is clearly demonstrated in the diverse composition of the Board, which during the year comprised six nationalities and four women.

Focus for 2016

The Board will continue to focus on maintaining strong leadership and to develop its Directors and update and refresh their skills and knowledge, with particular focus on the culture and operating model that has made RB a successful multinational company. The Nomination Committee will focus specifically on composition of the Board's committees and Chairman and Committee Chairperson succession.

Adrian Bellamy / Chairman of the Nomination Committee
22 March 2016

Audit Committee Report

"Maintaining the integrity of our financial reporting and the robustness of our internal controls and risk management processes continues to be our key focus."

Ken Hydon / Chair of the Audit Committee

Introduction

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 December 2015, which outlines the role, responsibilities and activities of the Committee during the year.

Maintaining the integrity of RB's financial reporting and robustness of internal controls and risk management processes continues to be our key focus. This enables the Committee to endorse the results, provide reassurance to the Board and be able to say that the Annual Report and Financial Statements are fair, balanced and understandable.

Effective delivery of RB's strategic objectives has to be underpinned by efficient and robust risk control processes and the Committee has continued to carefully review and monitor these processes. In addition to the regular agenda reviews, we paid particular attention in the year to supply risks, trade spend, legal compliance, cyber security, data protection and environmental, health & safety, commercial and reputational sustainability issues. The Committee met with local operational management at its meetings to consider financial, legal, regulatory and IT risks and controls, and also discussed internal control risk with local management during the Board visit to India. A major risk assessment was carried out to identify the principal strategic risks and uncertainties that might affect the Group and how they could be mitigated. Details are set out on pages 40 to 45.

This year, in addition to the Directors' Going Concern assessment, a longer term viability review was carried out which covered the next five years, during which the current product pipeline is expected to flow through to our markets. The review included sensitivity analyses for the realisation of key Group Strategic Risks: non-compliance of licensed products, non-compliance with quality standards, cyber security and data protection, and legal non-compliance. These risks were thought to have the most significant effect on the long term viability of the business. The Committee considered the assumptions made in the viability review and the disclosure in relation to the Viability Statement on page 40.

A key responsibility of the Committee is to consider the significant areas of judgement and complexity in financial reporting. The Committee has, with support from PwC as External Auditor, reviewed the suitability of the accounting policies which have been adopted and whether management has made appropriate estimates and judgements.

At the request of the Board, the Committee has performed a review to assess whether the 2015 Annual Report and Financial Statements is fair balanced and understandable and whether it provides sufficient information to enable the shareholders to assess the business model, Strategy and performance. After the review, the Committee advised the Board that it was satisfied that the 2015 Annual Report and Financial Statements taken as a whole, met its objectives.

At the end of the year effectiveness assessments were completed, based on questionnaires, for Internal Audit, External Audit and the Audit Committee itself. I am pleased to report that these assessments showed that we have effective Internal and External auditors and an effective Committee.

Our Audit plans are continually evaluated by the Committee. I can confirm that the Internal Audit plan was completed, with a few modifications during the year to take into account current developments, and management responded well to the recommendations.

The Committee recognises that an independent and effective External Auditor is essential and has continued to be satisfied with the work carried out by PwC in the 2015 financial year. During the year we discussed the process for a retender of the audit. The Audit Committee has commenced a preselection process with a number of audit firms in preparation for a possible audit tender in 2017 allowing for the appointment of a new auditor at the 2018 AGM. The timing of the tender process will ensure compliance with the UK implementation of the EU requirements on auditor rotation, which in our case would mean a change of auditors by 2020, and is expected to coincide with the rotation of the current lead Audit Partner.

The Committee members possess deep experience of financial and international business and I am grateful for their diligence throughout the year. We also appreciated the enthusiastic support of management. During the year, the Audit Committee carried out its duties in compliance with the 2014 version of the UK Corporate Governance Code and considered developments in corporate governance and reporting with the aim of promoting best business practice. We will continue over the coming year to support and work with the Board to identify, monitor and mitigate potential risks through robust and appropriate control procedures and to maintain good standards of governance.

Ken Hydon / Chairman of the Audit Committee
22 March 2016

Composition

Members of the Audit Committee are appointed by the Board on the recommendation of the Nomination Committee. Membership of the Audit Committee during the year comprised the following five Non-Executive Directors as set out below:

Name
Ken Hydon (Chairman)
Jaspal Bindra
André Lacroix
Sue Shim
Warren Tucker

The Board considers that each member of the Audit Committee is independent and meets the requirements of the UK Corporate Governance Code (the Code). The skills and expertise of each Committee member are summarised on pages 46 to 49. The Code's requirement is for members of the Committee to have significant, recent and relevant financial experience. All of the members have financial, economics and/or business management expertise and two of the members have held senior finance posts. Ken Hydon, Chairman since 16 November 2006, was previously CFO of Vodafone Group plc until July 2005 and Warren Tucker was previously CFO of Cobham plc until May 2013. All members 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. 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

The Audit Committee meets at least four times a year, at times related to the Company's reporting cycle. During 2015, the Company held four scheduled meetings, (plus two additional meetings) and the attendance of members at the meetings is set out in the table on page 55. Senior representatives of the External Auditor, Group Head of Internal Audit and the CFO are invited to, and regularly attend, meetings. The Chairman and CEO are also invited to attend all meetings and other senior management may attend by invitation from the Audit Committee. Time is allocated to each meeting for private discussion without invitees being present.

Audit Committee meetings take place ahead of Board meetings and the Audit Committee Chairman provides an update of the key issues discussed to the Board at each meeting. Minutes of Audit Committee meetings are provided to the Board and the External Auditor.

Role and responsibilities

The Audit Committee forms an integral part of the Group's governance framework and supports the Board in fulfilling its responsibilities in ensuring the integrity of the Group's financial reporting, internal controls and overall risk management process.

The Audit Committee is authorised by the Board to do the following:

Financial reporting

- Review the interim and full year Financial Statements before submission to the full Board.
- Consider significant legal claims and regulatory issues.

Risk management and internal controls

- Review compliance procedures and RB's overall risk framework (including the Group's whistleblowing arrangements).
- Consider operational risk and control processes covering assurance providers, geographical and functional areas.
- Monitor the adequacy and effectiveness of the system of internal control.

Internal Audit

- Approve Internal Audit's annual plan.
- Review Internal Audit activities, significant recommendations and findings and related management actions.
- Review the effectiveness of the Internal Audit function.

External Audit

- Consider and make recommendations to the Board regarding the Auditor and its terms of appointment.
- Review and monitor the Auditor's independence and services supplied and the objectivity and effectiveness of the audit process.

The Audit Committee's terms of reference can be found at www.rb.com.

Activities during 2015

Audit Committee meetings cover matters set out in its terms of reference related to the reporting and audit cycle, including half and full year results and Internal and External Audit work plans and reports, as well as regular updates from senior financial management. In addition, the Committee establishes an annual agenda plan of specific matters arising. The principal matters considered by the Audit Committee during the year are as set out in the remainder of this report.

Financial reporting and significant financial judgements

The Audit Committee assisted the Board with the discharge of its responsibilities for financial reporting:

- Reviewing and approving the appropriateness of the interim and annual Financial Statements and related announcements.
- Recommending that, in the Audit Committee's view, the Financial Statements were fair, balanced and understandable. In addition to detailed preparation and verification procedures in place for the 2015 Annual Report and Financial Statements, management placed a focus on narrative reporting and clear written and visual messaging to communicate the Group's strategy. The Audit Committee concluded that the disclosures contained in the Financial Statements and the underlying processes and controls were appropriate and recommended to the Board that the Annual Report and Financial Statements, taken as a whole, were fair, balanced and understandable and provided the necessary information to assess the Group's performance, business model and strategy.
- Reviewing the appropriateness of the accounting policies, judgements and estimates used as set out on page 106 and concluding that the judgements and assumptions used were reasonable. The Audit Committee recommended the adoption of FRS 102: 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' to replace UK GAAP for the Parent Company.

The Audit Committee considered the following areas of significant financial judgement and complexity in relation to the 2015 Group Financial Statements:

- Impairment assessments.
  Management performs an annual impairment review for goodwill and other intangible assets with indefinite lives. This is important given the significance of these items to the Group's Balance Sheet. Key judgements include the allocation of these assets to cash generating units (CGUs) and Groups of CGUs (GCGUs) as well as estimates of future business performance and cash generation, discount rates and long-term growth rates (see Note 9 to the Group Financial Statements on pages 114 to 116). The Audit Committee has reviewed management's analysis, including the allocation of assets to CGUs or GCGUs, assessment of the discount rates used, the appropriateness of specific risk factors applied to individual and groups of CGUs, as well as the adequacy of sensitivities applied. As a result of this review, the Audit Committee confirmed that it was comfortable that no impairment was required and that the indefinite life of the Group's intangible assets continued to be appropriate.
- Legal liability provisioning.
  At 31 December 2015, a provision of £141 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. Management and legal judgement are important in determining the level of provisioning. The key judgements made, including legal advice, were discussed with the Audit Committee and the provisioning levels agreed to be appropriate.
- Tax provisioning.
  From time to time the Group may also 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 tax policies and investigations is an issue where management and tax judgement is 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 to be appropriate.
- Exceptional items.
  The Committee considered the presentation of the Group Financial Statements and, in particular, the presentation of exceptional items and the items included within such measures. The Audit Committee discussed this with management and agreed that the presentation provided more meaningful information to Shareholders about the underlying performance of the Group.
- Trade spend.
  Trade spend is a significant expense for the Group, and the main judgements relate to trade accruals, specifically the timing and extent to which temporary promotional activity occurred. The Audit 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 minimises the risks in this area.
- Going concern and Viability Statement.
  A viability review was undertaken by management, encompassing its going concern review. (See Note 1 to the Group Financial Statements on page 102.) The Audit 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 Audit 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 the next five years as set out on page 40.

Risk management and internal control matters

In monitoring the adequacy and effectiveness of the system of internal controls, the Audit 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 Audit Committee considers the internal control environment to be robust and functioning appropriately.

Other matters

The Audit Committee also considered the following specific matters during the year and the matters set out in the remainder of this report:

- 'Deep Dive' risk and control reviews were carried out on trade spend, environmental, health & safety, commercial and reputational, sustainability and legal compliance.
- The Audit Committee reviewed the Group's major risk assessment process and gave detailed consideration to information systems risk in respect of cyber security and data protection.
- Senior Management engaged with the Committee members to present financial control reviews of the Group's ENA Area and India.
- The External Auditor's annual terms of engagement were approved.
- Ethical issues, including any fraudulent activity or reports raised under the whistleblowing procedure, were considered.
- The Committee also kept abreast of changes in financial reporting and governance matters by way of technical updates throughout the year.

External Auditor

The Audit Committee is responsible for reviewing and monitoring the independence and objectivity of the External Auditor and the effectiveness of the External Auditor and the audit process. The Audit Committee approves the Auditor's terms of engagement and reviews the strategy and scope of the audit and the work plan. RB has a formal policy in place to safeguard the External Auditor's independence.

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. 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 who already has a good understanding of RB. The total fees paid to PwC for the year ended 31 December 2015 were £7.2 million, of which £1.4 million related to non-audit work (to which PwC were appointed principally for the above reasons). Details of non-audit services are set out in Note 4 on page 110. The Group's published policy on non-audit fees states that, on an annual basis, non-audit fees should not normally be in excess of 50% of the Group's External Audit and audit-related fees on an aggregate basis. The Board confirms that, for the year ended 31 December 2015, non-audit fees were less than 50% of the audit and audit-related fees. A copy of the Group's Non-Audit Fees Policy is available at www.rb.com.

In the opinion of the Audit Committee, the relationship with the External Auditor works well and the Audit Committee remains satisfied with its independence and effectiveness.

The Audit Committee monitors the rotation of the lead Audit Partner, who rotates every five years in accordance with best practice standards. The current lead Audit Partner has just completed the third year of his five-year term.

PwC was appointed as Auditor of Reckitt Benckiser plc in 2000, the year after the merger of Reckitt & Colman plc and Benckiser N.V. in 1999. At the time of the merger, PwC was the auditor of Reckitt & Colman plc and Deloitte LLP was the auditor of Benckiser N.V. Post-merger, the Audit Committee undertook a review and subsequently selected PwC as Auditor for the Group for the December 2000 year end. There has been no subsequent audit tender. PwC has been the Auditor of the Parent Company since the formation of Reckitt Benckiser Group plc in 2007.

The Committee recognises the recent EU Regulation and Directive on Audit Reform in respect of audit retenders and rotation, and the Competition and Markets Authority Order on mandatory audit tendering. Following careful consideration of the transitional rules and all available guidance, the Audit Committee has concluded that audit tendering and rotation are both required by the 2020 financial year end.

The Audit Committee is responsible for reviewing and making recommendations to the Board on tendering of the External Audit contract. After taking into account the work plan and relationship with the current External Auditor, the Board concluded, on the Audit Committee's recommendation, that it was in the best interests of the Shareholders not to tender the audit contract at the current time. The Audit Committee has commenced a preselection process with a number of audit firms in preparation for a possible audit tender in 2017 allowing for the appointment of a new auditor at the 2018 AGM. The timing of the tender process will ensure compliance with both the Competition and Markets Authority Order and UK implementation of EU regulations and is expected to coincide with the rotation of the current lead Audit Partner.

PwC has expressed its willingness to continue as External Auditor of the Company. Following a recommendation by the Audit Committee, and in accordance with section 489 of the 2006 Act, resolutions to propose the reappointment of PwC as the Company's External Auditor and to authorise the Audit Committee to fix its remuneration will be put to the Shareholders at the AGM.

Internal Auditor

The Audit Committee is responsible for reviewing and monitoring the effectiveness of the Internal Audit function. The Head of Internal Audit reports to the Chairman of the Audit Committee and to the CFO for administrative matters. The Internal Audit department 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 40 to 45.

The annual Internal Audit plan is prepared 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, covering sales, payroll, procurement and inventory management processes, and other perceived risk factors. 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 Audit Committee, together with recommendations and updates. Resulting management actions and progress are tracked until a report is satisfactorily closed. In 2015, Internal Audit carried out 66 audits.

Internal Audit is also responsible for monitoring and reporting ethical issues and updates the Audit Committee on any significant allegations in relation to breach of the Company's Code of Conduct, bribery, fraud and whistleblowing. Any issues are thoroughly investigated, overseen by Internal Audit and in cooperation with appropriate management such as the Group General Counsel and Group Head of HR and reported to and considered by the Audit Committee.

Governance

During the year the Company complied with the provisions of the Code in respect of internal controls, risk, management and accountability.

The Audit Committee's terms of reference were updated to reflect the 2014 version of the Code and narrative reporting best practice.

As part of the Board evaluation process, the Company Secretary carried out an internal evaluation. The Committee reviewed the results of questionnaires circulated to and completed by members regarding its effectiveness in different areas including risk and internal control, auditor independence, and consideration of going concern and external reporting. Both Audit Committee processes and the underlying knowledge and behaviours required to carry out those processes were reviewed and it was determined that the Committee fulfilled its responsibilities in respect of monitoring compliance, reported promptly to the Board on key issues and resolved them in a timely manner, and it was concluded that it was effective.

The performance of Internal Audit and the External Auditor were also assessed by way of an internal questionnaire completed by members of the Audit Committee, Executive Directors and senior management. In relation to the External Auditor's review, respondents were invited to rate PwC's effectiveness in a number of areas including quality, judgement, mindset and culture, skills and knowledge. The review led to the conclusion by the Audit Committee that PwC and the External Audit process were effective and that PwC provides a robust challenge of management actions. The evaluation of the Internal Audit function indicated that management appreciated the quality and capability of the Internal Audit team and their sharing of examples of best practice observed across factories and commercial businesses, which assisted with the improvement of internal controls and processes through the Group, and were satisfied with the service level provided. The Audit Committee considered the effectiveness review and the work carried out by the Internal Audit function and concluded that it was an effective operation.

The Audit Committee is exclusively responsible (on behalf of the Board) for matters relating to the appointment of the Auditor, and therefore, during the year the Company has complied with the Competition and Markets Authority Order.

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

Judy Sprieser / Chair of the Remuneration Committee

On behalf of the Board of Directors, it gives me great pleasure to present to you the Directors' Remuneration Report for the year ended 31 December 2015. This includes a new Directors' Remuneration Policy, together with our Annual Report on Remuneration, both of which we will be seeking Shareholder approval for at the Annual General Meeting (AGM) on 5 May 2016.

To assist Shareholders in understanding RB's remuneration structure and its link to performance and Shareholder value creation, the report sets out overleaf an 'at a glance' summary. Our Annual Report on Remuneration is on pages 70 to 78 setting out details of how the current Remuneration Policy was implemented in 2015 and the decisions made for 2016 remuneration. This is followed by our proposed Directors' Remuneration Policy which is detailed on pages 79 to 84.

I trust that you find this a clear and comprehensive report that illustrates the strong alignment between RB's performance and our Executive Directors' remuneration.

Context for executive remuneration at RB

As set out on pages 10 to 11 RB has a unique culture. We have a management team that is multinational, is globally mobile and we compete for talent against a peer group of global companies.

The Committee continues to believe that RB's approach to remuneration plays an important part in supporting this strong performance culture, reflects the global nature of our business and delivers significant benefits to all Shareholders. Central to our remuneration philosophy are the principles of:

- Pay for performance
- Shareholder alignment
- Simplicity

This philosophy is implemented in RB through our long standing, highly performance driven approach which is cascaded throughout the Company, such that our "Top400" executives participate in the same annual bonus and long-term incentive plan structures as the Executive Directors. This ensures we all strive towards the same performance outcomes and the Committee believes this has been a key factor in RB's success in delivering significant value to Shareholders:

£100 invested in RB on 1 January 2000, following the merger of Reckitt & Colman and Benckiser was worth £1,721 on 31 December 2015, compared to growth in the FTSE 100 to £156 over the same period.

A commitment to pay for performance and Shareholder alignment

Whilst the core principles of RB's remuneration philosophy have remained the same, the Committee continues to review remuneration and consult with our Shareholders on a regular basis and value the feedback that is provided.

This has resulted in RB making a number of changes to our remuneration framework in recent years. This evolution of RB's remuneration policy demonstrates our commitment to pay for performance and Shareholder alignment.

For example, some of the changes made over the last five years include:

- Reflecting best practice in the Executive Directors' contracts so that payment upon termination no longer includes bonus
- Further enhancing the longer-term pay for performance link by stretching the LTIP performance conditions. The Committee reduced the level of vesting at threshold performance to 20%, and increased the performance required for maximum vesting to EPS growth of 10% per annum, thereby reducing the number of shares vesting at the previously required maximum
- Introducing a maximum number of shares and options that may be awarded under the long-term incentive plan
- Enhancing the level of disclosure in our Remuneration Report, including the disclosure of annual bonus targets on a retrospective basis
- Ensuring that the LTIP vesting in May 2015 was fair and appropriate, by excluding the gain made on the demerger of Indivior from the EPS growth calculation for purposes of determining vesting. This resulted in a reduction in the vesting from 100% to 40%
- Introducing malus and clawback provisions in our LTIP Rules approved by Shareholders at last year's AGM

During 2015 the Remuneration Committee has again reviewed RB's Remuneration Policy. We have had discussions with a number of our major Shareholders and the Committee is grateful for the feedback provided. We have taken the feedback into account and are proposing to implement improvements to the Remuneration Policy to further enhance the alignment between Executive Directors and Shareholders.

Enhancements to RB's Directors' Remuneration Policy

The Remuneration Committee was pleased with the increased level of support that Shareholders gave RB's Directors' Remuneration Report last year. During 2015 the Remuneration Committee has carried out a further review of remuneration and will be seeking Shareholder approval for a revised Directors' Remuneration Policy at our AGM in May 2016.

Not only does RB's Remuneration Policy play an important part in our unique culture, it is designed to drive the Company's financial strategy of growth and outperformance in revenue and profit, whilst incentivising sustainable long-term growth in Shareholder value.

To reinforce this remuneration philosophy the Committee ensures that the majority of the Executive Directors' remuneration packages is made up of variable pay, linked to stretching financial targets, with a large proportion of the package delivered in RB shares. For example, more than three-quarters of the CEO's 'on-target' package is provided through variable pay.

Executive Directors have short and long-term incentive opportunities strongly linked to stretching outperformance targets to enable pay opportunities that correspond to Company performance in terms of growth, profitability and Shareholder returns. As a result, under maximum scenario, nearly 95% of the CEO's total remuneration will be provided through performance linked variable pay.

RB's performance driven remuneration philosophy is underpinned by an ownership culture throughout the Company, which is reinforced by our significant shareholding requirements.

The CEO is required to hold 600,000 shares and the CFO 200,000 shares within eight years of appointment, which currently represent more than 40x salary and 20x salary respectively.

The Remuneration Committee believes that this shareholding requirement, which is significantly the most demanding in the market, ensures that Senior Executives focus on the creation of sustainable long-term Shareholder value.

This focus on encouraging every Senior Executive to think as an owner and act in the long-term interests of Shareholders is cascaded throughout RB. For example, the aggregate current shareholding for our "Top40" executives is £159 million.

The Policy is being enhanced to further strengthen the alignment of executives' interests with those of Shareholders. Alongside the current shareholding requirements, we are introducing an additional two year holding period in respect of unvested share option and performance share awards upon cessation of employment.

In addition to the significant shareholding requirements in service, this change will help ensure that the strong alignment between Executive Directors and Shareholders continues for a meaningful period once they have left the business, to ensure that the focus is always on creation of sustainable long-term Shareholder value.

The Policy is also being enhanced to include malus and clawback provisions on the LTIP awards. In addition the maximum award under the LTIP has been reduced.

The Directors' Remuneration Policy which, subject to Shareholder approval will apply from 5 May 2016, is set out on pages 79 to 84.

Implementing the Policy approved by Shareholders

There were no significant changes made to the remuneration structure during 2015 and all awards were made in line with the Remuneration Policy approved by Shareholders at the AGM in May 2014.

The key decisions taken during the year are summarised below and set out in more detail in the Annual Report on Remuneration.

Base salaries for the Executive Directors were reviewed and increased by 3% in line with general employee salary increases effective from 1 January 2015. The Committee has also maintained this approach when reviewing 2016 Executive Director salaries, with increases of 3% granted with effect from 1 January 2016.

In line with our approved Remuneration Policy, RB operates an annual bonus plan that is strongly aligned to performance, measured against stretching growth targets set by the Committee at the start of the year.

2015 was a year of excellent growth and outperformance for RB, which created significant value for Shareholders. In the face of mixed market conditions, the management team delivered exceptional top line growth and margin expansion, which has resulted in outstanding adjusted net income growth of 15%, at constant rates.

The bonuses awarded to Executive Directors reflect these excellent achievements during 2015. In line with our continued commitment of transparency for Shareholders, disclosure of RB's achievements against bonus targets are set out on page 70.

The performance period for awards made under the LTIP in December 2012 ended on 31 December 2015. The sustained underlying growth in our key financial metrics has generated substantial value for our Shareholders over this period, such that £100 invested in RB on 1 January 2013, was worth £179 by 31 December 2015, compared with growth in the FTSE 100 to £118 over the same period.

In addition to this excellent relative outperformance, RB has delivered significant absolute value to Shareholders over the three year performance period. Since 1 January 2013 RB has created value for our Shareholders of £20.8 billion, through the increase in the share price, dividends paid to Shareholders and the demerger of Indivior.

Our key long-term measure of performance is earnings per share growth, as it is the most appropriate measure of value creation over the long-term. LTIP vesting requires significant growth over the performance period in order to vest, with full vesting only achieved if the Company significantly out-performs the industry benchmark.

The three-year performance period has seen significant exchange rate volatility impacting our reported earnings. Despite outstanding net income growth of 15%, at constant exchange rates, the adverse FX on translation reduced this performance by 4% in 2015. This follows the adverse impact of exchange rates in 2014 of 10%.

Earnings per share over the three year period from 2013 to 2015, measured on constant currency basis, grew by 43%. However given the translation FX impact this reduced to 26.3% when measured on actual currency basis. This is equivalent to compound average annual growth of 8.1% per annum.

Despite the impact of exchange rate volatility on the excellent earnings growth, the Committee determined that the awards should vest in line with the vesting schedule, calculated on an actual currency basis. The outstanding performance over the last three years results in vesting of 80% being achieved. Further details on the LTIP vesting are set out on page 71.

In conclusion, I hope that you find this a clear and comprehensive report that demonstrates RB's strong link between pay and performance and delivery of value to our Shareholders.

I trust that we can count on your support at the forthcoming AGM for the decisions we have taken as a Committee during the year, as set out in the Annual Report on Remuneration, and for the enhancements to RB's Directors' Remuneration Policy.

JUDY SPRIESER / Chair of the Remuneration Committee
22 March 2016

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) (Amendment) Regulations 2013. The Report meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure 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 (September 2014) (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.

Our remuneration at a glance

RB'S CONSCIOUSLY DIFFERENTIATED REMUNERATION PHILOSOPHY DRIVES OUTPERFORMANCE AND DELIVERY OF SHAREHOLDER VALUE

RB's remuneration philosophy

- Pay for performance
- Shareholder alignment
- Simplicity
- One structure for "Top400"

See pages **66-67**

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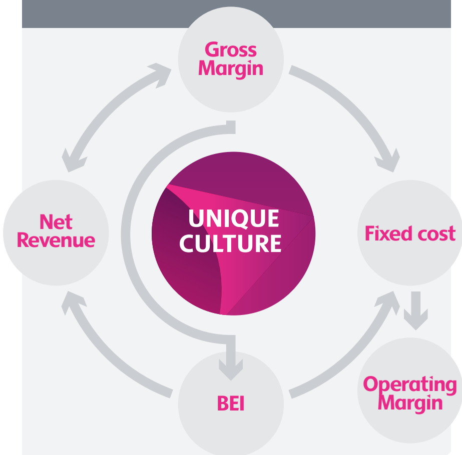
RB's virtuous earnings model



See pages **22-23**

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RB's culture

- Achievement
- Ownership
- Entrepreneurship
- Partnership

See pages **10-11**

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RB's remuneration strategy

Attract and retain the best global talent

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

Alignment with Shareholders

- High proportion of variable pay for short and long-term performance
- Meaningful share ownership policy
- Support the long-term success of the business and Shareholder value creation

Underpinned by simplicity and transparency for management and Shareholders

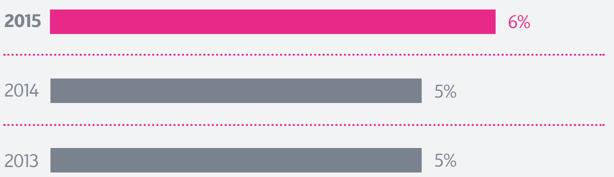
RB's remuneration policy

LINK TO STRATEGY		2016 / 2017 / 2018 / 2019 / 2020 / 2021	KEY FEATURES OF POLICY	HOW WE IMPLEMENT POLICY
Support recruitment and retention	Base salary		Increases broadly in line with wider workforce	Salary increases of 3% in 2015 and 2016
Drive over-achievement of stretching annual targets	Bonus		Target bonus of 120% for CEO and 90% for CFO Clawback provisions apply	Stretching NR and NI growth targets, in excess of peer performance. Threshold performance results in zero payout, with a maximum of 3.57x
Incentivise long-term financial outperformance and Shareholder value	LTIP: Shares; Share options		Three-year performance period, with two-year malus and clawback provisions. Options have seven years to exercise post-vesting	Vesting linked to stretching EPS growth conditions requiring significant out-performance of our peers, with 10% per annum needed for full vesting
Long-term alignment with Shareholders	Shareholding requirements		The most demanding shareholding requirements in the market. CEO: 600,000 shares (c.40x salary)/CFO: 200,000 shares (c20x)	

2015 performance

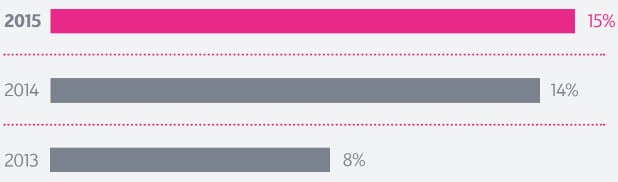
2015 was a year of excellent growth and outperformance for RB, in the face of mixed market conditions. This strong, sustained growth across all of our key financial metrics has delivered significant value for Shareholders:

2015 Net Revenue[1] growth of 6%



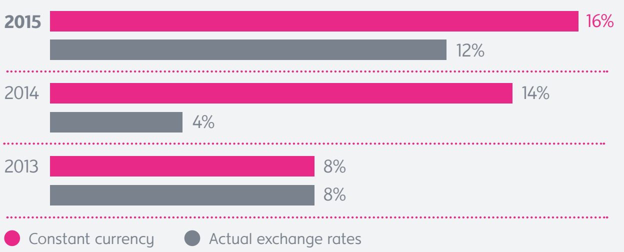
1. Continuing operations, constant currency, ex RBP

2015 Net Income[1] growth of 15%

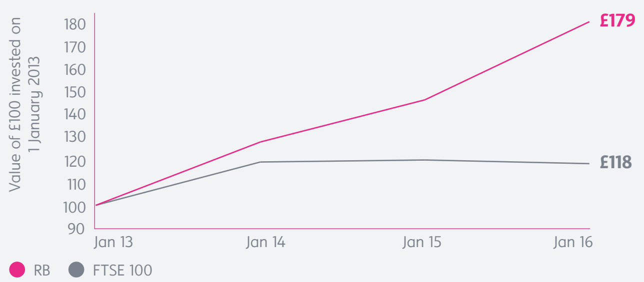


1. Adjusted Net Income at constant currency, ex RBP

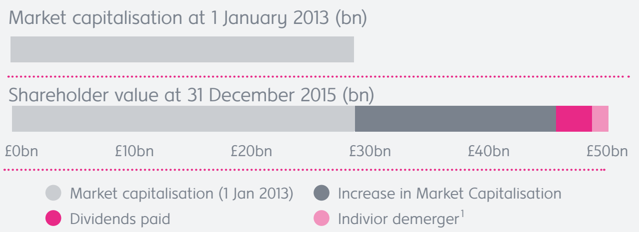
Three-year cumulative EPS growth of 43% on constant currency, 26% at actual



Three-year Total Shareholder Return of £179



More than £20.8bn of value created for Shareholders since 2013



1. Average market cap of Indivior over the six months following demerger.

Rewarding 2015 performance

At RB, the remuneration packages are designed to support the philosophy of pay for performance and alignment between management and Shareholders.

Excellent performance has been delivered in mixed markets across our key performance metrics. Over the last three years, this sustained outperformance of RB's underlying financial metrics has delivered outstanding Shareholder value in both absolute and relative terms.

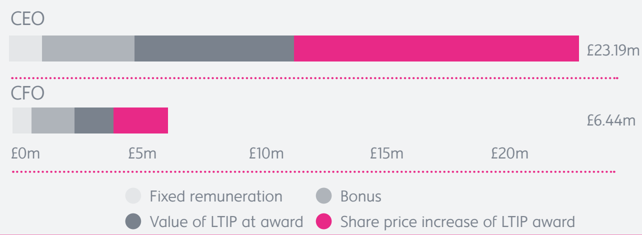
The Remuneration Committee has assessed this performance delivered by RB, compared to the stretching performance targets set before the start of the performance period in line with the Remuneration Policy approved by Shareholders. Based on this, the 2015 bonus for Executive Directors paid out at 3.57x target and the LTIP in respect of three-year performance to 31 December 2015 vested at 80%.

Full details of RB's performance against the metrics set for our annual bonus are set out on page 70, and the assessment of the LTIP vesting is detailed on page 71.

2015 single figure

The resultant 'single figure' of total remuneration is detailed on page 72 and summarised in the chart below. As can be seen, the majority of RB's total remuneration package is variable pay, linked to delivery of exceptional financial performance and creation of value for Shareholders.

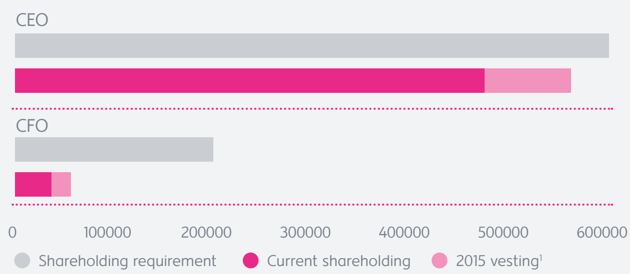
95% of the CEO's total remuneration for 2015 is made up of variable remuneration linked to the achievement of stretching performance conditions, with in particular, more than 75% of his remuneration based on the long-term outperformance of the Company and delivered in RB shares. Furthermore, over half of the value of the CEO's package is as a direct result of the significant share price growth over the last three years, which has seen RB create over £20.8 billion of value for our Shareholders.



Alignment between Executive Directors and Shareholders

Our performance linked remuneration package is underpinned by a meaningful share ownership policy, which drives a culture of ownership throughout the Company in order to further the alignment between our Executive Directors and our Shareholders. Executive Directors are required to build their share ownership over eight years and both have made good progress over the last 12 months.

The table on page 72 details the shareholding of the Executive Directors against their requirement as at 31 December 2015, which is summarised below:



1. '2015 vesting' shows the estimated number of performance shares which will vest in respect of performance to 2015, after tax.

Annual Report on Remuneration

Remuneration Committee membership in 2015

As of 31 December 2015, the Remuneration Committee comprised four Non-Executive Directors.

Name
Judy Sprieser (Chair)
Nicandro Durante
Doug Tough
Adrian Bellamy

During the year the Committee met four times. Further details on the members of the Committee during the year and on their attendance at meetings are provided in the Corporate Governance section.

The Committee's purpose is to assist the Board of Directors 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.

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 agreement;
  - Participation in any of the Company's bonus and long-term incentive plans; and
  - The targets for any of the Company's performance-related bonus and long-term incentive plans.

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

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

Shareholders approved RB's Directors' Remuneration Policy at the 2014 AGM, which was operated unchanged in 2015. This was set out in full in the 2013 Annual Report and can also be found in the Corporate Governance section of our website at www.rb.com.

2015 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 19 international companies. As disclosed in last year's report, following the review of salary levels in late 2014, the Committee approved the following base salary increases with effect from 1 January 2015:

Executive Director	Base salary at 1 January 2014	Base salary from 1 January 2015	Percentage increase
Rakesh Kapoor	£865,000	**£890,950**	3%
Adrian Hennah	£561,000	**£577,830**	3%

The base salary increases for Executive Directors take into account performance and follow the same base salary merit increase guidelines as other UK employees. The average salary increase for our UK employees was c.3%, effective 1 January 2015.

Annual bonus in respect of 2015 performance

Prior to the start of the year, the Remuneration Committee set stretching performance targets for the Executive Directors in 2015. As set out in last year's report, these were based on absolute net revenue growth and net income growth, both measured in GBP at a constant exchange rate.

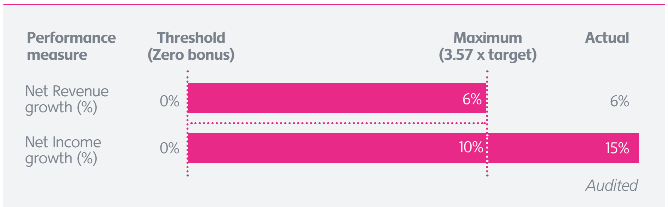
In line with the Remuneration Policy, threshold, target and maximum performance levels were set and calibrated such that at threshold, zero bonus is paid, with a target bonus opportunity of 120% of salary for the CEO and 90% of salary for the CFO. Performance under each of the measures is combined multiplicatively such that threshold performance, or below, results in a zero bonus and for truly exceptional performance the maximum bonus is 3.57x target bonus (428% of salary for the CEO and 321% for the CFO).

2015 was a year of excellent growth and outperformance for RB, which created significant value for Shareholders. In the face of mixed market conditions, the management team delivered exceptional growth and margin expansion, with consistent broad-based growth across both developed and developing markets.

The highlights of the 2015 performance include:

- Total Net Revenue growth of 5% based on constant exchange rates, with growth in like-for-like and continuing net revenue of 6%. This is the strongest like-for-like growth for six years and exceeds the targets set by the Committee.
- Gross margin expansion of 140bps to 59.1%, driven by mix, commodity costs and cost optimisation initiatives.
- Adjusted Operating Margin up 210bps to 26.8%.
- This results in excellent growth of 15% in adjusted net income, on a constant currency basis.
- This outstanding performance has resulted in a dividend payment which is in line with that delivered in 2014, despite the demerger of Indivior last year.

In line with our commitment to Shareholders we have continued to provide enhanced disclosure in respect of annual bonus achievements. The chart below illustrates RB's actual 2015 performance compared to the threshold and maximum performance levels set by the Remuneration Committee.



As illustrated above, the excellent 2015 growth and outperformance in both Net Revenue and Net Income exceeded the stretching performance required. In line with our Remuneration Policy approved by Shareholders, this generates a bonus payment of 3.57x target. This resulted in a 2015 bonus for the CEO and CFO, as follows:

	Salary	x	Target bonus	x	Performance multiplier	=	2015 bonus
CEO	£890,950	x	120%	x	3.57	=	**£3,816,830**
CFO	£577,830	x	90%	x	3.57	=	**£1,856,568**

Audited

LTIP vesting for performance to 2015

The CEO received an LTIP award in December 2012 and the CFO received his first award following his appointment in February 2013. Vesting of both of these awards was dependent on compound average annual growth (CAAG) in adjusted EPS over the three-year period ending on 31 December 2015, with the vesting schedule requiring performance above industry benchmarks for awards to be released.

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

This ensures that value is only realised for participants if meeting the performance conditions is combined with sustainable long-term growth in RB's share price.

For the 2013 LTIP award, the Remuneration Committee set performance conditions attached to vesting that required EPS growth over the three years to 2015 to be 6% per annum for threshold vesting and 9% per annum for the awards to vest in full – i.e. equivalent to 29.5% growth over the three year period.

Despite excellent 2015 net income growth of 15% at constant exchange rates the adverse FX on translation reduced this performance by 4% in 2015. This follows the adverse impact of exchange rates in 2014 of 10%, resulting in translational exchange rates negatively impacting the excellent underlying performance delivered over the last three years.

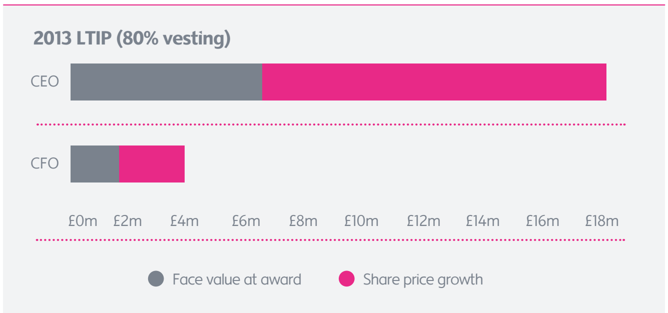
Earnings per share growth over the three year period 2013 to 2015, measured on constant currency basis, was 43%. However given the translation FX impact this reduced to 26.3% when measured on actual currency basis. This is equivalent to compound average annual growth of 8.1% per annum.

Despite the impact of exchange rate volatility on the excellent earnings growth, the Committee determined that the awards should vest in line with the vesting schedule, calculated on an actual currency basis. The outstanding performance over the last three years results in vesting of 80% being achieved.

Over this three year performance period, the sustained outperformance of RB's core underlying financial metrics has delivered an additional £20.8 billion in value to our Shareholders over the last three years, through the increase in the share price, dividends paid to Shareholders and the demerger of Indivior.

£100 invested in RB on 1 January 2013 was worth £179 by 31 December 2015, compared with growth in the FTSE 100 to £118 over the same period.

This significant value generated for Shareholders over the last three years is therefore reflected in the value of the LTIP vesting. Around two-thirds of the value of the CEO's LTIP vesting is due to share price growth, as illustrated in the chart below:



Further details on LTIP vesting

Based on the performance assessment above, combined with the excellent sustained share price growth over the period, the 2013 LTIP awards to the CEO and CFO may vest to the following extent on 5 May 2016 for performance over the completed three-year period:

CEO Awards	Interests held	Exercise price	Vesting[4] %	Interests vesting	Share price[1]	Estimated value
Shares	205,643	n/a	80%	164,514	£62.19	£10,231,126
Options	411,286	£38.06		329,028	£62.19	£7,939,446
CFO Awards						
Shares	46,270	n/a		37,016	£62.19	£2,302,025
Options[2]	704	£42.61	80%[3]	704	£62.19	£13,784
Options	91,816	£41.44		73,312	£62.19	£1,521,224

Audited

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 2015 of £62.19. The actual value at vesting will be disclosed in the 2016 Annual Report.
2. The share option award made to Adrian Hennah in February 2013 included 704 options awarded under a HMRC approved option scheme. As set out in last year's Annual Report, following the demerger of Indivior PLC exercise prices of outstanding share option awards were adjusted. The exception to this was the HMRC approved options, for which the exercise price remained unchanged.
3. The vesting percentage shown is the total vesting percentage of an award. Under the vesting schedule of awards, the vesting percentage applies to the combined total amount of an award which may be split into HMRC approved and unapproved parts. Where a portion of an award has been granted under the HMRC approved part of the scheme, those shares are counted first when assessing the vested number of shares.
4. Compound average annual growth in adjusted EPS was 8.1% p.a over the performance period, when measured on actual currency basis. The Committee therefore determined vesting in line with vesting schedule at 80%.

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 2015, based on the information set out in the previous sections. This is compared to the prior year figure:

	Rakesh Kapoor 2015 £	Rakesh Kapoor 2014 £	Adrian Hennah 2015 £	Adrian Hennah 2014 £
Base salary	**890,950**	865,000	**577,830**	561,000
Taxable benefits[1]	**47,658**	36,304	**28,256**	22,041
Annual bonus[2]	**3,816,830**	2,678,040	**1,856,568**	1,302,642
LTIP[3]	**18,170,572**	8,940,513[4]	**3,837,033**	1,300,000
Pension benefit[5]	**264,885**	257,100	**142,458**	138,250
TOTAL	**23,190,895**	12,776,957[4]	**6,442,145**	3,323,933

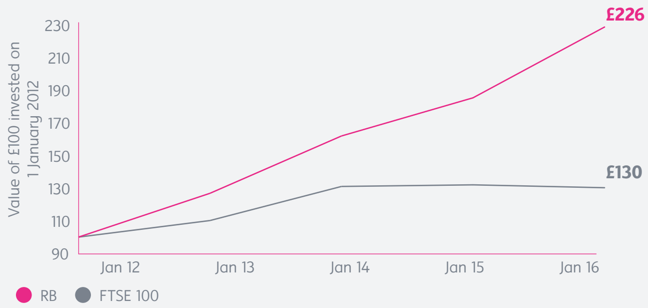
1. Taxable benefits consist primarily of car allowance and healthcare. During 2015 Adrian Hennah received an award under the all employee sharesave scheme. He participated on the same terms as all UK employees, receiving a 20% discount to the share price. Full details are set out on page 77 and a value of £3,738 has been included in respect of this participation.
2. Cash payment for performance during year based on multiplier of 3.57x target. See 'Annual Bonus in respect of 2015 performance' on page 70 for details.
3. Reflects the estimated value of LTIP shares and options granted in December 2012 for Rakesh Kapoor and February 2013 for Adrian Hennah, which are due to vest on 5 May 2016 at 80%. Valued using an average share price over Q4 of £62.19. £11.6 million and £2.2 million of the total LTIP value for Rakesh Kapoor and Adrian Hennah respectively is directly attributable to the share price growth over the period since award. See the relevant section on page 71 for more details.
4. This value has been restated from last year which used an average share price of £50.79 over Q4 2014 to estimate the value the award (£7,400,662). The actual value based on the £57.03 share price on the date of vesting on 7 May 2015 was £8,940,513.
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 DC basis, with no DB accrual.

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 four-year period from 1 January 2012 to 31 December 2015.

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

Total Shareholder Return over the 4 years to 1 January 2016



The table below sets out the single figure of total remuneration for Rakesh Kapoor in his tenure as Chief Executive. However, 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.

CEO single figure of remuneration (£000)	2011	2012	2013	2014	**2015**
Rakesh Kapoor	£4,497	£8,411	£6,840	£12,777	**£23,191**
Annual Bonus as a percentage of maximum	31%	53%	100%	72%	**100%**
LTIP vesting	100%	100%	40%	40%	**80%**

Executive Directors' shareholding requirements (Audited)

Our performance linked remuneration package is underpinned by a meaningful share ownership policy, which drives a culture of ownership throughout the Company. The shareholding requirements for our Executive Directors are amongst the most onerous in the market and ensure a focus on delivery of sustainable creation of value for Shareholders.

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 2015:

			Other interests in shares and options under the LTIP				
			Performance shares		Options held		
	Shareholding requirement (number of shares)	Shares owned outright	To vest in May 2016	Unvested, subject to performance	Vested but not exercised	To vest in May 2016	Unvested, subject to performance
Rakesh Kapoor	600,000	474,217	164,514	726,772	164,514	329,028	1,211,269
Adrian Hennah	200,000	36,851	37,016	136,270	–	74,016	272,540

Rakesh Kapoor has exceeded his pro-rated target based on tenure to date and Adrian Hennah has made good progress towards his target during his first three years as an Executive Director to the satisfaction of the Committee. Further details of the scheme interests contained in the table above are provided in the table on page 77.

The Executive Directors also participate in the all employee sharesave scheme. Details of options held under this plan are set out on page 77.

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 management team ("Top400"). 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 appear in the 2014 and 2015 populations.

	CEO		Other employees	
	% change 2014-2015	% change 2013–2014	% change 2014-2015	% change 2013–2014
Base salary	3%	4%	3%	3%
Taxable benefits	31%	-6%	18%	2%
Annual bonus	43%	-25%	69%	-26%

The difference in the percentage change of the annual bonus for the CEO and other employees is primarily a result of the fact that different targets are set for different areas of the business which are subject to different challenges.

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. During 2015 a cash payment was made in respect of the Indivior demerger to all participants in the HMRC approved share option and sharesave scheme and is included as a taxable benefit for 2015.

Relative importance of spend on pay

The table below shows Shareholder distributions (i.e. dividends and share buybacks) and total employee pay expenditure for FY 2014 and FY 2015, along with the percentage change in both.

	2015 £	2014 £	**% change 2014–2015**
Shareholder distributions (dividends and share buybacks)	**1,728m**	1,302m	**33%**
Total employee expenditure[1]	**1,158m**	1,159m	**0%**

1. As set out in Note 5 to the Financial Statements, 2014 staff costs reported last year included £86 million incurred in respect of RB Pharmaceuticals business. For the purposes of the above calculation these costs have been excluded from the above table.

Scheme interests awarded in 2015 (Audited) LTIP

In line with the Remuneration Policy approved by Shareholders, in December 2015, Executive Directors were granted the following awards under the LTIP, based on a fixed number of shares and share options. These awards do not accrue dividends during the vesting period. Vesting of these awards in full requires achievement of stretching performance conditions over the three-year period.

	Date of grant	Shares over which awards granted	Market price at date of award[1]	Exercise price[2]	Face value[3]	Performance period	Exercise/vesting period
Performance shares							
Rakesh Kapoor	2 December 2015	240,000	£64.15	n/a	£15,396,000	1 Jan 16–31 Dec 18	May 19
Adrian Hennah	2 December 2015	45,000	£64.15	n/a	£2,886,750	1 Jan 16–31 Dec 18	May 19
Share options							
Rakesh Kapoor	2 December 2015	400,000	£64.15	£63.25	£360,000	1 Jan 16–31 Dec 18	May 19–Dec 25
Adrian Hennah	2 December 2015	90,000	£64.15	£63.25	£81,000	1 Jan 16–31 Dec 18	May 19–Dec 25

1. The market price on the date of award is the closing share price on the date of grant.
2. The exercise price is based on the average closing share price over the five business days prior to the date of grant.
3. For performance shares based on the market price at the date of award and assumes the stretching performance criteria are met in order to achieve full vesting. For share options based on the face value of the potential gain at award assuming full vesting, calculated as the difference between market price and exercise price. The face value of shares under option is £25.66 million for Rakesh Kapoor and £5.77 million for Adrian Hennah if calculated as the number of shares multiplied by the market price at date of award.

In line with the RB's Directors' Remuneration Policy, vesting of the LTIP awards is dependent on the achievement of targets relating to growth in EPS over a three-year period. 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. However, the Remuneration Committee maintains the discretion to make adjustments to the measure if this is considered to be appropriate. Any adjustments will be disclosed in the Annual Report on Remuneration.

There is no retesting. Awards granted in December 2015 will vest on the following schedule, which requires significant compound annual growth in EPS in order for the awards to vest, as follows:

EPS CAAG	<6%	6%	Between 6% and 10%	≥10%
Equivalent to three year EPS growth of	<19.1%	19.1%		≥33.1%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

Adrian Hennah also received an award of share options under the all employee sharesave scheme. Details are set out on page 77.

Annual Report on Remuneration continued

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.

Single total figure of remuneration for Non-Executive Directors (Audited)

The following Non-Executive Director fee policy was in place for the year ended 31 December 2015:

Role	Cash fee	Fee delivered in RB shares
Base fees		
Chairman	£316,000	£69,000
Deputy Chairman	£88,150	£19,350
Non-Executive Director	£71,750	£15,750
Additional fees		
Chair of Audit Committee	£30,000	–
Chair of Remuneration Committee	£30,000	–
Member of Audit Committee	£15,000	–
Member of Remuneration Committee	£15,000	–
Senior Independent Director	£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 2015 and the prior year:

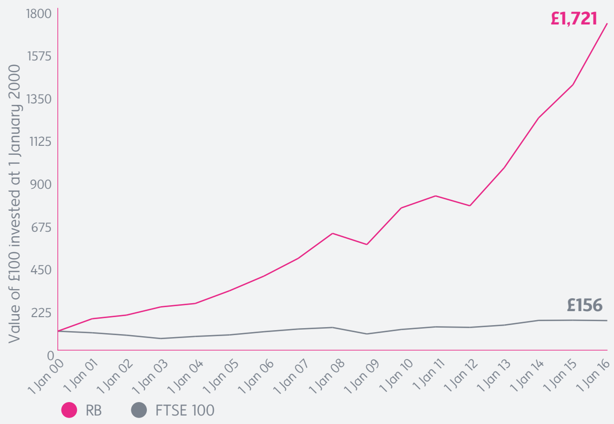
	2015 fees (£)			2014 fees (£)		
	Cash	**Shares**	**2015 Total**	Cash	Shares	2014 Total
Adrian Bellamy	**£316,000**	**£69,000**	**£385,000**	£308,000	£67,000	£375,000
Jaspal Bindra	**£86,750**	**£15,750**	**£102,500**	£42,500	£6,250	£48,750
Nicandro Durante	**£86,750**	**£15,750**	**£102,500**	£85,000	£6,250	£91,250
Peter Harf[1]	**£103,150**	**£19,350**	**£122,500**	£97,000	£18,000	£115,000
Mary Harris[2]	**£63,977**	**£14,016**	**£77,993**	–	–	–
Ken Hydon	**£101,750**	**£15,750**	**£117,500**	£100,000	£15,000	£115,000
Pamela Kirby[2]	**£63,977**	**£14,016**	**£77,993**	–	–	–
André Lacroix	**£106,750**	**£15,750**	**£122,500**	£97,000	£15,000	£112,000
Sue Shim	**£86,750**	**£15,750**	**£102,500**	£42,500	£6,250	£48,750
Christopher Sinclair[2]	**£63,977**	**£14,016**	**£77,993**	–	–	–
Judy Sprieser	**£101,750**	**£15,750**	**£117,500**	£100,000	£15,000	£115,000
Doug Tough	**£86,750**	**£15,750**	**£102,500**	£14,167	£2,500	£16,667
Warren Tucker	**£86,750**	**£15,750**	**£102,500**	£85,000	£15,000	£100,000

1. Peter Harf resigned on 21 December 2015. The table above sets out fees paid to 31 December 2015.
2. Mary Harris, Pamela Kirby and Christopher Sinclair were appointed on 10 February 2015.

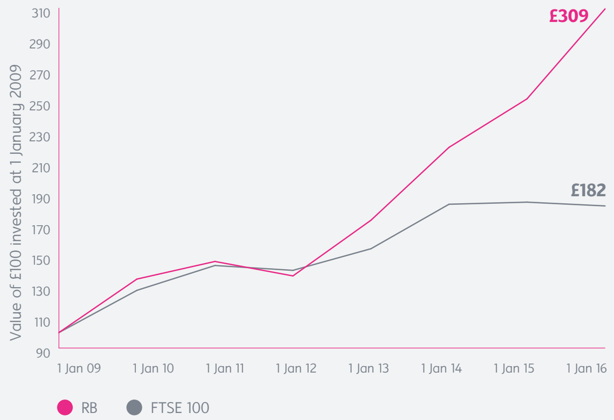
Performance graph

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 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



Total Shareholder Return since 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	LTIP vesting
2009	£28,881	100%	100%
2010	£17,150	76%	100%
2011	£18,076	31%	100%

Directors' service contracts

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

		Length of Service at 31 Dec 2015	
Name	Date of Appointment	Years	Months
Adrian Bellamy	3 December 1999 (Chairman from 7 May 2003)	16 years	1 month
Jaspal Bindra	1 July 2014	1 years	6 months
Nicandro Durante	1 December 2013	2 years	1 month
Mary Harris	10 February 2015	0 years	11 months
Ken Hydon	1 December 2003	12 years	1 month
Pamela Kirby	10 February 2015	0 years	11 months
André Lacroix	1 October 2008	7 years	3 months
Sue Shim	1 July 2014	1 years	6 months
Christopher Sinclair	10 February 2015	0 years	11 months
Judy Sprieser	21 August 2003	12 years	4 months
Doug Tough	1 November 2014	1 years	2 months
Warren Tucker	24 February 2010	5 years	10 months

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

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. Adrian Hennah received fees and benefits of £78,280 during the year in respect of his directorship of RELX Group PLC (previously known as Reed Elsevier PLC) and £65,000 in respect of his directorship of Indivior PLC.

Summary of Shareholder voting at the 2015 AGM

The following table shows the results of the voting on the 2014 Directors' Remuneration Report, at the 2015 AGM, and the remuneration policy report most recently put to Shareholders, at the 2014 AGM:

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the Directors' Remuneration Policy	406,176,557	80%	100,609,327	20%	506,785,884	13,393,177
Approve the 2014 Directors' Remuneration Report	435,838,483	83%	90,368,575	17%	526,207,058	1,216,425

The level of support for the Directors' Remuneration Report increased significantly amongst our Shareholders following consultation with our major Shareholders on remuneration decisions and changes subsequently made to the 2014 Remuneration Report. This saw the vote in favour of the Remuneration Report increase from 69% at the 2014 AGM to 83% last year.

The Committee continues to have ongoing dialogue with Shareholders with a view to obtaining further Shareholder support for our remuneration arrangements. In particular we consulted our major Shareholders, and taking into account feedback provided, are proposing changes to the Remuneration Policy, to further align executives with Shareholders.

The Committee believes our remuneration packages are simple, reinforce our remuneration philosophy and drive a strong alignment between executives and the interests of our Shareholders. The requirement for Senior Executives to build up significant shareholdings in the Company ensures this alignment with Shareholders, which is being further strengthened with the proposed changes to the Policy to require a two year holding period on LTIP awards after leaving the Company.

Advisors

Deloitte LLP (Deloitte) was appointed by the Remuneration Committee as independent advisor effective from 1 January 2014 following a review of the advisors 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 2015, Deloitte provided support to the Committee in relation to benchmarking executive remuneration structure and levels, remuneration related matters in respect of the demerger of Indivior PLC and the consultation of Shareholders on remuneration matters. Deloitte also provided the Group with financial advisory support, international transfer tax compliance, global mobility services, ad-hoc advice on employment/share schemes matters as well as international corporate and indirect tax advisory services during 2015. These services are 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. Their total fees for the provision of remuneration services to the Committee in 2015 were £140,950 on the basis of time and materials.

Implementation of Executive Director remuneration policy for 2016

Base salary

Base salaries are reviewed taking into account the salary increases for the wider workforce, as well as competitive practice for similar roles in the Company's remuneration peer group, comprising 19 international companies, and individual performance. Following its review of salary levels in late 2015, the Committee approved the following base salary increases with effect from 1 January 2016:

Executive Director	Base salary at 1 January 2015	**Base salary from 1 January 2016**	Percentage increase
Rakesh Kapoor	£890,950	**£917,679**	3%
Adrian Hennah	£577,830	**£595,165**	3%

The base salary increases for Executive Directors take into account performance and follows the same base salary merit increase guidelines as other UK employees. The average salary increase was c.3%, effective 1 January 2016.

Pension

The CEO and CFO are eligible to receive pension contributions, or equivalent cash allowances, of 30% and 25% of pensionable salary, respectively.

Annual bonus in respect of 2016 performance

For 2016, there will be no changes to the annual bonus opportunities for Executive Directors. Bonuses will continue to be based on RB's Net Revenue growth and Adjusted Net Income 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.

We have not disclosed the performance targets for 2016 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 December 2016.

LTIP

LTIP awards for FY 2016 were granted in December 2015. Details of these awards, including the stretching performance conditions that must be met, are detailed in full on page 73. Awards to be made in December 2016 will be disclosed in the Annual Report on Remuneration in next year's Remuneration Report.

Implementation of Non-Executive Director remuneration policy for 2016

With effect from 1 January 2016, the fees payable to the Chairman of the Board of Directors and Non-Executive Directors are as set out in the table below:

Role	2015 Fees Cash fee	2015 Fees Fee delivered in RB shares	**2016 Fees Cash fee**	**2016 Fees Fee delivered in RB shares**
Base fees				
Chairman	£316,000	£69,000	**£324,000**	**£71,000**
Deputy Chairman	£88,150	£19,350	**£90,150**	**£19,850**
Non-Executive Director	£71,750	£15,750	**£73,750**	**£16,250**
Additional fees				
Chairman of Audit Committee	£30,000	–	**£30,000**	–
Chairman of Remuneration Committee	£30,000	–	**£30,000**	–
Member of Audit Committee	£15,000	–	**£15,000**	–
Member of Remuneration Committee	£15,000	–	**£15,000**	–
Senior Independent Director	£20,000	–	**£20,000**	–

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

LTIP[1]	Notes	Grant date	At 1.1.15	Granted during the year	Exercised/ vested during the year	Lapsed during the year	At 31.12.15	Option price (£)	Market price at date of award (£)	Market price at date of exercise/ vesting (£)	Exercise/vesting period
Adrian Hennah											
Options	1	13.2.13	704				704	42.61			May 16–Feb 23
	1	13.2.13	91,816				91,816	41.44			May 16–Feb 23
	2	11.12.13	92,540				92,540	46.51			May 17–Dec 23
	2	1.12.14	90,000				90,000	50.57			May 18–Dec 24
	2	2.12.15	–	90,000			90,000	63.25			May 19–Dec 25
Performance-based restricted shares	2	13.2.13	46,270				46,270		44.19		May 16
	2	11.12.13	46,270				46,270		46.69		May 17
	2	1.12.14	45,000				45,000		52.40		May 18
	2	2.12.15	–	45,000			45,000		64.15		May 19
Rakesh Kapoor											
Options	3	5.12.11	411,286			246,772	164,514	31.20			May 15–Dec 21
	1	3.12.12	411,286				411,286	38.06			May 16–Dec 22
	2	11.12.13	627				627	47.83			May 17–Dec 23
	2	11.12.13	410,642				410,642	46.51			May 17–Dec 23
	2	1.12.14	400,000				400,000	50.57			May 18–Dec 24
	2	2.12.15	–	400,000			400,000	63.25			May 19–Dec 25
Performance-based restricted shares	3	5.12.11	205,643		82,258	123,385	–		32.19	57.03	May 15
	1	3.12.12	205,643				205,643		39.66		May 16
	2	11.12.13	246,772				246,772		46.69		May 17
	2	1.12.14	240,000				240,000		52.40		May 18
	2	2.12.15	–	240,000			240,000		64.15		May 19

Sharesave Scheme	Grant date	At 1.1.15	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.15	Option price (£)	Market price at exercise (£)	Exercise period
Rakesh Kapoor	8.9.08	796				796	21.92		Feb 16–July 16
Adrian Hennah	4.9.13	403				403	37.20		Feb 19–July 19
	1.9.15		307			307	48.71		Feb 21-Jul 21

Notes

1. Vesting of LTIP is subject to the achievement of the following compound average annual growth (CAAG) in adjusted EPS over a three-year period:

EPS CAAG for awards granted in December 2012 / February 2013	<6%	6%	7%	8%	≥9%
Proportion of awards vesting (%)	Nil	40%	60%	80%	100%

2. Vesting of LTIP is subject to the achievement of the following compound average annual growth (CAAG) in adjusted EPS over a three-year period:

EPS CAAG for awards granted in December 2013-2015	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

3. As disclosed in last year's report, 40% of the LTIP awarded in December 2011 vested following the AGM in May 2015. The remainder of the award lapsed.

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 22 March 2016 had the following beneficial interests in the ordinary shares of the Company:

	22 March 2016	31 December 2015	31 December 2014
Adrian Bellamy	**24,299**	24,299	23,599
Jaspal Bindra	**216**	216	65
Nicandro Durante	**199**	199	59
Adrian Hennah	**36,851**	36,851	26,851
Mary Harris	**137**	137	n/a
Ken Hydon	**5,817**	5,817	5,671
Rakesh Kapoor	**475,013**	474,217	426,034
Pamela Kirby	**3,066**	3,066	n/a
André Lacroix	**2,548**	2,548	2,408
Sue Shim	**213**	213	64
Christopher Sinclair	**136**	136	n/a
Judy Sprieser	**4,133**	4,133	3,979
Doug Tough	**195**	195	39
Warren Tucker	**2,017**	2,017	1,863

Notes

1. No person who was a Director (or a Director's connected person) on 31 December 2015 and at 22 March 2016 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.

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 2016 AGM on 5 May 2016 and will apply to payments made from this date. Until this time the Policy approved by Shareholders on 7 May 2014 will continue to apply.

Executive Director Remuneration Policy Table

Fixed pay policy for Executive Directors

Component purpose and link to strategy	Operation	Opportunity
Base salary To enable the total package to support recruitment and retention	Base salaries are reviewed annually, typically with effect from 1 January. Salary levels/increases take account of: • salary increases awarded across the Group as a whole; and • individual performance. The Committee also reviews market data for the Company's remuneration peer group, comprising international companies of a similar size and scope of operations.	Salary increases for Executive Directors will be aligned with those of the wider workforce, which take into account performance. Increases may be made above this level to take account of individual circumstances, which may include: • Increase in the size or scope of the role or responsibilities. • Increase to reflect the individual's development and performance in role. For example, where a new incumbent is appointed on a below-market salary. Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the remuneration policy. Salaries for Executive Directors should typically be around the median for competitors. Where increases are awarded in excess of the wider employee population, the Committee will provide rationale in the relevant year's Annual Report on Remuneration.
Pension To provide appropriate levels of retirement benefit	Executive Directors may receive contributions into the RB Executive Pension Scheme, a defined contribution scheme, a cash allowance or a combination thereof. Base salary is the only element of remuneration that is pensionable.	CEO: 30% of pensionable pay. CFO: 25% of pensionable pay.
Benefits To provide benefits comparable to those that would be provided for an equivalent position elsewhere	Executive Directors receive benefits which consist primarily of the provision of a company car/allowance and healthcare, although can include other benefits that the Committee deems appropriate, for example the cost of preparing tax returns or home leave. Relocation allowances and international transfer-related benefits may also be paid, where required. Executive Directors are also eligible to participate in all employee share schemes on the same basis as all employees.	None of the existing Executive Directors received total taxable benefits exceeding 10% of salary during the last three financial years, and it is not anticipated that the cost of benefits provided will exceed this level in the financial years over which this policy will apply. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in medical coverage inflation). Benefits in respect of the year under review, and participation in all employee share schemes, are disclosed in the Annual Report on Remuneration.

Directors' Remuneration Policy continued

Variable pay policy for Executive Directors

Component purpose and link to strategy	Operation	Opportunity	Performance measures
Annual bonus To drive strong financial performance with significant reward for over-achievement of annual targets	Financial 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. Performance is assessed on an annual basis, using a multiplicative combination of the payouts for performance against each of the financial targets. Bonus pay-outs are in cash. Under the terms and conditions of the plan, the Company has the right to seek redress and damages from any individual who has been found to have breached the Company's Code of Conduct. This includes the Company's right to require an individual to repay any costs incurred through a breach of the Code of Conduct from any bonus payment made in the year the breach/costs were incurred. 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.	Target opportunity: CEO: 120% of salary. CFO: 90% of salary. Maximum opportunity: 3.57x Target (CEO: 428% of salary) (CFO: 321% of salary)	Performance will be assessed against the growth in one or more key financial metrics of the business determined on an annual basis. The weighting between different financial metrics will be determined each year according to business priorities. For threshold performance, the bonus pay-out will be nil. Further details, including the performance measures for the current financial year, are disclosed in the Annual Report on Remuneration.
LTIP[1] (share options and performance shares) To incentivise and reward long-term performance, and align the interests of Executive Directors with those of Shareholders	The LTIP comprises grants of share options and awards of performance shares (based on a fixed number), which vest subject to the achievement of stretching performance targets. The LTIP has a performance period of at least three years and a minimum vesting period of three years. The LTIP opportunity and the combination of share options and performance shares are reviewed annually with reference to market data and the associated cost to the Company, calculated using an expected value methodology. The performance condition is reviewed before each award cycle to ensure it remains appropriately stretching. 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. Awards granted under the 2015 LTIP are also subject to malus and clawback provisions. If an Executive Director ceases to be employed, any outstanding performance shares or share option awards granted on or after 5 May 2016 will vest in accordance with the Plan Rules but be subject to an additional two year holding period commencing on end of the performance period. During this period options cannot be exercised.	The Committee calibrates LTIP share award and option grant sizes as a fixed number, with periodic adjustments to ensure that the fair value of an Executive Director's total remuneration is appropriately positioned relative to peers. The maximum award to any individual in respect of one year will be 275,000 shares and 500,000 options. Details of the LTIP opportunity in respect of each year will be disclosed in the Annual Report on Remuneration. Dividends do not accrue on unvested share awards or on shares underlying options before they are exercised.	Vesting of the LTIP is subject to continued employment and the achievement of stretching adjusted diluted EPS growth targets. 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. Further details, including the performance targets attached to the LTIP in respect of each year, are disclosed in the Annual Report on Remuneration.

1. LTIP awards have been granted under the 2007 and 2015 LTIPs, whose rules are substantially the same as summarised in the table except for the changes noted in the 'Changes to Policy' section below.

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 financial priorities for any given financial year. With regard to the LTIP, the Committee regularly reviews the performance measure to ensure that it aligns well with the Company's strategy and with our Shareholders' interests. EPS is considered the most appropriate LTIP performance measure for a number of reasons:

- It focuses executives on real profit growth which is strongly aligned with value creation at RB;
- It provides a well-recognised and accepted measure of the Company's underlying financial performance; and
- It is a measure that the plan participants can directly impact and easily measurable from time to time.

EPS is measured on an adjusted diluted basis. However, the Remuneration Committee maintains the discretion to make adjustments to the measure if this is considered to be appropriate. Any adjustments will be disclosed in the Annual Report on Remuneration.

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 across the healthcare and 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.

Malus and clawback
For awards granted under the LTIP adopted in 2015, the Committee has the discretion to scale back awards prior to vesting in the event of the following circumstances:

- A material misstatement of the Company's financial results; and/or
- Gross misconduct by a Participant.

Where awards granted under the 2015 LTIP have vested, the Committee has the discretion to claw back awards at any time before the later of (i) the second anniversary of the vesting date and (ii) the fifth anniversary of the date of grant in the following circumstances:

- A material misstatement of the Company's financial results;
- Gross misconduct by a Participant; and/or
- An erroneous calculation in the assessment of the extent to which the award is vested.

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 CEO is 600,000 shares and for the CFO is 200,000 shares. Details of the Executive Directors' personal shareholdings will be provided in the Annual Report on Remuneration.

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. Senior 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 the "Top400" 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, senior executives who comprise the "Top40" employees are also required to build up significant shareholdings in RB. The current level is between 30,000 and 50,000 shares, on average, representing 10x 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 5 May 2016, 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 unvested share option and performance share awards for Executive Directors who cease employment with the Company. The Policy has also been updated to include malus and clawback provisions which were included in the rules of the LTIP approved by Shareholders at the 2015 AGM and are detailed above. Awards remain outstanding under the 2007 LTIP, which is similar to the 2015 LTIP except for the terms summarised in this paragraph.

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 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 de-merger, then the maximum number of shares and options which may be awarded 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.

Directors' Remuneration Policy continued

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 (September 2014) 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.

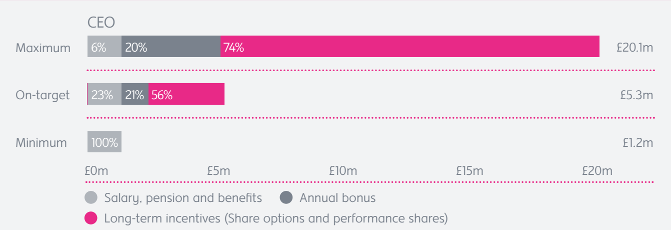
Details of the policy on fees paid to our Non-Executive Directors are set out in the table below:

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 Deputy Chairman, Senior Independent Non-Executive Director and as Chairman of the Committees. Members of the Committees are also eligible to receive an additional fee. Fee levels may be reviewed annually, with any adjustments 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 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.

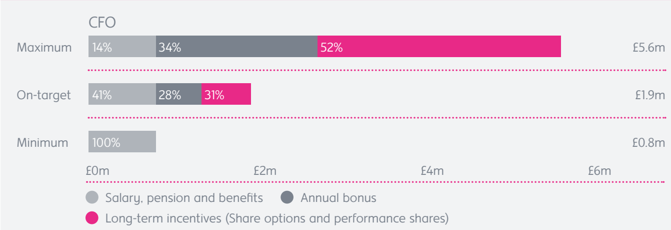
Scenarios of total remuneration

The charts below provide an estimate of the potential future total remuneration for the Executive Directors. Three 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 the date of the AGM which follows the third anniversary of grant and the projected values exclude the impact of share price movement.

Rakesh Kapoor / CEO



Adrian Hennah / CFO



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 2016 and an estimated value of the benefits, based on amounts paid in 2015.

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

The 'Maximum' scenario sets out fixed remuneration, plus full maximum pay-out of the annual bonus and full vesting of the LTIP awards.

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 last granted to the Executive Directors, in December 2015. The value has been calculated assuming a price at grant of £53.44, being the average share price at grant over the last three LTIP awards. Under the disclosure requirements the 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. 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 Committee does not consult with employees specifically on the Directors' Remuneration Policy. However, 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 Company does not consult 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. As the Company encourages share ownership amongst employees, 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 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	Maximum annual grant
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, the shortfall to median 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 in line with existing executives as set out in the ongoing remuneration policy.	
Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a car allowance, or car, healthcare and any necessary relocation expenses in line with ongoing remuneration policy.	
Annual bonus	The structure described in the Policy Table will apply to new appointees with the relevant maximum opportunity.	Target: 120% of salary Multiple: 3.57x Target
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 shares, share options or a combination of the two.	275,000 performance shares 500,000 share options

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 shares 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, 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 82. 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 Deputy Chairman, Senior Independent Non-Executive Director, as Chairman of the Audit and Remuneration Committees, and for being a 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 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 below 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:

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	At the end of the 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.
LTIP		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse.
Ill-health, injury, permanent disability, retirement with the agreement of the Company, the participant's employing 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 after the end of the financial year in which the cessation of employment occurs; or at the discretion of the Committee, after the end of the relevant performance period. Outstanding options and performance share awards granted on or after 5 May 2016 will be subject to an additional two year holding period, commencing on the end of the performance period. Options cannot be exercised during this period.	The Committee determines whether and to what extent outstanding awards vest based on the extent to which performance conditions have been achieved (either to the end of the financial year in which cessation of employment occurs, or over the full performance period) and the proportion of the performance period worked.
Death	As soon as possible after date of death	The Committee may disapply performance conditions but will reduce awards to reflect the proportion of the performance period worked.
Change of control	On change of control	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. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.

Report of the Directors

The Directors submit their Annual Report and audited Financial Statements of the Group for the year ended 31 December 2015 to the members of the Company.

Directors

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

Name	
Adrian Bellamy	
Jaspal Bindra	
Nicandro Durante	
Peter Harf	(resigned 21 December 2015)
Mary Harris	(appointed 10 February 2015)
Adrian Hennah	
Ken Hydon	
Rakesh Kapoor	
Pamela Kirby	(appointed 10 February 2015)
André Lacroix	
Sue Shim	
Christopher Sinclair	(appointed 10 February 2015)
Judy Sprieser	
Doug Tough	
Warren Tucker	

Biographical details of the current Directors are set out on pages 46 to 49.

A statement of Directors' interests in the share capital of the Company is shown on page 78.

Details of Executive Directors' options to subscribe for shares in the Company are included on page 77 in the audited part of the Directors' Remuneration Report.

No Director had a material interest at any time during the year in any derivative or financial instrument relating to the Company's shares. The details of the Directors' remuneration and service agreements are set out in the Directors' Remuneration Report on pages 70 to 84.

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 s.992 of CA 2006 which implemented the EU Takeover Directive. The following sets out disclosures not covered elsewhere in this Annual Report.

The Company's Articles of Association (the Articles) give the Board power to appoint Directors, but also require Directors to submit themselves for election at the first AGM following their appointment. Under the Articles, 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.

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.

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 on 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 2015, the Directors resolved to pay an interim dividend of 50.3p per ordinary share (2014: 60p). The dividend was paid on 25 September 2015. The Directors recommend a final dividend for the year of 88.7p per share (2014: 79p) which, together with the interim dividend, makes a total for the year of 139p per share (2014: 139p). The final dividend, if approved by the Shareholders, will be paid on 26 May 2016 to Shareholders on the register at the close of business on 15 April 2016.

Share capital

As at 31 December 2015, the Company's issued share capital consisted of 736,535,179 ordinary shares of 10p each, of which 708,073,029 were with voting rights and 28,462,150 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 rights and obligations attached to the Company's ordinary shares are set out in the Articles.

There are no restrictions on the voting rights attached to the Company's ordinary shares or the transfer of securities in the Company except, in the case of transfers of securities:

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

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

Allotment of shares

Under the Companies Act 2006 (CA 2006 or the Act), Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by Shareholders in general meeting. The authority conferred on the Directors at the 2015 AGM under s.551 CA 2006 will expire at the conclusion of this year's AGM. At the AGM, Directors will ask Shareholders to renew their 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 15 months from the date on which the resolution is passed, or at the conclusion of the AGM of the Company held in 2017, whichever is the sooner.

Report of the Directors continued

Under s.561 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 and the Investment Association and the Pensions and Lifetime Savings Associations' supporting guidelines, 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.

The Directors have no present intention of exercising the authority sought under the resolutions other than to fulfil the Company's obligations under its executive and employee share plans, and 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

Following the Company's announcement on 12 December 2014 of its intention to commence a share repurchase programme for 2015 to offset the dilutive impact of employee share schemes, on 11 February 2015 the Company confirmed that the 2015 £300 million repurchase programme would be supplemented by an additional repurchase programme of up to £500 million of ordinary shares during the year. In accordance with those announcements and subsequent announcements made on 30 April 2015, 30 June 2015 and 30 September 2015, during the period from 2 January 2015 to 25 November 2015, a total of 13,615,832 ordinary shares of 10 pence (representing 1.8% of the ordinary shares in issue on 31 December 2015) were repurchased for a consideration of £802 million, including expenses, and subsequently transferred to be held in treasury for the purpose of satisfying the Company's obligations under employee equity incentive schemes. On 30 December 2015 the Company announced its intention to commence a 2016 ordinary share repurchase programme for up to a maximum consideration of £800 million in order to offset the dilutive impact of employee schemes and to maintain borrowings at around current levels.

The authority granted to Directors at the 2015 AGM to repurchase shares in the market remains valid until the conclusion of this year's AGM. At the 2016 AGM Directors will seek to renew the authority granted to them. Such authority, if approved, will be limited to a maximum of 69 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 2015, the Group employed an average of 34,700 (2014: 37,200) employees worldwide, of whom 3,176 (2014: 3,400) 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 s.366 and s.367 of CA 2006 were made in the year ended 31 December 2015 nor are any contemplated.

Independent Auditor

The External Auditor, PricewaterhouseCoopers LLP (PwC), has indicated its willingness to continue in office and a resolution that PwC be reappointed will be proposed at the AGM.

Further disclosures

Further information, including information fulfilling the further disclosure requirements contained in the Companies Act 2006, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the FCA's Listing Rules and Disclosure and Transparency Rules can be found in the following sections of the Annual Report for the period ended 31 December 2015 which are incorporated into the Report of the Directors by reference:

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

Substantial shareholdings

As at 22 March 2016, pursuant to DTR5 of the FCA's Disclosure 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
JAB Holdings B.V.	27 January 2016	Direct	8.93
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 13 January 2016 that their holding had increased to 7.48%, of which they had the ability to vote 6.18%.

Corporate Governance Statement

In compliance with the Disclosure and Transparency Rules (DTR) 7.2.1, the disclosures required by DTR 7.2.2 to 7.2.7 are set out in this Report of the Directors and in the Corporate Governance Statement on pages 52 to 59 which together with the Directors' Statement of Responsibilities are incorporated by reference into this Report of the Directors.

Annual General Meeting

The ninth AGM of Reckitt Benckiser Group plc will be held on Thursday 5 May 2016 at 11.15 am at No. 11 Cavendish Square, London W1G 0AN. The Notice of Meeting, setting out the resolutions to be proposed, is contained in a separate document for Shareholders and is also 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

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

Company registration number: 6270876

22 March 2016

Directors' Statement of Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing the Group Financial Statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 the Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and IFRSs issued by IASB and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Company Financial Statements respectively; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

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

Each of the Directors, whose names and functions are listed on pages 46 to 49 confirms that, to the best of his/her knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU and IFRSs as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 45. The financial position of the Group and Company, its cash flows, liquidity position and borrowing facilities, as well as the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk are described in the Strategic Report on pages 36 to 45 and in Note 14 to the Group Financial Statements.

The Group has considerable financial resources together with a diverse customer and supplier base across different geographical areas and categories. As a consequence, the Directors believe that the Group and Company are well placed to manage their business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements in accordance with the FRC's 'Guidance on risk management, internal control and related financial business reporting.' This statement is also made to fulfil the requirements of Listing Rules 9.8.6R(3) and 9.8.10R(1) and C.1.3 of the Code.

Disclosure of information to Auditor

The Directors, having made appropriate enquiries, state that:

1) so far as each Director is aware, there is no relevant audit information of which the Auditor is unaware; and
2) each Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By Order of the Board

Christine Logan / Company Secretary
Reckitt Benckiser Group plc
103–105 Bath Road
Slough, Berkshire SL1 3UH

Company registration number: 6270876

22 March 2016

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Report on the Group Financial Statements

Our opinion

In our opinion, Reckitt Benckiser Group plc's Group Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the Financial Statements, the Group, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion, the Financial Statements comply with IFRSs as issued by the IASB.

What we have audited

The Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Group Balance Sheet as at 31 December 2015;
- the Group Income Statement and Group Statement of Comprehensive Income for the year then ended;
- the Group Cash Flow Statement for the year then ended;
- the Group Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the Notes to the Financial Statements. These are cross-referenced from the Financial Statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach

Overview

- Overall Group materiality was £117 million which represented 5% of Group profit before income tax, adjusted for non-recurring exceptional items.
- We conducted audit work in 18 countries in which the Group has significant operations.
- The reporting units where we performed an audit of their complete financial information accounted for 76% of Group revenue and 79% of Group profit before income tax, adjusted for non-recurring exceptional items.
- The Group engagement team visited 15 of the 18 component audit teams to attend audit clearance meetings and discuss the audit approach and findings with those local teams.
- For those countries not visited we maintained regular contact with the local team and evaluated the outcome of their audit work.
- Accounting for customer trade spend.
- Provisions for uncertain tax exposures.
- Valuation of provisions for liabilities arising from regulatory investigations.
- Goodwill and intangible assets impairment assessment.
- The classification of exceptional items.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the Financial Statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Accounting for customer trade spend Refer to page 63 (Audit Committee review of areas of significant judgement) and page 106 (accounting policies). As is industry practice, in each country in which the Group operates there are numerous types of complex commercial arrangements with retailers and other customers that have a range of terms (for example promotions, rebates and discounts). Trade spend arrangements have varying terms, some of which are supported by annual contracts or joint business plans, whilst others are based on shorter term agreements entered into during the year. In addition, the level and timing of promotions for individual products or ranges varies from period to period, and activity can span over a year end. These judgements impact the reported results of the country, segment and the Group and in particular influence the calculation of net revenue and country operating profit, both of which are key performance indicators for management incentive schemes. We consider there to be a specific risk associated with the accuracy of the trade spend that has been incurred during the year as this is material and can be complex and judgemental. In particular we focused on the approval of the arrangements, the period to which the spend relates and whether balances had been settled. In addition, we focused on estimates of the obligations at the reporting date in respect of all trade spend arrangements ("trade spend accruals"). We focused on this area due to the complexity and level of judgement required in making the key assumptions underpinning the estimates. For example: • the date of shipment to the retailer and the period over which the promotion will run may differ; • details of the retailers' EPOS data may be required to determine the accuracy of trade spend committed at the reporting date; and • promotions may span over the year end and therefore estimation of the future volume or margin levels of the retailer must be forecast to determine the level of the accrual required. Therefore, our areas of focus included whether the accruals were understated and appropriately valued, whether trade spend was recorded in the correct period and whether the significant one-off transactions had been accurately recorded in the income statement.	Our audit procedures included understanding and evaluating the controls and systems related to the trade spend process, and where appropriate obtaining audit evidence through testing operating effectiveness of relevant controls together with substantive audit procedures. Testing of controls included examining appropriate authorisation for trade spend agreements and contracts, considering segregation of duties over the creation and approval of the accruals and testing the resolution of variations between actual and expected trade spend. The substantive audit procedures performed for each individual component varied depending upon the nature of the trade spend and type of agreement but included the following tests, on a sample basis: • Agreeing costs incurred during the year to invoices and other correspondence from the customers and subsequent settlement; • Agreeing key elements of the estimates to supporting documentation such as joint business plans, contracts and EPOS data; • Circularising external confirmations to the customers to confirm the existence of specific promotions and the underlying key assumptions of the accrual calculation; • Recalculating management's estimates; • Evaluating the accuracy of the prior year trade spend balance by comparing the historic accruals to actual spend incurred; and • Testing trade spend transactions around the year end to determine whether they had been recognised in the appropriate period. As the Group engagement team, we were specifically involved in determining and assessing the appropriateness of the audit approach for each component in this area. This satisfied us that sufficient focus was placed on the more judgemental areas and that, whilst complex, the area was well understood and sufficient focus was placed on this risk area.

Independent Auditors' Report to the members of Reckitt Benckiser Group plc continued

Area of focus	How our audit addressed the area of focus
Provision for uncertain tax exposures Refer to page 44 (Strategic risks) and page 63 (Audit Committee review of areas of significant judgement). Due to the Group operating across a number of different tax jurisdictions it is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. These challenges include transaction related tax matters, financing and transfer pricing arrangements arising from centralised functions that drive value across a number of different countries. Where the amount of tax payable is uncertain, the Group establishes provisions based on management's judgement of the probable amount of the liability. We focused on the judgements made by management in assessing the quantification and likelihood of certain potential exposures and therefore the level of provision required for specific cases. In particular, we focused on the impact of changes in transfer pricing methodologies impacting tax returns in certain territories, which could materially impact the amounts recorded in the Financial Statements.	We updated our detailed understanding of the Group's tax strategy and Group transfer pricing policy, particularly in relation to any changes implemented during 2015, and assessed key technical tax issues and risks related to business and legislative developments using, where applicable, our local and international tax specialists. We obtained explanations from management and corroborative evidence including, communication with local tax authorities, details of progress with Advanced Pricing Agreements and copies of external tax advice reports relating to tax treatments applied and the corresponding provisions recorded. We challenged management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, noting no significant deviations from our expectations. We also evaluated whether the liabilities and potential exposures were appropriately disclosed in the Financial Statements.
Valuation of provisions for liabilities arising from regulatory investigations Refer to page 44 (Strategic risks) and Note 17 on page 125 (Provisions for liabilities and charges). The Group has been subject to a number of regulatory investigations, for example in respect of violations of antitrust and competition laws, and has recorded a provision for legal claims on the balance sheet amounting to £141 million. There is a high level of management judgement associated with determining the need for, and the magnitude of, provisions for any liabilities arising from these investigations. Therefore, we consider there to be a risk that the provisions may be held at the incorrect value on the balance sheet and that disclosure within the Annual Report in respect of the cases and their potential impact on the Financial Statements may not be sufficient.	Our audit procedures focused on the assumptions and judgements made by management in determining the recognition and valuation of associated provisions. We confirmed that, where applicable, discussions took place with in-country legal teams and sought audit evidence in that location, such as obtaining external confirmations. This evidence was also corroborated by the Group engagement team with the Head of Group Legal to understand the status of any investigations or litigation, the associated risks and the basis for any provisions recorded. We obtained and read notifications from the relevant regulatory bodies and examined relevant legal documents that confirmed the existence of each case and quantified expected liabilities. We obtained confirmations from the Group's external legal counsel and compared their description and assessment of the facts and circumstances of the cases and, where applicable, the potential outcome against management's and the internal legal team's assessment. We did not identify any significant inconsistencies.

Area of focus	How our audit addressed the area of focus
Goodwill and intangible assets impairment assessment Refer to page 63 (Audit Committee review of areas of significant judgement) and pages 114 to 116 (Goodwill and other intangible assets Note). The Group has goodwill of £3,282 million and other indefinite lived intangible assets of £7,897 million as at 31 December 2015 which are required to be tested for impairment on an annual basis. Management has allocated these assets to individual cash generating units (CGUs) and groups of CGUs (GCGUs) and there is judgement around how these are determined, specifically in respect of changes in the year. In 2015 management has brought the production of K-Y in-house and has aligned the 'go to market' strategy and operating functions with those of Sexual Wellbeing. This has resulted in the indefinite lived K-Y brand being assessed as part of the Sexual Wellbeing CGU. There is further judgement around the determination of the recoverable amount, being the higher of value-in-use and fair value less costs of disposal. Recoverable amounts are based on management's view of the future results and prospects of the business, the appropriate discount rates to be applied and specific risk factors applied to the GCGU's and CGU's. Due to VMS and Oriental Pharma being recent acquisitions, the brands remain sensitive to impairment. The VMS and Oriental Pharma indefinite life CGUs are primarily concentrated in single markets, the US and China respectively, although the launch of VMS brands within Europe and now Asia has continued during the year. The key judgements in determining the recoverable amount of these CGUs are in respect of the forecast cash flows within these primary markets and the penetration of VMS outside of the US, the use of appropriate discount rates and the long-term growth rates applied.	We considered management's integration of the K-Y CGU into the Sexual Wellbeing CGU and assessed this to be appropriate due to the alignment of production, strategy and marketing. We evaluated the process by which management prepared its cash flow forecasts and compared them against the latest Board approved plans and management approved forecasts. We evaluated the historical accuracy of the plans and forecasts, for example by comparing the forecasts used in the prior year model to the actual performance of the business in the current year. These procedures enabled us to determine the accuracy of the forecasting process and apply appropriate sensitivities to the cash flows. We assessed the appropriateness of management's discount rates, future cash flows and long-term growth rates, specifically focusing on the VMS and Oriental Pharma CGUs. We benchmarked assumptions against industry and peer group comparators and metrics such as country inflation rates. Based upon our assessments described above, we challenged management on the appropriateness of its sensitivity calculations by applying our own sensitivity analysis to the forecast cash flows, long-term growth rates and discount rates to ascertain the extent to which reasonable adverse changes would, either individually or in aggregate require an impairment of either the goodwill or indefinite life assets. We determined that no impairment charges were required, based on the results of our work. We identified that the indefinite lived brands acquired with VMS and Oriental Pharma are most sensitive to changes in key assumptions. Management has described these sensitivities in the 'Goodwill and other intangible assets' Note to the Group Financial Statements.
The classification of exceptional items Refer to page 103 (accounting policies) and page 110 (Analysis of net operating expenses Note) for further details. In the past few years the Group has had significant levels of 'exceptional items' which are disclosed separately within the Income Statement and are excluded from management's reporting of the underlying results of the business. The nature of these 'exceptional items' are explained within the Group accounting policy and includes restructuring costs, gains or losses arising on acquisitions or disposals and costs resulting from non-recurring legal or regulatory matters. This year the Group has identified £133 million of net exceptional items which relate primarily to the loss recognised on the disposal of the Medcom medical business and 'Group-led' restructuring programmes associated with Project Supercharge. Our specific area of focus was to assess whether the items identified by management met the definition within the Group's accounting policy and have been treated consistently, as the identification of such items requires judgement by management. Consistency in the identification and presentation of these items is important to ensure comparability of year on year reporting within the Annual Report and Financial Statements.	We obtained corroborative evidence for the items presented within 'exceptional items'. We challenged management's rationale for the designation of certain items as 'exceptional' and assessed such items against the Group's accounting policy and the consistency of treatment with prior periods. We also considered whether there were items that were recorded within underlying profit that we determined to be 'exceptional' in nature and should have been included within 'exceptional items'. No such items were identified.

Independent Auditors' Report to the members of Reckitt Benckiser Group plc continued

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In 2015, the Group reorganised into two geographical regions being DvM (Developing Markets including North Africa, Middle East (excluding Israel), and Turkey, Africa, South Asia, North Asia, Latin America, Japan, Korea and ASEAN) and ENA (Europe, Russia/CIS, Israel, North America, Australia and New Zealand). There is also a separate segment for the Food business. Following the demerger of the RB Pharmaceuticals business in December 2014 there is no longer a separate segment for this business which was presented as a discontinued operation in the prior year.

Each country within the aforementioned geographical regions and food business consists of a number of management reporting entities which are consolidated by Group management. The Group Financial Statements are a consolidation of 696 reporting units representing the operating businesses within these geographical-based divisions and the centralised functions.

The reporting units vary in size and we identified 56 reporting units from across the two geographic regions and food business that required an audit of their complete financial information due to their individual size or risk characteristics. The reporting units where we performed an audit of their complete financial information accounted for 79% of the Group's profit before income tax, adjusted for non-recurring exceptional items and 76% of the Group's revenue. Included within these 56 reporting units were three reporting units that were audited by the Group engagement team, including the Group's treasury company and the Parent Company.

Audits of the revenue financial statement line item were performed in a further two reporting units and specified procedures were performed in respect of tax associated with the reduction of the geographic structure from three regions to two.

The 53 reporting units, excluding those audited by the Group engagement team, are audited by 18 component auditor teams. The Group engagement team visited 15 of the 18 local component teams to meet with local management, attend audit clearance meetings and discuss the audit approach and findings with the local audit teams. For those countries not visited we had regular communication with the local teams, both before and after their audit. Our attendance at the clearance meetings, review and discussion of the audit results at overseas locations, together with the additional procedures performed at a Group level described below, gave us the evidence we needed for our opinion on the Group Financial Statements as a whole.

Our audit procedures at the Group level included the audit of the consolidation, the UK and Group pension schemes (due to their size) and certain tax procedures.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall Group materiality
£117 million (2014: £107 million).

How we determined it
5% of Group profit before income tax, adjusted for non-recurring exceptional items.

Rationale for benchmark applied
Profit before income tax, adjusted for the impact of non-recurring exceptional items, provides us with a consistent year-on-year basis for determining materiality and is, we believe, the metric most commonly used by the Shareholders as a body in assessing the Group's performance.

Component materiality
For each component in our audit scope, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £6 million and £70 million. Certain components were audited to a local statutory audit materiality that was lower than the allocated amount.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £6 million (2014: £6 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the directors' statement, set out on page 88, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the Financial Statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the Financial Statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the Financial Statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- information in the Annual Report is:
  - materially inconsistent with the information in the audited Financial Statements; or
  - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
  - otherwise misleading.

We have no exceptions to report.

- the statement given by the directors on page 88, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.

We have no exceptions to report.

- the section of the Annual Report on page 62, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report.

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

- the directors' confirmation on page 58 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

We have nothing material to add or to draw attention to.

- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

We have nothing material to add or to draw attention to.

- the directors' explanation on page 40 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Independent Auditors' Report to the members of Reckitt Benckiser Group plc continued

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Statement of Responsibilities set out on page 88, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of Financial Statements involves

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the Parent Company Financial Statements of Reckitt Benckiser Group plc for the year ended 31 December 2015 and on the information in the Directors' Remuneration Report that is described as having been audited.

Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 March 2016

Group Income Statement

For the year ended 31 December	Note	2015 £m	2014 £m
CONTINUING OPERATIONS			
Net revenue	2	**8,874**	8,836
Cost of sales		**(3,628)**	(3,740)
Gross profit		**5,246**	5,096
Net operating expenses	3	**(3,005)**	(2,932)
Operating profit	2	**2,241**	2,164
Adjusted operating profit		**2,374**	2,185
Exceptional items	3	**(133)**	(21)
Operating profit		**2,241**	2,164
Finance income	6	**21**	27
Finance expense	6	**(54)**	(65)
Net finance expense		**(33)**	(38)
Profit before income tax		**2,208**	2,126
Income tax expense	7	**(463)**	(462)
Net income from continuing operations		**1,745**	1,664
DISCONTINUED OPERATIONS			
Net income from discontinued operations	28	**–**	278
Exceptional gain on non-cash dividend distributed	28	**–**	1,282
Net income from discontinued operations		**–**	1,560
Net income		**1,745**	3,224
Attributable to non-controlling interests		**2**	1
Attributable to owners of the parent		**1,743**	3,223
Net income		**1,745**	3,224
Basic earnings per ordinary share			
From continuing operations (pence)	8	**244.4**	230.7
From discontinued operations (pence)	8	**–**	216.4
Diluted earnings per ordinary share			
From continuing operations (pence)	8	**240.9**	227.6
From discontinued operations (pence)	8	**–**	213.5

Group Statement of Comprehensive Income

For the year ended 31 December	Note	2015 £m	2014 £m
Net income		**1,745**	3,224
Other comprehensive expense			
Items that may be reclassified to profit or loss in subsequent years			
Net exchange losses on foreign currency translation, net of tax	7	**(124)**	(191)
Losses on net investment hedges, net of tax	7	**(49)**	(137)
Gains/(losses) on cash flow hedges, net of tax	7	**14**	(11)
Reclassification of foreign currency translation reserves on disposal of foreign operations/demerger, net of tax	7	**33**	(3)
		(126)	(342)
Items that will not be reclassified to profit or loss in subsequent years			
Remeasurements of defined benefit pension plans, net of tax	7	**46**	(75)
		46	(75)
Other comprehensive expense, net of tax		**(80)**	(417)
Total comprehensive income		**1,665**	2,807
Attributable to non-controlling interests		**2**	–
Attributable to owners of the parent		**1,663**	2,807
Total comprehensive income		**1,665**	2,807
Total comprehensive income attributable to owners of the parent arising from:			
Continuing operations		**1,663**	1,247
Discontinued operations		**–**	1,560

Group Balance Sheet

As at 31 December	Note	2015 £m	2014 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	9	**11,296**	11,252
Property, plant and equipment	10	**730**	757
Deferred tax assets	11	**57**	61
Retirement benefit surplus	22	**63**	26
Other non-current receivables	13	**240**	240
		12,386	12,336
Current assets			
Inventories	12	**681**	745
Trade and other receivables	13	**1,331**	1,307
Derivative financial instruments	14	**121**	130
Current tax recoverable		**9**	60
Available for sale financial assets	14	**–**	1
Cash and cash equivalents	15	**740**	917
		2,882	3,160
Total assets		**15,268**	15,496
LIABILITIES			
Current liabilities			
Short-term borrowings	16	**(1,749)**	(1,936)
Short-term provisions for liabilities and charges	17	**(229)**	(317)
Trade and other payables	20	**(2,948)**	(2,883)
Derivative financial instruments	14	**(22)**	(29)
Current tax liabilities	21	**(91)**	(124)
		(5,039)	(5,289)
Non-current liabilities			
Long-term borrowings	16	**(671)**	(636)
Deferred tax liabilities	11	**(1,692)**	(1,749)
Retirement benefit obligations	22	**(257)**	(338)
Other provisions	17	**(115)**	(73)
Non-current tax liabilities	21	**(559)**	(500)
Other non-current liabilities	20	**(29)**	(77)
		(3,323)	(3,373)
Total liabilities		**(8,362)**	(8,662)
Net assets		**6,906**	6,834
EQUITY			
Capital and reserves			
Share capital	23	**74**	74
Share premium		**243**	243
Merger reserve		**(14,229)**	(14,229)
Hedging reserve	25	**18**	4
Foreign currency translation reserve	25	**(964)**	(824)
Retained earnings		**21,762**	21,564
Attributable to owners of the parent		**6,904**	6,832
Attributable to non-controlling interests		**2**	2
Total equity		**6,906**	6,834

The Financial Statements on pages 97 to 137 were approved by the Board of Directors and signed on its behalf on 22 March 2016 by:

ADRIAN BELLAMY
Director

RAKESH KAPOOR
Director

Group Statement of Changes in Equity

	Notes	Share capital £m	Share premium £m	Merger reserves £m	Other reserves £m	Retained earnings £m	Total attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2014		74	243	(14,229)	(479)	20,725	6,334	2	6,336
Comprehensive income/(expense)									
Net income		–	–	–	–	3,223	3,223	1	3,224
Other comprehensive expense for the year		–	–	–	(341)	(75)	(416)	(1)	(417)
Total comprehensive income/(expense)		**–**	**–**	**–**	**(341)**	**3,148**	**2,807**	**–**	**2,807**
Transactions with owners									
Treasury shares reissued	23	–	–	–	–	112	112	–	112
Share-based payments	24	–	–	–	–	55	55	–	55
Current tax on share awards	7	–	–	–	–	14	14	–	14
Deferred tax on share awards	7	–	–	–	–	(43)	(43)	–	(43)
Shares repurchased and held in Treasury	17, 23	–	–	–	–	(413)	(413)	–	(413)
Cash dividends	29	–	–	–	–	(988)	(988)	–	(988)
Non-cash dividends	29	–	–	–	–	(1,046)	(1,046)	–	(1,046)
Total transactions with owners		**–**	**–**	**–**	**–**	**(2,309)**	**(2,309)**	**–**	**(2,309)**
Balance at 31 December 2014		**74**	**243**	**(14,229)**	**(820)**	**21,564**	**6,832**	**2**	**6,834**
Comprehensive income									
Net income		–	–	–	–	1,743	1,743	2	1,745
Other comprehensive income/(expense) for the year		–	–	–	(126)	46	(80)	–	(80)
Total comprehensive income/(expense)		**–**	**–**	**–**	**(126)**	**1,789**	**1,663**	**2**	**1,665**
Transactions with owners									
Treasury shares reissued	23	–	–	–	–	74	74	–	74
Share-based payments	24	–	–	–	–	50	50	–	50
Current tax on share awards	7	–	–	–	–	5	5	–	5
Deferred tax on share awards	7	–	–	–	–	8	8	–	8
Shares repurchased and held in Treasury	17, 23	–	–	–	–	(804)	(804)	–	(804)
Cash dividends	29	–	–	–	–	(924)	(924)	(2)	(926)
Total transactions with owners		**–**	**–**	**–**	**–**	**(1,591)**	**(1,591)**	**(2)**	**(1,593)**
Balance at 31 December 2015		**74**	**243**	**(14,229)**	**(946)**	**21,762**	**6,904**	**2**	**6,906**

The merger reserve relates to the 1999 combination of Reckitt & Colman plc and Benckiser N.V. and a Group reconstruction in 2007 treated as a merger under Part 27 of the Companies Act 2006.

Refer to Note 25 for an explanation of other reserves.

Group Cash Flow Statement

For the year ended 31 December	Note	2015 £m	2014 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit from continuing operations		**2,241**	2,164
Depreciation, amortisation and impairment		**171**	161
Fair value gains		**(33)**	(1)
Gain on sale of property, plant and equipment assets		**–**	(41)
Decrease/(increase) in inventories		**22**	(44)
Increase in trade and other receivables		**(218)**	(168)
(Decrease)/increase in payables and provisions		**(23)**	179
Non-cash exceptional items		**85**	21
Share-based payments		**50**	53
Cash generated from operations		**2,295**	2,324
Interest paid		**(54)**	(58)
Interest received		**23**	26
Tax paid		**(480)**	(416)
Net cash flows attributable to discontinued operations		**–**	223
Net cash generated from operating activities		**1,784**	2,099
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(154)**	(157)
Purchase of intangible assets		**(25)**	(27)
Proceeds from the sale of property, plant and equipment		**51**	19
Acquisition of businesses, net of cash acquired		**(10)**	(340)
Maturity of short-term investments		**3**	1
Net cash transferred on demerger of RBP		**–**	(195)
Proceeds on disposal of subsidiaries		**1**	–
Net cash flows attributable to discontinued operations		**–**	(16)
Net cash used in investing activities		**(134)**	(715)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased and held in Treasury	23	**(804)**	(313)
Treasury shares reissued	23	**74**	112
Proceeds from borrowings		**23**	–
Repayment of borrowings		**(165)**	(485)
Dividends paid to owners of the parent	29	**(924)**	(988)
Dividends paid to non-controlling interests		**(2)**	(1)
Net cash flows attributable to discontinued operations		**–**	481
Net cash used in financing activities		**(1,798)**	(1,194)
Net (decrease)/increase in cash and cash equivalents		**(148)**	190
Cash and cash equivalents at beginning of the year		**913**	805
Exchange losses		**(28)**	(82)
Cash and cash equivalents at end of the year		**737**	913
Cash and cash equivalents comprise:			
Cash and cash equivalents	15	**740**	917
Overdrafts	16	**(3)**	(4)
		737	913
RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS			
Net cash generated from operating activities		**1,784**	2,099
Net purchases of property, plant and equipment		**(103)**	(138)
Net cash flow from operations		**1,681**	1,961

Notes to the Financial Statements

1 Accounting Policies

The principal accounting policies adopted in the preparation of these Financial Statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

Basis of Preparation

These Financial Statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRSs), IFRS Interpretations Committee (IFRS IC) interpretations, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements are also in compliance with IFRSs as issued by the International Accounting Standards Board.

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit and loss. A summary of the Group's key accounting policies is set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The preparation of Financial Statements that conform to IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge at the time, actual amounts may ultimately differ from those estimates.

Adoption of New and Revised Standards

There are no new standards, amendments or interpretations which have been adopted for the first time and have a significant impact on the accounting policies applied in preparing the annual Consolidated Financial Statements of the Group.

Management is in the process of assessing the impact of IFRS 15 Revenue from Contracts with Customers which will be effective for annual periods beginning on or after 1 January 2018, IFRS 16 Leases which will be effective for annual periods beginning on or after 1 January 2019 and the revised issuance of IFRS 9 Financial Instruments which will be effective for annual periods beginning on or after 1 January 2018.

A number of other new standards, amendments and interpretations are effective for annual periods beginning on or after 1 January 2016 and have not yet been applied in preparing these Financial Statements. None of these are expected to have a significant effect on the Financial Statements of the Group.

Going Concern

Having assessed the principal risks and other matters discussed in connection with the Viability Statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements. Further detail is contained in the Strategic Report on pages 40 to 45.

Basis of Consolidation

The consolidated Financial Statements include the results of Reckitt Benckiser Group plc, a company registered in the UK, and all its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Reckitt Benckiser Group plc. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

Intercompany transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation. Unrealised losses have also been eliminated to the extent that they do not represent an impairment of a transferred asset. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign Currency Translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated Financial Statements are presented in Sterling, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except where hedge accounting is applied.

The Financial Statements of overseas subsidiary undertakings are translated into Sterling on the following basis:

- Assets and liabilities at the rate of exchange ruling at the year end date.
- Profit and loss account items at the average rate of exchange for the year.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity on consolidation.

Business Combinations

The acquisition method is used to account for the acquisition of subsidiaries. Identifiable net assets acquired (including intangibles) in a business combination are measured initially at their fair values at the acquisition date.

Where the measurement of the fair value of identifiable net assets acquired is incomplete at the end of the reporting period in which the combination occurs, the Group will report provisional fair values. Final fair values are determined within a year of the acquisition date and retrospectively applied.

The excess of the consideration transferred and the amount of any non-controlling interest over the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities acquired is recorded as goodwill.

The consideration transferred is measured as the fair value of the assets given, equity instruments issued (if any), and liabilities assumed or incurred at the date of acquisition.

Acquisition related costs are expensed as incurred.

The results of the subsidiaries acquired are included in the consolidated Financial Statements from the acquisition date.

1 Accounting Policies continued

For acquisitions before 1 January 2010, goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities with acquisition related costs capitalised as part of the cost of acquisition.

Disposal of Subsidiaries

The financial performance of subsidiaries is included in the Group results up to the point the Group ceases to have control over that subsidiary. Any amounts previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of related assets and liabilities. This may mean amounts previously recognised in Other Comprehensive Income are reclassified to the Income Statement.

Non-Controlling Interests

On an acquisition-by-acquisition basis the non-controlling interest is measured at either fair value or a proportionate share of the acquiree's net assets.

Purchases from non-controlling interests are accounted for as transactions with the owners and therefore no goodwill is recognised as a result of such transactions.

Revenue

Revenue from the sale of products is recognised in the Income Statement when the risks and rewards of ownership of the products are passed to the customer.

Net Revenue is defined as the amount invoiced to external customers during the year and comprises gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in light of contractual and legal obligations, historical trends, past experience and projected market conditions.

Trade spend, which consists primarily of customer pricing allowances, placement/listing fees and promotional allowances, is governed by sales agreements with our trade customers (retailers and distributors). Accruals are recognised under the terms of these agreements, to reflect the expected promotional activity and our historical experience. These accruals are reported within Trade and Other Payables.

Net Revenue also includes royalty income arising from the licensed use of our brands recognised on an accruals basis.

Value Added Tax and other sales taxes are excluded from Net Revenue.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

Exceptional Items

Where material, non-recurring expenses or income are incurred during a period, these items are disclosed as exceptional items in the Income Statement. Examples of such items are:

- Restructuring and other expenses relating to the integration of an acquired business and related expenses for reconfiguration of the Group's activities.
- Impairments of current and non-current assets.
- Gains/losses on disposal of businesses.
- Acquisition-related costs.
- Costs arising as a result of material and non-recurring regulatory and litigation matters.

The Group also presents an alternative adjusted earnings per share calculation to exclude the impact of the exceptional items.

Management believes that the use of adjusted measures such as adjusted operating profit, adjusted net income and adjusted earnings per share provide additional useful information on underlying trends to Shareholders.

Research and Development

Research expenditure is written off in the year in which it is incurred.

Development expenditure is written off in the year in which it is incurred, unless it meets the requirements of IAS 38 to be capitalised and then amortised over the useful life of the developed product.

Income Tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted in each jurisdiction, or substantively enacted, at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. The deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the investor is able to control the timing of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis.

Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries since 4 January 1998 is included in intangible assets. Goodwill written off to reserves prior to this date has not been reinstated. Goodwill is allocated to the cash generating unit (CGU), or group of CGUs, to which it relates and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

(ii) Brands

Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination are recognised at fair value at the acquisition date, where they are separately identifiable. Brands are amortised over their useful economic life, except when their life is determined as being indefinite.

1 Accounting Policies continued

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. A core element of the Group's strategy is to invest in building its brands through an ongoing programme of product innovation and increasing marketing investment. Within the Group, a brand typically comprises an assortment of base products and more innovative products. Both contribute to the enduring nature of the brand. The base products establish the long-term positioning of the brand while a succession of innovations attracts ongoing consumer interest and attention. Indefinite life brands are allocated to the cash generating units to which they relate and are tested annually for impairment.

A review of the useful economic life of brands is performed annually, to ensure that these lives are still appropriate. If a brand is considered to have a finite life, its carrying value is amortised over that period.

(iii) Distribution Rights

Payments made in respect of product registration, acquired and reacquired distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands.

(iv) Software

Acquired computer software licences are capitalised at cost. These costs are amortised on a straight-line basis over a period of seven years for Enterprise Resource Planning systems and five years or less for all other software licences.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Except for freehold land and assets under construction, the cost of property, plant and equipment is written off on a straight-line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- Freehold buildings: not more than 50 years;
- Leasehold land and buildings: the lesser of 50 years or the life of the lease; and
- Owned plant and equipment: not more than 15 years (except for environmental assets which are not more than 20 years).

In general, production plant and equipment and office equipment are written off over ten years or less; motor vehicles and computer equipment over five years or less.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each Balance Sheet date. Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds, and are included in the Income Statement.

Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at lease inception at the lower of the asset's fair value and the present value of the minimum lease payments. Obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate within borrowings. The interest element of the finance cost is charged to the Income Statement over the life of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Leased property, plant and equipment are depreciated on the same basis as owned plant and equipment or over the life of the lease, if shorter.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals (net of any related lease incentives) are charged against profit on a straight-line basis over the period of the lease.

Impairment of Assets

Assets that have indefinite lives, including goodwill, are tested annually for impairment at the level where cash flows are considered to be largely independent. This is at either a CGU level, or as a group of CGUs. All assets are tested for impairment if there is an event or circumstance that indicates that their carrying value may not be recoverable. If an asset's carrying value exceeds its recoverable amount an impairment loss is recognised in the Income Statement. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use.

Value in use is calculated with reference to the future cash flows expected to be generated by an asset (or group of assets where cash flows are not identifiable to specific assets). The pre-tax discount rate used in asset impairment reviews is based on a weighted average cost of capital for comparable companies operating in similar markets and geographies as the Group including, where appropriate, an adjustment for the specific risks associated with the relevant CGU.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out (FIFO) basis. Net realisable value represents the estimated selling price less applicable selling expenses.

Trade Receivables

Trade receivables are initially recognised at fair value and subsequently held at amortised cost, less provision for impairment. If there is objective evidence that the Group will not be able to collect the full amount of the receivable, an impairment is recognised through the Income Statement. Significant financial difficulties of the debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The impairment is calculated as the difference between the carrying value of the receivable and the present value of the related estimated future cash flows, discounted at the original interest rate.

1 Accounting Policies continued

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and other deposits with a maturity of less than three months when deposited.

For the purpose of the Cash Flow Statement, bank overdrafts that form an integral part of the Group's cash management, and are repayable on demand, are included as a component of cash and cash equivalents.

Other bank overdrafts are included within short-term borrowings in the Balance Sheet.

Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

Derivative Financial Instruments and Hedging Activity

The Group may use derivatives to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. Derivatives that qualify for hedge accounting are treated as a hedge of a highly probable forecast transaction (cash flow hedge).

At inception the relationship between the hedging instrument and the hedged item is documented, as is an assessment of the effectiveness of the derivative instrument used in the hedging transaction in offsetting changes in the cash flow of the hedged item. This effectiveness assessment is repeated on an ongoing basis during the life of the hedging instrument to ensure that the instrument remains an effective hedge of the transaction.

1. Derivatives classified as cash flow hedges: the effective portion of changes in the fair value is recognised in Other Comprehensive Income. Any gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

   Amounts recognised in Other Comprehensive Income are recycled to the Income Statement in the period when the hedged item will affect profit or loss. If the hedging instrument expires or is sold, or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Other Comprehensive Income at that time remains in Other Comprehensive Income, and is recognised when the forecast transaction is ultimately recognised in the Income Statement. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in Other Comprehensive Income is immediately transferred to the Income Statement.

2. Derivatives that do not qualify for hedge accounting: these are classified at fair value through profit or loss. All changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement.

Net Investment Hedges

Gains and losses on those hedging instruments designated as hedges of the net investments in foreign operations are recognised in Other Comprehensive Income to the extent that the hedging relationship is effective. Gains and losses accumulated in the foreign currency translation reserve are included in the Income Statement when the foreign operation is disposed of.

Employee Share Schemes

Incentives in the form of shares are provided to employees under share option and restricted share schemes which vest in accordance with non-market conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs in respect of options and awards are charged, including social security taxes, to the Income Statement over the same period with a corresponding liability recognised.

The proceeds received from the exercise of share options, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

Pension Commitments

Group companies operate defined contribution and (funded and unfunded) defined benefit pension plans.

The cost of providing pensions to employees who are members of defined contribution plans is charged to the Income Statement as contributions are made. The Group has no further payment obligations once the contributions have been paid.

The deficit or surplus recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by the yield on high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have a maturity approximating to the terms of the pension obligations. The costs of providing these defined benefit plans are accrued over the period of employment. Actuarial gains and losses are recognised immediately in Other Comprehensive Income.

Where individual pension schemes have an IAS19 surplus this has been recognised as an asset based on an assessment of the likelihood of recovery of the pension asset.

Past-service costs are recognised immediately in profit or loss.

The net interest amount is calculated by applying the discounted rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset.

The net pension plan interest is presented as finance income/expense.

Post-Retirement Benefits Other than Pensions

Some Group companies provide post-retirement medical care to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognised in the Balance Sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date.

1 Accounting Policies continued

Share Capital Transactions

When the Group purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Purchased shares are either held in Treasury, in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled would be transferred from retained earnings to the capital redemption reserve.

Dividend Distribution

Dividends to owners of the Parent Company are recognised as a liability in the period in which the dividends are approved by the Company's Shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Dividend payments are recorded at fair value. Where non-cash dividend payments are made, gains or losses arising as a result of fair value remeasurements are recognised in profit or loss in the same period.

Accounting Estimates and Judgements

In the application of the Group's accounting policies the Directors are required to make a number of judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where there are estimates and judgements disclosed together these have been included in the critical judgements section below.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, that the Directors have made in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the Group's Financial Statements.

- The Group recognises legal and regulatory provisions in line with the Group's provisions policy. The level of provisioning for regulatory civil and/or criminal investigation is an issue where management and legal judgement is important (Note 17). These are valued based on the Directors' best estimates taking into account all available information, external advice and historical experience.
- The Group has identified matters which may incur liabilities in the future, but do not recognise these where it is too early to determine the likely outcome or make a reliable estimate.
- The continuing enduring nature of the Group's brands supports the indefinite life assumption of these assets (refer to Note 9).
- The actual tax paid on profits is determined based on tax laws and regulations that differ across the numerous jurisdictions in which the Group operates. Assumptions are made in applying these laws to the taxable profits in any given period in order to calculate the tax charge for that period. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, the difference will be charged or credited to the income statement in the period in which it is determined (refer to Note 7).
- Assumptions are made as to the recoverability of tax assets especially as to whether there will be sufficient future taxable profits in the same jurisdictions to fully utilise losses in future years (refer to Note 11).
- The Group is subject to tax audits and uncertainties in a number of jurisdictions. The issues involved can be complex and disputes may take a number of years to resolve. Each uncertainty is separately assessed and the provision recognised depends on the specific context of each case. The accounting estimates and judgements considered include:
  - Status of the unresolved matter;
  - Strength of technical argument and clarity of legislation;
  - External advice;
  - Resolution process, past experience and precedence set with the particular taxing authority;
  - Agreements previously reached in other jurisdictions on comparable issues; and
  - Statute of limitations.

Management is of the opinion that the carrying values of the liabilities recognised in respect of these matters represent the most accurate measurement once all facts and circumstances have been taken into account. The liabilities are included in amounts disclosed in Note 21.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

- Estimates of future business performance and cash generation, discount rates and long-term growth rates supporting the net book amount of indefinite life intangible assets at the balance sheet date (refer to Note 9). If the actual results should differ, or changes in expectations arise, impairment charges may be required which would adversely impact operating results.
- Measurement of intangible assets both in business combinations and other asset acquisitions requires the Group to identify such assets. Assumptions and estimates are made about future cash flows and appropriate discount rates to value identified intangible assets (refer to Note 27).
- The Group provides for amounts payable to our trade customers for promotional activity. Where a promotional activity spans across the year end, an accrual is reflected in the consolidated Financial Statements based on our estimation of customer and consumer uptake during the promotional period and the extent to which temporary promotional activity has occurred. Details of trade spend accrued as at year end are provided in Note 20.
- The value of the Group's defined benefit pension plan obligations are dependent on a number of key assumptions. These include assumptions over the rate of increase in pensionable salaries, the discount rate to be applied, the level of inflation and the life expectancy of the schemes members. Details of the key assumptions and the sensitivity of the principal schemes carrying value to changes in the assumptions are set out in Note 22.

2 Operating Segments

The Executive Committee is the Group's Chief Operating Decision Maker ('CODM'). Management has determined the operating segments based on the reports reviewed by the Executive Committee for the purposes of making strategic decisions and assessing performance. The Executive Committee considers the business principally from a geographical perspective, but with Food being managed separately given the significantly different nature of this business and the associated risks and rewards.

In February 2015, the Group announced the reorganisation of its geographical segments into a revised ENA and DvM. ENA comprises Europe, Russia/CIS, Israel, North America, Australia and New Zealand. DvM principally comprises North Africa, Middle East (excluding Israel) and Turkey, Africa, South Asia, North Asia, Latin America, Japan, Korea and ASEAN. Comparative information has been restated on a consistent basis.

The geographical segments derive their revenue primarily from the sale of branded products in the Health, Hygiene and Home categories. Food derives its revenue from food products primarily sold in ENA countries.

The Executive Committee assesses the performance of the operating segments based on Net Revenue from external customers and Adjusted operating profit. Intercompany transactions between operating segments are eliminated. Finance income and expense are not allocated to segments, as they are managed on a central Group basis.

The segment information provided to the Executive Committee for the operating segments for the year ended 31 December is as follows:

Year ended 31 December 2015	**ENA £m**	**DvM £m**	**Food £m**	**Total £m**
Net Revenue	**5,830**	**2,695**	**349**	**8,874**
Depreciation, amortisation and impairment	**104**	**62**	**5**	**171**
Adjusted operating profit	**1,744**	**528**	**102**	**2,374**
Exceptional items				**(133)**
Operating profit				**2,241**
Net finance expense				**(33)**
Profit before income tax				**2,208**

Year ended 31 December 2014[1]	ENA £m	DvM £m	Food £m	Total £m
Net Revenue	5,891	2,629	316	8,836
Depreciation, amortisation and impairment	96	61	4	161
Adjusted operating profit	1,640	460	85	2,185
Exceptional items				(21)
Operating profit				2,164
Net finance expense				(38)
Profit before income tax				2,126

1. As a result of the Group reorganisation, the Group has restated comparative information to reflect results under the new operating structure consistent with reporting to the Executive Committee.

The Executive Committee reviews net working capital by segment and other assets and liabilities on a Group basis. The split of assets and liabilities by segment provided to the Executive Committee is shown below. Assets and liabilities not presented to the Executive Committee are shown below as a reconciling item.

2015	**ENA £m**	**DvM £m**	**Food £m**	**Total £m**
Inventories	**491**	**208**	**22**	**721**
Trade and other receivables	**785**	**474**	**29**	**1,288**
Total segment assets	**1,276**	**682**	**51**	**2,009**
Trade and other payables	**(1,745)**	**(912)**	**(58)**	**(2,715)**

2014[1]	ENA £m	DvM £m	Food £m	Total £m
Inventories	494	252	20	766
Trade and other receivables	821	448	25	1,294
Total segment assets	1,315	700	45	2,060
Trade and other payables	(1,754)	(812)	(64)	(2,630)

1. As a result of the Group reorganisation, the Group has restated comparative information to reflect results under the new operating structure consistent with reporting to the Executive Committee.

2 Operating Segments continued

The assets and liabilities are reported based upon the operations of the segment and the physical location of the asset or liability. There are a number of Group assets and liabilities that are not specifically attributable to one segment. Reconciliation of these assets and liabilities to total assets or liabilities in the Balance Sheet is shown below:

	2015 £m	2014 £m
Inventories for operating segments	721	766
Unallocated:		
Group adjustments	(40)	(21)
Total inventories per the Balance Sheet	681	745
Trade and other receivables for operating segments	1,288	1,294
Unallocated:		
Group items	43	13
Total trade and other receivables per the Balance Sheet	1,331	1,307
Total inventories and trade and other receivables per the Balance Sheet	2,012	2,052
Other unallocated assets	13,256	13,444
Total assets per the Balance Sheet	15,268	15,496
Trade and other payables for operating segments	(2,715)	(2,630)
Unallocated:		
Group items	(233)	(253)
Total trade and other payables per the Balance Sheet	(2,948)	(2,883)
Other unallocated liabilities	(5,414)	(5,779)
Total liabilities per the Balance Sheet	(8,362)	(8,662)

Group adjustments to inventory relate to the elimination of intercompany profit on inventory.

Unallocated assets include goodwill and intangible assets, property, plant and equipment, deferred and current tax, available for sale assets, retirement benefit surplus, other receivables, derivative financial assets, and cash and cash equivalents. Unallocated liabilities include borrowings, provisions for liabilities and charges, current and deferred tax liabilities, other liabilities and retirement benefit obligations.

2 Operating Segments continued

The Company is domiciled in the UK. The split of Net Revenue from external customers and Non-Current Assets (other than financial instruments, deferred tax assets and retirement benefit surplus assets) between the UK, the US (being the single biggest country outside the country of domicile) and that from all other countries is:

2015	UK £m	US £m	All other countries £m	Total £m
Net revenue from continuing operations	**729**	**2,338**	**5,807**	**8,874**
Goodwill and other intangible assets	**1,916**	**4,710**	**4,670**	**11,296**
Property, plant and equipment	**143**	**153**	**434**	**730**
Other non-current receivables	**12**	**38**	**190**	**240**

2014	UK £m	US £m	All other countries £m	Total £m
Net revenue from continuing operations	691	2,089	6,056	8,836
Goodwill and other intangible assets	1,823	4,455	4,974	11,252
Property, plant and equipment	140	147	470	757
Other non-current receivables	2	32	206	240

The Net Revenue from external customers reported on a geographical basis above is measured consistently with that in the operating segments. Major customers are typically large grocery chains, mass markets and multiple retailers. The Group's customer base is diverse with no single external customer accounting for more than 10% of Net Revenue.

Analysis of Categories

The primary analysis within the information provided to the Executive Committee is based on geographical areas above. An analysis of Net Revenue by category is given below.

	Net Revenue	
	2015 £m	2014 £m
Continuing Operations		
Health	**2,942**	2,701
Hygiene	**3,589**	3,627
Home	**1,715**	1,810
Portfolio Brands (including Food)	**628**	698
	8,874	8,836

Health, Hygiene, Home and Portfolio Brands categories are all split across the two geographical segments of ENA and DvM. Food is sold primarily in ENA but is recognised within a separate operating segment.

3 Analysis of Net Operating Expenses

	2015 £m	2014 £m
Distribution costs	**(2,165)**	(2,251)
Research and development	**(140)**	(146)
Other	**(575)**	(528)
Total administrative expenses	**(715)**	(674)
Other net operating income	**8**	14
Exceptional items	**(133)**	(21)
Net operating expenses	**(3,005)**	(2,932)

Net foreign exchange losses of £7 million (2014: £8 million) have been recognised through the Income Statement. These amounts exclude foreign exchange gains and losses recognised directly in the foreign currency translation reserve.

Exceptional Items

	2015 £m	2014 £m
Acquisition, integration and restructuring costs	**76**	62
Loss on disposal of subsidiary	**57**	–
Gain on the sale of property, plant and equipment	**–**	(41)
Total exceptional items	**133**	21

During the year, the Group incurred an exceptional charge of £133 million (2014: £21 million) included within operating expenses, in respect of the following:

- £76 million (2014: £62 million) of costs in relation to the ongoing restructuring of the Group's operations, and the integration of recent acquisitions. Costs incurred in both the current and prior year consist primarily of redundancy, legal and professional fees and business integration costs.
- £57 million (2014: £nil) loss on disposal of Medcom-MP, the entity owning the Russian hospital business. This included a loss of £33 million arising from the recycling, from equity, of previous exchange losses arising on consolidation of the legal entity sold (Note 27).
- £nil (2014: £41 million) a one-off gain arising on a material disposal of fixed assets in relation to Group restructuring.

4 Auditors' Remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's Auditor and its associates.

	2015 £m	2014 £m
Audit services pursuant to legislation:		
Audit of the Group's Annual Report and Financial Statements	**2.0**	1.7
Audit of the Financial Statements of the Group's subsidiaries	**3.6**	4.1
Audit related assurance services	**0.2**	2.7
Total audit and audit related services	**5.8**	8.5
Fees payable to the Company's Auditor and its associates for other services:		
Taxation compliance services	**0.1**	0.2
Taxation advisory services	**1.2**	2.1
Other assurance services	**0.1**	–
All other non-audit services	**–**	–
Total non-audit services	**1.4**	2.3
	7.2	10.8

Included within Audit of the Financial Statements of the Group's subsidiaries is £0.2 million (2014: £0.2 million) in relation to the audit of the Financial Statements of associated pension plans of the Group. In 2014, £0.1 million related to the audit of RB Pharmaceuticals and a further £2.3 million audit-related assurance services for the demerger of RB Pharmaceuticals.

5 Employees

Staff Costs

	Note	2015 £m	2014 £m
The total employment costs, including Directors, were:			
Wages and salaries		**923**	966
Social security costs		**158**	178
Other pension costs	22	**27**	46
Share-based payments	24	**50**	55
		1,158	1,245

In 2014, included within staff costs is £86 million incurred in respect of the pharmaceutical business. This amount is included within Net Income from discontinued operations in the Group Income Statement.

Details of Directors' Emoluments are included in the Directors' Remuneration Report on pages 66 to 84, which forms part of the Annual Report and Financial Statements.

Compensation awarded to key management (the Executive Committee) was:

	2015 £m	2014 £m
Short-term employee benefits	**17**	12
Post-employment benefits	**1**	1
Share-based payments	**22**	20
Termination benefits	**–**	1
	40	34

Termination benefits and share-based payments include contractual commitments made to key management in 2015, comprising cash payments and share awards.

Staff Numbers

The monthly average number of people employed by the Group, including Directors, during the year was:

	2015 '000	2014[1] '000
Continuing operations		
ENA	**15.5**	17.6
DvM	**18.0**	17.7
Other	**1.2**	1.2
Discontinued operations		
RB Pharmaceuticals	**–**	0.7
	34.7	37.2

1 2014 restated for new operating segments.

6 Net Finance Expense

	2015 £m	2014 £m
Finance income		
Interest income on cash and cash equivalents	**21**	27
Total finance income	**21**	27
Finance expense		
Interest payable on borrowings	**(36)**	(38)
Net pension plan interest	**(8)**	(8)
Amortisation of issue costs of bank loans	**(5)**	(8)
Other finance expense	**(5)**	(11)
Total finance expense	**(54)**	(65)
Net finance expense	**(33)**	(38)

7 Income Tax Expense

	2015 £m	2014 £m
Current tax	**483**	549
Adjustment in respect of prior periods	**92**	(22)
Total current tax	**575**	527
Origination and reversal of temporary differences and adjustments in respect of prior periods	**(48)**	(65)
Impact of changes in tax rates	**(64)**	–
Total deferred tax (Note 11)	**(112)**	(65)
Income tax expense	**463**	462

Current tax includes tax incurred by UK entities of £75 million (2014: £73 million). This is comprised of UK corporation tax of £53 million (2014: £37 million) and overseas tax suffered of £22 million (2014: £36 million). UK current tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit for the year, net of relief for overseas taxes where available. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The deferred tax impact of changes in tax rates of £64 million primarily relates to the enactment of reductions in the future UK corporation rate from 20% to 18%. This results in a reduction in closing deferred tax liabilities.

Origination and reversal of temporary differences and adjustments in respect of prior periods includes adjustments in respect of prior periods of £14 million (2014: £29 million).

The total tax charge for the year can be reconciled to the accounting profit as follows:

	2015 £m	2014 £m
Profit before income tax	**2,208**	2,126
Tax at the notional UK corporation tax rate of 20.25% (2014: 21.5%)	**447**	457
Effects of:		
Tax at rates other than the UK corporation tax rate	**(145)**	(177)
Adjustments to amounts carried in respect of unresolved tax matters	**51**	126
Incurrence of tax losses	**5**	1
Withholding and local taxes	**13**	22
Adjustment in respect of prior periods	**106**	7
Impact of changes in tax rates	**(64)**	–
Exceptional items	**19**	(3)
Other permanent differences	**31**	29
Income tax expense	**463**	462

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for the year ended 31 December 2015 are reconciled to an effective UK rate of 20.25% (2014: 21.5%).

The tax charge is expected to be impacted by items in the nature of those listed above for the foreseeable future.

The tax (charge)/credit relating to components of other comprehensive (expense)/income is as follows:

	2015			2014		
	Before tax £m	Tax credit/ (charge) £m	After tax £m	Before tax £m	Tax credit £m	After tax £m
Net exchange losses on foreign currency translation	**(124)**	**–**	**(124)**	(191)	–	(191)
Gains/(losses) on cash flow and net investment hedges	**(34)**	**(1)**	**(35)**	(148)	–	(148)
Reclassification of foreign currency translation reserves on demerger or disposal of foreign operations (Note 3)	**33**	**–**	**33**	(3)	–	(3)
Remeasurement of defined benefit pension plans (Note 22)	**63**	**(17)**	**46**	(105)	30	(75)
Other comprehensive (expense)/income	**(62)**	**(18)**	**(80)**	(447)	30	(417)
Current tax		**4**			–	
Deferred tax (Note 11)		**(22)**			30	
		(18)			30	

The tax related to share-based payments credited/(charged) directly to the Statement of Changes in Equity during the year is as follows:

	2015 £m	2014 £m
Current tax	**5**	14
Deferred tax (Note 11)	**8**	(43)
	13	(29)

8 Earnings per Share

	2015 pence	2014 pence
Basic earnings per share		
From continuing operations	**244.4**	230.7
From discontinued operations	–	216.4
Total basic earnings per share	**244.4**	447.1
Diluted earnings per share		
From continuing operations	**240.9**	227.6
From discontinued operations	–	213.5
Total diluted earnings per share	**240.9**	441.1
Adjusted basic earnings per share		
From continuing operations	**262.4**	233.6
From discontinued operations	–	38.6
Total adjusted basic earnings per share	**262.4**	272.2
Adjusted diluted earnings per share		
From continuing operations	**258.6**	230.5
From discontinued operations	–	38.0
Total adjusted diluted earnings per share	**258.6**	268.5

Basic
Basic earnings per share is calculated by dividing the net income attributable to owners of the parent from continuing operations (2015: £1,743 million; 2014: £1,663 million) and discontinued operations (2015: £nil; 2014: £1,560 million) by the weighted average number of ordinary shares in issue during the year (2015: 713,063,230; 2014: 720,823,744).

Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has the following categories of potentially dilutive ordinary shares: Executive Share Awards (including Executive Share Options and Executive Restricted Share Scheme Awards) and Employee Sharesave Scheme Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 31 December 2015, there were 4 million (2014: 4 million) Executive Share Awards excluded from the dilution because the exercise price for the options was greater than the average share price for the year.

	2015 Average number of shares	2014 Average number of shares
On a basic basis	**713,063,230**	720,823,744
Dilution for Executive Share Awards	**9,680,716**	9,035,862
Dilution for Employee Sharesave Scheme Options outstanding	**802,516**	880,704
On a diluted basis	**723,546,462**	730,740,310

Adjusted Earnings
The Directors believe that diluted earnings per ordinary share, adjusted for the impact of exceptional items after the appropriate tax amount, provides additional useful information on underlying trends to Shareholders in respect of earnings per ordinary share.

Details of the Adjusted Net Income attributable to owners of the parent from continuing and discontinued operations are as follows:

Continuing operations	2015 £m	2014 £m
Net income attributable to owners of the parent from continuing operations	**1,743**	1,663
Exceptional items	**133**	21
Tax effect of exceptional items	**(5)**	–
Adjusted net income attributable to owners of the parent from continuing operations	**1,871**	1,684

Discontinued operations	2015 £m	2014 £m
Net income attributable to owners of the parent from discontinued operations	–	1,560
Exceptional gain on non-cash dividend	–	(1,282)
Tax effect of exceptional items	–	–
Adjusted net income attributable to owners of the parent from discontinued operations	–	278

9 Goodwill and Other Intangible Assets

	Brands £m	Goodwill £m	Software £m	Other £m	Total £m
Cost					
At 1 January 2014	7,717	3,312	76	283	11,388
Additions	1	–	26	15	42
Arising on business combinations	304	23	–	–	327
Disposals	(33)	–	(4)	–	(37)
Divested upon demerger	–	–	–	(179)	(179)
Exchange adjustments	(51)	(53)	(1)	(4)	(109)
At 31 December 2014	**7,938**	**3,282**	**97**	**115**	**11,432**
Additions	–	–	25	–	25
Arising on business combinations	–	6	–	–	6
Disposals	–	–	(1)	–	(1)
Exchange adjustments	31	15	–	(8)	38
At 31 December 2015	**7,969**	**3,303**	**121**	**107**	**11,500**
Accumulated amortisation and impairment					
At 1 January 2014	86	27	20	114	247
Amortisation and impairment charge	3	–	8	33	44
Disposals	–	–	(4)	–	(4)
Divested upon demerger	–	–	–	(102)	(102)
Exchange adjustments	–	(3)	(1)	(1)	(5)
At 31 December 2014	**89**	**24**	**23**	**44**	**180**
Amortisation and impairment charge	3	–	15	15	33
Disposals	–	–	(1)	–	(1)
Exchange adjustments	–	(3)	–	(5)	(8)
At 31 December 2015	**92**	**21**	**37**	**54**	**204**
Net book value					
At 31 December 2014	**7,849**	**3,258**	**74**	**71**	**11,252**
At 31 December 2015	**7,877**	**3,282**	**84**	**53**	**11,296**

The amount stated for brands represents the fair value of brands acquired since 1985 at the date of acquisition. Other includes product registration, and distribution rights.

Software includes intangible assets under construction of £14 million (2014: £7 million).

Included within the 2014 amortisation and impairment charge for the year is £15 million relating to the pharmaceutical business. These amounts are included within Net Income from discontinued operations in the Group Income Statement.

The majority of brands, all of goodwill and certain other intangibles are considered to have indefinite lives for the reasons noted in the Accounting Policies and therefore are subject to an annual impairment review. A number of small non-core brands are deemed to have a finite life and are amortised accordingly.

The net book amounts of indefinite and finite life intangible assets are as follows:

Net book amount	**2015 £m**	2014 £m
Indefinite life assets:		
Brands	**7,857**	7,826
Goodwill	**3,282**	3,258
Other	**40**	40
Total indefinite life assets	**11,179**	11,124
Finite life assets:		
Brands	**20**	23
Software	**84**	74
Other	**13**	31
Total finite life assets	**117**	128
Total net book amount of intangible assets	**11,296**	11,252

Goodwill and other intangible assets with indefinite lives are allocated to either individual cash generating units ('CGUs'), or groups of cash generating units (together 'GCGUs'). The goodwill and intangible assets with indefinite lives are tested for impairment at the level at which identifiable cash inflows are largely independent. Generally this is at a GCGU level, but for certain intangible assets this is at a CGU level.

9 Goodwill and Other Intangible Assets continued

Cash Generating Units

After considering all the evidence available, including how brand and production assets generate cash inflows and how management monitors the business, the Directors have concluded that for the purpose of impairment testing of goodwill and intangible assets, the Group's GCGUs are as follows: Health, Hygiene, Home, and Food.

During the year, the integration of K-Y into the Sexual Wellbeing CGU has largely been completed. As a result, K-Y is tested as part of this CGU. Separate impairment testing was performed immediately prior to integration, at which point it was demonstrated that each CGU held a value in use in excess of its carrying value.

An analysis of the net book value of indefinite life assets and goodwill by GCGU is shown below:

GCGU	Powerbrands	2015 Indefinite life assets £m	2015 Goodwill £m	2015 Total £m	2014 Indefinite life assets £m	2014 Goodwill £m	2014 Total £m
Health[1]	Durex, Gaviscon, Mucinex, Nurofen, Scholl, Strepsils	**5,937**	**3,091**	**9,028**	5,928	3,066	8,994
Hygiene	Bang, Clearasil, Dettol, Finish, Harpic, Lysol, Mortein, Veet	**1,175**	**146**	**1,321**	1,156	147	1,303
Home[2]	Air Wick, Calgon, Vanish, Woolite	**751**	**45**	**796**	750	45	795
Food	French's	**34**	**–**	**34**	32	–	32
		7,897	**3,282**	**11,179**	7,866	3,258	11,124

1. Within the Health GCGU, the cash flows in relation to certain groups of brands are separately identifiable. As a result, the carrying value of these brand-related intangible assets, in conjunction with associated property, plant and equipment, have been tested for impairment as CGUs. This is in addition to the impairment testing over goodwill and indefinite life assets for the wider GCGU. The CGUs tested separately are shown below, all of which fall under the Health GCGU in the above table.
2. Includes Portfolio Brands.

Carrying Value of CGU	2015 £m	2014 £m
Sexual Wellbeing	**2,041**	1,793
K–Y	**–**	304
Oriental Pharma	**118**	117
VMS	**892**	844

Indefinite life assets relating to the Food GCGU are not considered significant relative to the Group's total indefinite life assets. As such the disclosures below do not include discussion on the assumptions specific to Food.

Annual Impairment Review

The annual impairment review of goodwill and indefinite life assets is based on an assessment of each GCGU's or CGU's value in use. Value in use is calculated from cash flow projections, based on historical operating results, short-term budgets, and medium-term business plans, which have each been approved by management and covers a five-year period. These projections exclude any estimated future cash inflows or outflows expected to arise from restructuring not yet implemented.

The value in use calculation is based on the following key assumptions used in the cash flow projections:

- Net Revenue growth based upon forecast future sales volumes and prices, which take account of the expected impact from committed new product initiatives, geographical expansion and the maturity of the markets in which each GCGU or CGU operates;
- Gross Margin based on historical experience adjusted for the impact of forecast production costs, cost optimisation initiatives and changes in product mix; and
- Marketing and other expenditure, reflecting historical experience, expected levels of cost inflation, committed cost saving initiatives and future levels of marketing support required to sustain, grow and further innovate brands.

Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rates stated below. The long-term growth rates applied do not exceed the long-term average growth rate for the products and markets in which the GCGU or CGU operates.

Management has assessed the appropriate discount rate to apply to the cash flow projections for each individual GCGU and CGU. This has been done using a Weighted Average Cost of Capital (WACC) for comparable companies operating in similar markets and geographies as the Group, adjusted for risks specific to each GCGU and CGU.

Due to the wide geographic and product diversification of their respective markets, and the diverse risks associated with a number of GCGUs and CGUs, a pre-tax discount rate of 10% was determined for each of the Health, Hygiene and Home GCGUs as well as the Sexual Wellbeing CGU (2014: 11%).

The VMS and Oriental Pharma CGUs are predominantly concentrated in single markets, being the US and China respectively. A pre-tax discount rate of 13% (2014: 14%) was therefore applied to VMS and 12% (2014: 14%) was applied to Oriental Pharma, to reflect the risks specific to these businesses.

9 Goodwill and Other Intangible Assets continued

GCGU/CGU	**2015** Terminal growth rate %	**2015** Pre-tax discount rate %	2014 Terminal growth rate %	2014 Pre-tax discount rate %
Health	**1–4**	**10**	0–4	11
Hygiene	**0–4**	**10**	0–4	11
Home	**0–2**	**10**	0–2	11
Sexual Wellbeing	**4**	**10**	4	11
Oriental Pharma	**4**	**12**	4	14
VMS	**3**	**13**	3	14

Following the Group's annual impairment review, no impairments have been identified.

Any reasonably possible changes in the key assumptions on which the recoverable amounts of the Health, Hygiene and Home GCGUs, or the Sexual Wellbeing CGU, are based would not imply possible impairments.

With a value in use exceeding its carrying value by £106 million (12%) (2014: £116 million, 14%), the VMS CGU is sensitive to reasonably possible changes in key assumptions. The sensitivity of the recoverable amount has been assessed to identify the impact of reasonably possible changes in assumptions. If all other assumptions were held constant, a reduction in assumed growth rates in the first five years by 20% of those forecast would lead to a reduction in the value in use of this CGU of £61 million. In addition, a further reduction of 100 bps in the terminal growth rate would result in an additional reduction in the value in use of £67 million. Applying these sensitivities together would result in the carrying value of this CGU exceeding its value in use by £22 million.

The value in use of the Oriental Pharma CGU is equal to its carrying value, and as such is also sensitive to changes in key assumptions. If all other assumptions were held constant, a reduction in assumed growth rates in the first five years by 20% of that forecast would lead to a reduction in the value in use of this CGU of £19 million. In addition, a further reduction of 100 bps in the terminal growth rate would result in an additional reduction in the value in use of £9 million. Applying these sensitivities together would result in the carrying value of this CGU exceeding its value in use by £28 million.

10 Property, Plant and Equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2014	576	1,322	1,898
Additions	7	151	158
Disposals	(30)	(50)	(80)
Divested upon demerger	–	(18)	(18)
Reclassifications	22	(22)	–
Exchange adjustments	(44)	(193)	(237)
At 31 December 2014	**531**	**1,190**	**1,721**
Additions	15	139	154
Disposals	(10)	(60)	(70)
Reclassifications	39	(39)	–
Exchange adjustments	(17)	(64)	(81)
At 31 December 2015	**558**	**1,166**	**1,724**
Accumulated depreciation and impairment			
At 1 January 2014	224	913	1,137
Charge for the year	26	107	133
Disposals	(20)	(41)	(61)
Divested upon demerger	–	(14)	(14)
Exchange adjustments	(39)	(192)	(231)
At 31 December 2014	**191**	**773**	**964**
Charge for the year	30	107	137
Disposals	(8)	(50)	(58)
Impairment losses	5	5	10
Exchange adjustments	(8)	(51)	(59)
At 31 December 2015	**210**	**784**	**994**
Net book value			
As at 31 December 2014	**340**	**417**	**757**
As at 31 December 2015	**348**	**382**	**730**

The net book amount of assets under construction is £57 million (2014: £78 million). Assets under construction are included within plant and equipment and are not depreciated.

10 Property, Plant and Equipment continued

The reclassification from plant and equipment to land and buildings of £39 million (2014: £22 million) shows the transfer of completed assets.

Impairment losses of £10 million (2014: £nil) have been charged to exceptional items as they relate to ongoing restructuring of the Group's operations.

Capital expenditure which was contracted but not capitalised at 31 December 2015 was £44 million (2014: £27 million).

11 Deferred Tax

Deferred tax assets	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2014	9	(13)	43	–	8	47
(Charged)/credited to the Income Statement	(1)	4	11	–	–	14
Credited to Other Comprehensive Income	–	–	–	–	4	4
Exchange differences	(1)	(1)	(2)	–	–	(4)
At 31 December 2014	7	(10)	52	–	12	61
(Charged)/credited to the Income Statement	–	(13)	22	–	–	9
Charged to Other Comprehensive Income	–	–	(6)	–	–	(6)
Exchange differences	–	3	(9)	–	(1)	(7)
At 31 December 2015	**7**	**(20)**	**59**	**–**	**11**	**57**

Deferred tax liabilities	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2014	20	2,024	(276)	(10)	(56)	1,702
(Credited)/charged to the Income Statement	(6)	(1)	(55)	–	14	(48)
Credited to Other Comprehensive Income	–	–	–	–	(26)	(26)
Charged directly to equity	–	–	43	–	–	43
Arising on demerger	–	(4)	54	–	–	50
Exchange differences	1	21	8	–	(2)	28
At 31 December 2014	15	2,040	(226)	(10)	(70)	1,749
(Credited)/charged to the Income Statement	(1)	(66)	(45)	(1)	10	(103)
(Credited)/charged to Other Comprehensive Income	–	–	(3)	–	19	16
Credited directly to equity	–	–	(8)	–	–	(8)
Arising on acquisition	–	6	–	–	–	6
Exchange differences	–	37	(2)	–	(3)	32
At 31 December 2015	**14**	**2,017**	**(284)**	**(11)**	**(44)**	**1,692**

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority.

Certain deferred tax assets in respect of corporation tax losses and other temporary differences totalling £98 million (2014: £137 million) have not been recognised at 31 December 2015 as the likelihood of future economic benefit is not sufficiently assured. These assets will be recognised if utilisation of the losses and other temporary differences becomes sufficiently probable.

No deferred tax liability has been recognised on the unremitted earnings of overseas subsidiaries as no tax is expected to be payable on them in the foreseeable future based on the current repatriation policy of the Group.

12 Inventories

	2015 £m	2014 £m
Raw materials and consumables	**144**	157
Work in progress	**23**	28
Finished goods and goods held for resale	**514**	560
Total inventories	**681**	745

The total cost of inventories recognised as an expense and included in cost of sales amounted to £3,431 million (2014: £3,526 million). This includes inventory write offs and losses of £51 million (2014: £58 million).

The Group inventory provision at 31 December 2015 was £63 million (2014: £81 million).

13 Trade and Other Receivables

Amounts falling due within one year	2015 £m	2014 £m
Trade receivables	**1,190**	1,069
Less: Provision for impairment of receivables	**(26)**	(33)
Trade receivables – net	**1,164**	1,036
Other receivables	**129**	233
Prepayments and accrued income	**38**	38
	1,331	1,307

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015 £m	2014 £m
Sterling	**109**	167
Euro	**248**	261
US dollar	**359**	236
Brazil real	**89**	95
Other currencies	**526**	548
	1,331	1,307

The maximum exposure to credit risk at the year end is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

a Trade Receivables
Trade receivables consist of a broad cross-section of our international customer base for whom there is no significant history of default. The credit risk of customers is assessed at a subsidiary and Group level, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors.

As at 31 December 2015, trade receivables of £126 million (2014: £72 million) were past due but not impaired. The ageing analysis of trade receivables past due but not impaired is as follows:

Amounts past due but not impaired	2015 £m	2014 £m
Up to 3 months	**126**	72

As at 31 December 2015, trade receivables of £55 million (2014: £70 million) were considered to be partially impaired. The amount of provision at 31 December 2015 was £26 million (2014: £33 million). It was assessed that a portion of the receivables is expected to be recovered due to the nature and historical collection of trade receivables. The ageing analysis of these receivables is as follows:

Ageing analysis of amounts impaired	2015 £m	2014 £m
Up to 3 months	**34**	50
Over 3 months	**21**	20
	55	70

The movement in the provision for impaired receivables consists of increases for additional provisions offset by receivables written off and unused provision released back to the Income Statement. The gross movements in the provision are considered to be insignificant.

b Other Receivables
Other Receivables include recoverable sales tax of £59 million (2014: £121 million). This contains £5 million (2014: £6 million) of impaired assets all aged over three months from a broad range of countries within the Group.

Other Non-Current Receivables
Non-current other receivables at 31 December 2015 were £240 million (2014: £240 million). This includes a prepayment of £143 million (2014: £194 million) for an option to acquire legal title to intellectual property relating to our three year collaboration with Bristol-Myers Squibb entered into in May 2013 and exercisable at the end of the collaboration period in 2016, subject to certain payments. This is in addition to the £311 million upfront payment paid in 2013.

In addition, the balance includes an insurance receivable of £36 million (2014: £nil) in respect of a legal provision held by the Group (Note 17). The remaining balance relates to other non-current prepayments, and receivables due after one year.

14 Financial Instruments and Financial Risk Management

Financial Instruments by Category

At 31 December 2015	Loans and receivables £m	Derivatives used for hedging £m	Fair value through the P&L £m	Available for sale £m	Carrying value total £m	Fair value total £m
Assets as per the Balance Sheet						
Short-term deposits[1]	–	–	–	–	–	–
Trade and other receivables[2]	1,328	–	–	–	1,328	1,328
Derivative financial instruments – FX forward exchange contracts	–	38	83	–	121	121
Cash and cash equivalents	740	–	–	–	740	740

	Derivatives used for hedging £m	Fair value through the P&L £m	Other financial liabilities at amortised cost £m	Carrying value total £m	Fair value total £m
Liabilities as per the Balance Sheet					
Borrowings (excluding finance lease obligations and bond)[3]	–	–	1,748	1,748	1,748
US$1 billion bond (two tranches of US$500 million at 2.125% and 3.625% respectively)[4]	–	–	671	671	683
Finance lease obligations[3]	–	–	1	1	1
Derivative financial instruments – FX forward exchange contracts	19	3	–	22	22
Trade and other payables[5,6]	–	–	2,801	2,801	2,801
Other non-current liabilities[5]	–	–	2	2	2

At 31 December 2014	Loans and receivables £m	Derivatives used for hedging £m	Fair value through the P&L £m	Available for sale £m	Carrying value total £m	Fair value total £m
Assets as per the Balance Sheet						
Short-term deposits[1]	–	–	–	1	1	1
Trade and other receivables[2]	1,288	–	–	–	1,288	1,288
Derivative financial instruments – FX forward exchange contracts	–	15	115	–	130	130
Cash and cash equivalents	917	–	–	–	917	917

	Derivatives used for hedging £m	Fair value through the P&L £m	Other financial liabilities at amortised cost £m	Carrying value total £m	Fair value total £m
Liabilities as per the Balance Sheet					
Borrowings (excluding finance lease obligations and bond)[3]	–	–	1,934	1,934	1,934
US$1 billion bond (two tranches of US$500 million at 2.125% and 3.625% respectively)[4]	–	–	634	634	660
Finance lease obligations[3]	–	–	4	4	4
Derivative financial instruments – FX forward exchange contracts	11	18	–	29	29
Trade and other payables[5]	–	–	2,675	2,675	2,675
Other non-current liabilities[5, 6]	–	–	44	44	44

1. These short-term deposits do not meet the requirements to be classified as cash equivalents as they have maturities greater than three months. They are however highly liquid assets.
2. Prepayments and employee benefit assets are excluded from the trade and other receivables balance as the analysis above is required only for financial instruments.
3. The categories in this disclosure are determined by IAS 39. Borrowings largely relate to Commercial Paper. As at 31 December 2015 the Group had Commercial Paper in issue amounting to US$2,522 million (nominal values) at rates of between 0.23% and 0.92% with maturities ranging from 11 January 2016 to 10 November 2016. Finance leases are outside the scope of IAS 39, but they remain within the scope of IFRS 7. Therefore finance leases have been shown separately.
4. The fair value of bonds at 31 December 2015 is a liability of £683 million (2014: £660 million). This value is derived using a quoted market rate in an active market (level 1 classification).
5. Social security liabilities and other employee benefit liabilities are excluded as the analysis above is required only for financial instruments.
6. Included in trade and other payables is £25 million (2014: £28 million – other non-current liabilities) relating to the acquisition of the remaining shareholding of RB and Manon Business Co. Ltd.

All material financial instruments, with the exception of the bond, are in level 2 of the IFRS 13 fair value hierarchy. Fair value for financial instruments held at amortised cost has been estimated by discounting cash flows at prevailing interest rates and by applying year end exchange rates. The fair value measurement hierarchy levels have been defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
3. Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The fair value of forward foreign exchange contracts at 31 December 2015 is a liability of £22 million (2014: £29 million) and an asset of £121 million (2014: £130 million). This value is determined using forward exchange rates derived from market sourced data at the balance sheet date, with the resulting value discounted back to present value (level 2 classification).

As the value of level 3 instruments at 31 December 2015 is not material (2014: not material), no further level 3 disclosures have been made. There have been no movements of financial instruments between levels (2014: nil).

14 Financial Instruments and Financial Risk Management continued

Offsetting Financial Assets and Financial Liabilities

The Group has forward foreign exchange contracts and cash that are subject to enforceable master netting arrangements.

(a) Financial assets

As at 31 December 2015	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the balance sheet £m	Net amounts of financial assets presented in the balance sheet £m	Financial instruments not set off in the balance sheet £m	Net amount £m
Forward foreign exchange contracts	**121**	**–**	**121**	**(22)**	**99**
Cash and cash equivalents	**740**	**–**	**740**	**–**	**740**
	861	**–**	**861**	**(22)**	**839**

As at 31 December 2014	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the balance sheet £m	Net amounts of financial assets presented in the balance sheet £m	Financial instruments not set off in the balance sheet £m	Net amount £m
Forward foreign exchange contracts	130	–	130	(24)	106
Cash and cash equivalents	917	–	917	–	917
	1,047	–	1,047	(24)	1,023

(b) Financial liabilities

As at 31 December 2015	Gross amounts of recognised financial liabilities £m	Gross amounts of recognised financial assets set off in the balance sheet £m	Net amounts of financial liabilities presented in the balance sheet £m	Financial instruments not set off in the balance sheet £m	Net amount £m
Forward foreign exchange contracts	**(22)**	**–**	**(22)**	**22**	**–**
Bank overdrafts	**(3)**	**–**	**(3)**	**–**	**(3)**
	(25)	**–**	**(25)**	**22**	**(3)**

As at 31 December 2014	Gross amounts of recognised financial liabilities £m	Gross amounts of recognised financial assets set off in the balance sheet £m	Net amounts of financial liabilities presented in the balance sheet £m	Financial instruments not set off in the balance sheet £m	Net amount £m
Forward foreign exchange contracts	(29)	–	(29)	24	(5)
Bank overdrafts	(4)	–	(4)	–	(4)
	(33)	–	(33)	24	(9)

Financial Risk Management

The Group's multinational operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates (foreign exchange risk), market prices, interest rates, credit risks and liquidity. The Group has in place a risk management programme that uses foreign currency financial instruments, including debt, and other instruments, to limit the impact of these risks on the financial performance of the Group.

The Group's financing and financial risk management activities are centralised into Group Treasury (GT) to achieve benefits of scale and control. GT manages financial exposures of the Group centrally in a manner consistent with underlying business risks. GT manages only those risks and flows generated by the underlying commercial operations and speculative transactions are not undertaken.

The Board of Directors reviews and agrees policies, guidelines and authority levels for all areas of Treasury activity and individually approves significant activities. GT operates under the close control of the CFO and is subject to periodic independent reviews and audits, both internal and external.

14 Financial Instruments and Financial Risk Management continued

1. Market Risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's policy is to align interest costs and operating profit of its major currencies in order to provide some protection against the translation exposure on foreign currency profits after tax. The Group may undertake borrowings and other hedging methods in the currencies of the countries where most of its assets are located.

It is the Group's policy to monitor and only where appropriate hedge its foreign currency transaction exposure. These transaction exposures arise mainly from foreign currency receipts and payments for goods and services and from the remittances of foreign currency dividends and loans.

The local business units enter into forward foreign exchange contracts with GT to manage these exposures where practical and allowed by local regulations. GT matches the Group exposures, and hedges the position where possible, using spot and forward foreign currency exchange contracts.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2015 was £5,606 million payable (2014: £4,337 million payable).

As at 31 December 2015, the Group designated bonds totalling US$1,000 million (£671 million) as the hedging instrument in a net investment hedge relationship. The hedged risk is the foreign exchange currency risk on the value of the Group's net investment in assets and liabilities denominated in US dollars. The net gain or loss under this arrangement is recognised in Other Comprehensive Income. The net effect on Other Comprehensive Income for the year ended 31 December 2015 was a £49 million loss (2014: £137 million loss). If Sterling strengthens/weakens by 5% against the US dollar, the impact on Shareholders' equity due to net investment hedging would be £36 million. The Group's strategy is to minimise Income Statement volatility by monitoring foreign currency exposures arising on intercompany balances, external financing, and external hedging arrangements. The Group's hedging profile is regularly reviewed to ensure it is appropriate and to mitigate these risks as far as possible.

The Group held forward foreign exchange contracts denominated as cash flow hedges primarily in Euro, US dollars, Sterling, Australian dollars, Canadian dollars and Brazilian real. Notional value of the payable leg resulting from these financial instruments was as follows:

Cash Flow Hedge Profile	**2015 £m**	2014 £m
Euro	**597**	432
US dollars	**396**	154
Sterling	**163**	153
Australian dollars	**118**	73
Canadian dollars	**74**	15
Brazilian real	**70**	17
Other	**405**	511
	1,823	1,355

These forward foreign exchange contracts are expected to mature over the period January 2016 to March 2017 (2014: January 2015 to February 2016).

The ineffective portion recognised in the Income Statement arising from cash flow hedges is immaterial (2014: immaterial).

Gains and losses recognised in the hedging reserve in Other Comprehensive Income on forward exchange contracts in 2015 of £14 million gain (2014: £11 million loss) are recognised in the Income Statement in the year or years during which the hedged forecast transaction affects the Income Statement, which is generally within 12 months from the Balance Sheet date.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the Balance Sheet.

In the case of cash flow hedges, these are denominated in a diverse range of currencies, where a fluctuation in one individual currency relationship, with all others held constant, does not have a significant effect on the Income Statement or Shareholders' equity. A fluctuation analysis has been performed for all currencies. The four largest currency pairs and their potential fluctuations are as Euro/US dollar, Euro/Sterling, Euro/Polish zloty and Euro/Australian dollar. If the Euro had strengthened/weakened by 5% against any of the stated currencies, with all other variables held constant, the impact on Shareholders' equity would have been a maximum of £31 million (2014: £2 million). As at 31 December 2015 if all other currencies had strengthened/weakened by 5% against Sterling with all other variables held constant, this would have had an immaterial effect on the Income Statement or Shareholders' equity (2014: immaterial).

The remaining major monetary financial instruments (liquid assets, receivables, interest and non-interest bearing liabilities) are directly denominated in the functional currency of the Group or are transferred to the functional currency of the local entity through the use of derivatives.

The gains and losses from fair value movements on derivatives held at fair value through the profit and loss, recognised in the Income Statement was a £75 million gain (2014: £116 million gain).

(b) Price risk

Due to the nature of its business the Group is exposed to commodity price risk related to the production or packaging of finished goods, such as oil related, and a diverse range of other raw materials. This risk is, however, managed primarily through medium-term contracts with certain key suppliers and is not therefore viewed as being a material risk.

14 Financial Instruments and Financial Risk Management continued

(c) Cash flow and fair value interest rate risk

The Group has both interest-bearing and non interest-bearing assets and liabilities. The Group monitors its interest income and expense rate exposure on a regular basis. The Group manages its interest income rate exposure on its gross financial assets by using a combination of fixed rate term deposits.

Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on the Income Statement of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies, calculated on a full year and pre-tax basis.

The scenarios are only run for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the Income Statement of a 50 basis-point shift in interest rates would be a maximum increase of £5 million (2014: £7 million) or decrease of £5 million (2014: £7 million) respectively for the liabilities covered. The simulation is done on a periodic basis to verify that the maximum loss simulated is within the limit given by management.

2. Credit Risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. The credit quality of trade and other receivables is detailed in Note 13. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The Group uses BBB and higher rated counterparties to manage risk, and operationally only uses sub BBB rated counterparties by exception. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the Board of Directors. Derivative financial instruments are only traded with counterparties approved in accordance with the approved policy. Derivative risk is measured using a risk weighting method.

The table below summarises the Group's major financial institution counterparties by credit rating (lower of S&P and Moody's) and balances (cash and cash equivalents, derivative financial instruments, deposits) at the balance sheet date.

	2015			2014		
Counterparty	**Credit rating**	**Limit £m**	**Exposure £m**	Credit rating	Limit £m	Exposure £m
Bank A	**AA–**	**200**	**150**	AA–	200	139
Bank B	**AAA**	**300**	**133**	AAA	300	199
Bank C	**A+**	**150**	**117**	A+	150	77
Bank D	**A**	**125**	**118**	A	125	111
Bank E	**A–**	**75**	**93**	A–	75	43
Bank F	**A**	**125**	**93**	A+	150	102
Bank G	**A–**	**75**	**58**	A	125	55
Bank H	**A+**	**150**	**44**	A+	150	117
Bank I	**BBB+**	**50**	**36**	A–	75	10
Bank J	**A**	**125**	**24**	A+	150	32

3. Liquidity Risk

Cash flow forecasting is performed by the local business units and on an aggregated basis by GT. GT monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Funds over and above those required for short-term working capital purposes by the local businesses are generally remitted to GT. The Group uses the remittances to settle obligations, repay borrowings, or, in the event of a surplus, invest in short-term instruments issued by institutions with a BBB rating or better.

The Group has various borrowing facilities available to it. The Group has bilateral credit facilities with high-quality international banks. All of these facilities have similar or equivalent terms and conditions, and have a financial covenant, which is not expected to restrict the Group's future operations.

At the end of 2015, the Group had, in addition to its long-term debt of £671 million (2014: £636 million), committed borrowing facilities totalling £3,500 million (2014: £3,500 million), of which £3,500 million exceeded 12 months' maturity (2014: £3,500 million). Of the total facilities at the year end, £nil (2014: £nil) was utilised. The committed borrowing facilities, together with available uncommitted facilities and central cash and investments, are considered sufficient to meet the Group's projected cash requirements.

The undrawn committed facilities available, in respect of which all conditions precedent have been met at the balance sheet date, were as follows:

	2015 £m	2014 £m
Undrawn committed borrowing facilities:		
Expiring within one year	**–**	–
Expiring between one and two years	**–**	–
Expiring after more than two years	**3,500**	3,500
	3,500	3,500

All borrowing facilities are at floating rates of interest.

The facilities have been arranged to cover general corporate purposes including support for commercial paper issuance. All facilities incur commitment fees at market rates.

14 Financial Instruments and Financial Risk Management continued

Headroom between net debt and available facilities at 31 December 2015 was £1,880 million (2014: £1,957 million).

The Group's borrowing limit at 31 December 2015 calculated in accordance with the Articles of Association was £63,399 million (2014: £63,186 million).

The table below analyses the Group's financial liabilities and the derivatives which will be settled on a net basis into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date, including interest to be paid.

At 31 December 2015	**Total £m**	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Commercial paper	**(1,712)**	**(1,712)**	**–**	**–**	**–**
Bonds	**(799)**	**(20)**	**(20)**	**(383)**	**(376)**
Other borrowings	**(43)**	**(43)**	**–**	**–**	**–**
Trade payables	**(981)**	**(981)**	**–**	**–**	**–**
Other payables	**(1,822)**	**(1,820)**	**(2)**	**–**	**–**

At 31 December 2014	Total £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Commercial paper	(1,926)	(1,926)	–	–	–
Bonds	(774)	(18)	(18)	(370)	(368)
Other borrowings	(17)	(15)	–	(2)	–
Trade payables	(990)	(990)	–	–	–
Other payables	(1,735)	(1,685)	(50)	–	–

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period between the Balance Sheet and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date.

At 31 December 2015	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Forward exchange contracts				
Outflow	**(5,602)**	**(4)**	**–**	**–**
Inflow	**5,693**	**4**	**–**	**–**

At 31 December 2014	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Forward exchange contracts				
Outflow	(4,328)	(9)	–	–
Inflow	4,424	9	–	–

4. Capital Management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents, short-term available for sale financial assets and financing derivative financial instruments (Note 16). Total equity includes share capital, reserves and retained earnings as shown in the Group Balance Sheet.

	2015 £m	2014 £m
Net debt (Note 16)	**1,620**	1,543
Total equity	**6,906**	6,834
	8,526	8,377

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

In maintaining an appropriate capital structure and providing returns for Shareholders, the Company provided returns to Shareholders in 2015 in the form of dividends and the buy back of shares. Refer to Notes 29 and 23 respectively.

The Group monitors net debt and at year end the Group had net debt of £1,620 million (2014: £1,543 million). The Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility.

Notes to the Financial Statements continued

15 Cash and Cash Equivalents

	2015 £m	2014 £m
Cash at bank and in hand	**334**	329
Short-term bank deposits	**406**	588
Cash and cash equivalents	**740**	917

The Group operates in a number of territories where there are either foreign currency exchange restrictions, or where it is difficult for the Group to extract cash readily and easily in the short-term. As a result, £65 million (2014: £89 million) of cash included in cash and cash equivalents is restricted for use by the Group.

16 Financial Liabilities – Borrowings

Current	2015 £m	2014 £m
Bank loans and overdrafts[1]	**42**	13
Commercial paper[2]	**1,706**	1,921
Finance lease obligations	**1**	2
	1,749	1,936

Non-current	2015 £m	2014 £m
Bonds	**671**	634
Finance lease obligations	**–**	2
	671	636

1. Bank loans are denominated in a number of currencies: all are unsecured and bear interest based on the relevant LIBOR equivalent.
2. Commercial paper was issued in US dollars, is unsecured and bears interest based on the relevant LIBOR equivalent.

Maturity of debt	2015 £m	2014 £m
Bank loans and overdrafts repayable:		
Within one year or on demand	**42**	13
Other borrowings repayable:		
Within one year:		
Commercial paper	**1,706**	1,921
Finance leases	**1**	2
Between two and five years:		
Bonds	**337**	318
Finance leases (payable by instalments)	**–**	2
Over five years:		
Bonds	**334**	316
	2,378	2,559
Gross borrowings (unsecured)	**2,420**	2,572

Analysis of net debt	2015 £m	2014 £m
Cash and cash equivalents	**740**	917
Overdrafts	**(3)**	(4)
Borrowings (excluding overdrafts)	**(2,417)**	(2,568)
Current available for sale financial assets	**–**	1
Derivative financial instruments	**60**	111
Net debt at end of year	**(1,620)**	(1,543)

Reconciliation of net debt	2015 £m	2014 £m
Net debt at beginning of year	**(1,543)**	(2,096)
Net (decrease)/increase in cash and cash equivalents	**(148)**	190
Proceeds from borrowings	**(23)**	–
Repayment of borrowings	**165**	485
Proceeds from borrowings attributable to discontinued operations	**–**	(481)
Borrowings divested upon demerger	**–**	467
Exchange and other movements	**(71)**	(108)
Net debt at end of year	**(1,620)**	(1,543)

17 Provisions for Liabilities and Charges

	Legal provisions £m	Restructuring provisions £m	Other provisions £m	Total provisions £m
At 1 January 2014	286	24	61	371
Charged to the Income Statement	10	4	24	38
Charged to equity	–	–	413	413
Arising on business combination	–	–	5	5
Utilised during the year	(53)	(14)	(325)	(392)
Released to the Income Statement	(15)	–	(4)	(19)
Divested upon demerger	(25)	–	–	(25)
Exchange adjustments	(2)	(1)	2	(1)
At 31 December 2014	201	13	176	390
Charged to the Income Statement	18	33	24	75
Charged to equity	–	–	800	800
Separate recognition of related insurance receivable	36	–	–	36
Utilised during the year	(95)	(13)	(815)	(923)
Released to the Income Statement	(18)	–	(16)	(34)
Exchange adjustments	(1)	–	1	–
At 31 December 2015	**141**	**33**	**170**	**344**

Provisions have been analysed between current and non-current as follows:

	2015 £m	2014 £m
Current	**229**	317
Non-current	**115**	73
	344	390

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated.

Legal provisions of £141 million (2014: £201 million) include exceptional legal provisions of £116 million (2014: £158 million) in relation to a number of historic regulatory investigations, predominantly competition law inquiries, by various government authorities in a number of markets. Amounts utilised during the year primarily relate to cases that were settled with government authorities, subject to appeal.

The restructuring provision relates principally to redundancies, the majority of which is expected to be utilised within one year.

Other provisions include obligations of the Group to acquire its own equity ordinary shares of £100 million (2014: £100 million) within one year, onerous lease provisions expiring between 2016 and 2018 and environmental and other obligations throughout the Group, the majority of which are expected to be used within five years. Provisions to acquire equity ordinary shares are charged to equity.

During the year the Group concluded it would be more appropriate to present the amount recoverable from insurers separately from the related obligation. Accordingly a non-current receivable of £36 million has been recognised (Note 13), with an equal increase in the related provision.

18 Operating Lease Commitments

Future minimum lease payments under non-cancellable operating leases due	**2015 £m**	2014 £m
Within one year	**49**	59
Later than one and less than five years	**95**	79
After five years	**9**	13
	153	151

Operating lease rentals charged to the Income Statement in 2015 were £60 million (2014: £69 million).

As at 31 December 2015, total amounts expected to be received under non-cancellable sub-lease arrangements were £1 million (2014: £2 million).

Amounts credited to the Income Statement in respect of sub-lease arrangements were £1 million (2014: £1 million).

19 Contingent Liabilities

The Group is involved in a number of civil and/or criminal investigations by government authorities as well as litigation proceedings and has made provisions for such matters where appropriate. Where it is too early to determine the likely outcome of such matters, or to make a reliable estimate, the Directors have made no provision for such potential liabilities. Matters in relation to which the Group may incur liabilities include ongoing investigations by the US Department of Justice and the US Federal Trade Commission and others in relation to certain matters relating to the RB Pharmaceuticals business prior to its demerger in December 2014 to form Indivior PLC.

The Group from time to time is involved in disputes in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case.

20 Trade and Other Payables

	2015 £m	2014 £m
Trade payables	**981**	990
Other payables	**159**	121
Other tax and social security payable	**97**	164
Accruals	**1,711**	1,608
	2,948	2,883

Other payables include £39 million (2014:£nil) primarily relating to the acquisition of the remaining shareholding of RB and Manon Business Co. Ltd.

Included within accruals is £526 million (2014: £467 million) in respect of amounts payable to our trade customers for trade spend.

Other non-current liabilities relate primarily to US employee related payables of £25 million (2014: £32 million) and consideration for the acquisition of businesses of £nil (2014: £39 million).

21 Current and Non-Current Tax Liabilities

	2015 £m	2014 £m
Current tax liabilities	**(91)**	(124)
Non-current tax liabilities	**(559)**	(500)
Total current and non-current tax liabilities	**(650)**	(624)

Included in total current and non-current tax liabilities is an amount of £619 million (2014: £611 million) which relates to tax contingencies primarily arising in relation to transfer pricing and financing. These balances are subject to significant management judgement. The operating risk in relation to tax laws and regulations is discussed on pages 160 to 161.

The Accounting Estimates and Judgements on page 106 describe the significant judgements made in estimating the impact of uncertain tax positions.

22 Pension and Post-Retirement Commitments

Plan Details

The Group operates a number of defined benefit and defined contribution pension plans around the world covering many of its employees, which are principally funded. The Group's most significant defined benefit pension plan (the Reckitt Benckiser Pension Fund) is a final salary plan, which closed to new entrants in 2005. Trustees of the plan are appointed by the Group, active members and pensioner membership, and are responsible for the governance of the plan, including paying all administrative costs and compliance with regulations. The plan is funded by the payment of contributions to the plan's Trust, which is a separate entity from the rest of the Group.

The Group also operates a number of other post-retirement plans in certain countries. The major plan is in the US (US Retiree Health Care Plan), where salaried participants become eligible for retiree health care benefits after they reach a combined 'age and years of service rendered' figure of 70, although the age must be a minimum of 55. This plan closed to new members in 2009. A Benefits Committee of the plan is appointed by the Group, and is responsible for the governance of the plan, including paying all administrative costs and compliance with regulations. This plan is unfunded.

The following table provides details of membership for all plans in the two principal territories:

Plan details at last valuation date	UK	US
Active Participants:		
Number of members	365	1,878
Proportion of funding liability	13%	32%
Total pensionable salary roll	£15.3m	£50.5m
Participants with deferred benefits:		
Number of members	5,510	2,759
Proportion of funding liability	37%	24%
Total deferred pensions (at date of leaving plan)	£17.9m	£2.7m
Participants receiving benefits:		
Number of members	6,876	3,895
Proportion of funding liability	50%	44%
Total pensions in payment	£42.5m	£7.3m

22 Pension and Post-Retirement Commitments continued

For the principal UK plan, a full independent actuarial valuation is carried out on a triennial basis. The most recent valuation was carried out at 5 April 2013 and as a result of this the Group agreed that it would aim to eliminate the pension plan Technical Provisions deficit in the UK by the end of 2016. In between valuations, the funding levels are monitored on an annual basis. The current agreed contribution rate for future benefit build up in the principal UK Plan is 19.5% of pensionable salaries. It is expected that contributions in 2016 will be £27 million to the principal UK Plan. The Group will review expected contributions once the 5 April 2016 actuarial valuation is signed off by the Group and Trustees.

For the US Retiree Health Care Plan, a full independent actuarial valuation is carried out on an annual basis. The most recent valuation was carried out at 1 January 2015. Funding levels are monitored on an annual basis with contributions made equal to the claims made each year. It is expected that contributions in 2016 will be £6 million to the Plan.

For the purpose of IAS 19 the projected unit valuation method was used for the UK and US plans, rolling forward the UK plan triennial valuation results (at 5 April 2013) and the 1 January 2015 US plan valuation to 31 December 2015. The UK plans have a weighted average duration of the deferred benefit obligation of 17.6 years (2014: 17.9 years).

Significant Actuarial Assumptions

The significant actuarial assumptions used in determining the Group's net liability for the two major plans as at 31 December were:

	2015		2014	
	UK %	**US (Medical) %**	UK %	US (Medical) %
Rate of increase in pensionable salaries	**3.3**	**–**	3.3	–
Rate of increase in deferred pensions during deferment	**3.1**	**–**	3.1	–
Rate of increase in pension payments	**2.9**	**–**	2.9	–
Discount rate	**3.8**	**4.2**	3.5	3.9
Inflation assumption – RPI	**3.3**	**–**	3.3	–
Annual medical cost inflation	**–**	**5.0–8.5**	–	5.0–9.0

Assumptions regarding future mortality experience are set in accordance with published statistics and experience in each territory. The expected lifetime of a participant aged 60 and the expected lifetime of a participant who will be age 60 in 15 years (20 years in the US) are detailed below:

	2015		2014	
	UK years	**US years**	UK years	US years
Number of years a current pensioner is expected to live beyond 60:				
Male	**28.6**	**25.7**	28.5	26.1
Female	**30.6**	**27.9**	30.5	28.6
Number of years a future pensioner is expected to live beyond 60:				
Male	**30.4**	**27.5**	30.3	27.9
Female	**32.4**	**29.7**	32.3	30.3

For the UK plan, the mortality assumptions were based on the standard SAPS mortality table with medium cohort improvements to 2009 (scaled by 90% for males and 100% for females). Allowance for future improvements is made by adopting the 2012 edition of the CMI series with a long-term trend of 1.5% per annum. For the US plan the mortality assumptions were determined using the RP-2014 Total Employee and Health Annuitant Mortality Tables rolled back to 2006 and projected with Mortality Improvement Scale MP-2015.

22 Pension and Post-Retirement Commitments continued

Amounts Recognised on the Balance Sheet

The amounts recognised in the Balance Sheet are as follows:

	2015 £m	2014 £m
Balance Sheet obligations for:		
UK	–	(61)
US (Medical)	(122)	(145)
Other	(135)	(132)
Liability in Balance Sheet	(257)	(338)
Balance Sheet assets for:		
UK	33	–
Other	30	26
Asset in Balance Sheet	63	26
Net pension liability	(194)	(312)

Where individual pension schemes have an IAS 19 surplus this has been recognised as an asset based on an assessment of the likelihood of recovery of the pension asset.

The funded and unfunded amounts recognised in the balance sheet are determined as follows:

	2015				2014			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Present value of funded obligations	(1,322)	–	(302)	(1,624)	(1,400)	–	(293)	(1,693)
Fair value of plan assets	1,355	–	321	1,676	1,339	–	311	1,650
Surplus/(deficit) of funded plans	33	–	19	52	(61)	–	18	(43)
Present value of unfunded obligations	–	(122)	(124)	(246)	–	(145)	(124)	(269)
Net pension asset/(liability)	33	(122)	(105)	(194)	(61)	(145)	(106)	(312)

Group plan assets are comprised as follows:

	2015				2014			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Equities – quoted	407	–	166	573	393	–	177	570
Government bonds	521	–	21	542	531	–	7	538
Corporate bonds	266	–	57	323	261	–	63	324
Real Estate/property – unquoted	150	–	1	151	138	–	10	148
Other assets – unquoted	11	–	76	87	16	–	54	70
Fair value of plan assets	1,355	–	321	1,676	1,339	–	311	1,650

22 Pension and Post-Retirement Commitments continued

The movement in the Group's net liability is as follows:

	Present value of obligation				Fair value of plan assets			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
At 1 January 2014	1,223	117	369	1,709	(1,155)	–	(303)	(1,458)
Current service cost	9	2	7	18	–	–	–	–
Interest expense/(income)	53	6	12	71	(51)	–	(12)	(63)
	62	8	19	89	(51)	–	(12)	(63)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	(124)	–	4	(120)
Loss from changes in demographic assumptions	11	–	5	16	–	–	–	–
Loss from change in financial assumptions	155	20	29	204	–	–	–	–
Experience losses	–	2	3	5	–	–	–	–
	166	22	37	225	(124)	–	4	(120)
Exchange differences	–	5	–	5	–	–	(4)	(4)
Contributions – employees	1	–	–	1	(1)	–	–	(1)
Contributions – employers	–	–	–	–	(60)	(7)	(4)	(71)
Payments from plans:								
Benefit payments	(52)	(7)	(8)	(67)	52	7	8	67
At 1 January 2015	**1,400**	**145**	**417**	**1,962**	**(1,339)**	**–**	**(311)**	**(1,650)**
Current service cost	8	2	12	22	–	–	–	–
Curtailment (gains)/losses	–	(19)	–	(19)	–	–	–	–
Interest expense/(income)	48	6	10	64	(46)	–	(10)	(56)
	56	(11)	22	67	(46)	–	(10)	(56)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	35	–	(6)	29
(Gain)/loss from changes in demographic assumptions	–	(9)	2	(7)	–	–	–	–
(Gain)/loss from change in financial assumptions	(75)	(5)	(1)	(81)	–	–	–	–
Experience (gains)/losses	(5)	(1)	2	(4)	–	–	–	–
	(80)	(15)	3	(92)	35	–	(6)	29
Exchange differences	–	10	2	12	–	–	(8)	(8)
Contributions – employees	–	–	–	–	–	–	–	–
Contributions – employers	–	–	–	–	(59)	(7)	(4)	(70)
Payments from plans:								
Benefit payments	(54)	(7)	(18)	(79)	54	7	18	79
As at 31 December 2015	**1,322**	**122**	**426**	**1,870**	**(1,355)**	**–**	**(321)**	**(1,676)**

The curtailment gain arose on the Group making certain amendments during the year to the US Medical Plan.

22 Pension and Post-Retirement Commitments continued

Amounts Recognised in the Income Statement

The charge for the year ended 31 December is shown below:

Income statement charge/(credit) included in operating profit for[1]:	2015 £m	2014 £m
Defined contribution plans	24	28
Defined benefit plans (net charge/(credit) excluding interest)		
UK	8	9
US (Medical)	(17)	2
Other	12	7
Total pension costs recognised in operating profit (Note 5)	27	46
Income statement charge included in finance expense (Note 6)	8	8
Income statement charge included in profit before income tax	35	54
Remeasurement (gains)/losses for:		
UK	(45)	42
US (Medical)	(15)	22
Other	(3)	41
	(63)	105

1 The Income Statement charge included within operating profit includes current service cost, past service costs and gains and losses on settlement and curtailment.

Sensitivity of Significant Actuarial Assumptions

The sensitivity of the UK defined benefit obligation to changes in the principal assumptions is shown below:

2015	Change in assumption	Change in defined benefit obligation
Discount rate	**Increase 0.1%**	**Decrease by 1.8%**
RPI increase	**Increase 0.1%**	**Increase by 1.4%**
Life expectancy	**Members younger by 1 year**	**Increase by 2.3%**

2014	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.8%
RPI increase	Increase 0.1%	Increase by 1.4%
Life expectancy	Members younger by 1 year	Increase by 2.3%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Impact of Medical Cost Trend Rates

A 1% change in the assumed health care cost trend rates would have the following effects:

	Impact on defined benefit obligation			
	2015		2014	
	+1% £m	–1% £m	+1% £m	–1% £m
Effect on service cost and interest cost	1	(1)	2	(1)
Effect on post-retirement benefit obligation	19	(15)	25	(20)

Risk and Risk Management

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility: The plan obligations are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. Both the UK and US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the obligations. All the UK plans have agreed with the Company a plan to de-risk the investment strategy of the plans at a pace that is commensurate with a planned return to full funding over a reasonable time scale. The de-risking plan provides for a proportion of the investment portfolio to move from equity holdings to government and corporate bonds over time. The corporate bonds are global securities with an emphasis on the UK and US. However, the Group believes that due to the long-term nature of the plan obligations and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Changes in Bond Yields: A decrease in government and corporate bond yields will increase plan obligations, although this will be partially offset by an increase in the value of the plans' bond holdings.

22 Pension and Post-Retirement Commitments continued

Inflation Risk: Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher obligations (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit. In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the member. Whilst the plans allow for an increase in life expectancy, increases above this assumption will result in an increase in the plans' obligations. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

Change in Regulations: The Group is aware that future changes to the regulatory framework may impact the funding basis of the various plans in the future. The Group's pensions department monitors the changes in legislation and analyses the risks as and when they occur.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets consists of quoted equities and quoted bonds, although the Group also invests in property, and cash. The Group believes that quoted equities offer the best returns over the long-term with an acceptable level of risk. The Trustees of all the UK funds have moved the overwhelming majority of their assets to low cost investment funds in consultation with the Company whilst maintaining a prudent diversification.

23 Share Capital

Issued and fully paid	Equity ordinary shares number	Nominal value £m	Subscriber ordinary shares number	Nominal value £m
At 1 January 2014	736,535,179	74	2	–
Cancelled	–	–	(2)	–
At 31 December 2014	**736,535,179**	**74**	**–**	**–**
At 1 January 2015	736,535,179	74	–	–
At 31 December 2015	**736,535,179**	**74**	**–**	**–**

The holders of ordinary shares (par value 10p) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company.

The holders of subscriber ordinary shares (par value £1) have no entitlement to dividends. Holders have no right to attend or vote at any general meeting of the Company unless a resolution is proposed to wind up the Company or vary the rights attached to the subscriber shares. During 2014, all subscriber ordinary shares were cancelled.

Allotment of Ordinary Shares and Release of Treasury Shares

During the year nil ordinary shares (2014: nil ordinary shares) were allotted and 3,111,173 ordinary shares were released from Treasury (2014: 4,775,359) to satisfy vestings/exercises under the Group's various share schemes as follows:

Ordinary shares of 10p	**2015** Number of shares	**2015** Consideration £m	2014 Number of shares	2014 Consideration £m
Executive Share Options – exercises	**1,532,150**	**45**	3,502,236	106
Restricted Shares Awards – vesting	**530,992**	**–**	1,000,381	–
Total under Executive Share Option and Restricted Share Schemes	**2,063,142**	**45**	4,502,617	106
Senior Executives Share Ownership Policy Plan – vesting	**23,270**	**–**	50,000	–
Savings-Related Share Option Schemes – exercises	**1,024,761**	**29**	222,742	6
Total	**3,111,173**	**74**	4,775,359	112

Market Purchases of Shares

During 2015 the Company purchased 13,615,832 equity ordinary shares in accordance with its share buyback programme (2014: 6,000,000), all of which are held as Treasury shares. The total amount paid to acquire the shares was £800 million (£804 million including stamp duty) which has been deducted from Shareholders' equity (2014: £314 million including stamp duty).

3,111,173 Treasury shares were released in 2015 (2014: 4,775,359), leaving a balance held at 31 December 2015 of 28,462,150 (2014: 17,957,491). Proceeds received from the reissuance of Treasury shares to exercise share options were £74 million (2014: £112 million). In addition, a provision for £100 million (2014: £100 million) was created for buyback amounts committed but not transacted at year end.

24 Share-Based Payments

The Group operates a number of incentive schemes, including a share option scheme, a restricted share scheme, and other share award schemes. All schemes are equity settled. The charge for share-based payments for the year was £50 million (2014: £55 million).

Executive Share Awards

Executive share awards, comprising both Executive Share Options and Restricted Share Awards, are awarded to the "Top400" management group. Executive Share Options are awarded at an exercise price determined on grant date and become payable on exercise – following satisfaction of performance criteria. Restricted Share Awards entitle the recipient to receive shares at no cost following satisfaction of the following performance criteria:

24 Share-Based Payments continued

For awards granted before December 2012:

Adjusted earnings per share growth over three years (%)	<6%	6%	7%	8%	≥9
Proportion of awards vesting (%)	Nil	40%	60%	80%	100%

For awards granted in December 2013 and thereafter:

Adjusted earnings per share growth over three years (%)	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

The cost is spread over the three years of the performance period. For Executive Committee and "Top40" members vesting conditions must be met over the three-year period and are not retested. For remaining "Top400" members the targets can be retested after four or five years. If any target has not been met any remaining shares or options which have not vested will lapse.

Other Share Awards

Other share awards represent SAYE Schemes (offered to all staff within the relevant geographic area) and a number of Senior Executive Share Ownership Policy Plan (SOPP) awards. Other share awards have contractual lives of between three and eight years and are generally not subject to any vesting criteria other than the employee's continued employment.

Individual tranches of these other share awards are not material for detailed disclosure and therefore have been aggregated in the tables below.

Modifications to Share Awards

The Remuneration Committee approved modifications to all unexercised share schemes in December 2014 following the demerger of RB Pharmaceuticals to compensate for the loss of scheme value. For SAYE schemes this was in the form of a one-off cash payment. For executive share awards this included an adjustment to shares under the amount of each grant, and the lowering of exercise price, where applicable. There is no change to the IFRS fair value charge as a result of these modifications.

Summary of Shares Outstanding

All outstanding Executive and Other share awards as at 31 December 2015 and 31 December 2014 are included in the tables below which analyse the charge for 2015 and 2014. The Group has used the Black-Scholes model to calculate the fair value of one award on the date of the grant of the award.

Table 1: Fair value

The most significant awards are share options and restricted shares, details of which have been provided below.

					Black-Scholes model assumptions					
Award	Grant date	Exercise price at grant £	Modified exercise price £	Performance period	Share price on grant date £	Volatility %	Dividend yield %	Life years	Risk-free interest rate %	Fair value of one award £
Share options										
2006	05 December 2005	18.10	17.60	2006–08	18.16	22	2.4	4	4.69	3.33
2007	08 December 2006	22.57	21.95	2007–09	23.00	20	2.2	4	4.65	4.23
2008	11 December 2007	29.44	28.63	2008–10	29.72	20	1.8	4	5.53	5.99
2009	08 December 2008	27.29	26.54	2009–11	27.80	25	3.1	4	2.78	4.69
2010	07 December 2009	31.65	30.78	2010–12	31.80	26	3.5	4	1.69	4.70
2011	01 December 2010	34.64	33.68	2011–13	34.08	26	4.3	4	2.16	4.49
2012	05 December 2011	32.09	31.20	2012–14	32.19	25	5.4	4	1.00	3.18
2013	03 December 2012	39.14	38.06	2013–15	39.66	20	4.3	4	0.61	3.29
2014	11 December 2013	47.83	46.51	2014–16	46.69	19	3.7	4	0.76	3.85
2015	01 December 2014	50.57	50.57	2015–17	52.40	17	4.0	4	1.03	4.34
2016	02 December 2015	63.25	63.25	2016–18	64.15	18	2.9	4	1.07	6.75
Restricted shares										
2009	08 December 2008	–	–	2009–11	27.80	25	3.1	4	2.78	24.31
2010	07 December 2009	–	–	2010–12	31.80	26	3.5	4	1.69	27.23
2011	01 December 2010	–	–	2011–13	34.08	26	4.3	4	2.16	28.22
2012	05 December 2011	–	–	2012–14	32.19	25	5.4	4	1.00	25.30
2013	03 December 2012	–	–	2013–15	39.66	20	4.3	4	0.61	32.76
2014	11 December 2013	–	–	2014–16	46.69	19	3.7	4	0.76	39.80
2015	01 December 2014	–	–	2015–17	52.40	17	4.0	4	1.03	43.93
2016	02 December 2015	–	–	2016–18	64.15	18	2.9	4	1.07	57.13

24 Share-Based Payments continued

Table 2: Share awards movements 2015

Award	Options outstanding at 1 Jan 2015 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 Dec 2015 number
		Movement in number of options			
Share options[1]					
2006	106,919	–	–	(106,919)	–
2007	197,892	–	(690)	(83,856)	113,346
2008	446,292	–	–	(164,079)	282,213
2009	495,785	–	–	(176,442)	319,343
2010	843,484	–	–	(305,840)	537,644
2011	1,248,852	41,934	(94,797)	(364,428)	831,561
2012	2,625,715	–	(970,843)	(291,663)	1,363,209
2013	3,050,227	–	(261,506)	(34,753)	2,753,968
2014	3,269,887	823	(369,912)	(823)	2,899,975
2015	4,020,400	6,157	(1,133,286)	–	2,893,271
2016	–	4,020,400	–	–	4,020,400
Restricted shares[1]					
2011	99,788	–	(23,952)	–	75,836
2012	1,217,369	–	(470,892)	(487,006)	259,471
2013	1,433,769	–	(136,062)	(27,535)	1,270,172
2014	1,577,388	–	(171,072)	(16,451)	1,389,865
2015	1,985,200	42,258	(640,687)	–	1,386,771
2016	–	1,985,200	–	–	1,985,200
Other share awards					
UK SAYE	722,696	175,344	(73,642)	(136,445)	687,953
US SAYE	565,286	110,724	(118,170)	(175,655)	382,185
Overseas SAYE	1,897,407	4,782	(131,371)	(712,623)	1,058,195
SOPP	160,000	46,000	(10,000)	(30,000)	166,000
Weighted average exercise price (share options)	**£40.08**	**£62.92**	**£42.27**	**£30.44**	**£46.61**

1 Grant date and exercise price for each of the awards are shown in Table 1.

Table 3: Share awards movements 2014

Award	Options outstanding at 1 Jan 2014 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 Dec 2014 number
		Movement in number of options			
Share options					
2005	113,450	–	–	(113,450)	–
2006	228,300	2,919	–	(124,300)	106,919
2007	318,502	5,281	–	(125,891)	197,892
2008	806,193	12,103	–	(372,004)	446,292
2009	1,095,701	13,385	(100)	(613,201)	495,785
2010	1,798,385	22,778	–	(977,679)	843,484
2011	2,558,032	33,399	(356,038)	(986,541)	1,248,852
2012	2,920,395	71,121	(234,021)	(131,780)	2,625,715
2013	3,320,588	82,862	(295,833)	(57,390)	3,050,227
2014	4,020,400	134,203	(884,716)	–	3,269,887
2015	–	4,020,400	–	–	4,020,400
Restricted shares					
2011	1,113,496	2,858	(153,909)	(862,657)	99,788
2012	1,349,448	33,645	(103,322)	(62,402)	1,217,369
2013	1,617,645	39,617	(148,171)	(75,322)	1,433,769
2014	1,985,200	104,048	(511,860)	–	1,577,388
2015	–	1,985,200	–	–	1,985,200
Other share awards					
UK SAYE	605,988	286,128	(50,552)	(118,868)	722,696
US SAYE	564,477	153,351	(66,851)	(85,691)	565,286
Overseas SAYE	972,385	1,089,425	(146,220)	(18,183)	1,897,407
SOPP	180,000	50,000	(20,000)	(50,000)	160,000
Weighted average exercise price (share options)	£36.57	£49.48	£41.64	£30.30	£40.08

24 Share-Based Payments continued

For options outstanding at the year end the weighted average remaining contractual life is 6.54 years (2014: 5.80 years). Options outstanding at 31 December 2015 that could have been exercised at that date were 3,826,583 (2014: 3,449,012) with a weighted average exercise price of £27.92 (2014: £29.06).

The assumptions made within the valuation calculation with respect to the achievement of performance criteria are based on the Directors' expectations in light of the Group's business model and relevant published targets.

Under the terms of the schemes, early exercise may only be granted in exceptional circumstances and therefore the effect of early exercise is not incorporated into the calculation.

The calculation also assumes that there will be no leavers in the following year. No material modifications have been made to these calculations in 2015 or 2014 for the purposes of the valuation.

An estimate of future volatility is made with reference to historical volatility over a similar time period to the performance period or the contractual life as appropriate. Historical volatility is calculated based on the annualised standard deviation of the Group's daily share price movement, being an approximation to the continuously compounded rate of return on the share.

National Insurance contributions are payable in respect of certain share-based payment transactions and are treated as cash-settled transactions. The contribution in 2015 was £51 million (2014: £38 million).

The weighted average share price for the year was £58.81 (2014: £50.51).

Options and Restricted Shares Granted During the Year

Options and restricted shares granted during the year which may vest or become exercisable at various dates between 2017 and 2020 are as follows:

Executive share option and restricted share schemes	Price to be paid £	Number of shares under option
Reckitt Benckiser 2015 Long-term Incentive Plan – share options	63.25	4,026,400
Reckitt Benckiser Long-term Incentive Plan – restricted shares	–	2,027,400
Reckitt Benckiser Group Senior Executive 2007 Share Ownership Policy Plan	–	46,000
Total		**6,099,800**

Savings-related share option schemes		
UK Scheme	48.71	173,240
US Scheme	48.71	110,762
Overseas Scheme	41.88	–
Total		**284,002**

Options and Restricted Shares Outstanding at 31 December 2015

Options and restricted shares which have vested or may vest at various dates between 2016 and 2021 are as follows:

	Price to be paid £		Number of shares under option	
Executive share option and restricted share schemes	From	To	2015	2014
Reckitt Benckiser 1999 Share Option Plan – Annual Grant	17.60	18.10	**–**	106,919
Reckitt Benckiser Long-term Incentive Plan 2006 – Annual Grant – options	21.95	22.57	**113,346**	197,892
Reckitt Benckiser Long-term Incentive Plan 2007 – Annual Grant – options	26.54	63.25	**15,901,584**	16,000,642
Reckitt Benckiser Long-term Incentive Plan 2007 – Annual Grant – restricted shares	–	–	**6,369,315**	6,313,514
Reckitt Benckiser Senior Executives Share Ownership Policy Plan	–	–	**166,000**	160,000
			22,550,245	22,778,967

	Price to be paid £		Number of shares under option	
Savings-related share option schemes	From	To	2015	2014
UK Scheme	16.90	48.71	**687,953**	722,696
US Scheme	22.88	48.71	**382,185**	565,286
Overseas Scheme	21.95	41.88	**1,058,195**	1,897,407
Total			**2,128,333**	3,185,389

25 Other Reserves

	Hedging reserve £m	Foreign currency translation reserve £m	Total other reserves £m
Balance at 1 January 2014	15	(494)	(479)
Other comprehensive income/(expense)			
Losses on cash flow hedges, net of tax	(11)	–	(11)
Net exchange losses on foreign currency translation, net of tax	–	(190)	(190)
Losses on net investment hedges	–	(137)	(137)
Reclassification of foreign currency translation reserves on demerger of subsidiary	–	(3)	(3)
Total other comprehensive income/(expense) for the year	**(11)**	**(330)**	**(341)**
Balance at 31 December 2014	**4**	**(824)**	**(820)**
Other comprehensive income/(expense)			
Gains on cash flow hedges, net of tax	14	–	14
Net exchange losses on foreign currency translation, net of tax	–	(124)	(124)
Losses on net investment hedges	–	(49)	(49)
Reclassification of foreign currency translation reserves on disposal of subsidiary	–	33	33
Total other comprehensive income/(expense) for the year	**14**	**(140)**	**(126)**
Balance at 31 December 2015	**18**	**(964)**	**(946)**

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedge transactions that are in place at year end.

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the Financial Statements of the Group's foreign operations arising when the Group's entities are consolidated. The reserve also contains the translation of liabilities that hedge the Group's net exposure in a foreign currency.

26 Related Party Transactions

RB & Manon Business

Related to the forward contract to acquire the share capital held by the non-controlling Shareholders of RB & Manon Business Co. Ltd ('Manon'), an additional settlement of £12 million was agreed during the 2015 calendar year which was conditional on completion of the new arrangements. Of this amount, £8 million was included within profit and loss in 2015, with the remainder deferred until 2016. See Note 30 for further details.

Indivior

Subsequent to the demerger of RB Pharmaceuticals on 23 December 2014, the Group continues to lease a building, and provide operational services to Indivior PLC. The transitional services between the Group and Indivior PLC are on an arm's length basis. The amount included in other operating income in respect of these services is £8 million (2014: £nil). Adrian Hennah, the Reckitt Benckiser Group plc CFO, also sits on the Board of Directors of Indivior PLC. It was announced on 11 March 2016 that he would step down from the Indivior Board with effect from 11 May 2016.

Other

Key management compensation is disclosed in Note 5. There are no further related party transactions.

27 Acquisitions and Disposals

In October 2015, in line with RB's continued focus on its core business of Health, Hygiene and Home, the Group disposed of the Medcom hospital business in Russia. The reported loss on sale of the entity was £57 million. This is included within exceptional items. It comprises a £24 million difference between the net sale proceeds and the net assets; and a recycling from reserves of previous exchange losses arising on consolidation of the legal entity sold. Due to the significant devaluation of the Russian rouble since acquisition, the non-cash exchange loss required to be recycled through the Income Statement was £33 million.

In 2014, the Group acquired the K-Y brand and related businesses. This transaction was accounted for under IFRS 3: Business Combinations. The fair values of the identifiable assets and liabilities at the date of acquisition were provisionally estimated and disclosed in the 2014 Annual Report and Financial Statements. In 2015, the provisional values have been finalised leading to a £6 million increase in deferred tax liabilities and a related £6 million increase in Goodwill, 2014 amounts have not been restated.

In 2014, the Group licensed out the Scholl brand for use within the Footwear market and disposed of certain associated operating assets.

28 Demerger of RB Pharmaceuticals

On 23 December 2014, the Group demerged the pharmaceutical business in the form of a dividend in specie. RB Pharmaceuticals was presented as a discontinued operation because it was no longer controlled by the Group.

The transaction was recognised and measured in accordance with IFRIC 17 Distribution of Non-Cash Assets to Owners. This treatment resulted in a gain on the distribution of non-cash assets to its Shareholders.

	2014 £m
Fair value of the dividend paid	1,046
Carrying amount of the net liabilities distributed[1]	292
Net realised losses in other comprehensive income reclassified to the Income Statement	3
Exceptional transaction costs deducted from gain on non-cash dividend paid, net of tax	(59)
Gain on non-cash dividend paid, net of tax	1,282

1 Included within the carrying amount of the net liabilities distributed is £195 million cash and £467 million of debt held by RB Pharmaceuticals on demerger.

The fair value of the dividend was determined by reference to the average closing price of Indivior PLC over the five trading days between 23 December 2014 and 31 December 2014.

Financial information relating to the operations of RB Pharmaceuticals for the period comparative is set out below. The Group Income Statement and Group Cash Flow Statement distinguish discontinued operations from continued operations. Comparative figures have been restated.

The financial performance and cash flow information presented are for the period to 23 December 2014.

For the year ended 31 December	2014 £m
Revenue	677
Expenses	(308)
Profit before income tax	369
Income tax expense	(91)
Net income from discontinued operations	278

The major classes of cash flows related to RB Pharmaceuticals are as follows:

For the year ended 31 December	2014 £m
Cash flows from operating activities	223
Cash flows from investing activities	(16)
Cash flows from financing activities	481
Net increase in cash and cash equivalents from discontinued operations	688

29 Dividends

	2015 £m	2014 £m
Cash dividends on equity ordinary shares:		
2014 Final paid: 75p (2013: Final 77p) per share	**566**	554
2015 Interim paid: 50.3p (2014: Interim 60p) per share	**358**	434
	924	988
Non-cash dividends on equity ordinary shares:		
Fair value of non-cash dividend	–	1,046
Total dividends for the year	**924**	2,034

On 23 December 2014 the pharmaceutical business was demerged by means of a non-cash dividend, granting all Reckitt Benckiser Group plc ordinary Shareholders new shares in the newly formed Indivior PLC. The transaction was recognised and measured in accordance with IFRIC 17 – Distribution of Non-cash Assets to Owners.

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2015 of 88.7p per share which will absorb an estimated £628 million of Shareholders' funds. If approved by Shareholders it will be paid on 26 May 2016 to Shareholders who are on the register on 15 April 2016, with an ex-dividend date of 14 April 2016.

30 Post Balance Sheet Events

Purchase of Hypermarcas' contraceptive unit

On 29 January 2016 the Group signed a definitive agreement, subject to regulatory approval, to acquire Hypermarcas' Brazilian condom and lubricants business. Hypermarcas is the leading Brazilian condom manufacturer, through its three brands – Jontex, Olla and Lovetex.

RB & Manon Business

Subsequent to the year end, on 2 March 2016, the Group completed new arrangements with the non-controlling Shareholders of Manon (the non-controlling Shareholders), agreeing to terminate the existing arrangement, in line with the forward contract entered into in 2011, with RB agreeing to pay consideration totalling approximately £25 million to the non-controlling Shareholders. An additional settlement amount of £12 million was also agreed with the non-controlling Shareholders during 2015 which was conditional on signing of the new arrangements. Of this amount, £8 million was included within profit and loss in 2015, with the remainder deferred until 2016.

Under the terms of the new agreements, the non-controlling Shareholders agreed to invest in two entities, RB (China Trading) Ltd and RB & Manon Business Ltd, thereby acquiring from RB 20% and 25% stakes in these entities respectively, whist retaining their 24.95% stake in Manon, for a combined consideration of approximately £25 million.

As part of the new arrangements, the parties are subject to symmetrical put and call options. Under the put option, the non-controlling Shareholders will have the option to require RB to purchase their shareholdings in each of Manon, RB (China Trading) Ltd and RB & Manon Business Ltd together, after a period of six years, with possible extensions beyond this period available at the agreement of both parties. Under the call option, RB will have the option to acquire each of these shareholdings together, under identical terms to the put option.

Five Year Summary

The five year summary below, is presented on a statutory basis. The years ending 31 December 2013 and 31 December 2014 show the results for continuing operations and exclude the impact of RB Pharmaceuticals. The two preceding years, being the years ending 31 December 2012, and 31 December 2011 reflect the Income Statement of the whole Group.

The balance sheet has not been restated for the impact of discontinued operations.

Income statement	**2015 £m**	2014 £m	2013 £m	2012[3] £m	2011[3] £m
Net revenue	**8,874**	8,836	9,266	9,567	9,485
Operating profit	**2,241**	2,164	1,887	2,442	2,395
Adjusted operating profit	**2,374**	2,185	2,143	2,577	2,487
Exceptional Items	**(133)**	(21)	(256)	(135)	(92)
Operating profit	**2,241**	2,164	1,887	2,442	2,395
Net finance (expense)/income	**(33)**	(38)	(31)	(34)	(19)
Profit before income tax	**2,208**	2,126	1,856	2,408	2,376
Income tax expense	**(463)**	(462)	(453)	(583)	(622)
Attributable to non-controlling interests	**(2)**	(1)	(1)	(4)	(9)
Net income attributable to owners of the parent	**1,743**	1,663	1,402	1,821	1,745
Balance sheet					
Net assets	**6,906**	6,834	6,336	5,922	5,781
Net Working Capital	**(936)**	(831)	(863)	(700)	(701)
Statistics					
Reported basis					
Operating margin	**25.3%**	24.5%	20.4%	25.5%	25.3%
Total interest to operating profit (times covered)	**67.9x**	56.9x	60.9x	71.8x	126.1x
Tax rate	**21.0%**	21.7%	24.4%	24.2%	26.2%
Diluted earnings per share	**240.9p**	227.6p	192.3p	248.4p	237.1p
Dividend cover[1]	**1.7x**	1.6x	1.4x	1.9x	1.9x
Declared dividends per ordinary share	**139p**	139p	137p	134p	125p
Adjusted basis[2]					
Operating margin	**26.8%**	24.7%	23.1%	26.9%	26.2%
Total interest to operating profit (times covered)	**71.9x**	57.5x	69.1x	75.8x	130.9x
Diluted earnings per share	**258.6p**	230.5p	222.1p	263.3p	247.1p
Dividend cover[2]	**1.9x**	1.7x	1.6x	2.0x	2.0x

1. Dividend cover is calculated by dividing earnings/adjusted earnings per share by ordinary dividends per share relating to the year.
2. Adjusted basis is calculated by excluding the exceptional items from net income for the year.
3. Inclusive of RB Pharmaceuticals business.

Parent Company – Independent Auditors' Report to the members of Reckitt Benckiser Group plc

Report on the Parent Company Financial Statements

Our opinion

In our opinion, Reckitt Benckiser Group plc's Parent Company Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Parent Company Balance Sheet as at 31 December 2015;
- the Parent Company Statement of Changes in Equity for the year then ended; and
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the Financial Statements. These are cross-referenced from the Financial Statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Financial Statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Parent Company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Statement of Responsibilities set out on page 88, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Parent Company – Independent Auditors' Report to the members of Reckitt Benckiser Group plc continued

What an audit of Financial Statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter
We have reported separately on the Group Financial Statements of Reckitt Benckiser Group plc for the year ended 31 December 2015.

Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 March 2016

Parent Company Balance Sheet

As at 31 December	Notes	2015 £m	2014 £m
Fixed Assets			
Investments	2	**14,810**	14,774
Current Assets			
Debtors due within one year	3,6	**95**	131
Debtors due after one year	4,6	**42**	5
Cash and cash equivalents	6	**1**	–
		138	136
Current Liabilities			
Creditors due within one year	5,6	**(8,685)**	(6,994)
Net Current Liabilities		**(8,547)**	(6,858)
Total Assets less Current Liabilities		**6,263**	7,916
Provisions for Liabilities and Charges	7	**(211)**	(165)
Net Assets		**6,052**	7,751
EQUITY			
Capital and Reserves			
Share capital	8	**74**	74
Share premium		**243**	243
Retained earnings		**5,735**	7,434
Total Equity		**6,052**	7,751

The Financial Statements on pages 141 to 157 were approved by the Board of Directors on 22 March 2016 and signed on its behalf by:

ADRIAN BELLAMY
Director

RAKESH KAPOOR
Director

Parent Company Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2014	74	243	8,586	8,903
Comprehensive income				
Profit for financial year	–	–	1,128	1,128
Total comprehensive income	**–**	**–**	**1,128**	**1,128**
Transactions with owners				
Treasury shares reissued	–	–	112	112
Share-based payments	–	–	10	10
Shares repurchased and held in Treasury	–	–	(413)	(413)
Capital contribution in respect of share-based payments	–	–	45	45
Cash dividends	–	–	(988)	(988)
Non-cash dividends	–	–	(1,046)	(1,046)
Total transactions with owners	**–**	**–**	**(2,280)**	**(2,280)**
Balance at 31 December 2014	**74**	**243**	**7,434**	**7,751**
Comprehensive expense				
Loss for the financial year	–	–	(90)	(90)
Total comprehensive expense	**–**	**–**	**(90)**	**(90)**
Transactions with owners				
Treasury shares reissued	–	–	74	74
Share-based payments	–	–	9	9
Shares repurchased and held in Treasury	–	–	(804)	(804)
Capital contribution in respect of share-based payments	–	–	36	36
Cash dividends	–	–	(924)	(924)
Total transactions with owners	**–**	**–**	**(1,609)**	**(1,609)**
Balance at 31 December 2015	**74**	**243**	**5,735**	**6,052**

Reckitt Benckiser Group plc has £5,282 million (2014: £7,025 million) of its retained earnings available for distribution.

Details of Treasury shares and other equity transactions are included in Note 23 of the Group Financial Statements.

Notes to the Parent Company Financial Statements

1 Parent Company Accounting Policies
The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General Information and Basis of Accounting
Reckitt Benckiser Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 166. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 45.

Statement of Compliance
The Financial Statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council and in accordance with the Companies Act 2006. There has been no impact on the first-time adoption of FRS 102. The policies applied under FRS 102 are not materially different to the entity's previous accounting framework and have not impacted on equity or comprehensive income or expense.

The functional currency of Reckitt Benckiser Group plc is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by s.408 of the Companies Act 2006, a Statement of Comprehensive Income is not presented for Reckitt Benckiser Group plc.

Going Concern
The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Company Financial Statements.

Exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of the exemptions to, and no objection to their use by, the Company's Shareholders.

The Company has taken advantage of the following exemptions:
(i) from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Group Cash Flow Statement, included in these Financial Statements, includes the Company's cash flows;
(ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Foreign Currency Translation
Transactions denominated in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Taxation
The tax charge/credit is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable.

A net deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on an undiscounted basis.

Fixed Assets
Fixed asset investments are stated at cost less impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with Section 27, 'Impairment of Assets'.

Employee Share Schemes
Incentives in the form of shares are provided to employees under share option and restricted share schemes which vest in accordance with non-market conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in comprehensive income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs in respect of options and awards are charged, including social security taxes, to the Statement of Comprehensive Income over the same period with a corresponding liability recognised over the same period with a corresponding liability recognised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company Financial Statements.

1 Parent Company Accounting Policies continued

Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to and from related parties. These transactions are initially recognised at cost and subsequently recognised at amortised cost.

(i) Financial Assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Provisions

Provisions are recognised when the Company has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated.

Share Capital Transactions

When the Company purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Purchased shares are either held in Treasury in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled is transferred from retained earnings.

Dividends

Dividends payable are recognised when they meet the criteria for a present obligation (i.e. when they have been approved).

Accounting Estimates and Judgements

In the application of the Company's accounting policies the Directors are required to make a number of estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgements made in applying the Company's accounting policies:

- The Company recognises legal and regulatory provisions in line with the Group's provisions policy. The level of provisioning for regulatory, civil and/or criminal investigation is an issue where management and legal judgement is important.

2 Fixed Asset Investments

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2014	14,729
Additions during the year	554
Demerger of subsidiary during the year	(509)
At 31 December 2014	**14,774**
Additions during the year	36
At 31 December 2015	**14,810**
Provision for impairment	
At 1 January 2014	–
Provided for during the year	–
At 31 December 2014	**–**
Provided for during the year	–
At 31 December 2015	**–**
Net book amounts	
At 31 December 2014	14,774
At 31 December 2015	**14,810**

2 Fixed Asset Investments continued

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

As part of the internal reorganisation in 2014, Reckitt Benckiser Pharmaceuticals Inc, was made a direct investment of Reckitt Benckiser Group plc prior to demerger.

The subsidiary undertakings as at 31 December 2015, are shown in Note 15 of the Company Financial Statements.

With the exception of Reckitt Benckiser plc, none of the subsidiaries are held directly by Reckitt Benckiser Group plc. All subsidiaries have a financial year ending 31 December with the exception of Reckitt Benckiser (India) Limited which has a year ending 31 March and Lloyds Pharmaceuticals which has a year ending 24 August.

3 Debtors due within one year

	2015 £m	2014 £m
Amounts owed by Group undertakings	**95**	131

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand.

4 Debtors due after more than one year

	2015 £m	2014 £m
Other debtors	**36**	–
Deferred tax assets	**6**	5
	42	5

Other debtors includes an insurance receivable of £36 million (2014: £nil) in respect of a legal provision held by the Company in Note 7. Deferred tax assets consist of short-term timing differences.

5 Creditors due within one year

	2015 £m	2014 £m
Amounts owed to Group undertakings	**8,677**	6,989
Taxation and social security	**8**	5
	8,685	6,994

Included in the amounts owed to Group undertakings is an amount of £8,669 million (2014: £6,989 million) which is unsecured, carries interest at 3 month LIBOR and is repayable on demand. All other amounts owed to Group undertakings are unsecured, interest free and are repayable on demand.

6 Financial Instruments

	2015 £m	2014 £m
Financial Assets		
Financial assets that are debt instruments measured at amortised cost	**95**	131
Cash and cash equivalents	**1**	–
Financial Liabilities		
Financial liabilities at amortised cost	**8,677**	6,989

7 Provisions for Liabilities and Charges

	Legal provisions £m	Share buyback provisions £m	Total provisions £m
At 1 January 2014	222	–	222
Charged to equity	–	413	413
Divested upon demerger	(15)	–	(15)
Utilised during the year	–	(313)	(313)
Released to the Statement of Comprehensive Income	(142)	–	(142)
At 31 December 2014	**65**	**100**	**165**
Charged to the Statement of Comprehensive Income	10	–	10
Charged to equity	–	800	800
Separate recognition of related insurance receivable	36	–	36
Utilised during the year	–	(800)	(800)
At 31 December 2015	**111**	**100**	**211**

7 Provisions for Liabilities and Charges continued

Provisions have been analysed between current and non-current as follows:

	2015 £m	2014 £m
Current	**155**	165
Non-current	**56**	–
	211	165

Provisions are recognised when the Company has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated.

Legal provisions include indemnities provided by the Company. Legal provisions released during the year relate to those for which an indemnity is no longer required.

For details of the share buyback provision during 2015 refer to Note 17 of the Group Financial Statements.

During the year, the Company concluded it would be more appropriate to present the amount recoverable from insurers separately from the related obligation. Accordingly a debtor due after more than one year of £36 million has been recognised (Note 4), with an equal increase in the related provision.

8 Share Capital

Issued and fully paid	Equity ordinary shares	Nominal value £m
At 1 January 2015	**736,535,179**	**74**
Allotments	–	–
At 31 December 2015	**736,535,179**	**74**
Cancelled	–	–
At 31 December 2015	**736,535,179**	**74**

For details of the share buyback programme of ordinary shares during 2015 refer to Note 23 of the Group Consolidated Financial Statements.

The holders of ordinary shares (par value 10p) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company.

9 Share-Based Payments

Reckitt Benckiser Group plc has two employees, the Group's CEO and CFO. The tables below include details of their share awards granted to individuals whilst holding these roles, and those for any individuals previously holding these roles. Details of their share awards that are not fully vested are set out in the Directors' Remuneration Report. The charge for share-based payments for the year was £9 million (2014: £10 million) and national insurance contributions were £8 million (2014: £5 million). See page 77.

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to the All employee and Key employee schemes.

The fair value of awards with options outstanding at 31 December 2015 is shown in Note 24 of the Group Financial Statements.

Table 1. Share awards movements 2015

			Movement in number of options				
Award	Grant date	Fair value of one award £	Options outstanding at 1 Jan 2015 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 Dec 2015 number
Share options							
2012	05 December 2011	3.18	411,286	–	(246,772)	–	164,514
2013	03 December 2012	3.29	503,806	–	–	–	503,806
2014	11 December 2013	3.85	503,809	–	–	–	503,809
2015	01 December 2014	4.34	490,000	–	–	–	490,000
2016	02 December 2015	6.75	–	490,000	–	–	490,000
Restricted shares							
2012	05 December 2011	25.30	205,643	–	(123,385)	(82,258)	–
2013	03 December 2012	32.76	251,913	–	–	–	251,913
2014	11 December 2013	39.80	293,042	–	–	–	293,042
2015	01 December 2014	43.93	285,000	–	–	–	285,000
2016	02 December 2015	57.13	–	285,000	–	–	285,000
Other share awards							
UK SAYE	04 September 2013	7.53	403	–	–	–	403
UK SAYE	01 September 2015	10.70	–	307	–	–	307
Weighted average exercise price (share options)			**£39.97**	**£63.25**	**£32.09**	**£0.00**	**£48.10**

9 Share-Based Payments continued

Table 2. Share awards movements 2014

Award	Grant date	Fair value of one award £	Options outstanding at 1 Jan 2014 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 Dec 2014 number
			Movement in number of options				
Share options							
2012	05 December 2011	3.18	436,346	11,286	(36,346)	–	411,286
2013	03 December 2012	3.29	490,000	13,806	–	–	503,806
2014	11 December 2013	3.85	490,000	13,809	–	–	503,809
2015	01 December 2014	4.34	–	490,000	–	–	490,000
Restricted shares							
2011	01 December 2010	28.22	18,173	–	(18,173)	–	–
2012	05 December 2011	25.30	207,372	5,643	(4,423)	(2,949)	205,643
2013	03 December 2012	32.76	245,000	6,913	–	–	251,913
2014	11 December 2013	39.80	285,000	8,042	–	–	293,042
2015	01 December 2014	43.93	–	285,000	–	–	285,000
Other share awards							
UK SAYE	04 September 2006	6.61	1,011	–	–	(1,011)	–
UK SAYE	04 September 2013	7.53	403	–	–	–	403
Weighted average exercise price (share options)			**£39.97**	**£49.72**	**£32.09**	**£16.90**	**£42.02**

Further details of the share awards relating to the relevant Directors are set out in the Directors' Remuneration Report on pages 66 to 84. For details of the contractual life, performance criteria, valuation assumptions and volatility of the share awards, please refer to Note 24 of the Group Financial Statements.

For options outstanding at year end the weighted average remaining contractual life of the outstanding options is 7.21 years (2014: 6.38 years). The weighted average share price for the year was £58.81 (2014: £50.51).

10 Auditors' Remuneration

The fee charged for the statutory audit of the Company was £0.05 million (2014: £0.05 million).

11 Related Party Transactions

Adrian Hennah, the Reckitt Benckiser Group plc CFO, also sits on the Board of Directors of Indivior PLC. It was announced on 11 March 2016 that he would step down from the Indivior Board with effect from 11 May 2016.

There were no transactions with related parties other than wholly owned companies within the Group.

The Company has taken advantage of the requirements in Section 33, 'Related Party Disclosures' to not disclose key management personnel compensation.

12 Contingent Liabilities

The Company has issued a guarantee to the Trustees of the Reckitt Benckiser Pension Fund covering the obligations of certain UK subsidiaries of the Group who are the sponsoring employers of the UK defined benefit pension fund. The guarantee covers any amounts due to the pension fund from these subsidiaries if they fail to meet their pension obligations.

The Company has also issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a US$1 billion bond (two tranches of US$500 million). Details are included in Note 14 of the Group Financial Statements.

The Company has also issued other guarantees relating to subsidiary undertakings amounting to £1 million (2014: £1 million).

Other contingent liabilities are disclosed in Note 19 of the Group Financial Statements.

13 Dividends

During 2015 the Directors declared an interim cash dividend of 50.3p (2014: 60p) and proposed a final cash dividend of 88.7p (2014: 79p).

For further details, refer to Note 29 of the Group Financial Statements.

14 Post Balance Sheet Events

There are no post balance sheet events to disclose.

15 Subsidiary Undertakings

The subsidiary undertakings as at 31 December 2015, all of which are included in the Group Financial Statements, are shown below.

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
0730033 BC Ltd	CANADA	550 Burard Street Suite 2300, Vancouver, BC, V6C 2B5, Canada	COMMON	100.00%
103-105 Bath Road Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Airwick Industrie SAS	FRANCE	15 Rue Ampere, 91300 Massy, France	ORD	100.00%
Anhui Guilong Pharmaceutical Trading Company Ltd	CHINA	Dangtu Economic Development Zone, Maanshan City, Anhui Province, China	ORD	100.00%
Beleggingsmaatschappij Lemore BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Benckiser	UK	4th Floor, 115, George Street, Edinburgh, EH2 4JN, Scotland	ORD	100.00%
Brevet Hospital Products (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
British Surgical Industries Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Canterbury Square Holdings Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Central Square Holding BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Crookes Healthcare Limited	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Crookes Healthcare Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Cupal Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Dakin Brothers Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Dorincourt Holdings (Ireland) Limited	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Durex Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Earex Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
ERH Propack Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Fenla Industria, Comercio e Administracao Ltda	BRAZIL	Rodovia Raposo Tavares, 8015, km 18, Jardim Arpoador, CEP 05577-900, Sao Paulo, Brazil	ORD	100.00%
Gainbridge Investments (Cyprus) Ltd	CYPRUS	1 Lampousas Street, P.C. 1095, Nicosia, Cyprus	ORD	100.00%
Glasgow Square Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Green, Young & Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Grosvenor Square Holding BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Guilong Pharmaceutical (Anhui) Co. Ltd	CHINA	Dangtu Economic Development Zone, Maanshan City, Anhui Province, China	ORD	100.00%
Guilong Pharmaceutical (Anhui) Co. Ltd – Xiamen Branch	CHINA	11F New Port Plaza, 10 Hubinbei Road, Xiamen, China	–	100.00%
Hamol Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Helpcentral Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Howard Lloyd & Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
J. and J. Holdings Limited	GUERNSEY	Royal Chambers, St. Julians Avenue, St Peter Port, Guernsey, GY1 4AF	ORD	100.00%
Kukident GmbH	GERMANY	Heinestrasse 9, 69469 Weinheim, Germany	ORD	100.00%
Lancaster Square Holdings SL	SPAIN	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
LI Pensions Trust Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Linden Germany A Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Linden Germany A Limited – Netherlands Branch	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	–	100.00%
Linden Germany B Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Linden Germany B Limited – Netherlands Branch	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	–	100.00%
Lloyds Pharmaceuticals	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
London International Group Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
London International Trading Asia Ltd	HONG KONG	Units 1503-7, 15th Floor, Millennium City 6, 392 Kwun Tong, Kowloon, Hong Kong	ORD	100.00%
LRC Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
LRC North America Inc	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	COMMON	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
LRC Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
LRC Products Limited – Australian Branch	AUSTRALIA	44 Wharf Road, West Ryde, NSW 2114, Australia	–	100.00%
LRC Secretarial Services Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Maddison Square Holding BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Medcom LLC	BELARUS	220108, Minsk, Kazintsa, 121A, app.450, Belarus	ORD	100.00%
Medcom Marketing and Prodazha Ukraine LLC	UKRAINE	1 Block, 120 40-Richchia Zhovtnia Ave., Kiev, 03127, Ukraine	ORD	100.00%
New Bridge Holdings BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
New Bridge Street Invoicing Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Norwich Square Holding SL	SPAIN	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
Nurofen Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Open Championship Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Optrex Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Oriental Medicine Company Limited	HONG KONG	Units 1503-7, 15th Floor, Millennium City 6, 392 Kwun Tong, Kowloon, Hong Kong	ORD	100.00%
Oxy Reckitt Benckiser LLC	SOUTH KOREA	24th Floor Two IFC, 10 Gukjegeumyung-ro, Youngdeungpo-gu, Seoul, 150-945 South Korea	ORD	100.00%
Paras Global FZE	DUBAI	Sheikh Zayed Road, 8.5 Interchange, Dubai, United Arab Emirates	ORD	100.00%
Paras Inc	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	COMMON	100.00%
Paras Overseas Holding Limited	DUBAI	Sheikh Zayed Road, 8.5 Interchange, Dubai, United Arab Emirates	ORD	100.00%
Pharmalab Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Prebbles Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/DEF	100.00%
Propack Australia Pty Limited	AUSTRALIA	44 Wharf Road, West Ryde, NSW 2114, Australia	ORD	100.00%
Propack GmbH	GERMANY	Dr. Albert-Reimann-Strasse 3, 68526 Ladenburg, Germany	ORD	100.00%
Pt Reckitt Benckiser (Indonesia)	INDONESIA	Artha Graha Building, 11th Floor, Jalan Jendral Sudirman Kav 52-53, Jakarta 12190, Indonesia	ORD	100.00%
Pt Reckitt Benckiser Trading Indonesia	INDONESIA	Artha Graha Building, 11th Floor, Jalan Jendral Sudirman Kav 52-53, Jakarta 12190, Indonesia	ORD	100.00%
Qingdao London Durex Co Ltd	CHINA	No.1 Shangma, Aodong Road, Qingdao City, Shandong Province, China	ORD	100.00%
Qingdao New Bridge Corporate Management Consulting Company Ltd	CHINA	No.1 Shangma, Aodong Road, Qingdao City, Shandong Province, China	ORD	100.00%
R & C Nominees Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
R & C Nominees One Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
R & C Nominees Two Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB (China Trading) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB (China) Holding Co Ltd	CHINA	6th Floor, Tower D, Parkview Green Fang Cao Di, No.9 Dongdaqiao Road, Chaoyang District, China	ORD	100.00%
RB Healthcare Pte Ltd – Malaysia Branch	MALAYSIA	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	–	100.00%
RB Healthcare Pte Ltd (in Liquidation)	SINGAPORE	1 Fifth Avenue, #04-06 Guthrie House, Singapore 268802	ORD	100.00%
RB Holding Europe Du Sud SNC	FRANCE	15 Rue Ampere, 91300 Massy, France	ORD	100.00%
RB Holdings (Luxembourg) Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
RB Holdings (Nottingham) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Manufacturing LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%
RB Reigate (Ireland)	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
RB Reigate (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Square Holdings (Spain) SL	SPAIN	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
RB UK Commercial Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
RB Winchester (Ireland)	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
RBH Verwertungs GmbH	GERMANY	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt & Colman (Jersey) Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD/PREF	100.00%
Reckitt & Colman (Overseas) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Colman (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Reckitt & Colman Capital Finance Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD	100.00%
Reckitt & Colman Guangzhou Limited	CHINA	Economic and Technological Development Zone, Eastern, Guangzhou City, Guangdong Province, China	ORD	100.00%
Reckitt & Colman Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Colman Management Services (Ireland) Limited	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Reckitt & Colman Pension Trustee Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Colman Sagrotan Verwaltungsgesellschaft mbH	GERMANY	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt & Colman Trustee Services Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Sons Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (2012) BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser (Australia) Pty Limited	AUSTRALIA	44 Wharf Road, West Ryde, NSW 2114, Australia	ORD	100.00%
Reckitt Benckiser (Bangladesh) Limited	BANGLADESH	58/59 Nasirabad Industrial Area, Chittagong- 4209, Bangladesh	ORD	82.96%
Reckitt Benckiser (Belgium) SA/NV	BELGIUM	Researchdreef, Allée de la Recherche 20, B-1070 Brussels, Belgium	ORD	100.00%
Reckitt Benckiser (Brands) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (Brasil) Ltda	BRAZIL	Rodovia Raposo Tavares, 8015, km 18, Jardim Arpoador, CEP 05577-900, Sao Paulo, Brazil	ORD	100.00%
Reckitt Benckiser (BVI) No. 1 Limited	BRITISH VIRGIN ISLANDS	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	ORD	100.00%
Reckitt Benckiser (BVI) No. 1 Limited – UK Branch	UK	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	–	100.00%
Reckitt Benckiser (BVI) No. 2 Limited	BRITISH VIRGIN ISLANDS	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	ORD	100.00%
Reckitt Benckiser (BVI) No. 2 Limited – UK Branch	UK	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	–	100.00%
Reckitt Benckiser (BVI) No. 3 Limited	BRITISH VIRGIN ISLANDS	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	ORD	100.00%
Reckitt Benckiser (BVI) No. 3 Limited – UK Branch	UK	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	–	100.00%
Reckitt Benckiser (BVI) No. 4 Limited	BRITISH VIRGIN ISLANDS	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	ORD	100.00%
Reckitt Benckiser (Canada) Inc	CANADA	1680 Tech Avenue Unit 2, Mississauga, Ontario L4W 5S9, Canada	NEW COMMON	100.00%
Reckitt Benckiser (Cayman Islands) Limited	CAYMAN ISLANDS	PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands	ORD	100.00%
Reckitt Benckiser (Centroamerica) SA	COSTA RICA	San José, Escazú Corporate Center, 7 Piso, Costado Sur de Multiplaza Escazú, San José, Costa Rica	ORD	100.00%
Reckitt Benckiser (Channel Islands) Limited	GUERNSEY	1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW	ORD	100.00%
Reckitt Benckiser (Czech Republic) Spol s r o	CZECH REPUBLIC	Vinohradská 2828/151, 130 00 Praha 3-Žižkov, Czech Republic	ORD	100.00%
Reckitt Benckiser (Egypt) Limited	EGYPT	Polyium Building 22, Off-road 90, District 1, 5th Settlement, New Cairo, Egypt	ORD	100.00%
Reckitt Benckiser (ENA) BV	NETHERLANDS	Schiphol Boulevard 267, 1118 BH Schiphol, The Netherlands	ORD	100.00%
Reckitt Benckiser (Espana) SL	SPAIN	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
Reckitt Benckiser (Granollers) SL	SPAIN	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
Reckitt Benckiser (Grosvenor) Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (India) Limited	INDIA	227, Okhla Industrial Estate, Phase III, New Delhi – 110 020, India	ORD	100.00%
Reckitt Benckiser (Lanka) Limited	SRI LANKA	41 Lauries Road, Colombo 4, Sri Lanka	ORD	99.99%
Reckitt Benckiser (Latvia) SIA	LATVIA	Strélnieku iela 1A – 2, Riga, LV-1010, Latvia	ORD	100.00%
Reckitt Benckiser (Malaysia) Sdn Bhd	MALAYSIA	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	100.00%
Reckitt Benckiser (Near East) Limited	ISRAEL	6 Hangar Street, I.Z. Neve Neeman B Hod Hasharon 45250, P.O. Box 6440., Israel	ORD	100.00%
Reckitt Benckiser (New Zealand) Limited	NEW ZEALAND	2 Fred Thomas Dr, Takapuna, Auckland 0622, New Zealand	ORD	100.00%
Reckitt Benckiser (Nordic) A/S	DENMARK	Vandtårnsvej 83 A, 2860 Søborg, Denmark	ORD	100.00%
Reckitt Benckiser (Pars) PJSC	IRAN	No 67, West Taban Avenue, Africa Boulevard, Tehran, Iran	ORD	99.80%
Reckitt Benckiser (Poland) SA	POLAND	Okunin 1, 05-100 Nowy Dwór Mazowiecki, Poland	ORD	100.00%
Reckitt Benckiser (Portugal) SA	PORTUGAL	R. Dom Cristóvão da Gama 1 – 1° Andar C/D, Edifício Restelo, 1400-113 Lisbon, Portugal	ORD	100.00%
Reckitt Benckiser (Romania) Srl	ROMANIA	Floor 5, Building A, 89-97 Grigore Alexandrescu Street, Bucarest, Romania	ORD	100.00%
Reckitt Benckiser (RUMEA) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (RUMEA) Limited – Dubai Branch	DUBAI	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, UAE	–	100.00%
Reckitt Benckiser (Singapore) Pte Limited	SINGAPORE	1 Fifth Avenue, #04-06 Guthrie House, Singapore 268802	ORD	100.00%
Reckitt Benckiser (Slovak Republic) Spol s r o	SLOVAKIA	Drieňová 3, 82108 Bratislava, Slovakia	ORD	100.00%
Reckitt Benckiser (South America) Holding BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser (Spain) BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser (Switzerland) AG	SWITZERLAND	Richtistrasse 5, 8405 Wallisellen, Switzerland	ORD	100.00%
Reckitt Benckiser (Thailand) Limited	THAILAND	No. 89 AIA Capital Center, Rooms 2504 – 2507, 25th Floor, Ratchadaphisek Rd., Dindaeng Sub-District, Dindaeng District, Bangkok 10400, Thailand	ORD	45.00%
Reckitt Benckiser (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (USA) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (Zimbabwe) (Private) Limited	ZIMBABWE	3 Melbourne Road, Sutherton Road, Harare, Zimbabwe	ORD	100.00%
Reckitt Benckiser AG	SWITZERLAND	Richtistrasse 5, 8405 Wallisellen, Switzerland	ORD	100.00%
Reckitt Benckiser Arabia FZE	DUBAI	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, UAE	ORD	100.00%
Reckitt Benckiser Argentina SA	ARGENTINA	Bucarelli 2608 PB A, CABA, Buenos Aires, Argentina	ORD	100.00%
Reckitt Benckiser Asia Pacific Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Asia Pacific Limited – Japan Branch	JAPAN	c/o 103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser Austria GmbH	AUSTRIA	Guglgasse 15, A-1110 Wien (Vienna), Austria	ORD	100.00%
Reckitt Benckiser Bahrain W.L.L	BAHRAIN	PO Box 50833, Hidd, Kingdom of Bahrain	ORD	100.00%
Reckitt Benckiser Brands Investments BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Bulgaria Eood	BULGARIA	22 Zlaten Rog Str 1407 Sofia, Bulgaria	ORD	100.00%
Reckitt Benckiser BY LLC	BELARUS	220108, Minsk, Kazintsa, 121A, app.403, Belarus	COMMON	100.00%
Reckitt Benckiser Calgon BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Chartres SAS	FRANCE	15 Rue Ampere, 91300 Massy, France	ORD	100.00%
Reckitt Benckiser Chile SA	CHILE	Av. Pdte. Kennedy Lateral 5454, Vitacura, Región Metropolitana, Chile	ORD	100.00%
Reckitt Benckiser Colombia SA	COLOMBIA	Calle 46 # 5 – 76. Cali, Colombia	ORD	100.00%
Reckitt Benckiser Commercial (Italia) Srl	ITALY	Via Spadolini, 7, 20141 Milan, Italy	ORD	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
Reckitt Benckiser Corporate Services Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser d.o.o	CROATIA	Ulica grada Vukovara 269d, 10 000 Zagreb, Hrvatska, Croatia	ORD	100.00%
Reckitt Benckiser De Mexico, SA de CV	MEXICO	Circuito Dr Gustavo Baz,7 No 7, Fracc Industrial El Pedregal, Atizapan de Zaragoza, Edomex, Mexico	ORD	100.00%
Reckitt Benckiser Detergents GmbH	GERMANY	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt Benckiser Deutschland GmbH	GERMANY	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt Benckiser East Africa Limited	KENYA	Plot Lr No 209/2462, Likoni Road, Nairobi, Kenya, Africa	ORD	99.00%
Reckitt Benckiser Ecuador SA	ECUADOR	Francisco Salazar E10-37 y Jose Luis Tamayo. Quito, Ecuador	ORD	100.00%
Reckitt Benckiser Employees Trustees (Jersey) Limited	JERSEY	Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES	ORD	100.00%
Reckitt Benckiser Europe General Partnership	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	Partnership Shares	100.00%
Reckitt Benckiser Europe General Partnership, Slough (UK), Wallisellen Branch – Swiss Branch	SWITZERLAND	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser Expatriate Services Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Fabric Treatment BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Finance (2005) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Finance (2007)	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Finance (2010) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Finance Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Finish BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser France SAS	FRANCE	15 Rue Ampere, 91300 Massy, France	ORD	100.00%
Reckitt Benckiser FSIA BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Healthcare (Central & Eastern Europe) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare (CIS) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare (Ireland) Limited	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Reckitt Benckiser Healthcare (Italia) SpA	ITALY	Via Spadolini, 7, 20141 Milano, Italy	ORD	100.00%
Reckitt Benckiser Healthcare (MEMA) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare (Philippines), Inc	PHILIPPINES	Unit 2202 One Global Place, 5th Ave. Corner 25th St. Bonifacio Global City, Taguig City 1634, Philippines	ORD	100.00%
Reckitt Benckiser Healthcare (Russia) LLC	RUSSIA	Tverskaya 16/2 125009, Moscow, Russia	ORD	100.00%
Reckitt Benckiser Healthcare (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare Australia Pty Limited	AUSTRALIA	44 Wharf Road, West Ryde, NSW 2114, Australia	ORD	100.00%
Reckitt Benckiser Healthcare BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Healthcare France SAS	FRANCE	15 Rue Ampere, 91300 Massy, France	ORD	100.00%
Reckitt Benckiser Healthcare India Limited	INDIA	Plot No. 48,Institutional Area, Sector-32,Gurgaon – 122 001, India	ORD	100.00%
Reckitt Benckiser Healthcare International Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare Manufacturing (Thailand) Limited	THAILAND	65 Moo 12 Lardkrabang-Bangplee Road, Bangplee Samutprakarn, Bangkok 10540, Thailand	ORD/PREF	45.00%
Reckitt Benckiser Healthcare Portugal Ltda	PORTUGAL	R. Dom Cristóvão da Gama 1 – 1º Andar C/D, Edifício Restelo, 1400-113 Lisbon, Portugal	ORD	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
Reckitt Benckiser Healthcare SA	SPAIN	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
Reckitt Benckiser Hellas Chemicals SA	GREECE	7 Taki Kavalieratou Street, 145 64 Kifissia, Greece	ORD	100.00%
Reckitt Benckiser Holding (Thailand) Limited	THAILAND	No. 89 AIA Capital Center, Rooms 2504 – 2507, 25th Floor, Ratchadaphisek Rd., Dindaeng Sub-District, Dindaeng District, Bangkok 10400, Thailand	ORD/PREF	45.00%
Reckitt Benckiser Holding GmbH & Co KG	GERMANY	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt Benckiser Holdings (Channel Islands) Limited	GUERNSEY	1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW	ORD	100.00%
Reckitt Benckiser Holdings (Channel Islands) Limited – UK Branch	UK	1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW	–	100.00%
Reckitt Benckiser Holdings (Italia) Srl	ITALY	Via Spadolini, 7, 20141 Milan, Italy	ORD	100.00%
Reckitt Benckiser Holdings (Luxembourg) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Reckitt Benckiser Holdings (Overseas) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Holdings (USA) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Holdings (USA) Limited – Luxembourg Branch	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	–	100.00%
Reckitt Benckiser Home Chemical Products Trading (Shanghai) Co Limited	CHINA	C6-8 site, 6F, No.333 Futexi Road, Waigaoqiao Free Trade Zone, Shanghai City, China	ORD	100.00%
Reckitt Benckiser Hong Kong Limited	HONG KONG	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	ORD	100.00%
Reckitt Benckiser Hong Kong Limited – Taiwan Branch	TAIWAN	106 94043 Charity No. 136, Sec Taiwan	–	100.00%
Reckitt Benckiser Household and Healthcare Ukraine LLC	UKRAINE	28A L"G", Moscovskiy Prospekt, off.80, Kiev, Ukraine	ORD	100.00%
Reckitt Benckiser Household Products (China) Company Limited	CHINA	No.34 Beijing East Road, Jingzhou City, Hubei Province, China	ORD	100.00%
Reckitt Benckiser International GmbH	GERMANY	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt Benckiser Investments (2012) LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%
Reckitt Benckiser Investments (No. 1) Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 2) Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 4) Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 5) Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 6) Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 7) Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 8) Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser IP LLC	RUSSIA	Kozhevnicheskaya str., 14, 115114 Moscow, Russia	ORD	100.00%
Reckitt Benckiser Ireland Limited	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Reckitt Benckiser Italia SpA	ITALY	Via Spadolini, 7, 20141 Milano, Italy	ORD	100.00%
Reckitt Benckiser Japan Limited	JAPAN	Shinagawa-ku, 141-0022, Japan	ORD	100.00%
Reckitt Benckiser Jersey (No.1) Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD	100.00%
Reckitt Benckiser Jersey (No.1) Limited – UK Branch	UK	13 Castle Street, St. Helier, Jersey, JE4 5UT	–	100.00%
Reckitt Benckiser Jersey (No.2) Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
Reckitt Benckiser Jersey (No.2) Limited – UK Branch	UK	13 Castle Street, St. Helier, Jersey, JE4 5UT	–	100.00%
Reckitt Benckiser Jersey (No.3) Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD	100.00%
Reckitt Benckiser Jersey (No.3) Limited – UK Branch	UK	13 Castle Street, St. Helier, Jersey, JE4 5UT	–	100.00%
Reckitt Benckiser Jersey (No.4) Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD	100.00%
Reckitt Benckiser Jersey (No.4) Limited – UK Branch	UK	13 Castle Street, St. Helier, Jersey, JE4 5UT	–	100.00%
Reckitt Benckiser Jersey (No.5) Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD	100.00%
Reckitt Benckiser Jersey (No.5) Limited – UK Branch	UK	13 Castle Street, St. Helier, Jersey, JE4 5UT	–	100.00%
Reckitt Benckiser Jersey (No.6) Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD	100.00%
Reckitt Benckiser Jersey (No.6) Limited – UK Branch	UK	13 Castle Street, St. Helier, Jersey, JE4 5UT	–	100.00%
Reckitt Benckiser Jersey (No.7) Limited	JERSEY	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD, CLASS A, C & D	100.00%
Reckitt Benckiser Kazakhstan LLC	KAZAKHSTAN	House 15A, Koktem 1, Bostandyksky District, Almaty, 050040, Kazakhstan	ORD	100.00%
Reckitt Benckiser Kereskedelmi Kft	HUNGARY	134-146 ut Bocksai, 1113 Budapest, Hungary	ORD	100.00%
Reckitt Benckiser Laundry Detergents (No. 1) BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Laundry Detergents (No. 2) BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Lime-A-Way BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser LLC	RUSSIA	Kosmodamianskaya nab. 52/1, 115054, Moscow, Russia	ORD	100.00%
Reckitt Benckiser LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%
Reckitt Benckiser Luxembourg (2010) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 1) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 2) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 3) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 4) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Management Services	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD, CLASS A, B, C, D, E, F, G, H, I, K	100.00%
Reckitt Benckiser Marc BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Morocco Sarl AU	MOROCCO	322 Boulevard, Zerktouni, Residence Boissy Ler Etage – Bourgogne, Casablanca, Morocco	ORD	100.00%
Reckitt Benckiser Netherlands Brands BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Nigeria Limited	NIGERIA	12 Montgomery Road, Yaba, Lagos, Nigeria	ORD	99.53%
Reckitt Benckiser NV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser NV – Luxembourg Branch	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	–	100.00%
Reckitt Benckiser Oven Cleaners BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Pakistan Limited	PAKISTAN	QM Building, 9/11th Floor, Plot No BC – 15, Block 7, Clifton, Karachi, Pakistan	ORD	98.60%
Reckitt Benckiser Peru SA	PERU	Avenida República de Panamá No. 2557 Int. 202, La Victoria. Lima, Perú	ORD	100.00%
Reckitt Benckiser Pharmaceuticals (Pty) Limited	SOUTH AFRICA	8 Jet Park Road, Elandsfontein 1406, South Africa	ORD	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
Reckitt Benckiser plc	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Porto Alto Lda	PORTUGAL	Estrada Malhada dos Carrascos nr12, 2135-061, Samora Correia, Portugal	ORD	100.00%
Reckitt Benckiser Power Cleaners BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Production (Poland) Sp. Zoo	POLAND	Okunin 1, 05-100 Nowy Dwór Mazowiecki, Poland	ORD	100.00%
Reckitt Benckiser Produktions GmbH	GERMANY	Dr. Albert-Reimann-Strasse 3, 68526 Ladenburg, Germany	ORD	100.00%
Reckitt Benckiser Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Scholl India Limited	INDIA	F73 & 74, SIPCOT Industrial Park, Irungattukottai, Sriperumbudur TK, Kancheepuram Distt. – 602 117, Tamilnadu, India	ORD	100.00%
Reckitt Benckiser Service Bureau Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Services (Kenya) Limited	KENYA	Plot Lr No 1870/I/569, 2nd Floor Apollo Centre, Ring Road Parklands, Westlands, Pobox 764, 00606 Nairobi, Kenya, Africa	ORD	100.00%
Reckitt Benckiser Services SA de CV	MEXICO	Circuito Dr Gustavo Baz,7 No 7, Fracc Industrial El Pedregal, Atizapan de Zaragoza, Edomex, Mexico	ORD	100.00%
Reckitt Benckiser South Africa (Pty) Limited	SOUTH AFRICA	8 Jet Park Road, Elandsfontein 1406, South Africa	ORD	100.00%
Reckitt Benckiser Taiwan Limited	TAIWAN	106 94043 Charity No. 136, Sec Taiwan	ORD	100.00%
Reckitt Benckiser Tatabanya Kft	HUNGARY	134-146 ut Bocksai, 1113 Budapest, Hungary	ORD	100.00%
Reckitt Benckiser Temizlik Malzemesi San. ve Tic. A.S.	TURKEY	Hakki Yeten Cad. Selenium Plaza K:7-8-9, Fulya, Besiktas, Istanbul, Turkey	ORD	100.00%
Reckitt Benckiser Tiret BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Treasury (2007) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Reckitt Benckiser Treasury Services plc	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser USA (2010) LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%
Reckitt Benckiser USA (2010) LLC – UK Branch	UK	Suite 400, 2711 Centerville Road, Wilmington, Delaware 19808, United States	-	100.00%
Reckitt Benckiser USA (2012) LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%
Reckitt Benckiser USA (2013) LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%
Reckitt Benckiser USA (2013) LLC – UK Branch	UK	Suite 400, 2711 Centerville Road, Wilmington, Delaware 19808, United States	–	100.00%
Reckitt Benckiser USA Finance (No.1) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser USA Finance (No.2) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser USA Finance (No.3) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser USA General Partnership	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Partnership Shares	100.00%
Reckitt Benckiser Vanish BV	NETHERLANDS	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Venezuela SA	VENEZUELA	Avenida Mara con Calle San José, Centro Comercial Macaracuay Plaza, Nivel C3, Locales 5 y 12. Urb. Colinas de la California. Caracas, Venezuela	ORD	100.00%
Reckitt Colman Chiswick (OTC) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Piramal Private Limited	INDIA	8th Floor, B-Wing, Marwah Centre, Krishanlal Marwah Marg, Saki Naka, Andheri East, Mumbai – 400 072, India	ORD	100.00%
Reigate Square Holdings Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Relcamp Aie (in liquidation)	SPAIN	Carrer de Fray Pau Carbó, 24, 08403, Granollers, Barcelona, Spain	ORD	100.00%
Rivalmuster	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl (Investments) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl Consumer Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
Scholl Latin America Limited (in liquidation)	BAHAMAS	c/o 103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Seton Healthcare Group No.2 Trustee Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Seton Healthcare No.1 Trustee Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Shanghai Manon Trading Company	CHINA	Room 1101, No.1033, Zhao Jia Bang Road, Shanghai, China	ORD	75.05%
Simco Limited	GUERNSEY	Royal Chambers, St. Julians Avenue, St Peter Port, Guernsey, GY1 4AF	ORD	100.00%
Sonet Group Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Healthcare Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Prebbles Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Scholl Healthcare International Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Scholl Healthcare Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Scholl Overseas Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Scholl UK Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (C C Manufacturing) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (C C Services) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
SSL (MG) Polymers Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (MG) Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (RB) Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (SD) International Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL Australia Pty Ltd	AUSTRALIA	225 Beach Road, Mordialloc VIC 3195, Australia	ORD	100.00%
SSL Capital Ltd	JERSEY	44 Esplanade, St Helier, Jersey, JE4 9WG	ORD/PREF	100.00%
SSL Healthcare (Shanghai) Ltd	CHINA	Room 1605, No.660 Shangcheng Road, Pudong District, Shanghai City, China	ORD	100.00%
SSL Healthcare Ireland Limited	IRELAND	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
SSL Healthcare Malaysia Sdn Bhd (in Liquidation)	MALAYSIA	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	100.00%
SSL Healthcare Manufacturing SA	SPAIN	Av. Can Fatjó, 151, 08191 Rubí, Barcelona, Spain	ORD	100.00%
SSL Healthcare Norge AS	NORWAY	Vollsveien 9, 1366 Lysaker, Norway	ORD	100.00%
SSL Healthcare Singapore Pte Ltd	SINGAPORE	1 Fifth Avenue, #04-06 Guthrie House, Singapore 268802	ORD	100.00%
SSL Healthcare Sverige AB	SWEDEN	Waterfront, Box 190, SE-101 23 Stockholm, Sweden	ORD	100.00%
SSL Holdings (USA) Inc	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	COMMON	100.00%
SSL International plc	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL Manufacturing (Thailand) Ltd	THAILAND	Wellgrow Industrial Estate, 100 Moo 5, Bagna Trad Rd Km 36 Bangaamak, Bangpakong, Chachoengsao, Bangkok 24180, Thailand	ORD	100.00%
SSL Mexico SA de CV	MEXICO	Av. De los Angeles No 303 Bodega 3B-1 Col. San Matin Xochinahuac, Azcapotzalco, Mexico	ORD	100.00%
SSL New Zealand Limited	NEW ZEALAND	2 Fred Thomas Dr, Takapuna, Auckland 0622, New Zealand	ORD	100.00%
SSL Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Suffolk Finance Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/DEF	100.00%
Suffolk Insurance Limited	BERMUDA	Clarendon House, 2 Church Street, Hamilton, HM DX, Bermuda	ORD	100.00%
Tai He Tai Lai Culture Communication Co Ltd	CHINA	1-1707, No.15 Majiapu West Road, Fengtai District, Beijing City, China	ORD	100.00%
The French's Food Company LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%

15 Subsidiary Undertakings continued

Name	Country of incorporation	Registered Office	Share Class	% of Shares Held
The French's Food Company Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
The French's Food Company Inc	CANADA	1680 Tech Avenue Unit 2, Mississauga, Ontario L4W 5S9, Canada	COMMON	100.00%
The French's Food Finance Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
The French's Food Finance Company Limited – Luxembourg Branch	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	–	100.00%
The R.T. French's Food Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
The R.T. French's Food Group Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
The RB Company (Malaysia) Sdn Bhd (in Liquidation)	MALAYSIA	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	100.00%
Tubifoam Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Ultra Chemical Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Ultra Laboratories Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
W.Woodward,Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Winchester Square Holdings Sarl	LUXEMBOURG	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Xinzhou ZhongHeng Pharmaceutical Co Ltd	CHINA	Economic Development Zone, Xinzhou City, Shanxi Province, China	ORD	100.00%
Zhong Wei Guo Yuan (Beijing) Biotech Co Ltd	CHINA	B-1201, Area 1, Fang Zhuang Fang Cheng Yuan, Fengtai District, Beijing, China	ORD	100.00%

Registered addresses have been included as additional information.

Our Principal Operating Risks

A summary of Strategic Risks and Uncertainties appears on page 40 of this report. Following is a more expansive explanation of principal risks and uncertainties facing the Group, including risks that are not specified in that summary. This report, however, is not an all-inclusive list of risks that may affect the Group and other factors may pose a material risk to the business.

The following risks have been grouped and ordered to facilitate their being read in conjunction with the Group major risks, which are laid out on pages 40 to 45 of the Strategic Report.

The objective of this section is to provide a broader and deeper understanding of the nature of risk exposures faced by RB in the usual course of business.

Product Liability

Our business is subject to product liability claims. As a product manufacturer, we are subject, from time to time, to certain legal proceedings and claims arising out of our products, including as a result of unanticipated side effects or issues that become evident only after products are widely introduced into the marketplace. Some of our products present inherent dangers, including due to the presence of chemicals, which if mishandled or misused, could result in significant damage. We have paid in the past, are currently paying and may be required in the future to pay, compensation for losses or injuries that are allegedly caused by our products. Product liability claims may arise, among other things, from claims that our products are defective, contain contaminants, provide inadequate warnings or instructions, or cause personal injury to persons or damage to property. Product liability claims, if resolved unfavourably, or if settled, could result in injunctions and/or may require us to pay substantial damages, and related costs, including punitive damages, as well as result in the imposition of civil and criminal sanctions. If one of our products is found to be defective, we could be required to recall it, and/or we may be required to alter our trademarks, labels, or packaging, which could result in adverse publicity, significant expenses, potential disruptions in our supply chain and loss of revenue.

We have in the past voluntarily implemented, and may in the future face product quality concerns and voluntarily implement, product recalls, which could expose us to product liability claims. Additionally, complaints, investigations and litigation by consumers or government authorities relating to our products, our competitors' products or individual ingredients may result in judgements that affect us and/or the industry in which we operate. A recall of a product that is similar to ours could result in confusion concerning the scope of the recall and/or a decline in consumer confidence about our products, which may consequently impact our business and results of operations. We may not be insured fully, or at all, in respect of such risks, and we have in the past faced, currently face, and may in the future face disputes with our insurers in the event that they refuse to cover a particular claim. In such instances, we may be required to bear substantial losses, which could adversely impact our capital expenditures, expenses and liabilities. Any of the foregoing could materially adversely impact our business, financial condition and results of operations.

Supply Chain

We face risks of interruptions of our supply chain and disruptions in our production facilities, which could materially adversely affect our results of operations. We source our raw and packaging materials (including bulk chemicals, plastics, pulp and metal cans) and finished goods from a wide variety of predominantly international chemical and packaging companies and co-packers. We also outsource the manufacture of some of our products to third parties. Our suppliers generally are diversified in terms of geography and supplied items, but we may face risks to continuity of supply arising from certain specialised suppliers, both of raw materials and of third party manufactured items, including speciality chemicals and components. We may also incur higher prices for raw materials than we may otherwise have to pay if we adopted a more concentrated approach to obtaining supplies.

More generally, significant disruptions to our suppliers' operations, such as disruptions resulting from natural catastrophes (including as a result of the effects of climate change), pandemics or other outbreaks of diseases, acts of war or terrorism, or otherwise, may affect our ability to source raw materials on a more global basis, and negatively impact our costs. The failure of a number of third party suppliers to fulfil their contractual obligations, in a timely manner, or at all, may result in delays or disruptions to our business. Replacing suppliers may require a new supplier to be qualified under industry, governmental or our own internal standards, which could require investment and may take time. In addition, a number of our facilities are critical to our business and major or prolonged disruption at those facilities, whether due to accidents, sabotage or otherwise could materially adversely affect our operations. Moreover, sites in which our products are manufactured are subject to supervision by regulatory agencies, on both an ongoing and ad hoc basis. If we are unable to obtain or produce sufficient quantities of a particular product, at specifically approved facilities, whether due to disruption to, or failure of, our manufacturing processes, or otherwise, we may fail to meet customer demand on a timely basis, which could undermine our sales and result in customer dissatisfaction and damage to our reputation.

In addition, any failure to comply with applicable legal and regulatory requirements could lead to interruption of production, product recalls, seizures and revocation of licences to operate at any of our facilities. Any interruption or disruption in our supply chain, particularly if significant or prolonged, could materially adversely affect our business, prospects, results of operations and financial condition.

Volatility in the price of commodities, energy and transportation may impact our profitability. Certain materials for the production or packaging of finished goods, such as oil-related commodities, are subject to fluctuating prices. Increases in the costs or decreases in the availability of these commodities, and increases in other costs such as energy and transportation, could adversely affect our profitability if we are unable to pass on the higher costs in the form of price increases or otherwise achieve cost efficiencies. Even if we were to increase the prices of our products, competitors may opt not to adjust their prices in response to increasing costs and customers may refuse to pay higher prices. Our inability to manage this risk effectively, or at all, could have a material adverse effect on our results of operations.

Information Technology

A disruption to, or failure of, our information technology systems and infrastructure, may adversely affect our business. We are increasingly dependent on information technology systems and infrastructure to support a wide variety of key business processes, including processing and storage of confidential and personal data, as well as for international and external communications as part of our accounting, logistics and distribution functions with suppliers, customers and consumers. Failures or disruptions to our systems or the systems of third parties on whom we rely, due to any number of causes, particularly if prolonged, or if any failure or disruption were to impact our backup or disaster recovery plans, could result in a loss of key data and/or affect our operations.

The combination of our recently initiated business reorganisation and continued implementation of our enterprise resource planning (ERP) programmes could result in sub-optimal implementations and reduced focus due to conflicting demands for management attention. Our computer systems, software and networks may be vulnerable to unauthorised access (from within our organisation or by third parties), computer viruses or other malicious code and other cyber threats that could have a security impact. The occurrence of one or more of these events potentially could jeopardise confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in significant losses or reputational damage. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us. The legislative environment has also been strengthened with substantial financial penalties now available in relation to data protection breaches, and an increased risk of civil and/or criminal proceedings and damage to reputation in relation to such breaches.

We routinely transmit and receive personal, confidential and proprietary information by email and other electronic means. We have discussed and worked with customers, suppliers, counterparties and other third parties to develop secure transmission capabilities, but we do not have, and may be unable to put in place, secure capabilities with all such third parties and we may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a consumer, customer, supplier, counterparty or other third party could result in legal liability, regulatory action and reputational harm.

Personnel and Management

We may be unable to attract and retain qualified personnel, including key senior management. We invest in recruiting and training personnel and senior management. Our business depends, in part, on executive officers and senior management to provide uninterrupted leadership and direction for our business, and qualified personnel for product R&D. This need is all the more acute in the context of a growing business, and the strategic internal reorganisations and resource planning programmes to promote and manage such growth. The market for talent is intensely competitive and may become increasingly more competitive. We could face challenges in sourcing qualified personnel, with the requisite training and suitable international experience, particularly in countries such as China, where the availability of skilled employees may be limited. Further, variable pay is, and will continue to be, the major element of our current Executive Directors' and Senior Executives' total compensation package.

If we achieve our target levels of performance, the variable elements will amount to 59-77% of Executive Directors' total remuneration. If we are unable to achieve our performance targets, our senior management would not be entitled to such variable pay, which may operate as a disincentive for them to continue their employment with us. The loss of key personnel, or our inability to recruit qualified personnel to meet our operational needs, may delay, or curtail the achievement of major strategic objectives.

Labour disruptions may affect our results of operations. A substantial portion of our workforce is unionised, and our relationship with unions, including labour disputes or work stoppages, could have an adverse impact on our financial results. We are a party to collective bargaining agreements covering approximately one-third of our direct employees. If, upon the expiration of such collective bargaining agreements, we are unable to negotiate acceptable contracts with labour unions, it could result in strikes by the affected workers and thereby significantly disrupt our operations. Further, if we are unable to control health care and pension costs provided for in the collective bargaining agreements, we may experience increased operating costs and an adverse impact on future results of operations.

Overall Business Environment

We are one of the world's leading manufacturers and marketers of branded health, hygiene and home products, selling a comprehensive range of products through over 60 operating companies across the globe. Consequently, our business and results of operations are affected by changes in both global economic conditions and the individual markets in which we operate. Global economic trends continue to pose challenges, and in many of our markets, austerity measures, constraints on consumer lending and slow or no economic growth continue to impede consumer purchasing power and adversely impact consumer confidence. Certain markets, including a number of emerging markets in which we plan to focus our investment and growth efforts, exhibit more volatile demand in reaction to macro-economic factors than other markets. In addition, terrorist acts, civil unrest and other similar disturbances, as well as natural catastrophes, can impact economic conditions and consumer confidence, degrade infrastructure, disrupt supply chains and otherwise result in business interruption.

A variety of factors may adversely affect our results of operations and financial condition during periods of economic uncertainty or instability, social or labour unrest or political upheaval in the markets in which we operate. For example, our operations and supply chains may be disrupted. In addition, we may face increased pricing pressure or competing promotional activity for lower-priced products as competitors seek to maintain sales volumes. Periods of economic upheaval may also expose us to greater counterparty risks, including with customers, suppliers and financial institutions, who may become insolvent or otherwise unable to perform their obligations. We may also experience greater fluctuations in foreign currency movements, increased commodity prices and increased transportation and energy costs. Periods of economic and political upheaval may also lead to government actions, such as imposition of martial law, trade restrictions, foreign ownership restrictions, capital, price or currency controls, nationalisation or expropriation of property or other resources, or changes in legal and regulatory requirements, including those resulting in potentially adverse tax consequences. We may also be unable to access credit markets, including the commercial paper market, on favourable terms, or at all, which could materially adversely affect our liquidity and capital resources or significantly increase our cost of capital.

Laws and Regulations

Regulatory Landscape

Our business is subject to significant governmental regulation. Our business and products are heavily regulated by governments and other regulatory bodies in the countries in which we operate. Regulation is imposed in respect of, but not limited to, ingredients, manufacturing standards, patient safety, clinical trial standards, labour standards, product safety and quality, marketing, packaging, labelling, storage, distribution, advertising, imports and exports, data storage and processing, social and environmental responsibility and health and safety. In addition, we are required to obtain and maintain licences in respect of certain of our products, which must be regularly updated in order to improve our products and take into account any variations. If we are found by regulators or courts to have been non-compliant with applicable laws and regulations, we could be subject to civil remedies such as fines, injunctions or product recalls, and/or criminal sanctions, any of which could have a material adverse effect on our business, reputation, financial condition and results of operations.

We are subject to the introduction of new regulations, modification of existing regulations or changes in interpretations of existing or new regulations. Changes to the laws and regulations to which we and our operations are subject, whether as a result of new or more stringent requirements, or more stringent interpretations of existing requirements, could impact the way we conduct our business or market our products (for example, up-scheduling of an OTC product would result in it being moved from on-the-shelf to behind the counter or restricted to availability only with a doctors' prescription) and could impose significant compliance costs and have a material adverse effect on our results of operations.

The laws and regulations to which we are subject may not be transparent, may be difficult to interpret, and/or may be enforced inconsistently. In our experience, emerging markets can pose heightened risks with respect to laws and regulations, when compared with countries with more developed institutional structures. Given our focus on growth in developing markets, we are exposed to heightened regulatory risks. For example, in some emerging market countries, the laws and regulations to which we are subject may not always be fully transparent, can be difficult to interpret and may be enforced inconsistently. The legal systems in such countries may not be well-established or reliable. There may be a lack of respect for the rule of law, a lack of enforcement of property rights, inconsistent or insufficient access to remedy through legal systems, lack of judicial independence and corruption, which could result in greater uncertainty in enforcing contracts, difficulties in obtaining legal redress, particularly against the state or state-owned entities, and higher operational costs and risks to our business.

We have in the past been, currently are, and may in the future be, subject to investigations and potential enforcement action. Some such action could have in the past, or could in the future have a material adverse effect on our business. We have in the past been, currently are, and could in the future be subject to regulatory investigations or potential enforcement action that targets an industry, a set of business practices or our specific operations. These investigations or enforcement actions could be in respect of specific industry issues or broader business conduct issues. Moreover, these investigations or enforcement actions could be triggered by allegations of general corporate misconduct or by allegations of individual employee misconduct in violation of internal policies and procedures. Regulatory authorities and consumer groups may, from time to time, request or conduct reviews of the use of certain ingredients that are used in manufacturing our products, the results of which may have a material adverse effect on our business. Ingredient legislation could have a detrimental impact on our business, undermine our reputation and goodwill and affect consumer demand for products containing such ingredients. We may voluntarily remove, or be required to remove, certain ingredients from our products or any products that we may acquire. We may not be able to develop an alternative formulation, successfully modify our existing products or obtain necessary regulatory approvals on a timely basis or at all, which could adversely impact our business and results of operations.

EU Integration

The referendum to be held regarding the UK's membership of the EU heightens the potential impact of some of the principal operating risks described in this section, including the risks relating to the introduction of new regulations, modification of existing regulations or changes in interpretations of existing or new regulations described above. If the UK votes to leave the EU, it is unclear how the regulatory landscape will change for RB, both in the UK and in the remaining EU member states. Additionally, the outcome of the referendum could have wider impacts on the risks faced by RB. Some of the potential effects considered by RB include an increase in economic and operational uncertainty, a change in, or increase in the volatility of currency exchange, credit and interest rates, or that the outcome of the referendum may be a catalyst for further changes to the regulations and/or structure of the EU that will, in turn, have an impact on the business of and operating conditions faced by RB.

Competition

Any historical, current or future violations of antitrust and competition laws may have a material adverse impact on our business, financial condition and results of operations. We are subject to antitrust and competition laws in the vast majority of countries in which we do business. Failure to comply with applicable antitrust and competition laws, rules and regulations in any jurisdiction in which we operate may result in civil and/or criminal legal proceedings being brought against us. We have in the past been, currently are, and may in the future be, subject to investigations and legal proceedings with respect to antitrust and competition matters. Investigations and legal proceedings relating to competition and antitrust matters often continue for several years, can be subject to strict non-disclosure provisions, and, if laws are deemed to have been violated, can result in substantial fines, other sanctions or damages, which may have a material adverse effect on our business, reputation, financial condition and results of operations. Our strategy for growth has historically included, and continues to include, acquisition activities, which are subject to antitrust and competition laws. Such laws and regulations may impact our ability to pursue or delay the implementation of, strategic transactions.

Anti Bribery and Corruption Compliance

We operate in a number of countries in which bribery and corruption pose significant risks, and we may be exposed to liabilities under anti-bribery laws for any violations. Any violation of applicable money laundering laws could also have a negative impact on us. We are subject to anti-bribery laws and regulations that prohibit us and our intermediaries from making improper payments or offers of payments to foreign governments, their officials and political parties or private parties, for the purpose of gaining or retaining business, including the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended, and similar laws worldwide. Given our extensive international operations, particularly in emerging markets, where bribery and corruption may be more commonplace, we are exposed to significant risks, particularly with respect to parties that are not always subject to our direct control such as agents and joint venture partners. These risks may be heightened for us due to our operations in the health care sector, which in recent years has experienced greater compliance risks than other sectors. We may also be held liable for successor liability violations of such laws, committed by companies which we acquire, or in which we invest.

Acquisitions also expose us to risk of ongoing compliance issues until such time as we can fully integrate acquired operations into our compliance and control frameworks. Moreover, due to the significant amounts of money involved in global supply contracts, there is also potential for suppliers to attempt to bribe our employees. Actual or alleged violations of anti-bribery laws could result in severe consequences, including, but not limited to, civil and criminal sanctions, termination of contracts by our counterparties, disruptions to our business and reputational harm, all of which could materially and adversely affect our financial condition and results of operations. We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws or regulations by us could have a negative effect on our results of operations.

Legal Proceedings

Legal proceedings in respect of claims outside the product liability area could also adversely impact our business, results of operations and financial condition. Outside the product liability area, we are subject to legal proceedings and other claims arising out of the ordinary course of business, and we may become involved in legal proceedings, which include, but are not limited to, claims alleging intellectual property rights infringement, breach of contract, environmental laws and health and safety laws, including in relation to patient safety. From time to time, we face consumer complaints and/or civil or criminal investigations in respect of our products and their alleged purposes, including in respect of advertising claims that we make about our products. Significant claims, or a substantial number of small claims, may be expensive to defend and may divert management time and our resources away from our operations.

Where appropriate, we establish provisions to cover potential litigation-related costs. Such provisions may turn out to be insufficient, and any insurance coverage we maintain may not cover our losses fully, or at all. We cannot predict the outcome of individual legal actions. We may settle litigation or regulatory proceedings prior to a final judgement or determination of liability. We may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when we believe we have valid defences to liability. We may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Substantial legal liability could materially adversely affect our business, financial condition or results of operations or could cause significant reputational harm, which could seriously harm our business.

Tax Laws and Regulations

Changes in tax legislation and other circumstances that affect tax calculations could adversely affect our financial condition and results of operations. We conduct business operations in a number of countries, and are therefore subject to tax and intercompany pricing laws in multiple jurisdictions, including those relating to the flow of funds between RB and its subsidiaries. Our effective tax rate in any given financial year reflects a variety of factors that may not be present in succeeding financial years, and may be affected by changes in the tax laws of the jurisdictions in which we operate, or the interpretation of such tax laws. Certain tax positions taken by us are based on industry practice, tax advice and drawing similarities from our facts and circumstances to those in case law. In particular, international transfer pricing is an area of taxation that depends heavily on the underlying facts and circumstances and generally involves a significant degree of judgement.

Changes in tax laws, regulations and related interpretations (including those arising as a result of the OECD's base erosion and profit shifting project and from the EU's investigations into potential breach of State Aid rules in respect of tax rulings) and increased enforcement actions and penalties may alter the environment in which we do business, and tax planning arrangements are frequently scrutinised by tax authorities worldwide. We have in the past faced, and may in the future face, audits and challenges brought by tax authorities, and we are involved in ongoing tax investigations in a number of jurisdictions around the world. If material challenges were to be successful, our effective tax rate may increase, we may be required to modify structures at significant costs to us, we may also be subject to interest and penalty charges and we may incur costs in defending litigation or reaching a settlement. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Intellectual Property

We may be unable to secure and protect our claims to intellectual property rights. Our business relies on protecting our brands and our claims to intellectual property rights. We may not be able to substantiate and secure these claims and, even if registered rights are obtained, these may be invalidated, circumvented or challenged in future. Third parties may challenge our rights by, for example, asserting prior rights in, or ownership of, certain trademarks, trade dress rights, designs, patents, copyrights or other intellectual property rights. If we fail to discover any infringements of our intellectual property rights, or are otherwise unable to successfully defend and enforce our rights, our business could be materially adversely affected. Sales of counterfeits could be detrimental to consumers and, consequently, to corporate reputation. 'Lookalike' brands may also result in consumer confusion and/or dilution of our brand equity. Any failure to substantiate or successfully assert our intellectual property rights could make us less competitive and may have a material adverse effect on our net revenue. In addition, our intellectual property rights would be undermined if one of our trademarks or brand names were to become a generic name for, or synonymous with, a general class of product or service. Should any of our trademarks become genericised, competitors would be allowed to use the genericised trademark to describe their similar products.

The loss of patent protection, ineffective protection, or expiration of our patents may negatively impact our financial condition and results of operations. Intellectual property laws and patent offices are still developing, particularly in emerging markets. Patent protection varies in different countries, and can be substantially weaker in emerging markets in which we operate, when compared to the United States and the European Union. We have in the past faced, and may in the future face, significant challenges in enforcing or extending our current intellectual property protections, or any protections we may obtain in future, in the same manner as in more developed regions such as the United States and the European Union. We have obtained patent protection for a variety of our intellectual property, including the composition of some of our products (such as detergent) and certain devices (such as air freshener products). Certain countries may adopt measures to facilitate competition within their markets from generic manufacturers, and refuse to recognise patent protection. Additionally, expiry of our patents may increase competition and pricing pressures, and adversely impact our sales revenue, if generic products in the same or similar product class were to emerge. We could be similarly impacted if competitors lose patent protection in a product class in which we compete.

We may face challenges to our intellectual property rights from third parties, who allege that we are infringing on their rights. If we are unable to successfully defend against allegations of infringement, we may face various sanctions, including injunctions, monetary sanctions for past infringement, product recalls, alterations to our intellectual property, products, and/or packaging, which could result in significant expense and negative publicity, and may have a material adverse effect on our financial condition and results of operations.

Sustainability and Risk Management

The Board has identified and assessed the range of sustainability and associated reputational risks and concluded that there are limited material risks to the Group's long and short-term value arising from sustainability matters, other than potential risks common to similarly sized businesses operating in its industry sectors and with similarly well-known brands.

The Group focuses on a number of sustainability topics, including but not limited to:

Climate Change

The effects of climate change could disrupt the Group's supply chain by affecting the Group's ability to source raw materials, manufacture products and distribute products. The Group has taken a leadership position with regard to its products' total carbon footprint, by seeking to understand, measure and reduce the GHG emissions generated by all stages in the product lifecycle for its global product portfolio and including amongst other things: the raw and packaging materials provided by its suppliers; the Group's own direct manufacturing and other operations; transportation of both raw materials and finished products; the retail sale of its products; consumers' use of its products; and the disposal/recycling of those products and their packaging.

Due to the Group's industry sectors and product categories the GHG emissions originating from energy use at its direct operations are of medium-to-low impact in comparison to those of other similarly sized companies, as assessed for example in recent reports of the independent Carbon Disclosure Project (CDP), www.cdproject.net.

Water Scarcity

Water is vital for the making of raw and packaging materials, manufacturing and use of many of our products. While water is plentiful in some regions, it is increasingly scarce in others. Similar to the effects of climate change, which are interconnected with water availability, water scarcity could affect the Group's ability to source materials, make and deliver relevant products for our consumers. As with carbon, the Group has developed an industry leading approach to understanding the water impacts of our products' lifecycle. Our approach not only looks at total water used across each lifecycle stage but also takes into account water availability. This helps us prioritise efforts to drive water use efficiency.

Restricted Substances List

RB has been monitoring and reviewing ingredients for the past 14 years and has been carrying out a range of ingredients removal and restriction programmes outlined in our Restricted Substances List (formerly our Global Ingredients Guidelines). Our objective is to continually improve the environmental, safety and sustainable profile of our products, by systematically removing specific ingredients from product formulae and packaging/device component specifications. Our Restricted Substances List combines regulatory, sustainability and safety requirements for generic ingredient groupings, plus specific directions on the use (or the prohibition of use) of specific raw materials/ingredients to assist formulators and other Company employees in the development and marketing of products that meet these commitments.

Supply Chain Responsibility and Human Rights

Most product, component and raw material supply chains present a number of potential reputational risks relating to: labour standards; health, safety and environmental standards; raw material sourcing; and the social, ethical and environmental performance of third party manufacturers and other suppliers. The Group's Global Manufacturing Standard for responsible production (GMS) mandates minimum requirements regarding these issues, in line with international guidelines, for the Group's own manufacturing sites, third party manufacturers and suppliers. In addition, the Group's Responsible

Sourcing of Natural Raw Materials Policy outlines minimum requirements for natural raw materials used in RB's products and packaging, in line with the Group's policy that these materials are sourced responsibly and with zero deforestation. Management processes and controls in place include Group, area and regional monitoring and assessment of compliance with the GMS, natural raw material and other requirements.

Health & Safety
Accidents caused through a failure of the Group's safety management systems could potentially lead to loss of life for one or more of the Group's employees. The Group maintains an external certification to OHSAS 18001 for the Group's management of health and safety issues and a programme covering manufacturing sites, warehouses, distribution centres and laboratories.

Sources of Group Revenue and Growth

Demand
Our Powerbrands collectively contribute a significant portion of our revenue, and any material adverse change to demand for existing Powerbrands or any future products we may develop, could have a material adverse effect on our business. Our results of operations depend to a significant extent on our ability to launch and sell products, in particular our Powerbrands, that appeal to, and are accepted by consumers. Consumer preferences, tastes and habits are constantly evolving. Various factors, some of which are beyond our control, may have an adverse impact on demand for our Powerbrands. For example, certain products within our health and hygiene categories have in the past exhibited, and may in the future exhibit, seasonal fluctuations. Launch of new products or variants of our existing Powerbrands may not neutralise the impact of weak performance of one of our Powerbrands. Similarly, our failure to differentiate our existing Powerbrands or future products from competitors, whether through quality, innovation, marketing or otherwise, may adversely impact consumer demand for our products. If consumer patterns change within the major consumer clusters that we have identified, or fail to react as anticipated, we may have to reassess our growth plans, and alter our sales strategy. Consumers may purchase less or switch to purchasing generic products, private label products and economy brands, as opposed to branded products, which could impact our sales, or result in a shift in our product mix from higher margin to lower margin product offerings. If we are unable to respond to changes in consumer demand in a timely or adequate manner, or at all, and/or accurately predict or anticipate factors that may impact demand, and if we are unable to differentiate our brands from competitors, our business, financial condition and results of operations may be materially and adversely affected.

Product Development
Our business, financial condition, and results of operations substantially depend on our ability to improve our existing products, and successfully develop and launch new products and technologies. Our ability to maintain and grow our market share depends to a large extent on our ability to successfully and cost-effectively introduce and market new products (whether variants of existing, or newly developed, products), and to develop equipment, technology and manufacturing processes for our products. If we are unable to successfully develop, launch and market new products that obtain consumer acceptance, in a timely manner, or at all, we may be unable to compete and maintain or grow our market share. Any new product or line extension may not generate sufficient consumer interest and sales levels to become a profitable product or to cover the costs of its development or promotion. In addition, if we decide to pursue growth opportunities in new categories and new category segments or in regions in which we have no prior experience or limited experience, we may become exposed to unexpected or greater risks and potential losses.

Product innovation and development generally involve considerable costs, and may demand a lengthy process. For example, research and development required to develop health products could take a significant period of time, from discovery to commercial product launch, and given the limited duration of patents, the longer we take to develop and launch a product, the less is the time for which we have exclusivity, in which we can recoup our development costs and seek to profit. We may be unable to successfully complete clinical trials and obtain applicable regulatory approvals in a timely manner, or at all, and may fail to gain market approval for our products. Additionally, we may encounter infringement claims by competitors, which may preclude or delay commercialisation of our products. Any delays could result in us not being the first to market, and could undermine our competitive advantage. If any of the products we are currently developing, or may develop in future, fail to become market-ready or to achieve commercial success at expected levels, or at all, we may incur substantial losses. If we fail to develop or upgrade our equipment, technology and manufacturing processes at least in line with our competitors, we may be unable to compete effectively and lose market share.

Reputation
Substantial harm to our reputation, or the reputation of one or more of our brands, may materially adversely affect our business. The majority of our brands have worldwide recognition. Maintaining our established reputation and trust with key stakeholders, including consumers, customers and trading partners is critical to our business. Various factors may adversely impact our reputation, including product quality inconsistencies or contamination. We have in the past faced quality-related issues, which resulted in trade and consumer recalls and such recalls may have a material adverse impact on our reputation. Raw materials that we source for production may become contaminated through the supply chain, and other product defects may occur due to human error or equipment failure, among other things. Reputational risks may also arise with respect to the methods and practices of third parties that are part of our supply chain, including labour standards, health, safety and environmental standards, raw material sourcing, and ethical standards in the countries in which we operate. We may also be the victim of product tampering.

Any perceived or actual concerns related to our products, our supply chain, or the industry more generally, such as the long-term effects of household chemicals and OTC (over-the-counter) drug ingredients on human health and the environment, may be widely disseminated online, on consumer blogs or other social media sites, or via print and broadcast media. Similarly, any litigation that we have faced or may face may subject us to increasing negative attention in the press. In addition, companies with global operations recently have come under criticism for corporate tax planning, and criticism of our structures or those of our peers could also generate negative publicity. Any negative publicity could significantly undermine our reputation, and current methods of dissemination of information (including the ability of reports to 'go viral' online) mean that potential threats to reputation can occur in a very short period of time and reach a far broader audience than historically was the case, making it far more difficult to address. Moreover, third parties have sold or may sell products that are counterfeit or unauthorised versions of our brands, or inferior 'lookalike' brands that resemble ours. Consumers may confuse our products with such brands.

Competition and Customers

We operate in intensely competitive industries. We face vigorous competition worldwide. We compete with well-established local, regional, national and international companies that target the same consumer base as we do, some of whom may have more significant resources with which to establish and promote their products. We also face competition from 'private label' products, and generic non-branded products, which typically are sold at lower prices, by major retail companies, some of whom may be our customers. Competition from these sources has grown in recent years.

Consolidation of key trade customers in the sectors in which we operate may limit opportunities for growth, and increase competitive pressures further. Our products generally compete on the basis of product quality and performance, promotional activities, brand recognition, price, timely development and launch, or other benefits to consumers. If we are unable to offer products that consumers choose over our competitors' products, our business and results of operations may be materially adversely affected. In addition, our products compete with other products for shelf space in retail stores and for marketing focus, such as via in-store promotional activities of our brands. Our competitive position, and consequently sales of our products, may be harmed to the extent that we are unable to successfully maintain sound working relationships with our trade customers, who determine access to shelf space and product placement on shelf, set retail prices and control in-store promotional activities of our brands, and can establish pricing differentials between similar products on shelf.

As the retail sector becomes more concentrated, retailers could impose downward pressure on prices and require commercial incentives before agreeing to offer our products for sale to consumers. Further, to the extent trade customers increase usage of their own distribution networks and private label brands, the competitive advantage we derive from our brand equity could be impaired. In addition, new sales channels have emerged, and continue to emerge, such as sales made through the Internet via online shopping, which may affect customer and consumer preferences, and competitive dynamics. If we are unable to effectively compete in these new channels, this could adversely impact our results and our prospects. Moreover, increased competition means that we need to spend more on promotion of our products.

Any of the foregoing could have a material adverse impact on our future sales and prospects, consequently adversely impacting our results of operations. Competition also extends to administrative and legal challenges of product claims and advertising. Responding to legal challenges and defending our products and intellectual property rights could result in significant expenses and may divert resources away from product and technological innovation, which may have a material adverse impact on our financial condition and results of operations.

Acquisitions and Divestitures

While we are principally focused on organic growth, we have grown, and may continue to grow, in part, through acquisitions, joint ventures and business alliances, which present a range of risks and uncertainties. Historically we have funded acquisitions through short-term borrowings, which we repaid through cash flow from our operations. We expect that future acquisitions could be funded through either additional borrowings or through equity, or a combination of the two.

Our competitors may choose to target the same acquisition candidates, and consolidation in the industry may limit available opportunities for acquisitions. We may also be restricted by applicable antitrust laws, foreign investment laws, or other laws and regulations, from pursuing acquisitions. We may bear substantial out-of-pocket expenses associated with a failed acquisition.

We may fail to achieve projected financial results of acquisitions, including expected cost and revenue synergies. In making acquisitions, we make various assessments, including expected growth rates which we may fail to achieve. To the extent that economic benefits associated with our acquisitions diminish in the future, we may be required to record impairment charges to goodwill or other assets, which could affect our financial condition. Through our acquisitions, we may also assume unknown or undisclosed business, operational, tax, regulatory and other liabilities, fail to properly assess known contingent liabilities or assume businesses with internal control deficiencies. While we seek to mitigate these risks in most of our transactions through, among other things, due diligence processes and indemnification provisions, we cannot be certain that the due diligence processes we conduct are adequate (particularly with respect to acquisitions of privately held companies and in countries where legislation and transparency make the process more difficult) or that the indemnification provisions and other risk mitigation measures we put in place will be sufficient.

We could also face significant risks related to integration of the acquired businesses into the RB Group, particularly if we attempt to simultaneously integrate multiple businesses. Acquisitions in emerging markets may impose particular risks related to integration across different corporate cultures, systems, languages and other market and regulatory risks. In addition, acquisitions in markets in which we have limited or no prior experience may pose a greater risk. Moreover, integration of acquired businesses, as well as any attendant internal reorganisation, can also require significant management attention, which may place strain on management resources and processes, and otherwise disrupt operations. Acquisitions can also place a strain on Group-wide internal control systems.

If we are unable to effectively manage risks associated with acquisitions, our business, financial condition and results of operations may be materially adversely affected. In addition, we may have entered into or choose to enter into joint ventures, business alliances or collaboration agreements, which could involve the same or similar risks and uncertainties as are involved in acquisitions. Joint ventures, for example, generally involve a lesser degree of control over business operations, which have in the past presented, and may in the future present, greater financial, legal, operational and/or compliance risks.

We have also disposed of some of our businesses and may continue to do so even as we focus on organic growth. There are a number of risks associated with such divestments. These include adverse market reaction to such changes or the timing or terms on which such changes are made, commercial objectives not being achieved as expected, unforeseen liabilities arising from such changes to the portfolio, sales revenues and operational performance not meeting our expectations, anticipated cost savings being delayed or not being achieved, inability to retain key staff and transaction-related costs being more than anticipated. We may also remain liable for issues relating to the disposed businesses, whether known or unknown at the time of disposal.

Currency Exchange

The Group prepares its Financial Statements in Sterling but conducts business in many foreign currencies. As a result, it is subject to foreign exchange risk due to the effects that exchange rate movements have on the translation of the results and the underlying net assets of its foreign subsidiaries. The Group's policy is to align interest costs and operating profit of its major currencies in order to provide some protection against the translation exposure on foreign currency profits after tax. The Group may undertake borrowings and other hedging methods in the currencies of the countries where most of its assets are located. For transactions, it is the Group's policy to monitor and, only where appropriate, hedge its foreign currency transaction exposures. These transaction exposures arise mainly from foreign currency receipts and payments for goods and services, and from the remittance of foreign currency dividends and loans. The local business units enter into forward foreign exchange contracts with Group Treasury to manage these exposures, where practical and allowed by local regulations. Group Treasury manages the Group exposures, and hedges the net position where possible, using spot and forward foreign currency exchange contracts.

In FY 2015, 85% of our net revenue was derived from markets outside the United Kingdom. The Sterling value of our revenues, profits and cash flows from non-UK markets may be reduced or our supply costs, as measured in Sterling in those markets, may increase. Additionally, a number of our competitors are based in countries whose currencies fluctuate against Sterling, and they may benefit from having their costs incurred in weaker currencies relative to Sterling. We prepare our Financial Statements in Sterling, and our financial results are affected by fluctuations between the relative value of Sterling and other functional currencies, particularly the US dollar and Euro. For example, in FY 2015, we incurred a net exchange loss on foreign currency translation, net of tax, of £173 million in our statement of comprehensive income. Further, currency translations may make it more difficult for investors to understand the relative strengths or weaknesses of the underlying business on a period-to-period comparative basis. We currently hedge some of our currency exposures using financial instruments, and we seek to align our interest costs and operating profits of our major currencies where possible, which may not be effective. Hedging transactions do not eliminate the exchange rate risk entirely, and may not be fully, or at all, effective.

Our Principal Operating Risks continued

We are subject to the risk that countries in which we operate may impose or increase exchange controls or devalue their currency. We operate in a number of countries, particularly emerging markets, which impose exchange controls, including, but not limited to: Argentina, Brazil, China, India, Russia, Egypt, Nigeria, South Africa and Venezuela. Such controls may restrict or make it impossible to convert local currency into other currencies, restrict our ability to repatriate earnings from a country (for example, £65 million of our cash and cash equivalents as at 31 December 2015 were restricted for use by us), borrow on the international markets to fund operations in that country or may limit our ability to import raw materials or finished products, any or all of which could materially adversely affect our business, liquidity and results of operations. In addition, emerging markets are prone to currency devaluations, such as, for example, the devaluation by the Russian Rouble in 2014, which tend to make our products more expensive in local currency terms.

Due to the nature of its business the Group is exposed to commodity price risk related to the production or packaging of finished goods such as those that are oil-related, and a diverse range of other, raw materials. The Group is not exposed to equity securities price risk.

Credit and Interest Rates

The Group has both interest-bearing and non interest-bearing assets and liabilities. The Group monitors its interest expense rate exposure on a regular basis. The Group manages its interest rate exposure on its gross financial assets by using fixed rate term deposits.

The Group has no significant concentrations of credit risk. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The Group seeks to use higher rated counterparties to manage risk, and operationally, only uses BBB rated counterparties by exception. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the Board. Despite these efforts, the Group cannot ensure that counterparties will not default or fail and, in particular, the Group's evaluation of counterparties may prove to be inadequate under exceptional circumstances or macroeconomic conditions.

The Group has bilateral credit facilities with high-quality international banks. All of these facilities have similar or equivalent terms and conditions, and have a financial covenant, facilities and central cash and investments, which are considered sufficient to meet the Group's projected cash requirements, as at the date of this report. If the Group were to lose access to these credit facilities, whether due to circumstances within or beyond the Group's control, it would have a material adverse effect on the Group's operations. Funds over and above those required for short-term working capital purposes by the overseas businesses are generally remitted to Group Treasury. The Group uses the remittances to settle obligations, repay borrowings or, in the event of a surplus, invest in short-term instruments issued by institutions with a BBB rating or above.

Our business may be adversely affected by our funding requirements. Our liquidity needs are driven by our ability to generate cash from operations and the level of borrowings (and related levels of headroom), the level of acquisition, the level of share repurchases and dividends, dispositions, target ratings for our debt and options available to us in the equity and debt markets. We obtain our funding primarily from the commercial paper market and have benefitted from the low interest rate environment. We maintain committed back-up credit facilities, which have remained undrawn since FY 2009. At 31 December 2015, we had £3,500 million in undrawn commitments. If we are not able to access the commercial paper market to the extent that we require, or at all, we may need to drawdown amounts under our committed bilateral credit facilities, which accrue interest at floating rates based on changes in certain published rates such as LIBOR. Increases in such rates could result in significantly higher interest expense for us, which would negatively affect our results of operations. As part of our strategy to maintain financial flexibility, as well as to procure additional funding for future acquisitions, including both bolt-on acquisitions as well as acquisitions that may be more material in size, we increased the level of medium-term funding in 2013 with the placement of a US$1 billion bond in the US debt market.

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for Shareholders and benefits for other stakeholders, and to maintain an efficient capital structure to optimise the cost of capital. In maintaining an appropriate capital structure and providing returns for Shareholders, in 2015 the Company has provided returns to Shareholders in the form of dividends, the current details of which are included in the Financial Review for the year on page 37, and share buy backs. The Group monitors net debt (total borrowings less cash and cash equivalents, short-term available for sale financial assets and financing derivative financial instruments) and at the year end the Group had net debt of £1,620 million (2014: £1,543 million). The Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility. Details of numerical disclosures relating to the Group's financial risk management are included in Note 14 to the Financial Statements on pages 119 to 123.

General Financial Risks of a Global Company

We are subject to risks relating to estimates and assumptions that we are required to make, and that affect the reported amounts in our Financial Statements. The preparation of our Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and revenue and expenses during the reporting period. Although estimates are based on management's best knowledge at the time, actual amounts may ultimately differ from those estimates. The Group's significant accounting estimates and judgements are shown on page 106.

The Group's multinational operations have exposed, currently expose and may continue to expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates (foreign exchange risk), market prices, interest rates, credit risks and liquidity. Although the Group has in place a risk management programme that uses foreign currency financial instruments, including debt, and other instruments, to limit the impact of these risks on the financial performance of the Group, there can be no certainty that these initiatives will prove successful under all circumstances.

Management of Sustainability

Sustainability Programme

The CEO has specific responsibility for sustainability. As part of established management processes, which include performance management systems and appropriate remuneration incentives, senior management reports directly to the CEO on sustainability matters on a regular basis. On the Executive Committee (EC), the EVP Category Development has operational accountability for the implementation of sustainability (bar charitable giving), in partnership with the EVP Supply, and supported by the rest of the EC within their respective areas and functions. In the category development organisation, the Category Group Director – Innovation & Sustainability manages the sustainability programme on a day-to-day basis. The R&D function includes the Global Regulatory Affairs (GRA) group, which is responsible for ensuring that our products meet regulatory requirements and are safe for their intended use. Our SVP Human Resources (HR) and the global HR function manage the Group's human resources, employee remuneration and benefits, employment practices, organisational development, training and elements of health and safety (e.g. stress management).

The Group has a full set of policies, Key Performance Indicators, targets, programmes and control arrangements, building on its central Code of Conduct, that address the full range of sustainability matters[1] and reputational risks. The sustainability and corporate responsibility section on the Group's website (www.rb.com/sustainability) and its annual sustainability reports (available at www.rb.com) provide further information, including the extent to which it complies with those policies, systems and procedures and progress towards targets / KPIs. The Group reports in line with the Global Reporting Initiative's Sustainability Reporting Guidelines – Version 4.

Key areas of sustainability internal control and performance, including sustainability disclosures, are independently reviewed and verified by both internal and external organisations, including Internal Audit, and their findings regularly reported to senior management, the CEO, the Audit Committee and the Board. In addition, selected data in the annual Sustainability Report are assured by external auditors.

The Group focuses on a number of sustainability topics, including but not limited to:

- Climate change
- Water scarcity
- Product stewardship
- Supply chain responsibility and human rights
- Health & Safety
- For information on the Board's assessment of the range of sustainability and associated reputation risk, see page 161.

Board Oversight

The Board regularly considers and takes account of the significance of sustainability matters, their potential risks to the business of the Group and the opportunities to enhance value that may arise from an appropriate response.

The Board undertakes a formal review of sustainability matters at least annually. This includes providing oversight to ensure that the Group has in place effective policies, systems and procedures for managing sustainability matters and mitigating significant sustainability risks. Additionally, the Audit Committee regularly reviews the arrangements for, and effectiveness of, risk management including the full range of risks facing the Group such as risks relating to sustainability matters, reputational risks and risks relating to employees.

The Board believes that it receives adequate information and training on sustainability matters and their potential risks and opportunities to the business of the Group. The Board has identified and assessed the range of sustainability and associated reputational risks and concluded that there are limited material risks to the Group's long and short-term value arising from sustainability matters, other than potential risks common to similarly sized businesses operating in its industry sectors and with similarly well-known brands. For more information, please see page 161.

1. 'Sustainability matters' include environmental matters (including the impact of the Group's business on the environment), its employees, and social and community issues.

Shareholder Information

Electronic Communications
The Shareholders passed a resolution at the 2008 AGM enabling the Company's website to be used as the primary means of communication with them. Shareholders who have positively elected, or are deemed to have consented, to receive electronic communications in accordance with the Companies Act 2006 will receive written notification whenever Shareholder documents are available to view on the Company's website.

Shareholders who have received a notice of availability of a document on the Company's website are entitled to request a hard copy of any such document at any time free of charge from the Company's Registrar. Shareholders can also revoke their consent to receive electronic communications at any time by contacting the Registrar. The Company's 2015 Annual Report and Notice of the 2016 AGM are available to view at www.rb.com/online-annual-report-2015. The Investor Relations section of the website contains up-to-date information for Shareholders including:

- Detailed share price information;
- Financial results;
- Dividend payment dates and amounts;
- Access to Shareholder documents including the Annual Report; and
- Share capital information.

Annual General Meeting
To be held on Thursday, 5 May 2016 at 11.15 am at No.11 Cavendish Square, London W1G 0AN.

Every Shareholder is entitled to attend and vote at the meeting. The Notice convening the meeting is contained in a separate document for Shareholders. Shareholders who have registered for electronic communication can:

- Receive an email alert when Shareholder documents are available;
- View the Annual Report and Notice of AGM on the day they are published;
- Cast their AGM vote electronically; and
- Manage their shareholding quickly and securely online.

Dividends for the Year ended 31 December 2015
The Directors have recommended a final dividend of 88.7p per share, for the year ended 31 December 2015. Subject to approval at the 2016 AGM, payment will be on 26 May 2016 to all Shareholders on the register as at 15 April 2016.

Company Secretary
Christine Logan

Registered office
103–105 Bath Road
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Telephone: 01753 217800
Facsimile: 01753 217899

Registered and domiciled in England and Wales
No. 6270876

Company status
Public Limited Company

Auditor
PricewaterhouseCoopers LLP

Solicitor
Slaughter and May

Registrar and Transfer Office
The Company's Registrar, Computershare, is responsible for maintaining and updating the Shareholder register and making dividend payments. If you have any queries relating to your shareholding please write to, or telephone, the Company's Registrar at the following address:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZY

Reckitt Benckiser Shareholder helpline: Tel. +44 (0)370 703 0118
Website: www.computershare.com/uk

American Depositary Receipts
Reckitt Benckiser Group plc American Depositary Receipts (ADRs) are traded on the over-the-counter market (OTC) under the symbol RBGLY. Five ADRs represent one ordinary share. J.P. Morgan Chase Bank N.A. is the Depositary.

If you should have any queries, please contact:
J.P. Morgan Chase Bank N.A.
PO Box 64504, St. Paul, MN 55164-0854, US
E-mail: jpmorgan.adr@wellsfargo.com
Telephone number for general queries: Tel. +1 800 990 1135
Telephone number from outside the US: Tel. +1 651 453 2128

Key Dates

Announcement of Quarter 1 interim management statement	22 April 2016
Annual General Meeting	5 May 2016
Record date for 2015 final dividend	15 April 2016
Payment of 2015 final ordinary dividend	26 May 2016
Announcement of 2016 interim results	29 July 2016
Record date for 2016 interim dividend	19 August 2016[1]
Payment of interim ordinary dividend	29 September 2016[1]
Announcement of Quarter 3 interim management statement	19 October 2016

1 Provisional dates.

Analysis of Shareholders as at 31 December 2015

Distribution of shares by type of Shareholder	No. of holdings	Shares
Nominees and Institutional Investors	9,635	722,270,851
Individuals	13,276	14,264,328
Total	**22,911**	**736,535,179**

Size of shareholding	No. of holdings	Shares
1 – 500	14,306	2,846,501
501 – 1,000	3,631	2,656,095
1,001 – 5,000	3,351	6,847,341
5,001 – 10,000	381	2,685,157
10,001 – 50,000	591	14,004,149
50,001 – 100,000	182	12,971,763
100,001 – 1,000,000	365	118,723,324
1,000,001 and above	104	575,800,849
Total	**22,911**	**736,535,179**

'Boiler Room' Scams
Shareholders who are offered unsolicited investment advice, discounted shares, a premium price for shares, or free company or research reports, should take these steps before handing over any money:

1. Get the name of the person and organisation.
2. Check the Financial Services Register at https://register.fca.org.uk/ to ensure they are authorised.
3. Use the details on the Financial Services Register to contact the firm.
4. Call the FCA Consumer Helpline on Tel. 0800 111 6768, if there are no contact details on the Register or if they are out of date.
5. Search the FCA's list of unauthorised firms and individuals to avoid doing business with at www.fca.org.uk/scams.
6. If you are approached by fraudsters please contact the FCA using their helpline, or share fraud reporting form at www.fca.org.uk/scams.
7. Consider getting independent financial advice.

Using an unauthorised firm to buy or sell shares or other investments will prohibit access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

Cautionary note concerning forward looking statements

This Annual Report and Financial Statements contains statements with respect to the financial condition, results of operations and business of RB (the "Group") and certain of the plans and objectives of the Group that are forward-looking statements. Words such as ''intends', 'targets', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including targets for net revenue, operating margin and cost efficiency, are forward-looking statements. Such statements are not historical facts, nor are they guarantees of future performance.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group's control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political and social conditions in the key markets in which the Group operates; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group's technological infrastructure or that of third parties on which the Group relies; interruptions in the Group's supply chain and disruptions to its production facilities; the reputation of the Group's global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, RB expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Any information contained in the 2015 Annual Report and Financial Statements on the price at which shares or other securities in Reckitt Benckiser Group plc have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

Notes

The following are trademarks of the Reckitt Benckiser group of companies or used under licence:

Airborne, Air Wick, Amopé, Aqua Mist, Bang, betterbusiness, Bonjela, Calgon, Cherry Blossom, Clearasil, d-Con, Dermicool, Dermodex, Dettol, Digestive Advantage, Durex, Easywax, Filter & Fresh, Finish, Flip & Fresh, Frank's Red Hot, French's, Freshmatic, Gaviscon, Graneodin, Harpic, Harpic Hygienic, Healthier Lives. Happier Homes., Luftal, Lysol, Manyanshuning, MegaRed, Micostatin, Move Free, Mortein, Mucinex, Naldecon, No-Touch, Nugget, Nurofen, Our Home Our Planet, Performax Intense, Picot, Power Plus, Quantum, Quantumatic, Resolve, Sagrotan, Schiff, Schiff Vitamins, Scholl, Spray 'n Wash, Strepsils, Suboxone, Subutex, Tempra, Tiger's Milk, Vanish, Vanish Gold, Veet, Veja, Velvet Express Pedi, Woolite as well as Reckitt Benckiser and the RB kite logos.

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HEALTH ‣ HYGIENE ‣ HOME

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