HEALTH ▸ HYGIENE ▸ HOME

Healthier Lives, Happier Homes

Bringing Our Purpose to Life

Reckitt Benckiser Group plc (RB)
Annual Report and Financial Statements 2017

RB is inspired by a vision of a world where people are healthier and live better.
We continually invest and innovate to find new ways for people to look after themselves, their families and their homes. We believe passionately in doing things the right way and have a culture that pushes us to outperform, every day.

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betterbusiness

bettersociety

betterenvironment

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Highlights

betterbusiness

Net Revenue

£11.5bn

Like-for-like (LFL) growth[1] Flat
Total reported growth +21%

Reported Earnings Per Share (diluted)

867.9p

+238%

Health and Hygiene

79%

of RB base business Net Revenue[1]

Reported Gross Margin

59.7%

-150bps
Adjusted[1] Gross Margin 61.1%
(-10bps)

Adjusted[1] Earnings Per Share (diluted)

324.6p

+7%

DvM

33%

of RB base business Net Revenue[1]

Adjusted[1] Operating Margin

27.1%

-70bps
Reported Operating Margin 23.8%
(-10bps)

Total dividend for the year

164.3p

+7%

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

bettersociety

Net Revenue from more sustainable products

19%

People reached with Health and Hygiene messaging

568m

betterenvironment

Greenhouse gas emissions per unit of production

31%

Reduction since 2012

Water usage per unit of production

37%

Reduction since 2012

Continued transformation of RB

The acquisition of Mead Johnson Nutrition (MJN), disposal of RB Food and reorganisation into two new, focused business units continues RB's transformation into a consumer health and hygiene company.

% Net Revenue from consumer health at end of 2011 versus end of 2017

50%

29 percentage points increase since 2011 (pro-forma[2])

2 Assuming ownership of MJN from 1 January 2017. This is based on the 2017 definition of Health as per Note 2 to the Financial Statements.

Our business model

We're using our strengths

Strategic inputs

Our people and culture

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

Our brands

We have 20 Powerbrands, which are leaders in their markets and offer faster growth and higher margins

Our knowledge and skills

We have deep consumer understanding, proven R&D capabilities and an agile organisation, which gets products to market fast

Our relationships

We develop strong, value-creating relationships with customers, consumers, suppliers and communities

Our infrastructure

Our business is underpinned by well-invested manufacturing sites, R&D laboratories and logistics centres

Our financial strength

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

To power our business

Our operating segments

In 2017, RB was organised into three operating segments – Europe and North America (ENA), Developing Markets (DvM) and Infant and Child Nutrition (IFCN).

ENA

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

Net Revenue

£6.7bn

DvM

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

Net Revenue

£3.3bn

IFCN

IFCN is the acquired MJN business, which includes the world's leading franchise in infant and children's nutrition

Net Revenue (pro-forma[1])

£2.9bn

1 Refer to page 39 for basis of preparation.

Our categories

Health

Nourishing the best start to life with the IFCN business, and treatments for everyday issues such as pain and flu, wellness products covering sexual wellbeing, footcare, vitamins and supplements

Hygiene

Personal and home hygiene products which provide the foundation for healthy living

Home

Brands that make the home environment more harmonious and less stressful, so families are happier every day

Reorganising for growth

From Q1 2018, RB is developing a platform for future growth and outperformance by creating two focused, fully accountable and more agile business units – Health and Hygiene Home.

See page 9

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

HEALTH • HYGIENE • HOME

Thomas and Isaac Reckitt build the Maud Foster mill
1819

Benckiser founded in Germany
1823

Reckitt & Sons founded in Hull
1840

Reckitt launched on London Stock Exchange
1888

Mead Johnson founded
1905

Reckitt & Sons merges with J & J Colman to become Reckitt & Colman
1938

Gaviscon Acquisition
1970

Air Wick Acquisition
1985

Ecolab Acquisition
1987

Boyle Midway Acquisition
1990

Lehn & Fink Acquisition
1994

Sold Colman's Food Business
1995

Reckitt and Benckiser Merged
1999

Boots Healthcare Acquisition
2006

Adams Respiratory Therapeutics Acquisition
2008

SSL International Acquisition
2010

Schiff Nutrition Acquisition
2012

K-Y Brand Acquisition / Spin off Indivior – (RB Pharma)
2014

Hypermarcas Condom and Lubricant Acquisition
2016

Mead Johnson Nutrition Acquisition/ Sold Food Business
2017

1819

Better together 2017

RB 2.0

2018

Mortein launched 1880

Scholl launched 1904

Lysol launched 1912

Veet launched 1922

Harpic launched 1923

Durex launched 1929

Dettol launched 1932

Nutramigen launched 1942

Woolite launched 1951

Air Wick launched 1943

Finish launched 1953

Calgon launched 1956

Strepsils launched 1958

Enfamil launched 1959

Clearasil launched 1959

Gaviscon launched 1965

Nurofen launched 1983

Vanish launched 1983

Mucinex launched 2002

Cillit Bang launched 2004

MeadJohnson Nutrition

Two companies, both rich in history and expertise, joined forces.

MJN brings to RB:

- Excellence in infant and child nutrition
- Deep understanding of new parents
- Respected relationships with healthcare professionals
- Scale and infrastructure in new markets

Together we will find new and exciting ways to promote health and wellbeing, from infancy to adulthood around the world

Enfamil

Enfamil has been trusted by generations of mums, dads, caregivers and healthcare professionals for safe, high-quality, beneficial products based on leading-edge nutritional science.

Nutramigen

Nutramigen was the first and is the most extensively studied formula of its kind. Seventy-five years after its launch, it remains the world's #1 brand for the dietary management of Cow's Milk Allergy (CMA) in infants and young children.

On 17 August 2017, the Group sold the RB Food business to McCormick & Company, Inc. for US$4.2 billion (£3.2 billion) in cash.

RB 2.0 reorganising for long-term growth and outperformance

Now we are starting a new chapter of sustainable outperformance with the creation of two focused, fully accountable and more agile business units – Health and Hygiene Home.

We are driven by:

- Front line obsession
- Category focus and expertise
- Ownership & Entrepreneurship
- Ready to disrupt
- Radical simplification

The future of RB is exciting. The changes we are making will reignite the potential of our people and our brands and create value for years to come.

Health

We will change the world by **making people healthier and live better** by nourishing the best start in life and empowering people to take health into their own hands

Hygiene Home

We will **create a cleaner world** by bringing our innovative solutions to a billion homes

And pursue our purpose

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

Megatrends

See pages **30** to **31**.

Powerful long-term trends are influencing our markets and driving demand for our products, from longer lives and increasing incomes to the relentless rise of technology and e-commerce.

Our strategy

We have designed our strategy to respond to these trends and deliver long-term success.

betterbusiness
How we outperform, through our focus on our brands, markets, people and creating a digitally connected company

bettersociety
How we support our communities and drive quality and safety in all we do

betterenvironment
How we reduce our environmental impact and ensure we source materials responsibly

Our operating model

Our three-part model enables us to rapidly scale up our ideas and offer them to consumers worldwide.

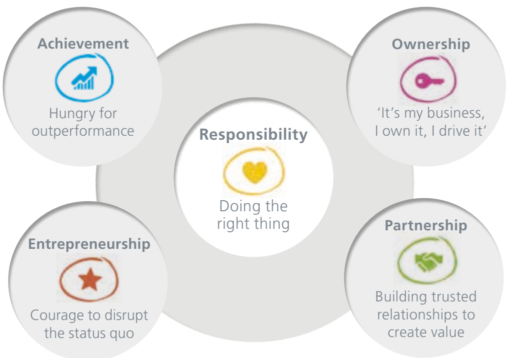
Create
Create innovative products that meet consumers' under-served demands

Scale
Scale our innovations, to make them as global as possible

Activate
Activate our ideas through our customer relationships, while driving consumer demand through offline and digital channels

Our values

Our values help us to realise our vision and purpose and are key to our distinct culture.



See pages **16** to **17**.

So we drive outperformance

Our strategy and operating model create value for all our stakeholders.

People

40,000+
challenging careers

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

Consumers

20
market-leading Powerbrands

Consumers receive innovative, safe and high-quality products, which give them healthier lives and happier homes

Shareholders

160%
Total Shareholder Return since adoption of our strategy in 2012

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

Communities

568m
people reached with health and hygiene messaging

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

Customers

Bricks and mortar and e-commerce

Customers gain from selling our leading brands, which grow each category and drive customer value in relevant channels

Chairman's Statement

RB made substantial progress with its strategy during 2017.

This is my final report to you as Chairman of RB and as I pass on the Chairmanship I am immensely proud to have been a part of this exceptional company. The transformation of the Group from a household cleaning business to a world leader in consumer health has been an ongoing journey; one that took a significant step forward in 2017, leaving RB even better placed to achieve its purpose of healthier lives and happier homes in the years ahead.

Adrian Bellamy
Chairman

A significant year for RB

The acquisition of Mead Johnson Nutrition (MJN) represented a step change in the scale and geographic spread of our consumer health business, while the disposal of the non-core Food business continued RB's transformation into a global leader in consumer health and hygiene. Food has exceptional brands and people, and was an excellent investment during RB's ownership.

Against a backdrop of a changing global business environment, these important changes to the Group, and in particular the acquisition of MJN, have given us the opportunity to consider where we want RB to be in the medium to longer term. We have therefore created two end-to-end, fully accountable business units – Health and Hygiene Home – to position RB to deliver superior Shareholder returns for years to come. More information on all these strategic moves can be found in Rakesh's statement on the following pages.

Business performance

RB's top line performance was affected by a number of issues in 2017, notably a sophisticated cyber attack, which originated in the Ukraine, in June, which had a significant impact on our supply availability in the third quarter. We also saw the residual effects of the Humidifier Sanitizer (HS) issue in Korea and the underperformance of the Scholl/Amopé Wet & Dry Express Pedi, which we launched in 2016. The HS issue was tragic and we continue to make both public and personal apologies to victims, as we continue to work to resolve it.

Conditions were also challenging in some markets with, for example, more difficult trading conditions in Europe and India and geopolitical uncertainties affecting the Middle East. Consumer behaviour is changing rapidly and products are being purchased through a broader range of channels, such as e-commerce and value-oriented niche retail formats. Retailers are responding and we are seeing the impact in a number of ways, including payment terms, inventory management and pricing. The Board believes that in these conditions, RB has demonstrated resilience and commitment, although we did not outperform our markets.

Net Revenue from continuing operations rose by 21% in 2017, including the initial contribution from MJN and the benefit of positive foreign exchange movements. Net Revenue for the RB base business (see page 39 for definition) was flat, while MJN delivered pro-forma revenues which were up 2% during the period of our ownership, in line with our expectations. Reported Operating Profit from continuing operations was up 21% in actual currency and 14% in constant currency. Adjusted Operating Profit from continuing operations rose by 18% in actual currency and 12% in constant currency, resulting in a 70bps decrease in our Adjusted Operating Margin.

As described on page 140, RB recorded a provision of £296 million within discontinued operations, relating to ongoing discussions with the US Department of Justice about Indivior PLC, formerly RB Pharmaceuticals, which we demerged in 2014. This contributed to reported Diluted Earnings Per Share of 867.9 pence, up 238%. Adjusted Diluted Earnings Per Share increased by 7% to 324.6 pence.

The growth in adjusted earnings enables us to reward Shareholders through rising dividends. The Directors have proposed a final dividend of 97.7 pence per share, up 3%. When added to the interim dividend of 66.6 pence per share, this gives a total dividend per share of 164.3 pence, an increase of 7%. Subject to Shareholder approval, the final dividend will be paid on 24 May 2018 to Shareholders on the register at 13 April 2018.

RB continues to be highly cash generative, with free cash flow as a percentage of continuing Adjusted Net Income of 94% in 2017. The Group has a robust financial position, following the acquisition of MJN and the receipt of the $US4.2 billion of proceeds from the sale of Food. Immediately following the completion of the MJN purchase, we raised $US7.75 billion in bonds, with the level of investor interest and good timing enabling us to achieve very attractive rates.

Strategy

Every year, the Board formally reviews RB's strategy. The Board remains convinced that the strategy is working well and that this year's significant strategic moves will position RB well in this changing market for future outperformance.

Innovation and investment in brand equity remain at the heart of the Group strategy. Differentiated products with strong brands are essential for expanding our categories, driving top line growth and supporting our pricing power.

Governance

In September 2017, we announced my decision to retire as Chairman and as a member of the Board, from the 2018 Annual General Meeting (AGM). I am delighted that Chris Sinclair will take on the role of Non-Executive Chairman at that time. Chris has served on the Board since 2015 and is an exceptionally strong and experienced business leader, with a deep knowledge of consumer goods and international markets. Ken Hydon and Judy Sprieser will also be retiring as Non-Executive Directors at the AGM in May. They have been outstanding members of the Board and great Chairpersons for two of our committees. On behalf of the Board, I thank them for their many years of exceptional service to RB.

Moving forward, as part of the reorganisation of RB's business, Rakesh Kapoor has become President of the Health business unit, in addition to his role as Chief Executive Officer of the Group. The Board believes that Rakesh is the right person to lead Health as it establishes itself in the new structure of the Group. We are also pleased that Rob de Groot, who has nearly three decades of experience in our business, will lead the Hygiene Home business unit.

In addition, during the year, we completed a number of changes to Board Committee responsibilities, with André Lacroix becoming Chair of the Audit Committee and Mary Harris becoming Chair of the Remuneration Committee. More information on these changes is set out in my statement on Corporate Governance, starting on page 58.

The Board completed an internal evaluation of its effectiveness in 2017. This showed that the Board and its committees are successfully guiding and overseeing the business. Further details can be found on page 64.

Risk remains a key focus for the Board and we have taken a number of steps to further enhance the Group's risk management, as described on page 42. The Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee supports the Board's oversight of risk and is well integrated with management. The Committee, with Pam Kirby as its Chair, was established in 2016 and has made an important contribution this year.

AGM resolutions

The AGM is on 3 May 2018. The resolutions that Shareholders will vote on are fully explained in the Notice of Meeting.

Conclusion

I would like to thank my fellow Board members, Rakesh Kapoor and his executive team and everyone in RB for their significant efforts this year, and throughout my time on the Board. It has been a privilege to be Chairman of RB, and never more so than during this recent period when the Group has been transformed. I am confident that RB has the right strategy, people and culture to deliver outperformance in the years to come.

Adrian Bellamy
Chairman
19 March 2018

Message from Chris Sinclair

I would like to thank Adrian for his extraordinary contribution as Chairman and to add my thanks to Ken Hydon and Judy Sprieser for their wise counsel during their time on the Board. RB is an outstanding company and it is an honour to follow Adrian as Chairman.

As I take on the mantle of Chairman of the Board, I see a number of priorities for RB as I look forward. Our main priority is to reignite our Powerbrands. The competitive landscape and transformation of retail put a premium on companies who can innovate and build out their brand franchises. The reorganisation is central to achieving this.

We need to ensure that MJN is extremely well integrated, so we capture the true value in the business while combining its capabilities within RB's. We will consider further inorganic opportunities to add to the portfolio in line with our strategic goals, particularly in Health, but we will exercise discipline and only make acquisitions where we believe they will create value for Shareholders.

When it comes to the people elements of the strategy, we will continue to build the talent and depth of RB's management team, while sustaining RB's culture. The Board and management are keenly focused on effective governance and risk management and this will be increasingly important as we move further into health-related sectors. Board renewal will continue.

In summary, RB is well positioned in growing, high-margin sectors, with a powerful arsenal of brands, excellent management and a culture built on high performance. RB's clear vision and commitment to its purpose are also crucial. These factors combine to guide every action we take and give everyone in RB a strong sense of who we are and what we can achieve, by working together towards a common goal. They are the strengths that make RB a global powerhouse and I am excited about its future.

Chris Sinclair
Chairman-elect
19 March 2018

Chief Executive's Statement

Our strategic moves during 2017 position the Group extremely well for the future.

Rakesh Kapoor
Chief Executive Officer

A transformational year

This was a hugely important year for RB, as we made real progress towards our purpose of healthier lives and happier homes. Our strategic moves during 2017 enable us to meet an even broader range of consumer needs and position the Group extremely well for the future.

First, we completed the acquisition of MJN in June 2017. MJN is a unique opportunity for RB to do more in pursuit of healthier lives, supporting infant nutrition in the crucial first 1,000 days of life, which are the most important for determining long-term health outcomes. The purchase brings into sharp focus the progress we have made over the last five years, in transforming the portfolio from one centred on household cleaning to one which is predominantly based on health and hygiene.

MJN is an excellent fit with our base business. RB already reaches millions of people through our hygiene education programmes and provides parents with relief when their children are unwell, through world-class brands such as Nurofen and Mucinex. MJN brings a deep understanding of a new mother's journey and the leading global brand in infant nutrition, Enfamil. As well as giving us entry to this structurally advantaged, fast-growing and high-margin category, the acquisition also achieved an important goal for RB, by giving us a strong platform in important developing markets. These include China, the Philippines, Vietnam and many parts of Latin America. We completed the acquisition ahead of schedule and have already made good progress with our acquisition objectives, both financially and operationally.

Our second key strategic move was the sale of our Food business. This was a very strong operation, with fantastic people and brands, which generated considerable value for Shareholders over a long period. However, it was not core to RB's purpose and given the acquisition of MJN, it was the right moment to find the best owner for this business. We exited at about the time we completed the MJN deal, for a very good price, benefiting Shareholders and enabling us to reduce our debt and interest costs.

Acquiring MJN means that for the first time, consumer health accounts for more than 50% of Group revenues on a pro-forma basis. Achieving this critical mass in consumer health has given us the opportunity to determine where we want to be in the future. Under RB 2.0, we have created two focused, agile and fully accountable business units – Health, incorporating MJN, and Hygiene Home – which together form one RB. This new structure was put in place effective Q1 2018. More information about the reorganisation can be found on page 9, with details of Health and Hygiene Home on pages 32 to 35.

Performance

In a year that transformed RB strategically, we continued to face challenging conditions in key markets. We also suffered from both known and unforeseen issues, as a result of which our performance in 2017 was not good enough and we did not outperform our markets.

The known issues included the impact of the South Korea Humidifier Sanitizer (HS) issue and the Scholl/Amopé innovation in 2016. We continue to engage with all stakeholders, including other companies, to resolve the tragedy in Korea and remain committed to putting victims first.

The issue we did not foresee was a serious cyber attack, which hit RB and a number of other companies on 27 June 2017. This had a significant impact, disrupting key operations including our manufacturing capacity, logistics, and our go-to-market operations, with a corresponding effect on our performance, particularly in the third quarter of the year.

While we had always invested in our cyber security, we have learned many lessons about how to improve. Our aim is to prevent further attacks, but their increasing sophistication means we cannot rely on prevention alone. We are therefore enhancing our programmes for rapid detection of, and response to, attacks, enabling us to quickly mitigate the impact, and improving our ability to efficiently restore our systems, so we are up and running again as fast as possible.

The year also brought some notable successes, not least the improving performance in infant nutrition. Since the acquisition, we have worked hard to accelerate MJN's innovation pipeline in the key markets of China and the US. Similarly we are bringing our expertise in digital and e-commerce to drive transformational growth. We have also targeted investment into other significant growth channels, notably mom-and-baby stores in China. In addition, we have injected the RB culture, with its passion, discipline and focus on performance.

Mead Johnson Nutrition integration

Completing the acquisition of MJN one quarter earlier than we planned has given us a head start on delivering the back office and procurement synergies we had identified. As a result, we achieved synergies of around US$25 million in 2017, helping to offset margins in MJN that were lower at the completion of the acquisition than we expected. We now expect to achieve in the region of US$300 million in annual cost savings by the end of the third year of ownership, an increase over our original target of US$250 million (£200 million).

The next phase of integration will see MJN become an integral part of the new Health business unit, with the opportunity to bring the best of both companies to benefit consumers and drive growth.

See more on page 26

Chief Executive's Statement
continued

United Nations (UN) Sustainable Development Goals

The UN has 17 Sustainable Development Goals, which together form an agenda for radical improvements for people, the planet and prosperity. The goals are underpinned by detailed targets, to be achieved by 2030. RB's products already contribute to the achievement of a number of these goals and targets, in particular those relating to good health and wellbeing and clean water and sanitation. The acquisition of MJN means we now also contribute to ending stunted growth in children, which has life-long health and developmental impacts and is a key target under the Zero Hunger goal.

See more in our Sustainability Report at RB.com

The RB base business (defined on page 39) is driving growth in digital and e-commerce, especially in China. We delivered further strong growth in this channel in 2017, with e-commerce generating more than 50% of China's Net Revenue, up from more than 30% in 2016. This puts us ahead of schedule to reach our target of 50% of China's Net Revenue coming from e-commerce by 2020. More information about our e-commerce growth initiatives can be found on page 19.

Innovation is the lifeblood of RB and we continued to launch new and exciting products in 2017. Examples include the SiTi Shield range, which creates a new category by protecting people from the pressing global health issue of air pollution (see page 33). Other notable health innovations were a Scholl Express Pedi for the value end of the market, especially to drive penetration in emerging markets; Durex Naturals Intimate Gel, which is the first in a line of Durex natural products; and Digestive Advantage Chocolate Bites, a delicious way to get your daily probiotics to promote long-term digestive and immune health.

We also continued to innovate in the Hygiene and Home categories. New Hygiene products included a completely new formulation of Finish, to suit the table-top dishwashers which are driving penetration in China. Lysol Disinfecting Wipes now use a new material designed to pick up dirt and germs better, and we have overhauled the entire Veja brand in Brazil, with the biggest update to the range in the last five years. In the Home category, key innovations include Vanish White and Air Wick's VIPoo.

RB depends on its talented people to drive its success. We have a real depth of talent and the creation of our new business units allows us to deploy this strength, by providing new opportunities for them to flourish. We have put together strong leadership teams for each business unit, which meet the specific needs of those businesses and support our growth ambitions.

RB has always prioritised being a responsible company and we must continue to do so if we are to achieve our goals.

During 2017, we therefore added a new value of responsibility, formalising the message that we must always do the right thing, even when it is hard. More information about our values can be found on pages 16 to 17.

RB 2.0 Reorganising for growth

The world is changing rapidly. Long-term trends in consumer health remain strong, with ageing populations in developed markets and rising incomes in emerging markets both driving spending on health and wellbeing. The Health category is competitively advantaged, with consumers wanting brands they know and trust in their moment of need, and channel transformation is less pervasive than in personal care and home care, in part due to regulation. The Hygiene and Home categories have substantial penetration opportunities, particularly in emerging markets, and the chance to reap the full potential of our excellent brands.

RB aims to be the global leader in consumer health, with a strong presence in major categories and a broad geographic spread. It will have the expertise and focus to build on its dedicated health platform, in a structurally advantaged category.

The higher focus and resource allocation to consumer health has delivered strong results for RB in recent years, but it means we have not done full justice to Hygiene Home's portfolio of global Powerbrands. The new business unit will unleash the potential of those brands, by speeding up innovation, creating more opportunity to invest in our brands, and sharpening its go-to-market focus.

The reorganisation also aims to position RB to succeed in the new world of channel fragmentation. New channels such as e-commerce, discounters and mom-and-baby stores give us the opportunity to provide more tailored solutions, to meet the specific shopping needs of these consumers.

For 2018, we are targeting total revenue growth of 13-14% at constant rates, which implies like-for-like growth in the range of 2-3%, in line with overall market growth. We also reiterate our medium-term target of moderate operating margin expansion. The operating margin for 2018 will reflect a number of specific factors, including the arithmetical impact of a full year of consolidating MJN, increased synergies relating to the integration of MJN and the operating costs of the new organisation.

Finally, I would like to thank Adrian Bellamy, Ken Hydon and Judy Sprieser for the enormous difference they have made to RB, during their many years on the Board. I look forward to working with Chris Sinclair, the Board, and all our people to help deliver the next phase of RB's success, as we make further progress towards achieving our purpose.

Rakesh Kapoor
Chief Executive Officer
19 March 2018

RB 2.0 Reorganising for growth

RB has transformed its portfolio during the past five years, delivering strong returns to Shareholders. The acquisition of MJN and the disposal of RB Food have given us the opportunity to start a new chapter of sustainable outperformance. From 1 January 2018, RB has two business units – Health and Hygiene Home. Each business unit is fully end-to-end accountable, from innovation, through brand development and supply, ensuring healthier lives and happier homes for our consumers.

Five guiding principles

- Frontline obsession: devolving responsibility to in-country teams, to serve our consumers and customers better
- Category focus and expertise: building out differentiated models to suit the needs of each category
- Entrepreneurship and ownership: encouraging initiative and new ideas
- Ready to disrupt: creating new categories, exploiting technology and new channels, and developing new models
- Radical simplification: creating a more focused and agile organisation

Benefits

- Closer to our customers and consumers
- Faster decision making and speed to market
- Increased resources to invest for growth
- More focused innovations
- Opportunities for our teams to learn and leverage their expertise

See more on pages **32** to **35**

Strategic objectives, targets and key performance indicators

betterbusiness

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

See more on pages 14 to 19

Organisation and culture

Our people are what make us outperform. Respecting them, keeping them safe and developing their skills and careers is essential if we are to be successful.

We recognise and embrace the value that a diverse, engaged and motivated workforce can bring.

Powermarkets

We have 16 Powermarkets. These are the markets which have the highest absolute growth potential for us and where we see the greatest ability to win. They are weighted towards developing markets which have greater economic growth, rising middle classes and more opportunities to increase market penetration.

Powerbrands

We invest heavily in our portfolio of 20 market-leading Powerbrands. They provide over 80% of our revenue and offer higher growth and margins.

Virtuous earnings model

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 expand our revenue and our Operating Margin.

Our policies

Anti-bribery and anti-corruption

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

Employee policies

RB's Code of Conduct governs standards of conduct in relation to our employees, as well as all our other key stakeholders. In addition, RB has policies setting out our commitment to equal opportunities at work and to providing a safe and healthy working environment. We relaunched the Code of Conduct and the associated policies in 2018.

Health and safety performance is monitored through our Group Occupational Health and Safety Management System, enabling us to investigate any incidents, accidents or occupational ill-health, and take any necessary action. We also have a 'Speak Up' policy and process, allowing any employee or contractor to confidentially report any violation of the Code of Conduct, local law or regulation, or unethical behaviour.

KPIs and goals

Powermarkets

Definition: Net Revenue generated in our DvM area, as a percentage of total Net Revenue

Target to 2020: 40%

2014	30%
2015	31%
2016	31%
2017[1]	**33%**

33%

Health and Hygiene (pre-RB 2.0)

Definition: Net Revenue generated by our Health and Hygiene categories, as a percentage of total Net Revenue

Target to 2020: 80%

2014	72%
2015	74%
2016	75%
2017[1]	**79%**

79%

1 As a percentage of RB base business

Organisation and culture

Definition: Our performance against our targets for organisation and culture can be found on page 14

Females in Top 400

2016	20%
2017	**24%**

24%

Lost Work Day Accident Rate (LWDAR)

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

Target: Continued decrease of rate

2014	0.093
2015	0.080
2016	0.071
2017	**0.121**

0.121

See more on page 14

bettersociety

bettersociety is about how we meet our responsibilities in relation to our communities and our products. We are known for outperforming in business and our aim is to also outperform expectations with our social impact investment.

See more on pages **20** to **21**

Purpose-led brands

Improving health and hygiene through our products, brand educational programmes and corporate social investment.

Human rights

Positively enhancing Human Rights and Responsible Business practices across our value chain.

Social impact investment

We recognise the role we must play in making a positive impact and transforming the health and lives of communities around the world. Our social impact investment strategy focuses on three areas that have a direct connection with our business: sexual health and rights, malnutrition and stunting, and health and hygiene.

Stewardship

Ensuring our products are safe, compliant and effective, and reducing their impacts on the environment.

Product innovation

Designing and launching more sustainable products.

Our policies

Human rights

Our policy on human rights and responsible business sets out our commitment to upholding the rights expressed in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. RB is also committed to following the UN Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. We have established a proactive compliance monitoring programme to enable us to identify and remediate any violations within our operations and supply chain.

Consumer safety policy

RB's consumer safety policy covers our commitment to producing products which are safe for consumers to use. Among other things, it requires us to comply with all relevant laws and regulations; to continually assess our products, packaging, labelling and ingredients, and potential consumer safety issues; to apply consistent global standards; and to freely disclose consumer safety information. We check our products comply with our Restricted Substances List (RSL) and take action where necessary to ensure compliance.

KPIs and goals

Purpose-led brands

Definition: Total number of people reached with health and hygiene messaging and campaigns

Target to 2020: 400 million

2014	142m
2015	237m
2016	365m
2017	**568m**

568m

Social impact investment

Definition: Direct contributions made as social impact investment

Target: Continual increase in social impact investment

2014	£6.5m
2015	£6.5m
2016	£8.0m
2017	**£10.5m**

£10.5m

Note: 2014-15 values are Save The Children only; 2016-17 includes broader social impact investment; 2017 also includes brand contributions.

Product innovation

Definition: Total Net Revenue from more sustainable products

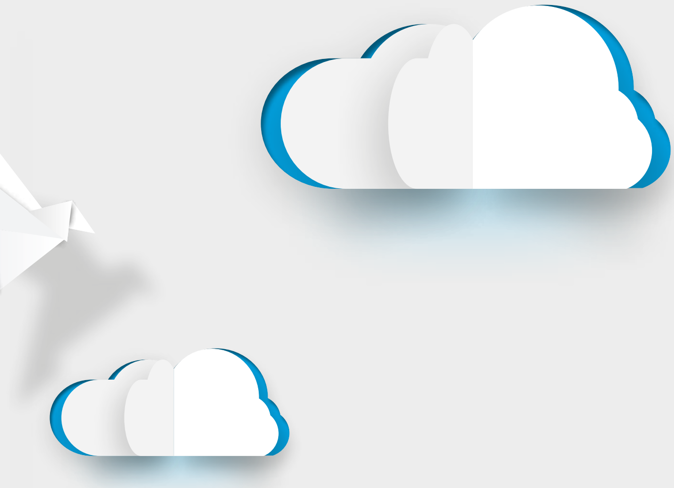
Target to 2020: 33% of Net Revenue

2014	4.7%
2015	6.0%
2016	13.2%
2017[1]	**19.4%**

19.4%

1 As a percentage of RB base business

See our Sustainability Report at RB.com



CASE STUDY

Hackathon

A live 28-hour ‘hackathon’ in June brought together RB’s R&D and marketing experts with creative and entrepreneurial minds from other leading organisations around the world. They formed three teams. Their mission: to pioneer blockbuster innovations that could protect children’s health from the devastating effects of air pollution exposure in China, where levels are among the highest in the world.

The teams presented their ideas to a judging panel – made up of esteemed healthcare experts – and a packed audience at the Cannes Lions festival. The product solutions proposed were: Dream Cocoon, a dome made of specially engineered charcoal bamboo fabric, which filters air while babies sleep peacefully in a cot; GrowAir, a protective, customisable face shield designed using soft, transparent plastic to clean the air children breathe in as they play outside; and the winning solution, StrollAir, a small, portable and convenient connected air filtering device that repels polluted air and provides babies in prams with a clean air ‘bubble’. This product idea is now being investigated by RB’s global R&D team.

betterenvironment

The betterenvironment element of our strategy sets out how we minimise our emissions, water use and waste, ensure we source responsibly and innovate to produce more sustainable products.

See more on pages 22 to 23

Greenhouse gas (GHG) emissions

Reducing our GHG emissions in our operations and across our product lifecycle, through energy efficiency programmes, investing in renewable technologies and procuring electricity from renewable sources, and product innovation.

Waste

Reducing our manufacturing waste and ensuring zero manufacturing waste is sent to landfill.

Water

Reducing the water impacts of our products throughout their lifecycle, including reducing water use in our manufacturing operations, especially in water-scarce regions.

Responsible sourcing

Responsibly sourcing our natural raw materials, including setting minimum standards for the materials we use and risk-based compliance programmes.

Our policies

Responsible sourcing policy
RB's responsible sourcing policy details our commitment to ensuring the natural raw materials we use in our products are produced in a manner that meets or goes beyond applicable laws and regulations, respects human rights, safeguards health and safety, protects the environment and generally supports sustainable development.

We have risk-based compliance programmes in place, including for palm oil where we are working with our suppliers to trace our palm oil supply chain and address the social and environmental issues associated with the industry.

Environmental policy
Our environmental policy sets out our objectives for identifying, reducing or eliminating our environmental impacts. We ensure compliance with this policy through our Group Environmental Management System and rigorous monitoring of our key environmental impacts, such as our energy and water use, water discharge quality and GHG emissions.

KPIs and goals

GHG emissions per unit of production

Definition: The percentage reduction in GHG emissions per unit of production, against our 2012 baseline

Target to 2020: 40% reduction

2014	(7)%
2015	(14)%
2016	(22)%
2017	**(31)%**

(31)%

Carbon footprint per dose of product

Definition: The percentage reduction in our total carbon footprint per dose of product manufactured, against our 2012 baseline

Target to 2020: 33% reduction

2014	(3)%
2015	1%
2016	0%
2017	**(2)%**

(2)%

Water use per unit of production

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

Target to 2020: 35% reduction

2014	(26)%
2015	(30)%
2016	(32)%
2017	**(37)%**

(37)%

Water impact per dose of product

Definition: Total water used during the product's life cycle, from material sourcing to disposal or recycling, adjusted to reflect water scarcity at each stage, and divided by the number of product doses manufactured

Target to 2020: 33% reduction

2014	(2)%
2015	(9)%
2016	(6)%
2017	**(8)%**

(8)%

Factories sending waste to landfill

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

Target to 2020: 100%

2014	74%
2015	89%
2016	97%
2017	**100%**

100%

Manufacturing waste per unit of production

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

Target to 2020: 30% reduction

2014	(10)%
2015	(15)%
2016	(20)%
2017	**(21)%**

(21)%

betterbusiness in action

01

We said…

Organisation and culture

In 2017, we said we would:

- Focus on diversity, talent, succession and performance
- Advance our safety, quality and compliance processes and practices, with the aim of moving from good to great performance
- Launch global standards for health and safety to set minimum expectations for the highest risk areas across all our sites

02

We delivered…

In 2017, we:

- Announced our new organisational structure, effective Q1 2018
- Continued our DARE programme, to Develop, Attract, Retain and Engage talented women, and our mentoring programme for female talent
- Provided leadership development programmes to more than 1,500 managers, including unconscious bias and inclusive leadership training
- Continued to focus on making performance reviews meaningful and relevant, and rolled out the process to MJN
- Refreshed our core values and strengthened our committment to our people and our consumers with the new value of 'Responsibility'
- Invested significantly in Safety, Quality and Compliance functions, adding high-calibre people as we continue to move from good to great
- Created a team to provide health and safety audits, training and advice (see case study)
- Introduced 11 new health and safety standards, coupled with training and advice
- Implemented a single health and safety function across RB and MJN, adopting best practice from both organisations
- Achieved a further reduction in the Lost Work Day Accident Rate (LWDAR) on a like-for-like basis but recorded a 13% increase following reclassification* and began to focus on reducing accidents when employees are travelling to work
- Created a new quality compliance team, which completed 80 quality audits in 2017
- Introduced six new global policies under our Quality Management System (QMS) and completed an external audit of the QMS
- Published our tax strategy setting out our tax principles and approach to tax risk management, tax transparency, tax planning and working with tax authorities. Our tax strategy can be found on our website www.rb.com
- Substantially strengthened our cyber security, as described in the Chief Executive's Statement (see page 6)

Our goals

Like-for-like Net Revenue growth

Definition: Growth in Net Revenue, excluding the impact of changes in exchange rates, acquisitions and disposals

	Health	Hygiene Home
Category growth rate	3-5%	2-3%
Ambition	Upper end	In line to upper end

Adjusted Operating Margin expansion

Medium-term target:
Moderate Adjusted Operating Margin expansion

Gender diversity

Definition: The percentage of women in our global workforce

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

At the year end, RB's gender diversity was as follows:

Board Directors:	Senior managers:	Other employees
8 male 3 female	392 male 127 female	19,910 male 15,427 female

Lost Work Day Accident Rate (LWDAR)

Definition: The number of workplace accidents at manufacturing, warehouse, R&D and commercial locations resulting in at least one day of lost time per 100,000 hours worked.

Target to 2020: Continued reduction in the injury rate.

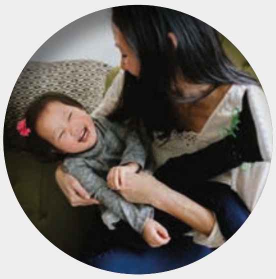
Increase in our LWDAR since 2012:

13%*

* We have revised the classification of our Lost Work Day Accident Rate (LWDAR) from 2017 to include accidents associated with organised travel and commercial offices. Excluding accidents from organised travel and commercial offices, there has been a 36% reduction in LWDAR since 2012.

Powering performance in China

Greater China is MJN's largest market but significant shifts in channels and the products consumers demand had hit revenues in recent years. Since the acquisition, we have reinvigorated the business in China, focusing on new channels such as mom-and-baby stores, applying RB's e-commerce expertise, improving marketing for MJN's exciting innovations and empowering the team to take fast decisions. The result was a return to strong revenue growth by Q4.



Advancing health and safety

In 2017, we put a new team in place to assure ourselves that we have the right health and safety practices across the business. The team acts as auditors, trainers and advisors to all our operations. By the end of the year, it had completed 163 audits, covering every location in RB. These audits produced clear recommendations and documented actions to drive further health and safety improvements in the coming year.

03

We will...

Our priorities for 2018 are to:

- Complete the reorganisation into two new business units, including the full integration of MJN into Health, ensuring we deliver the revenue growth, margins and cost synergies we expect from the acquisition
- Continue to strengthen our cyber security and our safety and compliance capabilities
- Continue to drive improvements in health and safety, including rolling out a health and safety culture survey to all sites
- Pilot a new system to give us a best-practice process for managing the product life cycle
- Continue to focus on embedding DARE and driving initiatives to improve gender balance, including running our Accelerate leadership programme every quarter for highly talented women

betterbusiness in action

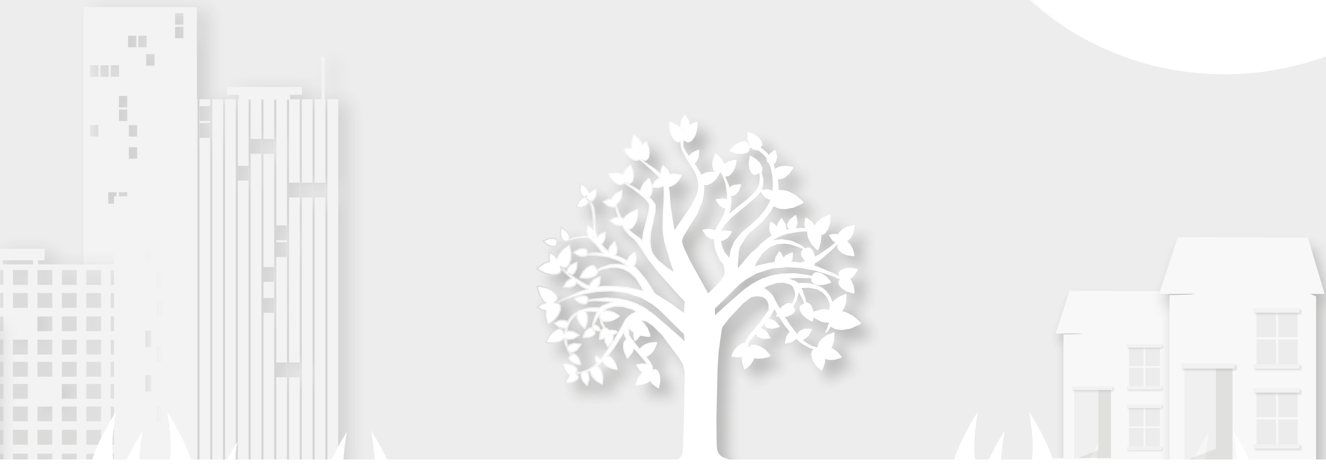
Living our values

RB has a distinct culture, which comes to life through our values. These values are interlinked and together define how we make decisions, how our people behave, how we reward people and how our people grow. Underpinning our culture is our desire to always act responsibly.

Entrepreneurship

Courage to disrupt the status quo

Acting like entrepreneurs means having the courage to disrupt the status quo, by pursuing big ideas using less money. We champion new ideas, no matter where they come from, and are passionate about turning them into effective business solutions.



Achievement

Hungry for outperformance

RB is hungry for outperformance. We never rest on our laurels, so when we climb a mountain we look for the next peak. We have a bias for action at speed and reward our people for outperformance.

Ownership

'It's my business, I own it, I drive it'

Taking ownership means that we treat the business like it is our own. Our people take the initiative, without waiting to be asked or told, and have the freedom to make a difference.

Responsibility

Doing the right thing

Being responsible means always doing the right thing, even when it is hard. We always put the safety of our people and consumers first and lead and act with integrity.

Partnership

Building trusted relationships to create value

We build trusted relationships to create value. We say what we mean and do what we say, both in the room and outside it. We value constructive conflict, as it enables us to reach the best answer. No one has all the solutions, so we partner with others to find them.

betterbusiness in action

01

We said…

Powermarkets

In 2017, we said we would:

- Continue to invest heavily behind our Powermarkets, to increase penetration and distribution
- Stay at the forefront of e-commerce, as China and other developing countries go through a transformation in this channel

02

We delivered…

In 2017, we:

- Continued to invest in penetration programmes, for example by visiting 2.8 million new mothers in 13 emerging markets, to help them understand and adopt good hygienic practices for when they bring their babies home
- Substantially increased our footprint in developing markets to 40% on a pro-forma basis through the acquisition of MJN
- Grew e-commerce to more than 50% of Net Revenue in China, up from more than 30% in 2016
- Established multi-channel capabilities, including Offline to Online (O2O) and Direct to Consumer (D2C) in China and other markets

Powerbrands

In 2017, we said we would:

- Continue to invest heavily behind our Powerbrands, particularly in Health and Hygiene, to increase penetration and distribution
- Continue to develop innovative solutions, which target under-served consumer needs

In 2017, we:

- Invested 13.4% (base business) of Net Revenue in brand equity-building initiatives
- Continued to work on penetration improvement programmes. For example, we worked with seven dishwasher manufacturers globally to drive further dishwasher penetration in this underdeveloped category
- Launched many consumer-centric innovations aimed at making our consumers' lives healthier and happier

  For example, we developed a protective ecosystem against air pollution, including masks, under the new brand name, SiTi Shield
- Achieved a flat like-for-like (LFL) Net Revenue performance with broad-based, mid-single digit growth rates in health, offset by the impact of a cyber attack and continued impact from Scholl/Amopé. The underlying performance of our consumer health business remains strong

Virtuous earnings model

In 2017, we said we would:

- Target LFL Net Revenue growth of 3% and moderate Operating Margin expansion in the medium term
- Maintain a high Gross Margin by focusing on higher-margin brands and optimising our cost of goods sold, an ongoing process we call Project Fuel
- Focus our Brand Equity Investment (BEI) on consumer education and penetration programmes, to build long-term brand equity
- Invest appropriately in fixed costs (our people capabilities and infrastructure) while keeping our organisation lean

In 2017, we:

- Delivered flat LFL Net Revenue growth, as a result of challenging market conditions, the effect of the Korea Humidifier Sanitizer (HS) issue, the Scholl/Amopé innovation and the cyber attack
- Achieved a stable Adjusted Gross Margin of 61.1% (-10bps) in a difficult pricing environment, and with commodity cost headwinds
- Invested 13.4% (base business) of Net Revenue in BEI
- Maintained tight control over fixed costs in our base business, which reduced by 30bps to 19.5% of Net Revenue. This was in part helped by reduced annual bonus incentives following a tough year
- Grew Adjusted Operating Margin by 30bps on the base business to 28.1%. The consolidation of the lower-margin MJN business for six and a half months in 2017 caused the Adjusted Group Operating Margin to decline by -70bps to 27.1%

Accelerating our online growth

RB's dedicated e-business unit aims to drive incremental growth for the Group. It had an excellent year with strong growth. In addition, the unit successfully developed its cross-border business into China, supported by an e-distributor network.

03

We will...

Our priorities for 2018 are to:

- Prioritise management and financial resource towards our Powermarkets, with a particular focus on China and the US, as these are key IFCN markets
- Expect channel fragmentation to continue, as technology enables more consumers to access our products in new ways, and aim to deliver innovative solutions to our consumers, in whichever channel they choose to shop

Increasing penetration for Mucinex in the US

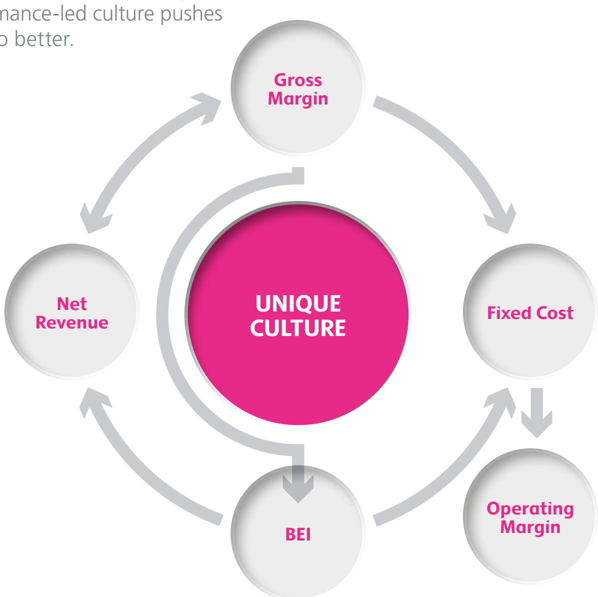
In 2017, our consumer education programme supporting Mucinex was highly successful, driving strong demand. Mucinex offers relief for 12 hours, giving it a real advantage over competing four-hour products. With only one dose to take rather than three over 12 hours, Mucinex is better value for consumers and they are less likely to forget to take a dose.

Our priorities for 2018 are to:

- Continue to develop innovative solutions, which target under-served consumer needs
- Prioritise investment towards the respective Powerbrands of our new, focused and accountable business units of Health and Hygiene Home

Virtuous earnings model

The virtuous earnings model starts at Gross Margin, which gives us the room to fund investment in Fixed Costs and BEI, so we drive Net Revenue and Operating Margin. Our unique performance-led culture pushes us to continually do better.



Our priorities for 2018 are to:

- Target total Net Revenue growth (at constant rates) of +13-14%, implying LFL growth of +2-3%
- Focus on maintaining a high Gross Margin through accretive product mix, Project Fuel and Gross Margin accretive innovation
- Continue to invest heavily behind the long-term strength of our brands, at an appropriate return on investment, whilst seeking to drive efficiencies
- Maintain tight fixed cost discipline, and invest behind our new platform for growth and outperformance – RB 2.0
- Target moderate margin expansion in the medium term, while recognising that specific in-year factors may enhance or dilute margins

bettersociety in action

01

We said...

Delivering our purpose

In 2017, we said we would:

- Continue our brands' existing educational programmes, to improve health and hygiene behaviour
- Develop our networks, to scale our health and hygiene programmes globally

02

We delivered...

In 2017, we:

- Exceeded our 2020 target of reaching 400 million people with health and hygiene messaging, by reaching a total of 568 million, through programmes linked to brands such as Durex, Mortein and Dettol
- Partnered with Save the Children for the 14th consecutive year, bringing RB's overall investment total to £35 million
- Launched the Hoga Saaf Pakistan initiative
- Expanded our Dettol Banega Swachh health and hygiene programme from India into Sri Lanka and Bangladesh
- Expanded our Mortein anti-mosquito programme from Brazil into other countries
- Piloted a methodology to measure the impact of our health and hygiene programmes, as well as their reach

Human rights

In 2017, we said we would:

- Deliver further improvements to our human rights due diligence and remediation processes

In 2017, we:

- Increased the scale of our audit programme, conducting 139 audits. Particular focus was given to 3rd party manufacturers in South & North Asia, Africa and the Middle East
- Held supplier capability building workshops in India and Dubai, to build supplier awareness and understanding of our expectations and how to address specific regional challenges
- Launched interactive human rights training for all management employees, reaching 11,873 people so far
- Published our first Modern Slavery statement, which can be found on our website, www.rb.com

Product stewardship

In 2017, we said we would:

- Complete our review of our Restricted Substances List (RSL), which is a list of ingredients that RB has banned or restricted from our global product portfolio
- Continue to increase ingredient transparency

In 2017, we:

- Recruited specialists in the UK and India, adding significantly to our consumer safety talent and capability
- Completed reviews on over 70% of the circa 8,900 formulations used across RB, by the year end
- Remediated various RSL compliance issues that included the cessation of some formulations, agreement of dates to phase out formulations, adjustment of formulations and revision of packaging labelling
- Introduced new processes and associated training, to ensure safety reviews are performed for all new or changed products
- Performed an external audit of our consumer safety systems and processes with action plans in place to address areas to strengthen further
- Continued to reduce, refine and replace testing in order to improve animal welfare in line with our global policy
- Sponsored a GC3 Preservative Challenge Competition to find novel, safe and effective preservatives

Product innovation

In 2017, we said we would:

- Continue to increase revenue from more sustainable products

In 2017, we:

- Increased revenue from more sustainable products from 13.2% of Net Revenue in 2016 to 19.4% in 2017
- Introduced more sustainable products, such as Durex's packaging now being made solely from the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) certified cartonboard

03

We will…

Hoga Saaf Pakistan

Consistent with RB's vision of a world where people are healthier and live better, RB Pakistan launched the 'Hoga Saaf Pakistan' or Clean Pakistan initiative in 2017.

The programme aims to create a healthier, cleaner Pakistan and addresses the loss of life caused there by diarrhoea. Every year 53,000 children in Pakistan die because of diarrhoea.

Together with our local partners in Pakistan, RB is improving the unclean and unhygienic conditions that cause diarrhoea.

Our programme focuses on improving health education, basic hygiene practices and hygiene/sanitation infrastructure in Pakistan.

Our priorities for 2018 are to:

- Continue our health and hygiene programmes and extend them to nutrition, following the acquisition of MJN
- Develop a new target for brand programme reach having achieved our 400 million goal two years early
- Look to scale our methodology for measuring the impact of our programmes

Dubai

RB co-sponsored an AIM-Progress supplier workshop in Dubai focused on the challenges associated with recruiting and managing migrant labour. Speakers from FSI Worldwide and Vérité provided our suppliers with an overview of the complexity of the challenges faced within the region, the systemic issues associated with implementing anti-forced labour standards and examples of best management practices supported by local supplier testimonials.

Our priorities for 2018 are to:

- Increase the scope and scale of our audit programme to include raw and packaging material suppliers
- Enhance supplier grievance mechanisms
- Identify a strategic human rights partnership to enhance the effectiveness and strategic direction of our human rights programme

Jontex

RB acquired three new sexual wellbeing brands in Brazil: Jontex, Olla and Lovetex. A decision was taken to replace ingredients relating to fragrance and lubrication that were not compliant with our global RSL, with safer alternatives, demonstrating ongoing commitment to continually improving our product portfolio.

Our priorities for 2018 are to:

- Complete the review of the remaining formulations in our product portfolio
- Advance our ingredient management strategy through an updated RSL and how we roll out ingredient transparency across our global product portfolio
- Make progress towards our goal of having 100% ingredient transparency
- Continue working towards publication of the RSL by 2020

Our priorities for 2018 are to:

- Continue to make our products more sustainable and drive further increases in revenue from more sustainable products
- Review ways to increase the sustainability of packaging, as a key area of focus

betterenvironment in action

01

We said...

Greenhouse gas (GHG) emissions

In 2017, we said we would:

- Look for further opportunities to reduce GHG emissions across our manufacturing sites

02

We delivered...

In 2017, we:

- Since 2012 we have reduced our GHG emissions by 31% in pursuit of our 2020 goal of a 40% reduction
- Reduced our carbon footprint per dose, currently 2% lower than the 2012 baseline
- Signed first Power Purchase Agreement (PPA) for Mysore plant in India, where 100% renewable electricity is now supplied
- Increased our on-site renewable energy generation, for example by investing in thermal solar energy to heat water at our Mira site in Italy
- Continued to focus on energy efficiency in our operations

Water

In 2017, we said we would:

- Work across our value chain to further explore opportunities to reduce the water impact of our products
- Identify ways to reduce, reuse and recycle water in our manufacturing sites, and invest in waste water treatment facilities and monitoring systems

In 2017, we:

- Further reduced our water use per unit of production, by investing in water efficiency in our operations
- Achieved zero water discharge at three sites, meaning all the water they use is recycled or put back into the production process
- Upgraded waste water discharge facilities at our Indonesia, India and Bahrain plants, with improvements and modifications made at other facilities
- Further reduced our water impact per dose: 8% decrease since 2012. This remains a challenge as the biggest impact is at the point of consumer use. To tackle this, we are making products with a lower footprint at point of use, such as foam or liquid soaps, and working with third parties to produce more water-efficient appliances
- Assessed water scarcity across our locations and invested to increase water replenishment

Waste

In 2017, we said we would:

- Continue to drive towards zero waste to landfill, with an emphasis on finding new ways to reuse and recycle waste

In 2017, we:

- Achieved zero waste to landfill for all RB sites
- Further reduced our manufacturing waste per unit of production, putting us on track for our 2020 target of a 30% reduction
- Improved recycling and reuse of waste, for example at our Shangma plant in China, where installation of more efficient waste processing machinery has led to significant waste reductions

Responsible sourcing

In 2017, we said we would:

- Further develop our palm oil programme, focusing on increasing traceability within our supply chain and the implementation of transformation programmes
- Increased human rights due diligence in our palm oil supply chains

In 2017, we:

- Increased palm oil traceability back to the mill (excluding India) to 88% excluding surfactants
- For India: Increased palm oil traceability back to the port of origin from 55% in 2016 to 90% in 2017, excluding surfactants.
- Worked with The Forest Trust (TFT) to map our palm oil supply chain
- Completed a labour risks mapping project in our Indonesian supply chain and carried out focused human rights training and engagement with selected processors

03

We will…

In 2017, our GHG emissions from our entire operations, including manufacturing, R&D, offices and distribution centres, were made up of:

- Scope 1: 63,726 tCO_2e (2016: 66,247) – emissions from combustion of fuel in our facilities
- Scope 2: 164,040 tCO_2e (2016: 202,798) – emissions from energy supplied to us, such as electricity, heat, steam or cooling

Total GHG emissions from Scope 1 and Scope 2 emissions in 2017 were 227,766 tCO_2e (2016: 269,045). We calculate our emissions intensity per unit of production, which equated to 0.00278 tCO_2e in 2017 (2016: 0.00313 tCO_2e).

See our Detailed Sustainability Report 2017 at RB.com

Note: Our GHG data includes all 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, for example, the Greenhouse Gas Protocol (as outlined in our Reporting Criteria) and follow dual reporting requirements in line with the GHG Protocol Scope 2 Guidance. Our GHG emissions reported above follow the market based methodology. Following a location based approach, our Scope 2 emissions for 2017 are 213,966 t of CO_2e.

Our priorities for 2018 are to:

- Look for further opportunities to reduce GHG emissions across our sites, in particular by increasing our use of renewable energy and through further energy efficiency
- Sign up to RE100, a global initiative bringing together companies who are committed to using 100% renewable energy
- Evaluate and revise new GHG emissions targets, including MJN

Reuse of treated water in processes

RB's plant in Hosur, India set itself the goal of becoming a Zero Discharge Plant. Doing so not only decreases the levels of waste water generated, it also reduces the amount of water being withdrawn – an important consideration in a water-scarce region.

Following engineering and infrastructure modifications, treated waste water can now be mixed with raw water within the manufacturing process. This has led to water savings averaging over 600,000 litres each month.

Our priorities for 2018 are to:

- Further enhance the water efficiency of our operations
- Review where we have material water impacts, in light of the MJN acquisition, and determine the actions we can take to significantly influence water impacts across the product life cycle

Waste reduction through machinery investment

RB's Shangma plant in China identified an opportunity to reduce their waste volumes by installing more efficient plant machinery. A new sludge pressing machine meant that approximately 60% of the water content could be pressed from their waste water treatment plant's sludge residues – a 10% improvement over the previous equipment.

This has led to a reduction of over 100 tonnes of sludge being disposed of each year and a 6% reduction in the site's today waste.

Our priorities for 2018 are to:

- Achieve zero waste to landfill for sites acquired through MJN
- Further reduce waste and increase the reuse and recycling of waste
- Mobilise RB's Plastics Task Force to define programmes, targets and goals to reduce, reuse and recycle plastic across our portfolio

Human rights monitoring and partnership

We supported a programme with TFT to build a constructive working relationship with a large palm oil mill. Consultations with employees and subcontracted workers led to an action plan being agreed to remedy issues arising – most of which had been closed out by the end of the year.

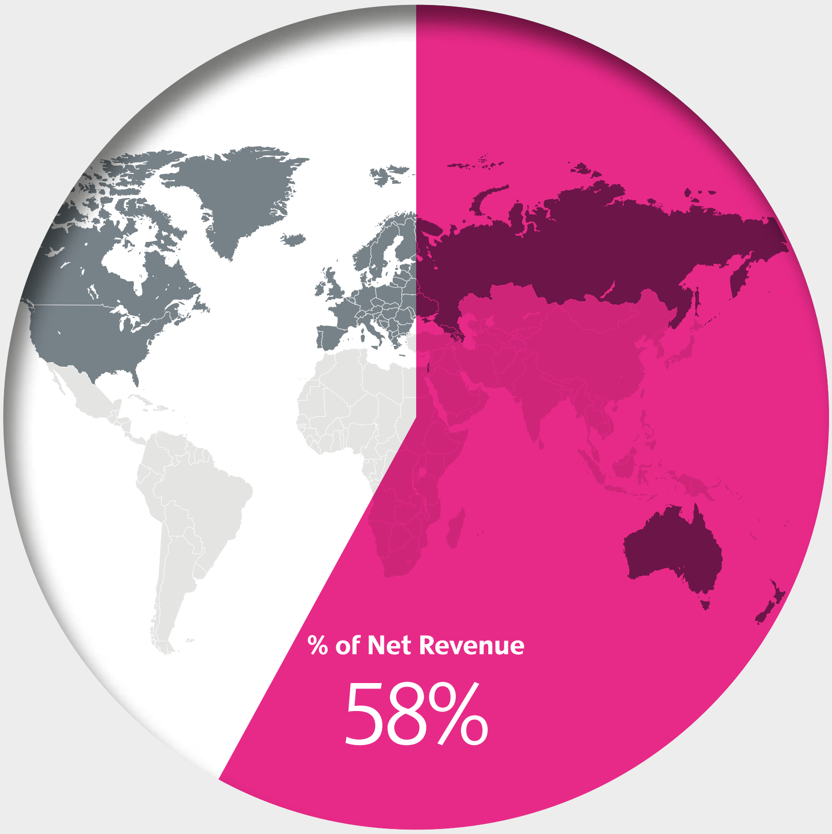
As part of a broader study, a survey of all our palm oil suppliers was initiated with Impact Consulting, providing a better insight into the systems in place across our upstream supply chains to manage human rights risks. The research will support further engagement with suppliers, refineries and mills around human rights.

Our priorities for 2018 are to:

- Further increase the scope and effectiveness of our responsible sourcing programme, in areas such as palm oil and latex
- Integrate MJN into our responsible raw materials sourcing programme and ensure compliance programmes are in place for high risk materials.

Operating review

ENA



Net Revenue

£6,691m

2016:	£6,410m
LFL growth:	-2%
Actual growth:	+4%

Adjusted Operating Profit

£2,040m

2016 (restated)[1]:	£1,962m
Total growth:	-2% at constant
	+4% at actual

1 Restated for the reallocation of centrally incurred costs following the disposal of RB Food.

Total Net Revenue was £6,691 million, with like-for-life (LFL) decline of -2%. North America had a flat LFL performance. Mucinex delivered a strong performance, driven by recent innovations of Fast Max Clear and Cool and targeted consumer education surrounding the benefits of 12-hour relief. Lysol saw robust growth, following a very strong Q4, driven by the launch of our new laundry sanitizer and Wave ITB (in toilet bowl) innovations. Finish also had a strong year, aided by the launch of our latest generation Finish Quantum tablets. Air Wick was negatively impacted by both challenging category growth and competitive market conditions. Scholl/Amopé was also weak due to the Wet & Dry Pedi innovation.

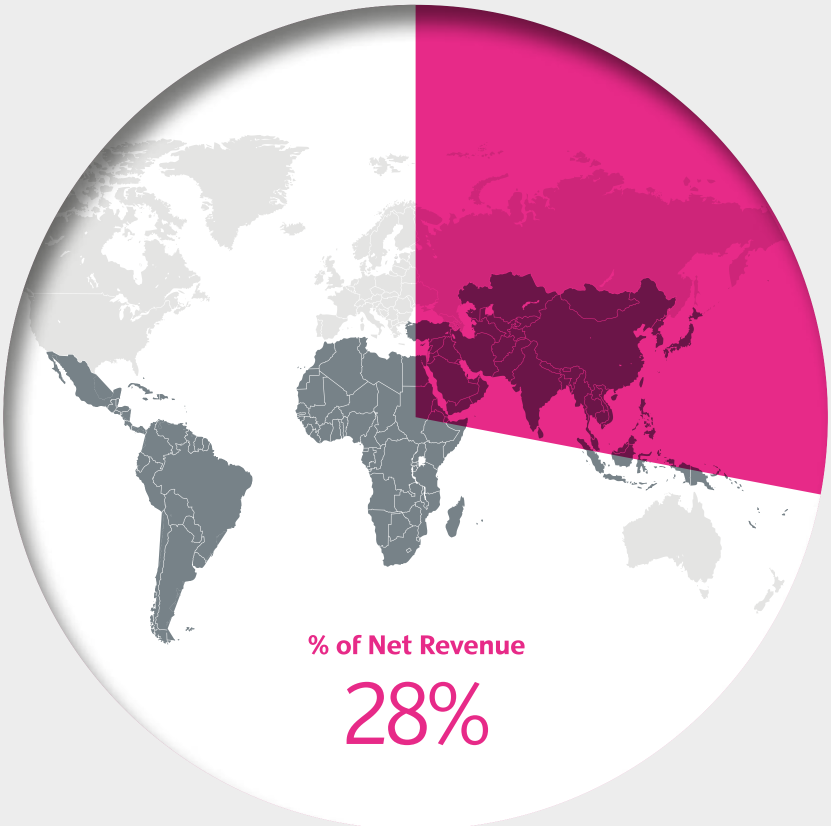
Russia had a strong finish to the year with double-digit LFL growth. Durex delivered an excellent performance following improved distribution and launch of our new emoji campaign, aimed at turning the awkward moments of introducing condoms to fun moments. Nurofen and Strepsils had strong performance, and Finish benefited from penetration improvement programmes. Russia remains a volatile market and current growth rates may not be sustainable.

The rest of ENA had a tough year, with a LFL decline of -3%, impacted by the combination of weakness in Scholl, supply challenges associated with the cyber attack in June and pricing pressures. Despite these issues, a number of brands displayed good, innovation-led, growth – including Strepsils, Veet (with the new precision trimmer), Finish and Air Wick (with the launch of VIPoo).

Adjusted Operating Profit was £2,040 million, a decline of -2% (constant), and in line with the decline in Net Revenue; the Adjusted Operating Margin decreased -10bps to 30.5%, due to pricing pressures, negative product mix and unfavourable operational leverage.

Q4 total Net Revenue was £1,809 million, a LFL increase of +1%. Within North America (+2% LFL) Mucinex and Lysol delivered a strong performance, as did Finish behind the launch of the new generation of Quantum tablets. Russia was very strong, both lapping a weak comparative and delivering a strong in-market performance, helping the rest of ENA return to growth.

DvM



Net Revenue

£3,266m

2016:	£3,070m
LFL growth:	+3%
Actual growth:	+6%

Adjusted Operating Profit

£753m

2016 (restated)[1]:	£674m
Total growth:	+6% at constant
	+12% at actual

1 Restated for the reallocation of centrally incurred costs following the disposal of RB Food.

Total Net Revenue was £3,266 million, with LFL growth of +3%. This was a soft result, well below our medium-term expectations of these markets as a whole, which exhibit rising middle class incomes and the increasing ability of consumers to afford products in the categories in which we operate. Growth was negatively impacted in the first half by known issues in South Korea and had an annual impact on the area's growth rate of around -1.5%. In addition, geopolitical issues in the Middle East saw this region decline substantially during the year, and particularly in H2. Brazil experienced challenging market conditions.

There were also successes. China delivered strong double-digit growth. This was led by our Powerbrand, Durex, and supported well by Dettol, Veet, Move Free and the recent launch of our new Finish dishwashing tablets, specifically designed for compact (table-top) dishwashers. Online sales in China now represent 50% of total turnover. India saw a strong underlying performance, having been disrupted during the year by the introduction of Goods and Services Tax (GST), exacerbated by cyber attack issues.

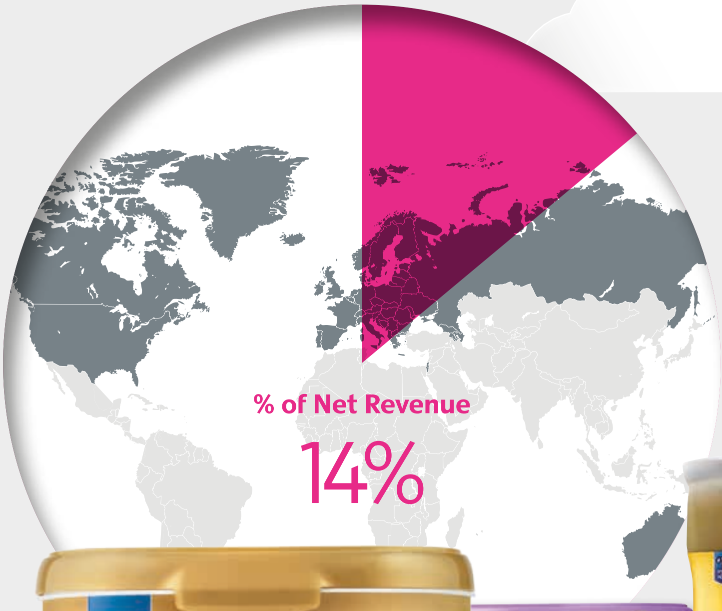
These disruptions are now behind us and the Q4 growth rate – both in terms of Net Revenue growth and underlying in-market sales – was strong. South Africa and Turkey also had strong performances in 2017.

Adjusted Operating Profit was £753 million, an increase of +6% constant. The Adjusted Operating Margin was +110bps higher at 23.1%, with some Gross Margin decline more than offset by reductions in Selling, General and Administrative (SG&A) costs.

Q4 total Net Revenue was £771 million, with LFL growth of +3%. Trends seen throughout the year continued in the final quarter. Strong growth in India and China was offset by weakness in the Middle East and Brazil.

Operating review
continued

IFCN



Net Revenue

£1,555m

Adjusted Operating Profit

£329m

Highlights 2017

Reported Net Revenue was £1,555 million, relating to the period from the acquisition date of 15 June 2017 through to year end. In Q4, reported Net Revenue was £709 million.

Adjusted Gross Profit for the period, which excludes the cost of sales adjusting items as per Note 3 to the Financial Statements, was £959 million.

Adjusted Operating Profit for the period was £329 million, resulting in a reported Adjusted Operating Margin of 21.2%.

On 15 June 2017, RB completed the acquisition of Mead Johnson Nutrition (MJN) and it has been consolidated into RB's Group results since that date. In order to facilitate an understanding of the trends in the MJN business, we have included Net Revenue and Adjusted Operating Profit of MJN on a pro-forma basis (see page 39 for definition), consistent with the presentation of the Group's other operating segments.

MJN Net Revenue declined by -1% in 2017, with a weak start to the year more than offsetting the return to growth in H2 (+2%) and a strong finish to the year (Q4: +3%).

Asia saw Net Revenue growth in H2 at +4% with a strong performance in Greater China, offset by declines in South Asian markets. The macro trends in China, which we saw during H1, continued as expected. Specialist retail and e-commerce channels saw strong growth, together with premiumisation into imported brands. Offline cross-border sales between Hong Kong and China declined, as did locally manufactured products within the Enfa range. Market growth in China is buoyant, benefiting from both premiumisation and modest volume growth from the relaxation of the one-child policy.

ENA, which predominantly covers the US, declined by -3% in 2017. We have taken steps to address market share loss, through improved focus on innovation, on consumer education and strengthening the new mums programme. We saw early progress with a flat market share performance, sequentially, over the last three months.

LATAM grew +2% for the year, including a stronger finish to the year with +6% in Q4. Growth was led by Mexico, following the launch of a new Enfamil product containing DHA and MFGM.

Adjusted Operating Profit margin for MJN (at actual rates) fell by -390bps to 20.7% (H1: -500bps, H2: -270bps). The decline was driven by a decrease in Adjusted Gross Margin due to increased commodity input costs, especially for full fat milk powder, pricing corrections taken in a number of markets and adverse mix.

Advertising and promotion costs increased due to additional investment behind brands, especially in China and the US. Fixed costs also increased as a proportion of Net Revenue, largely as a result of negative operational leverage. Cost synergies of US$25 million were achieved in H2, helping to drive the improving trend in operating margin.

Basis of preparation of MJN's pro-forma results

The summary pro-forma financial information for MJN is presented, using RB Group accounting policies, to show the Net Revenue and Adjusted Operating Profit as if the acquisition had completed on 1 January 2016. This allows a comparison between the full-year 2016 and 2017 results. Constant exchange rates are calculated and presented in accordance with the methodology used for the rest of the Group, as described on page 39.

Health

Net Revenue

£5,090m

2016:	£3,332m
LFL growth:	Flat
Actual growth:	+53%

Market position

- Gaviscon is the leading gastro-intestinal brand in Europe
- Durex is No.1 worldwide in condoms for both safe and more pleasurable sex
- Strepsils is No.1 worldwide in medicated sore throat
- Mucinex is the No.1 cough brand in North America
- Scholl/Amopé is No.1 worldwide in footcare
- Nurofen is No.2 worldwide in analgesics

Highlights 2017

2017 total Net Revenue was £5,090 million, with a flat LFL performance for the year. The performance of this category was significantly impacted in 2017 by both the failure of the Scholl/Amopé Wet & Dry Pedi innovation following an extremely successful initial product offering (the Velvet Smooth Express Pedi), and the cyber attack in June. The underlying Health performance however was robust with growth excluding Scholl/Amopé, in the middle of the +4-6% long-term category growth rates.

Growth was broad-based across the portfolio, with Mucinex and Durex as the top performers, driven by successful innovations of Durex Air and Mucinex Clear and Cool. In addition, the local sexual wellbeing brands acquired in Brazil of Jontex, Olla and Lovetex benefited from improved in-market execution. Our first full year of ownership of the acquired Bristol-Myers Squibb (BMS) brands in Latin America enabled us to leverage the innovation pipeline of our global Nurofen brand, with the launch of Tempra Fen (equivalent to Nurofen for Children) and Tempra Forte in Mexico during the year.

Q4 total Net Revenue was £1,704 million, with LFL growth of +5%. We saw strong innovation-led growth in Durex, Nurofen, Mucinex and Strepsils. Scholl/Amopé remained weak.

We believe we are well positioned to outperform long-term category growth within consumer health, led by our market-leading, trusted brands, strong consumer-centric innovation pipeline and significant investment behind medical professional and consumer education programmes. The acquisition of MJN during 2017 has enabled us to enter a new category of Infant and Child Nutrition (IFCN) giving us critical mass in consumer health. The creation of a new Health business unit from Q1 2018 will enable even greater focus as we continue our journey as a global leader in consumer health. IFCN forms part of the Health category.

Operating review
continued

Hygiene

Market position

- RB is leading worldwide in lavatory care with Lysol in North America and Harpic across Europe and Developing Markets
- Dettol is No.1 worldwide in antiseptic personal care
- Finish is No.1 worldwide in automatic dishwashing
- No.2 worldwide in pest control with the Powerbrand Mortein, the Group's international brand
- Veet is No.1 worldwide in depilatory products

Net Revenue

£4,313m

2016:	£4,066m
LFL growth:	+1%
Actual growth:	+6%

Highlights 2017

Total Net Revenue was £4,313 million, with LFL growth of +1%. Growth was broad-based, although at more subdued rates in 2017. Dettol growth was negatively impacted by the slowdown in the Middle East, and disruption in India during the year. We saw strong growth in a number of other emerging markets as we continue to innovate (for example, the launch of SiTi Shield – powered by Dettol – a protective ecosystem against pollution), and undertake penetration-building initiatives. Finish had a strong year, particularly in the US with the (launch of latest generation Quantum tablets) and China the (launch of All-in-1 compact tablets, specifically designed for table-top dishwashers). Harpic performed well as we continue to innovate and build penetration in emerging markets, and Veet saw continued success with its precision trimmer rolling out in more markets. Our pest care brands had a weak year, including Brazil with tough, Zika-related comparatives.

Q4 delivered a slight improvement in growth with +2% LFL. Strong performances from Lysol (the launch of our best-ever disinfecting wipes), Finish and Harpic were offset by weakness in pest care and a slowdown in Veet as we lap the successful launch of the precision trimmer.

Home

Market position

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

Net Revenue

£1,860m

2016:	£1,828m
LFL growth:	-3%
Actual growth:	+2%

Highlights 2017

Total Net Revenue was £1,860 million with a LFL decline of -3%. Air Wick remained challenging primarily in the US, where we continued to see increased competitive pressure. Our Essential Mist test launch in France has proven successful and we are now rolling this out to all markets in Q1 2018. VIPoo is doing well across several markets and in the US retailers are now expanding distribution after the early success. Vanish had a tough year, partially impacted by retailer de-listings in South Korea, impacting H1. We saw increased competitive pressure in Brazil.

Q4 saw a decline of -3% on a LFL basis. Air Wick delivered strong growth in the UK and a number of European markets behind the roll-out of Essential Mist and VIPoo following a successful test launch in Belgium. Vanish remained challenging, particularly in Brazil.

Portfolio (excluding Food)

Net Revenue

£249m

2016 (restated)	£254m
LFL growth:	-9%
Actual growth:	-2%

Highlights 2017

2017 total Net Revenue was £249 million, with a LFL decline of -9% versus the prior year. Performance was negatively impacted by South Korea earlier in the year. With the disposal of the Food business, Portfolio brands is a small part of our business (<2% on a pro-forma basis) and consists mainly of laundry detergents, fabric softeners and ironing aids.

Q4 declined by 15% with a stable performance from laundry detergents but weakness in fabric softeners and ironing aids.

Megatrends

Powerful trends are shaping our strategy, as consumers, society and other stakeholders demand different things from us.

The consumer landscape is changing

We are living longer

Life expectancy is rising around the world and the population aged 60 or over is growing faster than all younger age groups, at about 3% per annum. This means the number of people aged over 60 is expected to increase from 900 million in 2015 to 1.4 billion in 2030 and 2.1 billion by 2050. Ageing populations put ever-greater demands on healthcare services and motivate people to find new ways to promote wellbeing and wellness.

Our incomes are rising

The global middle class currently numbers around 3.2 billion people. By 2022, this could surpass 4.2 billion – more than half the world's population – with the growth coming from developing markets. This means people will have more money after meeting their essential needs, spurring demand for health and hygiene products. Infrastructure improvements, such as new sanitation systems, will further increase demand.

We are more proactive about health

Living longer does not automatically mean we will live better. Longer lives and rising incomes are therefore encouraging more of us to 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

The pace of modern life means many people feel busier than ever. This encourages consumers to use easily accessible over-the-counter health products, rather than wait for a doctor's appointment, to seek out the most effective hygiene product, and to look for personal grooming and beauty treatments they can use at home.

We are always connected

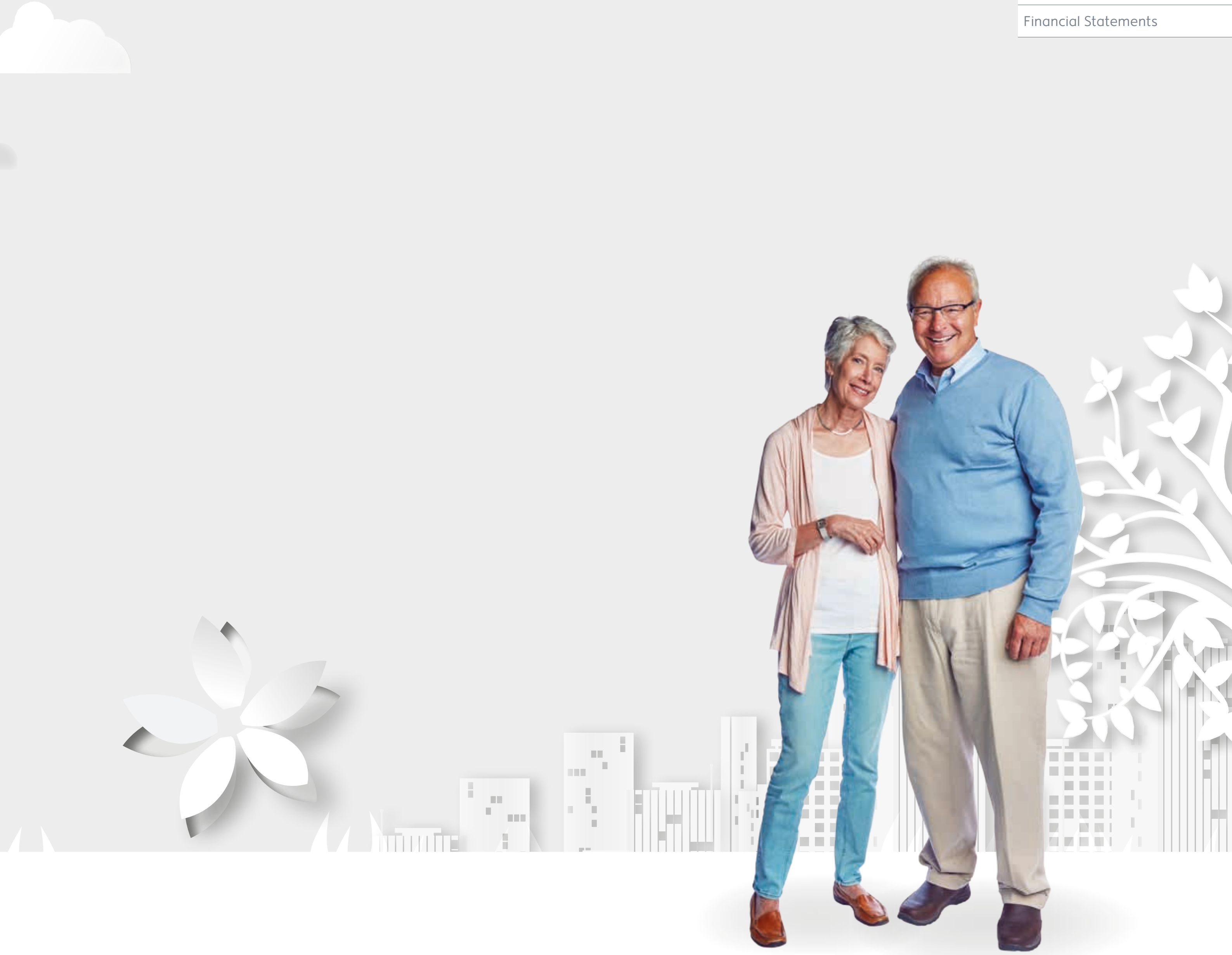
Consumers are making ever-greater use of online resources and e-commerce to manage lifestyles and healthcare. Sites such as WebMD and Facebook allow us to learn about health and wellbeing, interact with brands and exchange information. Consumers around the world are increasingly buying online, giving companies data about their preferences that drive tailored offerings and increase engagement.

RB's response to the changing consumer landscape

We create innovative products, which help consumers to protect and improve their health and wellbeing, as they enjoy longer and more prosperous lives. Our Powerbrands strategy gives consumers brands they can trust to meet these needs.

Our Powermarkets strategy addresses the countries with the fastest-growing demand for our products, while our organisation strategy helps us to scale our innovations and get them quickly to the consumers who need them.

We continue to invest in our e-business and data capabilities, to respond to the shift to buying online. We are also developing more connected products, such as our new SiTi Shield pollution monitor (see page 33).



Our environment is changing

Healthcare costs are rising

Access to healthcare is a basic human right. Current systems are straining due to rising populations, longer lives and shortages of healthcare professionals. Scientific advances offer more solutions for health needs but at a higher cost. Society therefore needs more cost-effective ways to help consumers protect and manage their health.

New health risks are emerging

As populations urbanise, pollution is becoming an increasing risk to peoples' health. We are also seeing diseases emerging, such as the Zika virus, which is spread by mosquitoes and other pests.

Regulation is changing

Governments are demanding responsibility and accountability from all stakeholders, as the evolving consumer landscape exposes gaps in regulations covering areas such as environmental stewardship, patient safety and data protection. Companies must innovate to meet changing laws and regulations, adapting their products to exclude ingredients that may affect safety or the environment and reducing their environmental footprint. This favours forward-thinking companies that strive for transparency and continuous improvement.

RB's response to the changing environment

Our consumer health products provide a cost-effective way for consumers to treat a range of ailments, relieving pressure on health services. We continue to develop innovative responses to new health threats, such as our SiTi Shield air pollution range and our pest control products.

A key part of our organisation strategy is working to comply with all laws and regulations, through our Safety, Quality, Regulatory and Compliance (SQRC) function.

Stakeholder expectations are changing

Companies' licence to operate now encompasses stakeholder expectations that go beyond the letter of the law and regulations. To be truly sustainable, companies must continuously improve their environmental and social performance.

RB's response to changing stakeholder expectations

Our betterRB strategy ensures we work in the way expected of us by our stakeholders and society as a whole.

Companies such as RB can also help to tackle easily preventable deaths and illness. For example, each year around the world there are more than 1.2 million deaths caused by germs and pests, such as the 0.5 million deaths resulting from malaria. All these deaths can be prevented.

RB 2.0

REORGANISING FOR GROWTH

Health

The business

Health has a unique and compelling portfolio, spanning nutrition, health hygiene, health wellness and health relief.

With this portfolio, Health can improve people's health throughout life's journey, from a child's crucial first 1,000 days, through to advanced old age. The portfolio underpins the business unit's mission: to nourish the best start in life and to empower people to take health into their own hands.

On a pro-forma basis, Health had 2017 Net Revenue of £6.4 billion, equating to 60% of Group Net Revenue. This makes Health a global leader in consumer health.

The business unit has a strong position in developed markets, which provided around half of its 2017 Net Revenue.

It also has scale and local expertise in rapidly growing developing markets across Asia, Africa and Latin America, and in particular China. Together, developing markets provided around half of Health's 2017 Net Revenue.

The opportunity

Growth for Health will be shaped by several powerful trends. First, consumers are becoming more proactive about their health. They are more health literate and wanting to self-medicate, with a focus on prevention rather than cure. The rising cost of healthcare is also putting health systems under strain, pushing governments to encourage consumers to protect and manage their health themselves. Health's consumer-centricity and speed to market are key advantages in this world.

Unlike some of our competitors, our innovation process begins with consumer insights rather than in the laboratory.

Demographic trends are also important. In developed markets, ageing populations need solutions for common problems such as mobility, pain and nutrition. In Asia and Africa, growing numbers of young families want the best nutrition, family planning and personal hygiene. Coupled with rising incomes in developing markets, this drives demand for Health's solutions.

Rising connectivity is also an important driver of demand for health products. Consumers can instantly communicate with healthcare professionals and personal health coaches, and learn more about health through platforms such as Facebook, Google and WebMD.

	Nutrition	Health hygiene	Health wellness	Health relief
Supporting health by	Nourishing the best start in life	Promoting disease prevention and good hygiene	Supporting family planning, immune systems and mobility	Providing solutions across analgesics, sore throats and gastrointestinal
Powerbrands	Enfamil, Nutramigen	Dettol, Clearasil, Veet	Durex, Scholl	Gaviscon, Mucinex, Nurofen, Strepsils
Other key brands	Enfagrow		MegaRed, Airborne, Move Free, Digestive Advantage	

Core strengths

- Global leader in consumer health
- Unique portfolio of market-leading and trusted brands, which support health throughout people's lives
- Excellent geographic spread, with particular strength in fast-growing emerging markets
- Consumer centric, focused on 'mums, not molecules'
- Speed to market – FMCG background makes Health more agile than a traditional pharmaceutical company
- Best of both, combining RB's consumer focus and performance culture with MJN's scientific strength and understanding of new mothers

Online activity is creating large and valuable datasets, allowing companies to identify, track and respond to emerging consumer needs. Technology also increasingly enables consumers to track data about their bodies and other factors relevant to their health, such as air pollution. Health will benefit from its capabilities in connected innovation and data.

Ease of access is another key trend in Health's market. The pace of modern life means many people feel busier than ever, encouraging them to use over-the-counter (OTC) health products rather than wait for a doctor's appointment. The ability to buy online, with same-day delivery, further encourages this trend. Health's products are ideally suited to these changing buying habits.

In addition to these growth drivers, Health is a highly regulated sector. This puts the onus on companies to be responsible and accountable, and requires them to have the appropriate regulatory and pharmacovigilance frameworks, making it more difficult for new entrants to come into the market. MJN's expertise bolsters our already strong regulatory capabilities.

Conclusion

The creation of Health comes at an exciting inflection point in the history of our consumer health business. Its unique and compelling portfolio enables healthier lives from the very beginning. As a global leader in consumer health, Health has a stronger platform, capability and footprint than ever before, positioning it to take advantage of the robust long-term growth we expect in this market.

CASE STUDY

Creating a new Health category for RB

In 2017, we introduced SiTi Shield – a new brand endorsed by Dettol. Air pollution is a pressing health issue worldwide, with existing solutions generally limited to masks. SiTi Shield is designed to protect consumers against out-of-home pollution. As pollution is generally invisible, SiTi Shield's smartphone-connected monitor measures local pollution and warns users to take action. To protect health, the range also includes the most sophisticated mask on the market, containing a micro-vent for improved breathability, as well as discreet and effective nasal filters. We launched SiTi Shield in India and China in a very different way, using our capabilities in digital and e-commerce.

RB 2.0

REORGANISING FOR GROWTH

Hygiene Home

The business

Hygiene Home has an outstanding portfolio of leading brands. Its seven top brands – which account for more than 80% of its 2017 Net Revenue – are number one or number two in their markets.

These exceptional brands support Hygiene Home's vision of creating a cleaner world. The business is passionate about eliminating dirt, germs, pests and odours that affect health and happiness.

Hygiene Home has a substantial presence in developed markets, with approximately three-quarters of its 2017 Net Revenue in Europe and North America. It also has a significant opportunity to accelerate its growth in developing markets, which currently provide around one-quarter of Net Revenue, including a strong position in Brazil with its Veja surface cleaning brand.

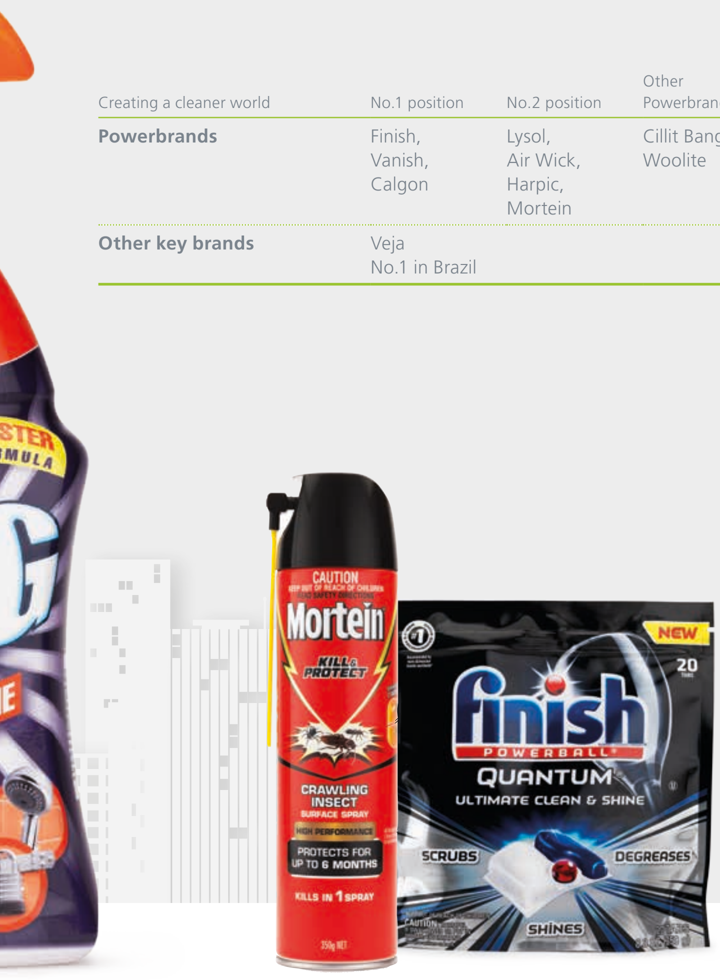
The opportunity

Hygiene Home's markets are rapidly changing, with powerful trends creating opportunities for growth. Consumers are increasingly using newer channels where we are well placed to win, such as e-commerce and discount retailers.

RB has particular strengths in e-commerce and we will build on existing strong relationships with major platforms such as Amazon, as well as continuing to develop sales across borders and through e-distributors.

Focusing on specific products, channels and media also confers an advantage and this targeted approach has allowed smaller players to outperform global competitors in recent years. Our new organisational structure, with its sharp focus on the frontline, will enable us to respond quickly and effectively to the needs of local consumers and to prioritise investments in the areas of greatest opportunity, making us a more powerful competitor in our markets. A leaner back office will free up funds to invest in the frontline.

Creating a cleaner world	No.1 position	No.2 position	Other Powerbrands
Powerbrands	Finish, Vanish, Calgon	Lysol, Air Wick, Harpic, Mortein	Cillit Bang, Woolite
Other key brands	Veja No.1 in Brazil		



Core strengths

- Strong presence in growing categories, with the ability to create and capture inflection points in the market
- Portfolio of exceptional brands, with untapped potential
- Leadership in growth channels such as digital and e-commerce
- Capabilities in consumer-led innovation and a focused and accountable team to deliver it
- Global presence, with scope for rapid growth in developing markets

Hygiene Home has leading brands in its categories but there remains significant untapped potential. For example, dishwasher penetration in Europe and North America is typically only around 50%, giving scope for substantial further growth, while penetration in markets such as China is as low as 1-2%. Our new dedicated business units will enable us to prioritise and focus on opportunities to increase penetration. We will therefore use our consumer insights, our ability to innovate and our investment in brand equity to create and capture inflection points in our categories and drive penetration.

At the same time, we will look to create new growth platforms in countries, channels and categories where we do not currently have a presence. For example, subscription and other e-commerce and mobile models provide an opportunity to leapfrog in developing markets.

Demographic and societal trends are also favourable. The global population is increasing, urbanising and becoming wealthier, giving ever more people the disposable income to spend on their home and hygiene needs. Infrastructure improvements in developing markets, such as new sanitation systems, will further spur demand.

Conclusion

Hygiene Home has a great portfolio of brands and the opportunity to unleash their full potential, by driving our frontline culture. Our earnings model gives us the capacity to invest in existing and new growth areas, to drive outperformance in the medium to long term.

CASE STUDY

Expanding the dishwashing category in China

For the last seven years, Finish has worked with dishwasher manufacturers in China to grow the category. We believe the market is nearing an inflection point, as consumer spending grows. Recognising that many Chinese consumers are buying compact, table-top dishwashers, we have created a completely new formulation of Finish to suit their specific needs. This product is designed to dissolve faster, contains the right balance of bleach and enzymes and has the right ingredients to tackle China-specific food soil challenges. We are now developing a unique go-to-market proposition, to serve Chinese consumers using digital and e-commerce.

Financial review

The RB base business delivered a solid end to the year with +2% like-for-like (LFL) Net Revenue growth in Q4, with +5% growth in Health.

LFL Net Revenue growth
Flat

Total Net Revenue
£11,512m

Adjusted Operating Margin
-70bps

Adrian Hennah
Chief Financial Officer

Total Net Revenue was £11,512 million. This was a flat result on a LFL basis, and was positively impacted by a weaker Sterling and net M&A, resulting in total reported growth at actual rates of +21%. The devaluation of Sterling following the UK referendum in June 2016 had a significant positive impact on reported results, particularly in H1, as the majority of the Group's revenue and profits are earned outside of the UK. The positive foreign exchange on translation increased Net Revenue by +6%. The acquisition of MJN on 15 June 2017 and disposal of the Food business on 17 August 2017 had a net positive impact on reported results, increasing Net Revenue by approximately +15%.

The base business had a flat year on a LFL basis, negatively impacted by a number of issues during the first three quarters of 2017, including the failure of the Scholl/Amopé Wet & Dry Pedi innovation and the unforeseen cyber attack. Growth returned in Q4 with our performance for the base business approximately in line with underlying market growth of around +2%. MJN had a stronger finish to the year, delivering a relatively flat revenue growth performance for the year (on a pro-forma basis) and +2% constant rate growth under the ownership of RB.

From a geographic growth perspective, our developed market area of ENA delivered a LFL decline for the year of -2% with North America delivering a flat performance and the rest of ENA -3%, driven to a material extent by both pricing pressure and declines in Scholl/Amopé across many markets. Our emerging market area (DvM) delivered +3% LFL growth in mixed market conditions. India and China continue to be strong, offset by challenging market conditions in the Middle East and Brazil.

On a category basis, consumer health was flat on a LFL basis. Broad-based growth across the majority of our Powerbrands was offset by a significant decline in Scholl/Amopé due to our Wet & Dry Express Pedi innovation, which failed to deliver against our expectations. Excluding Scholl/Amopé, the underlying growth in consumer health for the year was in the middle of long-term category growth rates of +4-6%. Hygiene brands grew by +1% LFL for the year, with good growth in Finish, Harpic and Lysol impacted by a slowdown in a number of Dettol's major markets such as India, Goods and Services Tax (GST), cyber impact and geopolitical issues in the Middle East. Home care was weak, although Air Wick had a strong finish to the year, driven by the launch of our new Essential Mist innovation, and early success of our recently launched VIPoo product.

Adjusted Gross Margin declined by 10bps to 61.1% (reported Gross Margin declined by 150bps down to 59.7%) with the base business declining by 20bps. The consolidation of MJN for half a year contributed a slightly positive mix effect. The base business margin decline was driven by the combination of a tougher pricing environment in developed markets, and input cost headwinds, both of which we expect to continue in the near term. MJN Adjusted Gross Margin declined by -210bps on a pro-forma basis for 2017. This was driven by a combination of channel and product mix issues in Greater China, and higher input and logistics costs. We continue to focus on the drivers of Gross Margin expansion, such as positive mix from stronger consumer health growth, Gross Margin accretive innovations, and our cost optimisation programme (Project Fuel). We expect Gross Margin accretion to be a key driver of our medium-term, moderate operating margin expansion target.

Investment behind our brands (as defined by our Brand Equity Investment (BEI) metric), was 14.0% of Net Revenue, a +40bps increase on a Group basis, and -20bps decline for the base business. Investment increased across the majority of our brands, with this increase offset by reduced investment behind the Scholl/Amopé Wet & Dry Pedi. MJN BEI increased by approximately +50bps for the year, driven by higher investments in key markets.

Our fixed cost base was relatively stable, as we continue with fixed cost efficiencies. On a Group basis, costs were up by +10bps, impacted by a mix effect from the consolidation of MJN. We have made good progress on MJN cost synergies. Synergies achieved in 2017 were approximately US$25 million and we are now expecting to achieve in the region of US$300 million in annual cost savings by the end of the third full year of ownership, an increase over our original target of US$250 million (£200 million). For 2018, we expect MJN cost synergies to slightly exceed the additional infrastructure costs associated with our new business units (BUs), Health and Hygiene Home.

Operating Profit as reported was £2,737 million, +21% versus 2016 (+14% constant), reflecting the margin accretion on the base business, the acquisition of MJN and a positive translational FX impact. Operating Profit adjusting items were a pre-tax charge of £385 million (2016: £367 million). These items relate mainly to the acquisition of MJN. Further details of adjusting items are set out in Note 3 to the Financial Statements. On an adjusted basis, Operating Profit was ahead +18% (+12% constant) to £3,122 million. The Adjusted Operating Margin for the Group declined -70bps to 27.1%, due to margin expansion on the base business of +30bps, more than offset by a negative mix impact from the acquisition of MJN (-100bps). MJN Adjusted Operating Margin declined on a pro-forma basis by -390bps to 20.7%, driven by declining Gross Margin from mix and input costs, increased BEI, and higher fixed costs. The margin decline in H2 was -270bps (versus -500bps in H1) as progress was made on cost synergies, operational improvements and the lapping of reinvestment in the business in H2 2016.

Continuing Net Income attributable to owners of the parent as reported was £3,376 million, an increase of +95% (+88% constant) versus 2016. On an adjusted basis, Net Income was £2,253 million, +10% (+4% constant). Diluted Earnings Per Share from continuing operations of 474.7 pence was +96% on a reported basis; on an adjusted basis, the growth was +10% to 316.9 pence.

Total Reported Net Income attributable to owners of the parent was £6,172 million, an increase of +237% (+230% constant) versus 2016. This included exceptional items in relation to the profit on sale of the Food business of £3,024 million, a tax credit relating to the effect of the US Tax Reform of £1,421 million, and a charge of £296 million in respect of ongoing investigations by the US Department of Justice (DoJ). On an adjusted basis, total Net Income was £2,308 million, +7% (+1% constant) versus 2016.

Free cash flow from continuing operations	31 December 2017 £m	31 December 2016 (restated)[1] £m
Cash generated from continuing operations	**3,153**	2,808
Less: net interest paid	**(167)**	(16)
Less: tax paid	**(543)**	(490)
Less: purchase of property, plant and equipment	**(286)**	(176)
Less: purchase of intangible assets	**(63)**	(214)
Plus: proceeds from the sale of property, plant and equipment	**35**	7
Free cash flow[2]	**2,129**	1,919

1 Restated for the impact of discontinued operations. Refer to Note 28 for further details.
2 Excludes business combinations.

Net finance expense

Net finance expense was £238 million (2016: £16 million) reflecting the cost of debt undertaken to finance the acquisition of MJN. This includes adjusting items of £65 million comprising the accelerated write-off of certain facility fees (£35 million) and an adjustment to reclassify finance expense on tax balances into income tax expense (£30 million). Refer to Note 3 to the Financial Statements for further details of adjusting items.

Tax

The adjusted tax rate was 23% and in line with our guidance. The reported tax rate was -36%. We continue to expect our adjusted tax rate to be in the region of 23%. £30 million of payments to tax authorities that would previously have been included within the tax charge was included within net finance expense following an International Financial Reporting Interpretations Committee (IFRIC) statement in 2017. We have included this within adjusted income tax and the adjusted tax rate.

US Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act (the Act) in the US was enacted on 22 December 2017. Our analysis of the Act is ongoing. We have estimated the economic impact of this recently enacted legislation to be broadly as follows:

'One-off' impacts:
- A non-cash credit of £1,595 million, principally relating to a reduction in deferred tax liabilities in respect of US-held intangible assets.
- A transitional tax charge and related movements in uncertain tax positions, mainly in respect of MJN undistributed overseas earnings, of £174 million, payable over eight years.

The net positive impact of these one-off items due to the change in US tax legislation has been reflected in our 2017 numbers as exceptional items and excluded from our adjusted performance measures.

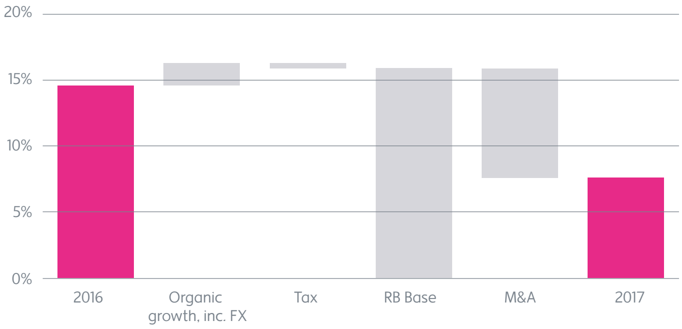
'Ongoing' impacts:
The Group will benefit from the reduction of the US federal corporate tax rate under the Act. It will also be impacted by other provisions eliminating or reducing some tax deductions currently available to the Group. We are currently working through the detail of these. We are also seeing a number of other changes in tax regulations and practice across the countries in which we operate. We currently continue to expect an ongoing adjusted tax rate of around 23%.

Adjusting items

In 2017, adjusting items includes £385 million of expenses recorded in Operating Profit (2016: £367 million), £65 million of expenses recorded in net finance expense (2016: nil), £1,573 million of income recorded in income tax expense (2016: £42 million income), and £2,741 million of income recorded as discontinued operations (2016: nil). Further details of these items can be found in Note 3 to the Financial Statements.

Financial review
continued

Return on capital employed



Discontinued operations

The results of the Food business are reported as a discontinued operation. Food Net Income was £55 million (2016: £103 million) and the after-tax gain on disposal was £3,037 million (2016: nil). The adjusting item in respect of Indivior PLC of £296 million (2016: nil) is also reported within discontinued operations (refer to Note 28 to the Financial Statements).

Net working capital (NWC)

During the year, inventories increased to £1,201 million (2016: £770 million), trade and other receivables increased to £2,004 million (2016: £1,623 million), and trade and other payables increased to £4,629 million (2016: £3,495 million). These increases were principally driven by the acquisition of MJN. There was an improvement in NWC to minus £1,424 million (2016: minus £1,102 million). NWC as a percentage of Net Revenue is -12% (2016: -12%, restated to exclude Food). On a pro-forma basis (including 12 months of Net Revenue for MJN) 2017 NWC as a percentage of Net Revenue would be -11%.

Cash flow

Cash generated from continuing operations (excluding interest and tax) was £3,153 million (2016: £2,808 million, restated to exclude RB Food). Net cash generated from operating activities was £2,491 million (2016: £2,422 million, restated to exclude RB Food) after net interest payments of £167 million (2016: £16 million) and tax payments of £543 million (2016: £490 million, restated to exclude Food).

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 acquisitions or other strategic objectives. Free cash flow as a percentage of continuing Adjusted Net Income was 94% (2016: 93%, restated for disposal of RB Food).

Net debt

Net debt at the end of the year was £10,746 million (2016: £1,391 million). This reflected strong free cash flow generation and cash inflow from the disposal of Food, offset by the payment of dividends totalling £1,145 million (2016: £1,036 million), net share purchases of nil (2016: £723 million), net M&A of £11,817 million (2016: £158 million) and debt acquired of £2,525 million (2016: nil). The Group regularly reviews its banking arrangements and currently has adequate facilities available to it.

Balance Sheet

At the end of 2017, the Group had total equity of £13,573 million (2016: £8,426 million), an increase of 61%. Net debt was £10,746 million (2016: £1,391 million).

This finances non-current assets of £31,589 million (2016: £14,569 million), of which £1,754 million (2016: £878 million) is property, plant and equipment, the remainder being goodwill, other intangible assets, deferred tax, retirement benefit surplus, available for sale assets and other receivables. The Group has NWC of minus £1,424 million (2016: minus £1,102 million), current provisions of £517 million (2016: £251 million) and long-term liabilities other than borrowings of £5,349 million (2016: £3,388 million).

The Group continues to focus on employing capital appropriately, to drive long-term value creation for its Shareholders. We continue to seek to optimise our brand portfolio and during the year we sold our French's Food business and acquired MJN. As a result, Group ROCE as at 31 December 2017 was 8% using year-end capital employed (10% on average capital employed). The acquisition of MJN is on track to exceed our weighted average cost of capital (WACC) by the end of the fifth year of ownership, as targeted in our acquisition model and communicated to Shareholders.

The Group's financial ratios remain strong. Return on Shareholders' funds (total Net Income attributable to owners of the parent divided by total Shareholders' funds) was 45.5% on a reported basis and 17.0% on an adjusted basis (2016: 21.7% on a reported basis and 25.6% on an adjusted basis).

Dividends

The Board of Directors recommends a final dividend of 97.7 pence (2016: 95.0 pence), to give a full-year dividend of 164.3 pence (2016: 153.2 pence). The dividend, if approved by Shareholders at the AGM on 3 May 2018, will be paid on 24 May 2018 to Shareholders on the register at the record date of 13 April 2018. The ex-dividend date is 12 April 2018. 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. The Group has net debt of £10,746 million. 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 total Adjusted Net Income.

Legal provisions

The Group is involved in litigation, disputes and investigations in multiple jurisdictions around the world. It has made provisions for such matters, where appropriate. Where it is too early to determine the likely outcome of these matters, or to make a reliable estimate, the Directors have made no provision for such potential liabilities. Further details can be found in Note 17 to the Financial Statements.

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 these matters, or to make a reliable estimate, the Directors have made no provision for such potential liabilities. Further details can be found in Note 19 to the Financial Statements.

Return on capital employed (ROCE)

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 2-3% of Net Revenue.
- 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.

Inorganic activities

Our principal focus is on organic growth. However, there is an inorganic element to our strategy focused around both value-accreting acquisitions, and

Reporting our performance

The following terms are used to describe RB's financial performance. These non-GAAP measures are used for both internal planning and external reporting purposes and for management remuneration. Certain terms are considered to be non-GAAP measures because they are adjusted from comparable IFRS measures in order to provide additional clarity about the underlying performance of the business. Other terms, which are not themselves non-GAAP measures, are also defined below.

Non-GAAP measures:

- Like-for-like (LFL) growth on Net Revenue excludes the impact of changes in exchange rates, acquisitions, disposals and discontinued operations. A reconciliation of LFL to reported Net Revenue growth by operating segment and category is shown on page 40.
- 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.
- Adjusted measures exclude the impact of adjusting items. As described in Note 3, the Group has made two refinements to its accounting policy in respect of its adjusted earnings measures. Firstly, as a consequence of the acquisition of MJN, adjusting items now include the amortisation of acquired, finite-life intangible assets ('other adjusting items'). Secondly, adjusting items now include a reclassification of finance expenses on tax balances into income tax expense.
- All 'adjusted' measures exclude the impact of adjusting items.
- The table shown on page 40 provides a reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2017. Descriptions of the adjusting items are included in Note 3 to the Financial Statements.
- Adjusted Earnings Per Share is defined as Adjusted Net Income attributable to owners of the parent divided by the weighted average number of ordinary shares (see Note 8 to the Financial Statements).
- The adjusted tax rate is defined as the adjusted continuing income tax expense as a percentage of adjusted profit before tax.
- Free cash flow is defined as net cash generated from continuing operating activities less net capital expenditure excluding business combinations.

Other measures and terms:

- 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 and is presented as a component of distribution costs within Net Operating Expenditure.
- Project Fuel is our ongoing cost optimisation programme within cost of goods sold (COGS).
- Return on capital employed (ROCE) is defined as Net Adjusted Operating Profit after tax (Note 3 to the Financial Statements) divided by capital employed, where capital employed is measured as total assets less non-interest bearing current liabilities.
- Total Shareholder Return (TSR) measures the return received by a Shareholder, capturing both the increase in share price and the value of dividend income (assuming dividends are reinvested).
- RB base business pertains to Group results (as reported) excluding MJN results since acquisition date.
- Pro-forma information for MJN is presented, using RB Group accounting policies, to show the Net Revenue and Adjusted Operating Profit as if the acquisition had completed on 1 January 2016, as shown on page 41.

non-core/tail brand divestitures. Decision making with respect to inorganic opportunities is taken at a Group level. Our frontline 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, compared to the Group's weighted average cost of capital (WACC).

As management is required to hold a significant personal stake of RB shares, there is a 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 transactions are undertaken on a regular basis and discussed at a Board level.

Review of RB ROCE

The Group's ROCE declined 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.

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 a significant part of the Group's net assets are denominated in stronger currencies. In 2015 the Group ROCE increased following a year of excellent organic growth and minimal increase in capital employed. In 2016, the Group ROCE decreased as a result of the increased Sterling value of the Group's net assets due to the significant depreciation in Sterling from mid-2016. The Group's reported ROCE for 2016 has been restated for the disposal of the Food business, reducing reported ROCE by 70bps to 14.6% as Food earned a higher return on capital employed.

In 2017, Group ROCE, before the impact of M&A, improved by 130bps to 15.9%, driven by underlying organic growth (170bps) offset by a higher tax rate (40bps). The acquisition of MJN in the year resulted in the recognition of goodwill and intangible assets totalling £17,192 million and only contributed earnings from the period post-acquisition. Consequently, this had a negative impact on reported ROCE, reducing it by 830bps. The returns generated by MJN since acquisition are fully in line with our expectations, and we are on track to meet our weighted average cost of capital by the end of the fifth year of ownership, as targeted in our business model and communicated to Shareholders at the time of acquisition, exceeding WACC by year five.

Financial review
continued

Summary of % Net Revenue growth by operating segment

	FY 2017 LFL	FY 2017 GST[1]	FY 2017 Net M&A[2]	FY 2017 FX	FY 2017 Reported	FY 2016 LFL	FY 2016 Net M&A	FY 2016 FX	FY 2016 Reported
North America	–	–	–	+5%	+5%	–	–	+12%	+12%
Rest of ENA	-3%	–	–	+7%	+4%	+1%	-1%	+9%	+8%
ENA	-2%	–	–	+6%	+4%	+1%	-1%	+10%	+10%
DvM	+3%	-1%	+1%	+4%	+6%	+8%	–	+6%	+14%
IFCN[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Group	–	–	+16%	+6%	+21%	+3%	-1%	+9%	+11%

Summary of % Net Revenue growth by category

	FY 2017 LFL	FY 2017 GST[1]	FY 2017 Net M&A[2]	FY 2017 FX	FY 2017 Reported	FY 2016 LFL	FY 2016 Net M&A	FY 2016 FX	FY 2016 Reported
Health	–	–	+46%	+7%	+53%	+4%	–	+9%	+13%
Hygiene	+1%	-1%	–	+5%	+6%	+4%	–	+9%	+13%
Home	-3%	–	–	+5%	+2%	-1%	-1%	+8%	+7%
Portfolio	-9%	–	–	+7%	-2%	–	-5%	+11%	+6%
Group	–	–	+16%	+6%	+21%	+3%	-1%	+9%	+11%

1 Impact of the Goods and Service Tax (GST) implemented by the Indian Government from 1 July 2017.
2 Reflects the impact of acquisitions and disposals within continuing operations.
3 IFCN is the Infant and Child Nutrition operating segment (the acquired MJN business).

Reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2017

Year ended 31 December 2017	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclassification £m	Adjusted £m
Operating profit	2,737	342	43	–	3,122
Net finance expense	(238)	35	–	30	(173)
Profit before income tax	2,499	377	43	30	2,949
Income tax expense	894	(1,527)	(16)	(30)	(679)
Net income for the year from continuing operations	3,393	(1,150)	27	–	2,270
Less: Attributable to non-controlling interests	(17)	–	–	–	(17)
Net income for the year attributable to owners of the parent (continuing)	3,376	(1,150)	27	–	2,253
Net income for the year from discontinued operations	2,796	(2,741)	–	–	55
Total net income for the year attributable to owners of the parent	6,172	(3,891)	27	–	2,308

Reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2016

Year ended 31 December 2016	Reported £m	Adjusting: Exceptional items £m	Adjusted £m
Operating profit	2,269	367	2,636
Net finance expense	(16)	–	(16)
Profit before income tax	2,253	367	2,620
Income tax expense	(520)	(42)	(562)
Net income for the year from continuing operations	1,733	325	2,058
Less: Attributable to non-controlling interests	(4)	–	(4)
Net income for the year attributable to owners of the parent (continuing)	1,729	325	2,054
Net income for the year from discontinued operations	103	–	103
Total net income for the year attributable to owners of the parent	1,832	325	2,157

Net Revenue and Adjusted Operating Profit of MJN on a pro-forma basis

	Full year ended 31 December			
	2017 (pro-forma)	2016 (pro-forma)	% change exchange rates	
Total Net Revenue	**£m**	£m	Actual	Constant[1]
Asia	**1,416**	1,371	+3	–
North America/Europe (ENA)	**941**	916	+3	-3
Latin America	**500**	475	+5	+2
Total	**2,857**	2,762	+3	-1
Operating profit – adjusted	**591**	679	-13	-16
Operating margin – adjusted	**20.7%**	24.6%	-390bps	

1 Constant growth has been calculated in accordance with the methodology used for the rest of the Group.

Our framework for risk management

The following table provides a summary review of the principal strategic risks and uncertainties that are more likely to 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 following table sets out the principal strategic risks and uncertainties facing the Group at the date of this report. They do not comprise all of the risks that the Group may face. Additional risks and uncertainties not presently known to management, or deemed to be less material at the date of this report, may also have an effect on the Group.

The Board retains responsibility for oversight of principal risks across RB and it considers the appropriateness of the risk exposure to its appetite for risk as laid out in the annual strategic planning process. The Board delegates the day-to-day monitoring of risk to the Executive Committee (EC) and each principal risk has an EC owner. Principal risks are routinely reviewed not only at EC meetings but also by the appropriate Board committee (Audit or CRSEC) or by the Board itself. The Audit Committee holds responsibility for oversight of the principal risk assessment process, and considering whether it is appropriate to the needs of the business and works effectively; the Audit Committee performs an annual review of this process. The principal risk assessment process is led and facilitated by the Group Head of Internal Audit & Risk Management under the direction of the Group CEO and CFO. The principal risk assessment process consists of the following key elements.

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 and also with each Board member. The key content from these sessions is synthesised into the Group's principal risks, with an EC owner being accountable for overseeing the execution of the current control strategy and for preparing and executing a plan of mitigating actions to properly manage the Group's exposure to an acceptable level for that risk. Progress is reviewed periodically and the summary output from the principal risk assessment process is formally submitted annually by the EC to the Board for its consideration and agreement. Through the course of each year, the EC, Board and Board Committees' agendas address each of the principal risks through specific 'deep dives' to ensure proper focus, resourcing and progress with mitigation.

Viability Statement

The Board conducted a Viability Review covering a five-year period. This period was selected as it is the period covered in the Group's long-term forecasting process, which covers the introduction to market of the current new product pipeline.

The five-year Viability Review first looks at the Group's ability to continue in operation if it performs in line with the Group forecast. This assumes that normal market conditions continue and current trends remain.

The evaluation takes into account the Group's cash flow, historical Group planning accuracy, available banking facilities and interest cover ratios in connection with financial covenants. The analysis concluded that if RB performs in line with 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 principal risks, which have the most relevant potential impact on viability (see risks marked '*' on the 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.

The Board has further considered the occurrence of a 'Black Swan' event: an event with sufficient potential impact to risk the future of RB as a strong and independent business operating in its chosen markets. The occurrence of a major issue could result in significant reputational impact, a 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 Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period covered in the Viability Review.

Risk management framework

Compared with a year ago, the individual risks have evolved as follows:

- 'Delivery of RB 2.0' will provide greater risk balance for RB in the medium term, although there is shorter-term delivery risk associated. New and significant risks are also associated with 'Mead Johnson Nutrition (MJN) Integration'. These two risks are being managed through an integrated change management programme;
- Strong early progress on the recently implemented Safety, Quality, Regulatory and Compliance (SQRC) governance structure has driven a reduction in the exposure for our consumers to potential 'Product Safety' issues, and of the RB business to 'Product Regulatory Non-Compliance' risks;
- The 'South Korea' risk has stabilised although significant risk remains;
- Due to developments during 2017 in the 'Department of Justice' case, this risk is now actively managed separately from the 'Legal Non-Compliance' risk;
- RB also suffered 'Supply and Logistics' shortfalls, which were exacerbated by a significant cyber security breach just ahead of the half-year close, with resultant customer service impact. Significant management effort and resources continue to be applied to reduce these risks for both the short and longer terms;
- Continuing below-par trading performance increases the risk of 'Loss of Management'; and
- 'Reputation' as a risk has been removed from the list, as it is considered that this is most appropriately managed through its constituent parts.

As such, the Group risk profile has slightly increased in aggregate from a year ago, with three principal risks (numbers 7, 10 and 12) carrying a higher likelihood than in the previous year and one (number 2) carrying a lower likelihood, per the listing below. The potential impact assessed has risen for three risks (again, numbers 7, 10 and 12) and fallen for two (2 and 3) based on the experiences of 2017.

Overall, it is considered that the Group risk management framework has been further strengthened during 2017 through the combination of greater Board leadership and oversight with the embedding of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSEC Committee) together with the associated executive management committees; also, the impact of the Safety, Quality, Regulatory and Compliance (SQRC) function, reporting directly to the Group CEO, and the channelling of additional resources to strengthen compliance assurance across the Group.

Exchange rate risk

While the foreign exchange risk is not considered to be a principal risk to the Group, the means used to mitigate this risk are considered in Note 14 to the Financial Statements.

Current Group principal risks

1. RB 2.0 Delivery
2. Product Safety
3. Non-Compliance with Product Regulations
4. Non-Compliance with GXP Regulations
5. South Korea
6. Fatality or Major Employee Safety Incident
7. Supply and Logistics
8. ERP/IT Systems Failure
9. Cyber Security
10. Legal Non-Compliance
11. Major Tax Disputes
12. Loss of Management
13. MJN Integration
14. Department of Justice Investigation

BS 'Black Swan' Event

Risk management framework

Decreased
Increased
No change
New

*Key Group principal risks

Principal risk

1. RB 2.0 delivery*

Description

Risk that implementation of the new RB 2.0 category-based organisation and accompanying ways of working causes short-term issues:
- Heavy change programme.
- Potential loss of key management.
- Focus on operating performance.
- Group control and compliance.

Mitigation status

Board sign-off of all material aspects. Audit Committee routinely updated on progress to ensure proper risk and control maintained.

Personal leadership of Group Chief Executive with direct Executive Committee (EC) oversight.

RB 2.0 overarching project management team established and working effectively, with robust governance framework in place. Programme teams in place for each business unit and budgets allotted for end-to-end ownership.

Programme Review Board meetings held monthly and chaired by Group CFO.

Ongoing 2018 actions

Detailed change programme execution plan and ongoing governance model maintained and updated by programme team, including:
- Customer go-live across the world – to approach customers and manage relationships as two separate business units.
- Legal entity restructuring – completion in-year of most critical markets.
- Regulatory compliance plan for products in line with legal entity changes.

Principal risk

2. Product safety*

Description

Risk of not having a robust process for assessment of product safety; this may result in:
- Consumer safety issues.
- Gaps in the completion of our safety assessment.
- Reputational damage with consumers, customers or regulators.
- Significant financial losses arising from supply disruption, product recalls, delayed launches, penalties, etc.
- Possible criminal liability for Group companies and RB management.

Mitigation status

A dedicated vigilance group monitors and reports as required adverse events and manages product safety risks.

Safety team has been further strengthened during 2017.

Base training for all employees, and advanced training for relevant employees to fully understand their role in fulfilling safety, quality and compliance standards for RB products.

The Compliance Management Committee (CMC), established in 2016, continues to meet monthly, chaired by the Group CEO (the Group CFO since 1 January 2018). The CMC routinely reviews product safety governance and issues arising and escalates to the Executive Committee as necessary.

Quarterly updates of product safety progress from the CMC to the CRSEC Committee.

Ongoing 2018 actions

Ongoing review of Product Safety Evaluation Records (PSERs) to ensure current availability for all products.

Systems review to ensure that all product changes are satisfactorily tracked, controlled and updated.

Development and integration of a cross-functional Product Lifecycle Management (PLM) system (safety, regulatory, pharmacovigilance, quality, supply, procurement, etc.) to improve compliance at source and reduce manual intervention.

Strengthen processes to ensure product release from factories is contingent on availability of a PSER.

Principal risk

3. Non-compliance with product regulations*

Description

Risk that non-compliance with regulations of relevant product classifications (e.g. medicinal products, medical devices, dietary supplements, food, cosmetics, general products, etc.) results in:
- Consumer safety issues.
- Reputational damage with consumers, customers or regulators.
- Significant financial losses arising from supply disruption, product recalls, delayed launches, penalties, etc.
- Possible criminal liability for Group companies and RB management.

Mitigation status

REGEX programme reviewed compliance of RB's medicine marketing authorisations.

Ongoing Product Vulnerability programme (review of ingredients, formulations, stability data, etc. in Health portfolio).

REACH compliance programme to enhance systems, processes and data to demonstrate compliance with REACH and other chemical control legislation.

Product Integrity review programme (review product compliance against registration and/or regulatory requirements).

Change management process optimisation to maintain product compliance.

A Compliance Management Committee (CMC) meets monthly, chaired by the Group CEO (the Group CFO since 1 January 2018). This committee routinely reviews product regulatory governance and updates the Board CRSEC Committee quarterly.

Ongoing 2018 actions

Compliance programme for sexual wellbeing medical devices has commenced as part of product integrity reviews.

Improve artwork and label approval process.

PLM system development to replace ageing system and integrate RB and MJN to enable compliance management throughout the product life cycle.

Principal risk

4. Non-compliance with Good Manufacturing Practices (GXP) regulations*

Description

Risk of non-compliance with applicable regulations, guidelines, internal standards and/or registrations across the supply chain and throughout the product life cycle governing how we produce and supply products.

Non-compliance results in risk to:
- Consumer – safety and efficacy.
- Business disruption including site or business closures.
- Possible criminal liability for Group companies and RB management.

Mitigation status

The CMC (see principal risk number 2) is now in place to ensure KPIs are reported from the top through all levels in the organisation.

Quarterly updates of quality compliance progress from the CMC to the CRSEC Committee.

Independent audit team established and externally certified; first full-year programme executed.

Minimum standards programme in place to monitor and measure performance.

Health business unit compliance regularly audited by external parties and clear actions in place.

Change management system deployed globally during 2017 to extend application to Hygiene Home business unit.

External assessment of Quality Management System (QMS) and consumer safety completed, with remediation plans in place.

Ongoing 2018 actions

Verify compliance with QMS through corporate quality audits in base businesses and all supporting functions.

Implement initial phases of integrated Global Consumer Relations function and process/system to ensure appropriate signal detection by business unit.

Integrate MJN and RB Quality Management team, to establish consistent standards globally.

Establish and report new KPI metrics assessing compliance risk of QMS elements.

PLM system development to upgrade system and integrate RB and MJN to enable compliance management throughout the product life cycle.

Risk management framework
continued

Decreased Increased
No change New

*Key Group principal risks

Principal risk	Mitigation status	Ongoing 2018 actions
5. South Korea	Full public apology formally and repeatedly made by RB Korea to affected parties. Regular review meetings by RB Group, as owner of RB Korea, to review settlement progress and other issues as they arise. Financial modelling performed and updated to quantify risk and provide for financial exposure.	RB Korea continues to work closely with government and other stakeholders to progress settlement with claimants and to establish a viable ongoing model for the local operations. See Notes 17 and 19 to the Financial Statements.

Description

The Humidifier Sanitizer (HS) issue in South Korea is a tragic event. We continue to make both public and personal apologies to victims.

While an appropriate provision was made at half year 2016 to cover the one-off costs of litigation, a compensation programme for certain victims, as well as some impairment, the risk of additional exposure remains. See Notes 17 and 19 to the Financial Statements.

Principal risk	Mitigation status	Ongoing 2018 actions
6. Fatality or major employee safety incident	Global Safety, Quality, Regulatory and Compliance (SQRC) structure and regional leadership. Policy and enhanced Employee, Health & Safety (EH&S) standards in place. EH&S intensive audit compliance programme in place, including self-assessment, site visits, assurance of improvement actions and culture surveys. Routine progress reporting to CMC, with quarterly updates of progress with safety governance and issues to the CRSEC Committee. Ongoing EH&S training and deployment of driver safety standard programme in 2017.	Continue to embed heightened EH&S culture through rigorous auditing, ongoing cultural surveys and training.

Description

Risk of work accidents leading to death, injury or illness on RB premises or premises under RB supervision, in the case of outsourced operations, resulting in risks to:

- Loss of life.
- Company reputation – brand and Company image damage.
- Operational efficiency – factory closures, significant supply disruption as issues are identified and rectified.
- Financial performance – loss of sales, fines and cost of remediation activities.
- Possible criminal liability for Group Companies and RB senior management.

Principal risk

7. Supply and logistics

Description

Risk of product supply interruption resulting from unplanned disruptions in raw material supply or forced shutdown.

Loss of competitiveness and profitability from service level deterioration arising from factory capacity constraints, warehouse or transport set-up charges or insufficient change capability in factory and/or supply services.

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.

Mitigation status

Continued progress in ensuring principal key single-sourced manufacturing sites (Tier One) achieve and maintain FM Global certification as Highly Protected Risk (HPR) sites or otherwise have fully tested risk mitigation plan.

BCPs in place at other key sites setting out alternative manufacturing locations, recovery times, etc.

Continuous review of business interruption insurance policies to ensure adequate cover is in place with tested and proven product recall process.

Raw material mono-sourcing risks and actions monitored on a bi-monthly basis.

Tested and proven product recall process.

Ongoing 2018 actions

Extend HPR certification to all ex-MJN manufacturing locations acquired in 2017.

Revisit all BCPs to ensure robust and functional documentation and mapping for each significant factory (e.g. by revenue stream) to confirm that business continuity arrangements remain sufficient.

Principal risk

8. ERP/IT systems failure

Description

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.

There is an associated, additional risk that SAP deployment, to replace the existing legacy ERP, is delayed due to RB 2.0 project time frames and integration of MJN into RB.

Mitigation status

Executive Committee strategically committing to Group-wide SAP roll out.

SAP commercial and factory templates continue to be rolled out and are now live in five countries, 11 factories and two hubs, including recent deployments in Mexico and India, as well as across the newly acquired MJN estate; multiple deployment teams remain fully active in rapid rollout phase.

Disaster recovery plans for key IT systems defined, regularly reviewed and tested under new outsource provider platform, providing improved systems integrity.

Ongoing 2018 actions

Execution of RB 2.0, including accelerated roll out of SAP commercial and factory templates and upgrading of the commercial functionality of the newly acquired MJN SAP template.

Perform disaster recovery test for all Global/critical SAP systems and associated dependent systems.

Risk management framework continued

Decreased
Increased
No change
New

*Key Group principal risks

Principal risk

9. Cyber security*

Description

Risk that RB is subject to increasingly sophisticated cyber attacks aimed at causing business disruption, capture of data for financial gain, and reputational damage.

Note: RB was the collateral victim of the June 2017 virus attack via Ukraine, which disabled virtually all MS-based systems across RB over a number of days and including over the half-year end. Whilst a full recovery was made, an expert-led review of the incident has extracted extensive learning points to appropriately minimise impact from future attacks and mitigate both the immediate as well as the longer-term risk.

Mitigation status

Transformation of IS hardware environment completed with security monitoring of key systems in place.

Ongoing investment in system patching against cyber threats.

Continuous cyber testing platform (vulnerability management) to identify cyber weaknesses as new threats emerge.

Regular cyber security exercises.

Cyber security awareness training for all staff.

Solution in place for privileged access management.

Global backup platform in place for data and systems recovery.

Ongoing 2018 actions

Implementation of cyber security transformation plan and strategy in light of the learnings from the June 2017 cyber attacks including:

- 24/7 Cyber Defence Centre.
- Removal of legacy platforms.
- Increased IT security team headcount.
- New cyber response playbooks and processes.
- Advanced threat protection.
- Continued improvements to system recovery speed and capability.

Principal risk

10. Legal non-compliance*

Description

Risk that we are not fully compliant with relevant laws and regulation, including anti-corruption laws and global competition laws, resulting in damage to RB's reputation, significant potential fines and possible criminal liability for RB senior management (see Notes 17 and 19 to the Financial Statements for further detail).

Increased risk has arisen from:

- The acquisition and integration of MJN increasing our exposure with regard to anti-corruption laws, specifically health care professional interaction.
- Data privacy exposure is increasing due to the need to hold Personally Identifiable Information (PII) and continuing changes in legislation e.g. General Data Protection Regulation (GDPR).

Mitigation status

Group Compliance programme.

Global Compliance Passport online training completed by all employees.

Group Whistleblower Hotline operational, widely communicated and embedded.

Dedicated compliance personnel in each business unit; supported by internal compliance liaisons and external local legal experts as and when required.

SVP General Counsel and Company Secretary routine attendance at Board meetings.

IFCN division with new policies for interaction with Health Care Professionals (HCPs) and process underway to integrate with Health business unit.

Global Gift Register and enhanced due diligence checks developed during 2017.

GDPR readiness project underway.

Ongoing 2018 actions

Ongoing proactive management of current and potential litigation.

Delivery of GDPR readiness project ahead of effective date of new regulation in May 2018.

Develop tool for ongoing monitoring to prevent potential abuse of significant market positions.

Develop and rollout updated online training.

Principal risk

11. Major tax disputes

Description

Risk of significant un-provisioned cash outflows as a result of tax authority challenge to filed tax positions (see Note 7 to the Financial Statements for further detail).

Mitigation status

Governance Review Board monitors and drives compliance against operating model.

Ongoing review and appropriate provisioning for anticipated exposures.

Ongoing monitoring of progress of European Union State Aid investigations and their possible impact on RB. Also for Base Erosion and Profit Shifting (BEPS) initiatives.

Ongoing 2018 actions

Ongoing proactive management to progress formal Advanced Pricing Agreements (APAs) and proactive management of ongoing tax audits.

Principal risk

12. Loss of management

Description

Risk that RB cannot implement its strategies and meet objectives as a result of management leaving the business who cannot be readily replaced by equally high-calibre experienced/ qualified candidates.

Ahead of RB 2.0 there was a concern that management turnover could rise.

Mitigation status

'People' discussion is a standard agenda item at all Executive Committee meetings.

Succession plans for key management positions are in place.

Retention risk analysis undertaken regularly, including review of turnover rates.

Continuous review of competitiveness of the total compensation programmes at RB.

DARE (Develop, Attract, Retain, Engage talented women) programme continues to be driven hard; its objective includes the reduction in drop-off rate of females from manager to senior management positions.

Ongoing 2018 actions

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.

Risk management framework
continued

Decreased
Increased
No change
New

*Key Group principal risks

Principal risk

13. Mead Johnson Nutrition (MJN) integration

Description

Risk that integration takes longer than expected and does not deliver the projected benefits within expected time frames:

- The integration of MJN into RB continues to divert management attention from operating and delivering the expected results from its core business.
- Existing RB management have limited experience in running and managing the risks associated with an Infant and Child Nutrition (IFCN) business.

Mitigation status

IFCN operated as a separate division through 2017 with a dedicated Executive Leadership team (80% of which are previous MJN employees).

Commercial performance and integration status progress reviewed monthly by the EC.

Key MJN talent identified and retention programme in place.

RB has strengthened IFCN commercial rigour through enhancements to the operating model, whilst retaining unique strengths of MJN R&D, Regulatory and Quality functions.

Ongoing 2018 actions

Detailed plan of full integration in place and aligned within RB 2.0 organisation change.

Principal risk

14. Department of Justice (DoJ) investigation

Description

Risks deriving from ongoing US DoJ investigation and related antitrust litigation relating to legacy pharmaceutical business include:

- Potential criminal indictment of RB Group or RB individuals, with reputational impact, distraction and potential debarment which could theoretically have wider implications within the RB business.
- Significant financial liability for RB from settlement or adverse court decisions in criminal or civil matters.

Mitigation status

Ongoing close oversight by top management and Board, with independent advice from external counsel.

Ongoing preparation of defences to any criminal indictment or civil action.

Ongoing 2018 actions

Continuing effort to engage to reach reasonable resolution of the investigation.

Principal risk

BS. 'Black Swan' event

Description

Risk of significant reputational impact as a result of a major product safety issue resulting in very serious adverse impacts to third parties or the viability of the business, possibly compounded by apparently negligent management behaviour.

Extreme adverse press coverage and viral social media linking the RB name to consumer brands, leading to catastrophic share price fall, accompanied by collapse of consumer confidence and inability to retain and recruit highly capable employees.

Mitigation status

A full and robust risk and control framework is in place and operating effectively across RB.

This framework is overseen by the Audit and CRSEC Committees on behalf of the Board and is routinely reviewed by an independent Internal Audit function, which reports directly to the Audit Committee.

Crisis management training programme and support tools in place.

Ongoing 2018 actions

The adequacy of the risk and control framework, together with Group policies, is reviewed annually by the Audit and CRSEC Committees.

Incremental improvements are made each year to further strengthen RB's systems of internal control and risk management.

Principal risk

Routine risks

Description

We are subject to a range of compliance and routine risks as part of everyday business.

Mitigation status

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 provides primary assurance by driving risk compliance through their respective business unit, area, regional or functional responsibility. This is done through regular and detailed business and governance reviews. Secondary assurance is provided independently through a combination of Internal and External Audit covering all aspects of the Group's operations.

Ongoing 2018 actions

The adequacy of the risk and control framework, together with Group policies, is reviewed annually by the Audit and CRSEC Committees.

A fundamental element of the MJN acquisition integration process has been to select the best combination of risk and control policies, processes and systems to further improve robustness for the enlarged RB 2.0 business.

The Strategic Report, as set out on pages 1 to 51, has been approved by the Board.

On behalf of the Board

Rupert Bondy
Company Secretary
19 March 2018

Board of Directors

Rakesh Kapoor
Chief Executive Officer

Nationality
Indian/British

Board tenure
Six years and three months

Committee membership
Nomination

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

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

Other current appointments
None

Adrian Bellamy
Chairman

Nationality
British/American

Board tenure
18 years and one month

Committee membership
Corporate Responsibility, Sustainability, Ethics and Compliance; Remuneration

Skills and experience
Adrian joined RB as a Non-Executive Director in 1999 and was appointed as Chairman of the Board in May 2003. He brings extensive executive experience and was formerly Chairman of the Body Shop International plc. His other previous directorships include River Island, The Gap Inc, Gucci Group NV and The Robert Mondavi Corporation. Adrian will retire from the Board at the 2018 AGM and will not stand for re-election.

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

Other current appointments
Chairman of Williams-Sonoma Inc, and Chairman of the Supervisory Board of Action Nederland BV.

Adrian Hennah
Chief Financial Officer

Nationality
British

Board tenure
Four years and 11 months

Committee membership
None

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

Nicandro Durante
Non-Executive Director

Nationality
Brazilian/Italian

Board tenure
Four years and one month

Committee membership
Corporate Responsibility, Sustainability, Ethics and Compliance; Remuneration

Skills and experience
Nicandro was appointed as a Non-Executive Director in December 2013 and brings strong leadership skills and international business experience to the Board. He holds degrees in Finance, Economics and Business Administration. He started his career working in finance in Brazil and joined British American Tobacco (BAT) in 1981. Whilst at BAT he has worked in the UK, Hong Kong and Brazil and has held a number of senior positions, including Regional Director for Africa and the Middle East. He was appointed as Chief Operating Officer prior to being appointed as Chief Executive Officer of BAT in March 2011.

Other current appointments
Chief Executive Officer of British American Tobacco p.l.c.

Mary Harris
Non-Executive Director

Nationality
British

Board tenure
Two years and 11 months

Committee membership
Chair of Remuneration; Nomination

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

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

Other current appointments
Non-Executive Director of ITV plc and a member of the Supervisory Board of Unibail-Rodamco SE.

Ken Hydon
Non-Executive Director

Nationality
British

Board tenure
14 years and one month

Committee membership
Audit

Skills and experience
Ken joined RB as a Non-Executive Director in December 2003 and was Chairman of the Audit Committee from November 2006 until May 2017. He also served as Senior Independent Director between February 2005 and November 2006. Ken has extensive financial and business experience developed through working in the electronics, retail, consumer products and healthcare sectors. He was formerly CFO of Vodafone Group plc and a former Non-Executive Director of Tesco plc and Pearson plc. Ken will retire from the Board following the 2018 AGM and will not stand for re-election.

He 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.

Board of Directors
continued

Dr Pamela Kirby
Non-Executive Director

Nationality
British

Board tenure
Two years and 11 months

Committee membership
Chair of Corporate Responsibility, Sustainability, Ethics and Compliance; Audit; Nomination.

Skills and experience
Pam joined RB as a Non-Executive Director in February 2015. She was appointed as Chair of the CRSEC Committee in July 2016. Pam brings to the Board valuable knowledge of the healthcare sector. She served as Chairman of Scynexis Inc until June 2015. She was formerly CEO of Quintiles Transnational Corporation and held senior positions at AstraZeneca PLC and Hoffman-La Roche.

Other current appointments
Non-Executive Director of DCC plc, Victrex plc, Hikma Pharmaceuticals PLC and a member of the Supervisory Board of AkzoNobel N.V.

André Lacroix
Non-Executive Director

Nationality
French

Board tenure
Nine years and three months

Committee membership
Chair of the Audit Committee; Nomination

Skills and experience
André was appointed as a Non-Executive Director in October 2008. He became Senior Independent Director in June 2013 and Chair of the Audit Committee from May 2017. He has wide-ranging experience in executive roles, as Chief Executive Officer of Inchcape plc from 2006 until March 2015; Chairman and Chief Executive Officer of Euro Disney S.C.A; and President of Burger King International (previously part of Diageo). He has 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.

Chris Sinclair
Non-Executive Director
Chairman-elect

Nationality
American

Board tenure
Two years and 11 months

Committee membership
Chair of the Nomination Committee; Remuneration

Skills and experience
Chris was appointed as a Non-Executive Director in February 2015. He will be appointed as Chairman of the RB Board at the May 2018 AGM. Throughout his career he has held a number of executive positions and brings a wealth of experience to the role. He 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, which gave him the platform to showcase his strong global branding skills.

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

Other current appointments
Chairman of Mattel, Inc.

Judy Sprieser
Non-Executive Director

Nationality
American

Board tenure
14 years and four months

Committee membership
Remuneration

Skills and experience
Judy joined the RB Board as a Non-Executive Director in August 2003. She was Chair of the Remuneration Committee from June 2004 until November 2017. She was previously Director and Vice Chairman at Royal Ahold NV, CEO of Transora Inc, Executive Vice President of Sara Lee Corporation and CFO of Sara Lee's Food Group. Judy will retire from the Board following the 2018 AGM and will not stand for re-election.

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

Other current appointments
Director of Allstate Corporation, and InterContinental Exchange Inc.

Warren Tucker
Non-Executive Director

Nationality
British

Board tenure
Seven years and 10 months

Committee membership
Audit

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

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

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

Executive Committee

Rakesh Kapoor
Chief Executive Officer

Nationality
Indian/British

Company tenure
30 years

Experience
Joined Reckitt & Colman in 1987. Rakesh has held a number of roles including: Regional Sales Manager, North India; General Manager, Indian Southern Region; and Regional Marketing Director, South Asia. In 1999, he was appointed Global Category Director, Pest Control. Following the merger of Reckitt & Colman and Benckiser, he assumed the role of Senior Vice President, Home Care. He was appointed SVP, Regional Director, Northern Europe in 2001 and in July 2006 he was promoted to EVP, Category Development. Rakesh was appointed CEO in 2011.

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

Rupert Bondy
Senior Vice President
General Counsel/
Company Secretary

Nationality
British

Company tenure
One year

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

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

Seth Cohen
Chief Information Officer

Nationality
American

Company tenure
Less than one year

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

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

Amedeo Fasano
Chief Supply Officer

Nationality
Italian

Company tenure
20 years

Experience
Joined in 1997 as Supply Director, Italy. Following the merger of Reckitt & Colman and Benckiser, Amedeo 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, North America, 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 various supply roles.

Rob de Groot
President, Hygiene Home

Nationality
Dutch

Company tenure
29 years

Experience
Joined RB in 1988. After international roles in marketing and sales he became General Manager, The Netherlands, then SVP, Regional Director, Eastern Europe and was appointed Global Category Officer, Surface, Dish and Home Care before being appointed EVP, North America & Australia. From January 2012 to December 2017, Rob became EVP of the ENA area, responsible for North America, Europe, Russia, CIS and ANZ.

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

Adrian Hennah
Chief Financial Officer

Nationality
British

Company tenure
Four years

Experience
Joined RB in January 2013 as Chief Financial Officer Designate, and was appointed CFO in February 2013. He previously spent six years at Smith & Nephew plc as CFO and four years at Invensys, the international engineering company. Adrian also spent 18 years at GlaxoSmithKline plc, one of the world's largest pharmaceutical companies, holding a number of senior management and financial roles. He previously worked at PwC (then Price Waterhouse) for four years in both audit and consultancy and also for Stadtsparkasse Koeln, the German regional bank. He is a Non-Executive Director of RELX Group plc and RELX NV.

Gurveen Singh
Chief Human Resources Officer

Nationality
Indian

Company tenure
24 years

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

In January 2018, Gurveen was appointed Chief Human Resources Officer. Before joining RB Gurveen held various HR roles in the hotel and consumer goods industries.

Corporate Governance
Chairman's Statement

As stewards of the Company, the Board promotes the highest standards of corporate governance across the Group. Our betterRB strategy recognises that long-term success depends as much on good stewardship of our business and nurturing our obligations to society, as it does to strong financial performance.

Adrian Bellamy
Chairman

Introduction

On behalf of the Board, I present the Company's Corporate Governance Report for the financial year ended 31 December 2017. This will be my last report to our Shareholders as I shall not be seeking re-election at our 2018 Annual General Meeting (AGM), and I will be handing over to Chris Sinclair as Chairman-elect. I am extremely proud of the Board and all my RB colleagues for creating so much value for our stakeholders and contributing wholeheartedly to the good governance and stewardship of our business during my tenure as Chairman.

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

There have been a significant number of changes in the political and regulatory landscape affecting the corporate governance agenda over 2017 and in the future. The effects of the Modern Slavery Act, EU Market Abuse Regulation, the EU Audit Directive as well as the implications for the business around the Brexit vote were reviewed by the Board during the year, and we have made good progress in enhancing our high governance standards. We will be reviewing the outcomes of the FRC's consultation on a new UK Corporate Governance Code in the forthcoming year and considering any steps we should take as a consequence.

Leadership and culture

We recognise that the world around us is changing. Following our acquisition of the Mead Johnson Nutrition (MJN) business, and the divestiture of our non-core Food division, we saw the opportunity to implement a significant change in our Group. During the latter half of 2017, the Board took the decision to reorganise the RB Group into two focused and fully accountable business units: Health and Hygiene Home, to better serve our consumers and customers, and to simplify and streamline our business. We have put together a strong leadership team for each business unit with the appropriate skills and experience to create a platform for sustainable outperformance. We refer to this programme of reorganisation as 'RB 2.0'.

RB values at a glance

Both business units are united by shared values that reflect RB's underlying principles and beliefs. These values have recently been revisited to better define the way that RB will do business in the future. Our updated Code of Conduct reinforcing our non-negotiable principles of business conduct was communicated to all employees at the start of the year with mandatory training. Championed by our CEO, Rakesh Kapoor, 'Responsibility' features as a new core value – reinforcing RB's commitment to all its stakeholders. It sits alongside Ownership, Entrepreneurship, Partnership and Achievement to create our five values that demonstrate a focus on people, a clear purpose, a passionate commitment and a track record of outperformance. It's all about acting responsibly and doing the right thing – always – even when it is hard.

Board and succession planning

Ken Hydon, Judy Sprieser and myself have each taken the decision to step down from the Board at the 2018 AGM. We have all served for a significant length of time, and Ken and Judy have provided invaluable expertise to the Board with challenging and independent behaviour over their tenures. Over the past year, we have been committed to an effective handover of our duties to the Board and its committees. Following a detailed review of Chairman succession, led by the Senior Independent Director, the Nomination Committee recommended to the Board that Chris Sinclair should replace me as Chairman of the Board (subject also to his re-election as a Director by Shareholders at the 2018 AGM). He was appointed Chairman of the Nomination Committee with effect from 19 September 2017, when I stepped down from that Committee, as part of transitional arrangements. I am confident he will be a fantastic leader of the Board and will inspire his RB colleagues to continue to build on the Group's success.

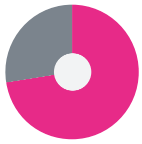
On the recommendation of the Nomination Committee to the Board, Mary Harris became the Remuneration Committee Chair on 1 November 2017, replacing Judy Sprieser, who has remained on the Committee to assist in the handover of her responsibilities. Mary's report on the activities of the Remuneration Committee can be found on pages 78 to 94.

Ken Hydon stepped down as Chair of the Audit Committee at the conclusion of the May 2017 AGM, handing over his responsibilities to André Lacroix. Ken has remained as a member of the Audit Committee to support André in his new role. André's report on the activities of the Audit Committee throughout the year can be found on pages 71 to 75.

André Lacroix has remained as Senior Independent Director of the Board, and is available to the other Directors and Shareholders who have concerns that cannot be addressed through the Chairman, CEO or CFO.

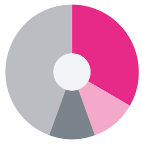
I would like to thank Judy and Ken for their many years of dedicated service to the RB Group and our Shareholders, and their counsel and support of the Board, its committees and me. On behalf of the Board, I wish them the very best for the future.

Biographies of the members of our Board of Directors and Executive Committee can be found on pages 52 to 57. The strength of the Board lies in its diversity, with skills and experience from across the business spectrum and within the industry sectors in which we operate. At all times, the composition of the Board is kept under review so that it continues to be best placed to ensure the long-term success of the business, comprehensively manage risk and deliver on our stakeholders' expectations.



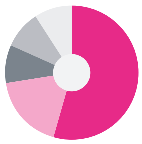
Directors as at 31 December 2017

Male	8
Female	3



Length of tenure of Non-Executive Directors as at 31 December 2017

Under 3 years	3
3-6 years	1
6-9 years	1
9+ years	4



Directors' nationalities as at 31 December 2017

British	6
American	2
French	1
Brazilian	1
Indian	1

2017 has been a year of change as we continued to review the composition of the Board and the independence and tenure of each Director, to ensure that the Board operates effectively within its industry sectors. We recognised the importance of Board renewal as Ken Hydon and Judy Sprieser intend to step down from the Board at the AGM, and the growing importance of expertise in areas such as e-commerce and digital. And I thought it right that Chris Sinclair, as incoming Chair, should lead the search for new Directors by replacing me as Chair of the Nomination Committee last September, at the same time as we announced that he would become the new Chairman.

On the recommendation of the Nomination Committee, Egon Zehnder, signatory to the Voluntary Code of Conduct for Executive Search Firms, was retained as recruitment consultant in respect of the search for suitable candidates to join the Board. Egon Zehnder is an independent third party executive firm with no other connection to the Company.Following an extensive search and thorough recruitment process, I was delighted to announce on 19 March 2018 that Andrew Bonfield has agreed to join RB as a Non-Executive Director with effect from 1 July 2018.

As a Board, we collectively continue to place the greatest of importance on having an experienced, well-balanced and diverse Board with a wide range of skills and expertise. It is this breadth of experience and diversity which underpins our decision-making capabilities and this Corporate Governance Statement serves to present to you our compliance with the Code during the year and how we have served you, our stakeholders.

Corporate Governance
Chairman's Statement continued

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

As I reported last year, together with 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. As we announced on 5 May 2017, following a comprehensive audit tender process and in compliance with the UK implementation of the EU requirements on auditor rotation, we have recommended the appointment of KPMG LLP as External Auditor, replacing PwC, for formal Shareholder approval at the 2018 AGM. Again, we extend our thanks to PwC for their significant contribution and for the work they have carried out to provide assurance to the Board and our stakeholders, including the audit of RB for the financial year ended 31 December 2017.

Remuneration
Aligning the interests of our Executive Directors and employees with those of our investors remains the key driver behind our Remuneration Policy. This approach is further detailed in the Remuneration Report on pages 78 to 94. We are conscious of the need for a measured approach to remuneration, whilst offering sufficient reward for effective performance to maximise our ability to recruit and retain the very best suited candidates. The Directors' Remuneration Policy was approved in 2016 and details are set out on page 82. We will not be asking Shareholders to make any changes to the policy this year. However, the Remuneration Committee has made changes within the approved policy, including adjusting the measurement of EPS growth to exclude MJN, reducing the LTIP awards made to the CEO, as well as exercising its discretion to reduce the vesting outcome for the 2015 LTIP by 50% for the CEO and CFO. Further details on how the Committee implemented the remuneration policy in 2017 and plans for 2018 are set out on pages 83 to 89.

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

Save for myself, Judy Sprieser and Ken Hydon, all the existing Directors will be offering themselves for election or re-election at the 2018 AGM. André Lacroix will have served nine years from his first election. The Board has taken this into account and believes that the current mix of tenure is in the best interests of our Shareholders, and that André continues to challenge appropriately and act independently, and provides our newly appointed Directors with a wealth of experience to avail themselves of in respect of the RB business. We look for your continued support for Directors standing for re-election to continue to serve the Board on your behalf and to promote the long-term success of the Company.

The Corporate Governance Statement outlines the Company's governance processes in greater detail and is on pages 61 to 68. The Company has complied with the Code throughout the year ended 31 December 2017.

Adrian Bellamy
Chairman
19 March 2018

Key areas of Board focus in 2017

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

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

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

Risk management and internal control
- RB's principal risks, emerging risks and the Group's risk register, including newly identified compliance risks and the impact of Brexit
- Consideration and approval of the Viability Statement
- The effectiveness of the Group's compliance programme
- Remediation of the South Korea Humidifier Sanitizer (HS) issues
- The ongoing investigation by the US Department of Justice (DoJ) into the Group's former pharmaceuticals business, which was demerged at the end of 2014
- The management of the cyber attack in June 2017, and subsequently strengthening the security and recovery processes of our IT systems
- Internal controls
- External audit tender and evaluation of Internal and External Auditors

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

Remuneration
- Oversight of executive remuneration

Leadership and governance
- Board and committee evaluation and effectiveness
- Director and senior management succession planning
- Corporate responsibility, sustainability, ethics and compliance, as we move further into regulated health-related sectors
- Relations with Shareholders
- Promoting the highest standards of corporate governance and best practice

Other
- Independent review of the Group's management of the HS and safety-related issues

Corporate Governance Statement

The Company is premium listed on the London Stock Exchange (LSE) and this Statement is prepared with reference to the Financial Reporting Council's UK Corporate Governance Code (the Code) in effect for the financial periods beginning on or after 17 June 2016, and the Disclosure Guidance and Transparency Rules requirements to provide a corporate governance statement. This Statement sets out how the Company has applied the Main Principles of the Code throughout the year ended 31 December 2017 and as at the date of this Statement.

Leadership

Board responsibilities

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

The Board consists of a balance of Executive and Non-Executive Directors who together have collective accountability to RB's Shareholders as well as responsibility for the overriding strategic, financial and operational objectives and direction of RB.

The Board manages the overall leadership of the Group with reference to its formal Schedule of Matters Reserved for the Board. This schedule is reviewed annually, with the last review undertaken in November 2017, and broadly covers:

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

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

The principal activities undertaken by the Board are set out over the following pages. A summary overview is set out in the table on Board focus areas in 2017 on page 60.

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 a key 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 2017 meeting was held in Hull, UK and included a tour of Hull's new R&D facility World of Inspiring Science, which is the main R&D centre for seven of RB's Powerbands, and RB's manufacturing facility, which produces 300 million consumer units per year. Further details can be found on page 65.

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, such as the MJN acquisition and the divestiture of the Food business.

Corporate Governance Statement
continued

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. In the event that a Director is unable to participate in a meeting, they are encouraged to provide comments to the Chairman or CEO on key items of business in advance of the relevant meeting, so that their views can be shared at the meeting and their opinions taken into account during discussions.

On the evening before a full Board meeting, a dinner is held for Directors to discuss strategic matters, and matters to be covered the next day. Directors are expected to attend what the Board considers to be an opportunity for more informal discussion. Executives presenting to the Board may be invited to attend if appropriate.

At the conclusion of every formal Board meeting, the Chairman holds a session with the other Non-Executive Directors, without the Executive Directors present, providing further opportunity for the Non-Executive Directors to assess the performance of the Executive Directors and help drive future agenda items.

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

Board governance structure – Committees of the Board

The Board has established four Board Committees to assist in the execution of its responsibilities. These are the Nomination Committee, Audit Committee, Remuneration Committee and the Corporate Responsibility, Sustainability, Ethics and Compliance Committee. Each committee operates under terms of reference approved by the Board. The terms of reference are reviewed regularly, the last review taking place in November 2017, and can be found on the Company's website. The current committee membership of each Director is shown on pages 52 to 55. The Board has also established two supporting management committees: the Disclosure Committee, which ensures accuracy and timeliness of disclosure of financial and other public announcements; and the Executive Committee, which is RB's key management committee.

Board

Audit Committee	Corporate Responsibility, Sustainability, Ethics and Compliance Committee	Remuneration Committee	Nomination Committee
See more on page **71**	See more on page **76**	See more on page **78**	See more on page **69**

Executive Committee **Disclosure Committee**

Nomination Committee
The Nomination Committee's key objective is to make recommendations to the Board on suitable candidates for appointment to the Board and its committees and regularly review and refresh their composition to ensure that they comprise individuals with the necessary skills, knowledge and experience to effectively discharge their responsibilities. Membership during the year and further details are set out in the Nomination Committee Report on page 69.

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 71 to 75.

Remuneration Committee
The Remuneration Committee assists the Board in fulfilling its oversight responsibility by ensuring that Remuneration Policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance. Membership of the Remuneration Committee during the year is set out in the Annual Report on Remuneration on page 81. The report details the current policy on remuneration and sets out Executive Directors' remuneration, Non-Executive Directors' fees and share ownership.

Corporate Responsibility, Sustainability, Ethics and Compliance Committee
The Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSEC Committee) was established in July 2016 to support the Board in reviewing, monitoring and assessing the Company's approach to responsible, sustainable, ethical and compliant corporate conduct and to assist the Board in upholding its values of honesty and respect. Details of the priorities which it has set itself for the coming year and its achievements to date are set out in the report on pages 76 to 77.

Board attendance at scheduled meetings
In 2017, there were five scheduled Board meetings, plus five additional meetings principally relating to the M&A transactions in the year. There were four regular Audit Committee meetings (plus two additional meetings; one as part of the audit tender process, and one at the September strategy meeting), four Remuneration Committee meetings, three Nomination Committee meetings and four meetings of the CRSEC Committee. The following table sets out the attendance by individual Directors at the main Board and individual committee meetings which each Director was eligible to attend. Directors who were not members of individual Board Committees were also invited to attend one or more meetings of those committees during the year. Where a Director is unavoidably absent from a Board or Board Committee meeting, they still receive and review the papers for the meeting and typically provide verbal or written input ahead of the meeting, usually through the Chairman of the Board or the Chairman of the relevant Board Committee, so that their views are considered at the meeting. Given the nature of the business to be conducted, some Board meetings are convened at short notice, which can make it difficult for some Directors to attend due to prior commitments.

	Board	Audit	Remuneration	CRSEC	Nomination	Independence[5]
Adrian Bellamy	5 of 5	–	4 of 4	4 of 4	2 of 2[1]	n/a
Nicandro Durante	5 of 5	–	4 of 4	4 of 4	–	y
Mary Harris	5 of 5	2 of 2[6]	2 of 2[6]	–	1 of 1[2]	y
Adrian Hennah	5 of 5	–	–	–	–	n/a
Pamela Kirby	5 of 5	4 of 4	–	4 of 4	3 of 3	y
Ken Hydon	5 of 5	4 of 4	–	–	1 of 1[3]	y
Rakesh Kapoor	5 of 5	–	–	–	3 of 3	n/a
André Lacroix	5 of 5	4 of 4	–	–	3 of 3	y
Chris Sinclair	4 of 5[4]	–	4 of 4	–	1 of 1[2]	y
Judy Sprieser	5 of 5	–	4 of 4	–	2 of 2[1]	y
Warren Tucker	5 of 5	4 of 4	–	–	–	y

1 Retired from the Nomination Committee on 19 September 2017.
2 Joined the Nomination Committee on 19 September 2017.
3 Retired from the Nomination Committee on 4 May 2017.
4 Unable to attend in person due to prior standing commitment.
5 As determined by the Board for the purposes of the UK Corporate Governance Code.
6 Retired from the Audit Committee on 4 May 2017 and joined the Remuneration Committee on 4 May 2017.

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 2017 was conducted using questionnaires and analytics software provided by Independent Audit Limited, in line with good governance. Details of the evaluation follow on page 65.

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 56 to 57.

The CEO has the power delegated to him by the Board to enable him to carry out his duties efficiently. Such powers include delegation of the day-to-day management of the business of the Company to each of the Officers of the Executive Committee, acting individually or as a group or sub-committee; acquisition and disposal of businesses and unbudgeted capital expenditure projects subject, in each case, to a £50 million limit; and instructing advisors and instigating legal proceedings on behalf of the Company in respect of matters for which no further Board authority is required.

The Senior Independent Director

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

The Executive Directors

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

The Non-Executive Directors

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

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

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

Company Secretary

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

Corporate Governance Statement
continued

Effectiveness

Board composition and succession planning

The Board regularly reviews its composition to determine whether it has the right mix of skills and background to effectively perform its duties. The Board also considers internal executives and senior management positions to ensure a proper breadth of talent is developed. The Board has appointed Directors from a wide variety of business backgrounds to provide it with a strong balance of skills and experience. The Board is comprised of the Chairman and a majority of Non-Executive Directors who, together with the Executive Directors, help maintain a solid, collective understanding of the Company and its daily business. More details about the current Board members can be found on pages 52 to 55.

André Lacroix has acted as the Senior Independent Director since June 2013. All Non-Executive Directors, excluding the Chairman who was independent on appointment, are determined by the Board to be independent. The Board has deemed André Lacroix independent, notwithstanding that he has served more than nine years, by virtue of his robust challenge of scenarios and decisions, and his independent and rigorous judgement of issues for Board decision.

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 AGM of Shareholders.

Board diversity

We meet the recommendations set by the Davies Report on Women on Boards. We have taken note of the Hampton-Alexander Review published in November 2017, which identified that RB is on target for 33% female representation at Board level, but has less than 20% female representation in the combined Executive Committee and their direct reports. In 2015, we launched our DARE (Develop, Attract, Retain and Engage talented women) programme to give more women the chance to compete and succeed at RB. Through focus groups and a quantitative survey, we have a sound understanding of the reasons women drop off the talent bench when they reach a certain level of management. Work-life balance and international mobility while managing dual careers are some of the key issues that have been identified. We have implemented several solutions that will help us improve the retention rates of our women managers, such as a global maternity leave policy, spouse and dual career support for international moves and a mentoring programme for our senior female managers. However, we recognise that there is still work to be done, and have set ourselves the goal of doubling women in senior roles.

We also meet the recommendations of the Parker Review published in October 2017, with at least one person from an ethnic minority on the Board. Our Executive Committee, comprising the most senior management level in the business, represents five different nationalities from across the globe, embodying our corporate diversity and inclusion policy. The Company's wider global leadership community holds over 50 nationalities between them, representing a broad background of collective skills, cultures and experience. This widens our understanding of our consumers, who themselves come from the broadest possible backgrounds, allowing us to be best placed in serving their needs.

We always recruit the best and most suited candidates for any role and we strive for a well-balanced representation of backgrounds, nations, cultures, skills and experiences, at all levels across the Group.

We are committed to equality of opportunity in all areas of employment and business, regardless of personal characteristics. Our diversity policy can be found at www.rb.com/responsibility/workplace/diversity. Ultimate responsibility and sponsorship of this policy rests with our Executive Committee. Senior managers are accountable and all RB employees are responsible for ensuring that our diversity policies and programmes are actively followed and implemented.

Board balance and independence

On appointment, Non-Executive Directors are made aware and are required to confirm they will allocate sufficient time to their role to discharge their responsibilities effectively. They are also required to seek agreement from the Chairman before taking on additional commitments, and to declare any actual or potential conflicts of interest. Non-Executive Directors are engaged under the terms of a Letter of Appointment. Initial terms of appointment are for three years with one month's notice, with all Directors standing for election or re-election at every AGM of Shareholders.

The Nomination Committee has principal responsibility delegated to it for making recommendations to the Board on new appointments 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 2017 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 2018 AGM.

Director inductions and training

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

The Chairman has overall responsibility for ensuring that the Directors receive suitable training to enable them to carry out their duties. As part of their role, Directors are also expected to personally identify any additional training requirements they feel would benefit them in performing their duties to the Company. Ongoing training arranged by the Company covers a wide variety of sector-specific and business issues, as well as legal and financial regulatory developments relevant to the

Company and the Directors. Training is also provided by way of briefing papers or presentations at each scheduled Board meeting, as well as meetings with senior executives or other external sources.

Board support

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

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

Conflicts of interest and indemnity

Directors have a duty under the Companies Act 2006 (CA 2006) to avoid interests, direct or indirect, which might conflict with the interests of the Group. Under the terms of the Company's Articles of Association, such conflicts can be authorised by the Board which at all times takes responsibility for ensuring compliance with laws and regulations on corporate governance, and that Directors' potential conflicts of interest are regularly reviewed.

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

Board visit to Hull, UK – R&D

In September 2017, the RB Board travelled to Hull, UK for its annual off-site strategy session.

The Hull site is home to some 1,300 RB colleagues across R&D, supply and other global functions with a consumer health R&D focus combined with broad-ranging capabilities across other categories and technologies such as aerosols.

Local business insights

- Tour of the RB World of Inspiring Science
- Heritage of the Hull site
- Visit to assess the progress of the £105 million Centre for Scientific Excellence – the largest single site investment to date which will step change RB's consumer health capabilities from its May 2018 completion date
- Presentations by local management experts on current status, challenges and future visions, showcasing a range of initiatives around optimising culture, developing talent, driving innovation, and leveraging our supplier partnerships
- Discussion and tour of the RB manufacturing facility

Evaluation of the Board

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

The questionnaire was based around the themes of strategy and risk-taking, risk management, line of sight, leadership and accountability, roles and responsibilities, and the manner of working together with management. Positive feedback was received in all areas. A report, with action points and recommendations for the Board to consider, was distributed to Directors and the results of the assessment subsequently discussed by the Board at its November meeting.

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

The Board believes it is an open and collaborative team, and the refresh of talent and diversity brought by the newer Non-Executive Directors has worked very well in delivering the acquisition of MJN, the divestiture of the Food business, remediation of the South Korea Humidifier Sanitizer (HS) tragedy, and the development of the new organisation structure as two business units, Health and Hygiene Home.

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

- continuing its focus on succession planning and leadership development, and renewal of the Board;
- supporting and providing oversight of the reorganisation of the Group into two business units, including monitoring delivery of the benefits of that reorganisation and the benefits of the MJN acquisition;
- supporting a culture of safety and responsibility;
- ensuring management presents a thorough and understandable risk framework and analysis, that the Board considers reputational-related risks, and that the Board understands the key assumptions and uncertainties of strategic proposals, through rigorous discussion of stress-testing and scenarios. The Board should consider the impact of reward systems on risk attitudes, decision-making and reporting, and discuss RB's current attitude to risk and its target culture; and
- September strategy sessions – agreeing the critical issues for discussion in advance, and subsequently agreeing an agenda for the following year that addresses the issues identified in the strategy session.

The 2017 review of the Board's performance and that of its committees concluded that the Board, its committees and individual Directors were continuing to perform effectively. Recommendations have been taken on board to be addressed and these will be reassessed as part of the 2018 evaluation.

Corporate Governance Statement
continued

Accountability

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

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

The basis for the preparation of the Group Financial Statements is set out on page 113 under Accounting Policies.

The Company's External Auditors' Report, setting out its work and reporting responsibilities, can be found on pages 100 to 107. The terms, areas of responsibility and scope of the External Auditors' work are agreed by the Board and set out in the Auditors' engagement letter.

More information on the Group's principal 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 1 to 51.

The Viability Statement can be found on page 43.

The Directors' Statement of Responsibilities on page 98 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 Auditor and for ensuring that the Annual Report is fair, balanced and understandable.

Risk appetite
The Board has overall responsibility for complying with the Code and the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. It oversees the internal controls established, and monitors their effectiveness, in managing risk. The sectors and environment within which RB operates are dynamic and fast moving, and the controls are continually kept under review to minimise the potential exposure to risk. The system is designed to 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 42 to 51.

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 71 to 75. 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. During the year, the Directors undertook a robust assessment of the principal risks facing the Company, including those that could threaten RB's business model, future performance, solvency and liquidity. More detail on the Group's principal strategic risks and uncertainties can be found in the Strategic Report on pages 42 to 51.

RB has developed a Code of Business Conduct on which employees must undertake training. In January 2018, a revised Code, which updated and integrated the existing RB and MJN codes, was issued to all employees as part of the RB 2.0 launch communication materials. Every employee is required to complete compliance and conduct training and certify their commitment to RB's Responsibility value and to 'doing the right thing even when it is hard'. The training consists of five modules, including Code of Conduct, Anti-Bribery, Competition Law, Data Privacy and Conflicts of Interest training and testing.

Employee training includes reminding employees of the Group's strict policies on the 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 our employees fully understand RB's non-negotiable expectations in terms of ethical and responsible behaviour.

This culture of ethical and responsible conduct has been further strengthened with the attention of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSEC Committee). The focus of this committee is on the Company's corporate social responsibilities, environmental and sustainability issues and overall ethical conduct and regulatory compliance. More details on its work can be found on pages 76 and 77.

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

Relations with Shareholders

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

RB maintains regular dialogue with sector analysts and fund managers to ensure a widespread understanding and availability of information regarding developments for the Group, as well as the industry sectors which RB serves. The CEO, CFO and the 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, providing feedback on the meetings to the rest of the Board. In November 2017, Chris Sinclair spent a number of days meeting with many of the Group's major institutional investors individually as part of his induction as incoming Chairman.

Judy Sprieser, in her then role as Chair of the Remuneration Committee, met with investors in January 2017, along with RB's Head of Global Reward, and Deloitte LLP, our remuneration advisors. In November 2017, Mary Harris, on taking over the Chairmanship of the Remuneration Committee, and Judy Sprieser carried out a two-day roadshow with institutional investors focusing on governance, remuneration policy and the Company's strategy.

Pam Kirby, as Chair of the CRSEC Committee, and RB's Chief Safety, Quality, Compliance & Regulatory Officer also met with investors during the year to discuss compliance policies.

If required, key executives, along with the Senior Independent Director, are available to discuss matters of concern.

Annual General Meeting and Shareholder voting

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

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

The Investment Association (IA) has launched the public register of FTSE All-Share companies which have received votes of 20% or more against any shareholder resolution, or which withdrew a resolution prior to a shareholder vote, along with company statements of actions taken following the vote. At our AGM in May 2017, all resolutions were passed, although a high number of votes were received against the re-election as Directors of Adrian Bellamy, Chairman, and Ken Hydon, Chair of the Audit Committee. We believe this was related in part to the desire of Shareholders to ensure Board-level accountability for the tragic events in South Korea, relating to a humidifier sanitizer product withdrawn in 2011. The Board has formally apologised and taken extensive remediation action in relation to the HS tragedy and we have engaged fully with our Shareholders in relation to this. A subsequent statement was published by the Company and is available at www.rb.com. A link to the statement can also be found on IA's public register page on their website.

Website

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

Shareholders can also access our Sustainability Report, our Modern Slavery Statement, our Gender Pay Gap Report and associated policies on the RB website at www.rb.com/responsibility/. We will also be publishing our first Payment Practices Report in July 2018.

Corporate Governance Statement
continued

Compliance with the Code

This section of the Annual Report, together with the Audit Committee Report on pages 71 to 75, the Nomination Committee Report on pages 69 to 70, the CRSEC Committee Report on pages 76 to 77 and the Directors' Remuneration Report on pages 78 to 94, describes how the Company has applied the main principles contained within the Code. The Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

The Company confirms that, throughout the year ended 31 December 2017, it has complied with the Code.

A. Leadership

A.1 – The role of the Board

- A description of how the Board operates and an overview of the Matters Reserved for the Board is set out on page 61.
- The Chairman, Chief Executive Officer, Senior Independent Director and respective Chairs of the committees are set out on pages 52 to 55.
- The Board held five scheduled meetings during the year, as set out in the Directors' attendance table on page 63.
- Appropriate insurance cover is in place in respect of legal action against the Directors.

A.2 and A.3 – Division of responsibilities and the role of the Chairman

- The roles of the Chairman and Chief Executive Officer are set out on page 63 and are set out in writing and agreed by the Board.
- The Chairman and the Chairman-elect were independent on appointment.

A.4 – Non-Executive Directors

- André Lacroix is the Senior Independent Director.
- Both the Chairman and the Senior Independent Director make themselves available during the year to attend meetings with major shareholders.
- The Chairman held five meetings during the year with the Non-Executive Directors, without the executives being present.
- The Senior Independent Director led the review of the Chairman as outlined on page 65.
- No unresolved concerns about the running of the Company, or a proposed action, were raised by any Directors in the reporting period.

B. Effectiveness

B.1 – The composition of the Board

- The Board considers all Non-Executive Directors to be independent. Adrian Bellamy, July Sprieser and Ken Hydon have served significantly more than nine years from their election. They have each decided to step down from the Board at the Annual General Meeting on 3 May 2018 and not stand for re-election.

B.2 – Appointments to the Board

- A description of the work of the Nomination Committee is set out on pages 69 to 70 which includes a description of the process for Board appointments and the Board's policy on diversity.
- Its terms of reference are available at www.rb.com.

B.3 – Commitment

- The Board is satisfied that the external commitments of the Chairman and the Non-Executive Directors set out on pages 52 to 55 do not conflict with their duties and commitments to the Company and that any new commitments are disclosed to the Board.
- In the reporting period, Adrian Hennah, CFO, continued to serve as a Non-Executive Director of RELX Group PLC and RELX NV.
- Details of the Executive Directors' service contracts and Non-Executive Directors' letters of appointment are shown in the Directors' Remuneration Report on pages 78 to 94 and are available for inspection at the Company's registered office and at our AGM.

B.4 and B.5 – Development and information and support

- A description of the process of induction, training and development, as well as access to the Company Secretary and independent professional advice, is set out on pages 64 and 65.

B.6 – Evaluation

- An overview of the Board, its committees and the individual Director evaluation process is set out on page 65.

B.7 – Re-election and election

- It is the Board's practice that all Directors stand for re-election at the AGM, or election at the first AGM following their appointment.

C. Accountability

C.1 – Financial and business reporting

- The Directors' Statement of Responsibilities is set out on page 98.
- The fair, balanced and understandable assessment is set out on page 98.
- The Auditors' Report is set out on pages 100 to 107.
- The Going Concern statement is set out on page 98.

C.2 – Risk management and internal control

- The assessment of principal risks and how they are being managed or mitigated is described on pages 42 and 51.
- The Viability Statement is set out on page 43.
- An overview of the Company's risk management and internal control systems is described in full on page 66.

C.3 – Audit Committee and Auditors

- A description of the work of the Audit Committee is set out in the Audit Committee Report on pages 71 to 75.
- Its terms of reference are available at www.rb.com.

D. Remuneration

D.1 and D.2 – The level of components of remuneration and procedure

- A description of the work of the Remuneration Committee is set out in the Directors' Remuneration Report on pages 78 to 94.
- Its terms of reference are available at www.rb.com.

E. Relations with Shareholders

E.1 and E.2 – Dialogue with Shareholders and constructive use of General Meetings

- An overview of engagement with Shareholders and the use of General Meetings is included on page 67.

Nomination Committee Report

Our focus is on succession planning and renewal to ensure that the Board continues to have the right skills and experience to safeguard the Group's values and culture and promote RB's long-term success.

Chris Sinclair
Chair of the Nomination Committee

Introduction

I am pleased to present the Nomination Committee Report for the year ended 31 December 2017, which outlines the Committee's role, focus and activities during the year. A key part of this related to my own appointment as Chairman-elect of the Board and Chair of the Nomination Committee as part of my transition to the role of Chairman. I shall ensure that we continue to focus on succession planning and renewal to ensure that the Board continues to have the right skills and experience to safeguard the Group's values and culture and promote RB's long-term success. I believe that the Board is well balanced and diverse and any changes proposed to its composition and structure will be appropriate to deliver on the Group's strategic objectives.

Role of the Nomination Committee

The role of the Committee is to ensure that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, to lead the process for Board appointments and make recommendations to the Board. The Committee assists the Board in ensuring its composition is regularly reviewed and refreshed so that it is effective and able to operate in the best interests of Shareholders. The Committee also has responsibility for reviewing succession plans for the Board and key management roles, and for considering and, if appropriate, authorising conflicts of interest.

The Committee's terms of reference are available on the Company's website. They are reviewed annually to ensure that they continue to reflect best practice.

Composition

The Nomination Committee is comprised of a majority of Non-Executive Directors. Its membership consists of the Chairman-elect, Chief Executive Officer, Senior Independent Director, and Chair of each of the Audit, CRSEC and Remuneration Committees, together with any other independent Non-Executive Director who may be invited by the Board to join.

Rakesh Kapoor, André Lacroix and Pam Kirby were Committee members throughout the year. Adrian Bellamy was Chair of the Committee until 19 September 2017, when I became Chairman-elect of the Group and joined the Committee and was appointed Chair as part of transitional arrangements. Adrian Bellamy ceased to be a member on the same day. Mary Harris joined the Committee on 19 September 2017 as part of her transition to Chair of the Remuneration Committee on 1 November 2017. Ken Hydon and Judy Sprieser stepped down from the Committee on 4 May 2017 and 1 November 2017 respectively when they stepped down from their positions as Board Committee Chairs.

Biographical details of the members of the Board who held office during the year and up to the date of this report can be found on pages 52 to 55.

The Company Secretary acted as Secretary to the Committee during the year.

Activity

The Committee meets at least once each year and on an 'as needed' basis. After each meeting, the Committee Chairman reports formally to the Board. The Committee held three meetings during the year. In addition, matters within the Committee's remit were also taken as specific items at full Board meetings, principally consideration of succession planning more widely within the Group and talent identification, management and development. Members of the Committee also met together informally to discuss senior executive succession planning.

Nomination Committee Report
continued

The Committee's focus during 2017 and at the start of this year has been the composition of the Board, its principal committees and their Chairs, as well as succession planning for the positions of Chairman, CEO and senior management; to ensure that the Board has the right balance of skills, expertise, experience, diversity and independence to enable it to perform effectively; and that its governance structures are of the highest standard.

On 21 March 2017, we announced changes to the positions of Chair of the Audit and Remuneration Committees. Following the 2017 AGM, André Lacroix became the Chair of the Audit Committee and Mary Harris was appointed as a member of the Remuneration Committee. Following a transitional period and handover from Judy Sprieser, Mary Harris became Chair of the Remuneration Committee on 1 November 2017.

During the year, we announced Adrian Bellamy's decision to retire from the position of Chairman and from the Board following RB's AGM on 3 May 2018, and I was confirmed as Adrian's successor.

The Board Chairman succession planning process was led by André Lacroix, in his capacity as Senior Independent Director. The process had commenced in 2013 with the appointment of Egon Zehnder International Ltd to identify suitable new Board members with Chair potential, in order that an eventual appointment could be made of someone with experience on the RB Board. Egon Zehnder is an independent executive search firm which has no other current connection with RB and is a signatory of the Voluntary Code of Conduct for Executive Search Firms in the UK to address diversity and best practice relating to Board appointments. In addition to leadership experience and international expertise, commitment to the business, the ability to meet the time commitment required and director independence were given due consideration. The process led to me emerging as the preferred candidate and in September 2017 the Nomination Committee recommended to the Board that I be appointed as successor to Adrian Bellamy following the conclusion of RB's 2018 AGM in May 2018.

Effectiveness
An independent external Board evaluation was carried out in 2016, in line with the Code requirements and corporate governance best practice. In 2017, an internal evaluation of the Board and its committees was carried out using a series of questionnaires for the Board to complete, as well as report analysis software, supplied by Independent Audit Limited. Details of the process can be found on page 65, together with the outcomes.

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

There is a strong commitment to engendering an all-embracing culture of inclusion 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 comprises five nationalities and three women, two of whom are committee Chairs.

Focus for 2018
Adrian Bellamy, Judy Sprieser and Ken Hydon will not stand for re-election at RB's 2018 AGM in May 2018.

In light of their departures, the Committee began the search for one or more new Non-Executive Directors. We remain committed to ensuring that the Board retains the wealth of knowledge and experience on the Board, as well as stability and to ensure that the size, composition and structure of the Board is appropriate for the delivery of the Group's strategic objectives and that all relevant provisions of the UK Corporate Governance Code continue to be met.

An extensive search was carried out and a shortlist drawn up. Following meetings with the Chairman, the Senior Independent Director and the Executive Directors, Andrew Bonfield was identified as an exceptional candidate and recommended to the Board for appointment on the basis that he met the criteria required, which included international experience in a consumer-facing business, senior leadership experience, a financial qualification and a strong cultural fit. The Board is delighted that Andrew has agreed to join RB from 1 July 2018. Andrew brings a wealth of financial and business experience and I am confident he will make a strong contribution to RB.

Committee composition
The Committee has also considered membership of Board Committees following the retirement of Adrian Bellamy, Judy Sprieser and Ken Hydon at the AGM. I will join the CRSEC Committee with effect from 1 May 2018 and Andrew Bonfield will join the Audit Committee on his appointment to the Board on 1 July 2018. As other Directors are appointed, they will be asked to join Committees as appropriate.

I will be available at the 2018 AGM to answer questions relating to the work of the Committee.

Chris Sinclair
Chair of the Nomination Committee
19 March 2018

Audit Committee Report

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

Introduction

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 December 2017. This is my first statement as Chair of the Audit Committee since I succeeded Ken Hydon. I look forward to continuing his efforts as Chair in leading the Committee to review and challenge management on the robustness and effectiveness of our internal controls and risk management systems and to continue to provide oversight and reassurance to the Board on the risk management process and control procedures.

Maintaining the integrity of our financial reporting, monitoring the robustness of internal controls and overseeing risk management processes continues to be our primary 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, taken as a whole, are fair, balanced and understandable, as well as providing the necessary information for Shareholders to assess the Group's position and performance, business model and strategy.

André Lacroix
Chair of the Audit Committee

Each year the Committee has a detailed standing agenda of matters to be considered and reviewed. In addition to our regular agenda reviews, we have carried out focused reviews of: integration of the infant nutrition business systems following the MJN acquisition on 15 June 2017; the causes and impact of the June 2017 cyber attack and remedial actions and control; legal and product non-compliance; taxation issues; and the progress of the Group's global SAP programme. The risk and control challenges around the RB 2.0 reorganisation were reviewed and continue to be closely monitored, to track implementation of the programme and mitigate risk. The Committee also met with operational management at its meetings to consider financial, legal, regulatory and IT risks and controls. The Committee appreciated the open discussions with local senior executives from the UK and from China on internal control risk.

During the year, we reviewed the Company's major risk assessment process, which identified and prioritised the principal strategic risks and uncertainties that might affect the Group, how they could be mitigated and whether they have increased, diminished or remained the same, compared to the previous year. Looking at the major risks process is a key element of our review of the effectiveness of RB's risk management and control systems and identified risks are clearly and consistently reflected in our communications to Shareholders in this report. Details are set out on pages 42 to 51. We also carried out an assurance mapping exercise, to draw up an assurance map of our second and third line of defence assurance activities, as a basis to drive and embed a more structural approach to management of and assurance required on our systemic as well as our specific (principal) risks.

The Committee has reviewed the 2017 Annual Report and Financial Statements to provide assurance that they are fair, balanced and understandable and provide sufficient information to enable the Shareholders to assess the Group's position and performance, business model and strategy. The form and content of the Annual Report and Financial Statements were reviewed and approved, and consistency of narrative within the document confirmed. The preparation and verification processes were determined to be robust. Following our review, we advised the Board that we were satisfied that the 2017 Annual Report and Financial Statements, taken as a whole, met its objectives and supported the Board in making its statement on page 98.

In 2017, the Committee led a rigorous external audit tender process leading to the Board's recommendation at the 2018 AGM to appoint KPMG as auditor for the 2018 financial year. Details of the audit tender are provided on page 73. I would like to record my thanks to our outgoing auditor PwC and their partners and staff for their many years of excellent service to our Shareholders. The Audit Committee has enjoyed working with them and we have valued their challenge and independent and robust approach to the audit, as well as the professionalism they have brought to Audit Committee meetings.

I would like to acknowledge and thank Ken Hydon, who I succeeded in May 2017 as Audit Chair, for his valued leadership of the Committee for the last ten years, and the other members of the Audit Committee for their diligence and support during the year. Ken will stand down from the Committee and from the Board at the AGM in May 2018, and I wish him well in his future endeavours. Mary Harris ceased to be a member of the Audit Committee from May 2017 in order to devote herself to her new responsibilities as Remuneration Committee Chair from November 2017 and I thank her for her input to date and wish her well in her new role.

André Lacroix
Chair of the Audit Committee
19 March 2018

Audit Committee Report
continued

Composition
The members of the Audit Committee during the year were:

Name
André Lacroix (Chairman)[1]
Mary Harris[2]
Pamela Kirby
Ken Hydon[3]
Warren Tucker

1 Appointed Chair of the Committee on 4 May 2017.
2 Stepped down from the Committee on 4 May 2017.
3 Stepped down as Chair of the Committee on 4 May 2017.

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

Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, knowledge and experience. The Board is satisfied that each member of the Audit Committee is independent and that Committee members as a whole have competence relevant to the Company's sector. All of the members have financial, economics and/or business management expertise in multinational organisations and they are expected to have an understanding of the principles of, and recent developments in, financial reporting and an understanding of the Group's internal control systems. The skills and expertise of each Committee member are summarised on pages 52 to 55.

On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with internal management covering internal audit, legal, tax, treasury and financial matters as well as meetings with the External Auditor. All members of the Committee receive regular briefings from senior executives on matters covering governance and legislative developments, accounting practices and policies and tax and treasury.

Meetings
During 2017, the Committee held four scheduled meetings at times related to the Company's reporting cycle, and the attendance of members at the meetings is set out in the table on page 63. In addition, a less formal Committee session with local financial management was held in September 2017 as part of the Board's strategy visit to Hull. Senior representatives of the External Auditor, the Group Head of Internal Audit and the CFO regularly attend meetings. The Chairman and CEO are also invited to all meetings and other senior management attend when deemed appropriate by the Audit Committee. Time is allocated at each meeting for private discussion with the Head of Internal Audit and the External Auditor without the other invitees being present, as well as a private meeting of the Committee members.

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. Copies of Audit Committee papers are provided to all Board Directors in advance of each meeting and minutes of each Committee meeting are provided to the Board and the External Auditor.

Role and responsibilities
The Audit Committee is 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. Its role and responsibilities are set out in its terms of reference which can be found at www.rb.com. In 2017, the Committee reviewed and updated its terms to take account of the 2016 UK Corporate Governance Code and the associated Guidance on Audit Committees, EU Audit Directive and Regulation and recommended best practice.

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

Financial reporting
- Monitoring the integrity of the Financial Statements of the Company. Reviewing and challenging, where necessary, the actions and judgements of management before submission to the full Board.
- Considering significant legal claims and regulatory issues.

Narrative reporting
- Reviewing the content of the Annual Report and Financial Statements and advising the Board on whether it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Risk management and internal controls
- Reviewing and monitoring on an ongoing basis the scope and effectiveness of internal financial, operational and compliance risk management processes.
- Reviewing and approving the statements to be included in the Annual Report concerning internal control, risk management and the Viability Statement.
- Ensuring that procedures are in place for detecting fraud and prevention of bribery, and secure arrangements are in place by which staff may raise concerns about possible wrongdoings in matters of financial reporting and financial controls.

Internal Audit
- Assessing and approving internal audit's annual work plan to ensure it is aligned to the key risks of the business and ensuring that the Internal Audit function has sufficient resources and access to management to perform its role.
- Reviewing internal audit activities, significant recommendations and findings and related management actions.
- Monitoring and assessing the effectiveness of the Internal Audit function.

External Audit
- Considering and making recommendations to the Board to put to Shareholders for their approval at the AGM regarding the appointment of the External Auditor.
- Monitoring the rotation of the External Audit partner and managing the competitive tendering process of the audit services contract.
- Reviewing and monitoring the External Auditor's independence, objectivity and effectiveness.
- Developing, implementing and keeping under review policy on non-audit services, taking into account relevant ethical guidance.

The Committee's main activities during the financial year were as follows:

Financial reporting
Reviewing and approving the appropriateness of the interim and annual Financial Statements and related announcements, including:
- recommending that, in the Audit Committee's view, the Financial Statements were fair, balanced and understandable. In addition to the detailed preparation and verification procedures in place for the 2017 Annual Report and Financial Statements, management continued its focus on narrative reporting and clear written and visual messaging to communicate the Group's strategy. The 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 for Shareholders to assess the Group's position and performance, business model and strategy; and
- reviewing the appropriateness of the accounting policies, judgements and estimates used as set out on pages 113 to 118 and concluding that the judgements and assumptions used were reasonable.

The significant financial judgement and complexity areas in relation to the 2017 Group Financial Statements considered by the Audit Committee, together with a summary of the actions taken, were as follows:

- **Impairment assessments**
  Management performed its annual impairment review for goodwill and other intangible assets with indefinite lives. Key judgements included the allocation of these assets to cash generating units (CGUs) and groups of CGUs (Health, Hygiene Home and IFCN) 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). The Audit Committee reviewed management's analysis, including 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 intangible assets with indefinite lives remained appropriate.

- **Legal liability provisioning**
  At 31 December 2017, a provision of £501 million (2016: £329 million) was held on the Group's Balance Sheet in relation to regulatory, civil and/or criminal investigations by government authorities as well as litigation proceedings and a provision in respect of the South Korea HS and DoJ issues. The Committee challenged management on legal judgments made in determining the level of provisioning and were satisfied with the level of provisioning.

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

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

- **Trade spend**
  Trade spend remains 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 recognises the risks in this area.

- **Going concern and Viability Statement**
  A Viability Review was undertaken by management, encompassing its going concern review. 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 43. The use of a five-year period for the Viability Review was approved by the Board in 2018 as it is the period of the Group's long-term forecasting process and covers the various business cycles.
  The first two years of the Viability Review were used for the purpose of supporting the going concern assumption.

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 framework to be functioning appropriately.

In addition, the Audit Committee also addressed the following matters during the year:

- Reviewed the Circular and the accounting workstreams and verification carried out by management and advisors in respect of the MJN transaction. This included review of the reconciliation process; synergies; pro forma; risk factors; working capital statement and financial position and prospects risk assessment, review of bond financing, as well as provisional purchase price accounting and fair value adjustments made to the acquired balance sheet.
- Assessed the impact and causes of the cyber attack in June 2017.
- Reviewed the Group's major risk assessment process. Detailed consideration was given to principal risks and internal control processes. In addition, an external assurance mapping exercise was commissioned to review second and third line of defence assurance as a basis to identify any gaps and enhance assurance going forward.
- Kept abreast of changes in financial reporting and governance matters by way of technical updates throughout the year, such as the duty to report on payment practices and performance from April 2017.
- Engaged with senior executives and local management to receive and discuss control reviews of the Group's ENA and DvM areas, and China and the UK.
- Approved the External Auditor's annual terms of engagement and reviewed and updated the provision of non-audit services policy.
- Approved and assessed the deployment of the External Audit plan.
- Conducted the External Audit services retender process.
- Approved the Group's Internal Audit plan and risk controls and reviewed Internal Audit reports.
- Reviewed fraudulent activity or reports raised under the whistleblowing procedure.
- Reviewed tax and treasury matters, including provisioning and compliance with statutory reporting obligations.

External Auditor and the tender of External Audit

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 and is required to approve all non-audit services over £250K. 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 2017 were £7.9 million, of which £4.2 million related to non-audit work (to which PwC was appointed principally for the above reasons). Details of non-audit services are set out in Note 4 on page 122.

Following the introduction of EU reforms, the Group's internal policy on non-audit fees was revised to reflect prohibited non-audit services, including all tax services provided to entities within the EU. This policy became effective as at 1 January 2017. The policy states that, on an annual basis, non-audit fees should not exceed 50% of the Group's External Audit and audit-related fees for the year. The Board confirms that, for the year ended 31 December 2017, non-audit fees were 54%

Audit Committee Report
continued

of the audit and audit-related fees. The Audit Committee exercised its discretion to appoint PwC to perform audit-related services in connection with the acquisition of MJN and notes that the non-audit fee remains below the FRC threshold of 70%. In the opinion of the Audit Committee, the relationship with the External Auditor works well and remains satisfied with its independence and effectiveness.

The Audit Committee is exclusively responsible (on behalf of the Board) for matters relating to the appointment of the Auditor and for the year ended 31 December 2017 the Company has complied with the Competition and Markets Authority Order: The Statutory Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The Audit Committee is responsible for reviewing and making recommendations to the Board on the re-appointment of the External Auditor and tendering of the External Audit contract. The Audit Committee also monitors the rotation of the lead Audit Partner, who rotates every five years in accordance with best practice standards. The current lead Audit Partner, Mark Gill, has just completed the final 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 at the time undertook a review and subsequently selected PwC as Auditor for the Group for the December 2000 year end. PwC has been the Auditor of the Parent Company since the formation of Reckitt Benckiser Group plc in 2007.

In the Annual Report and Financial Statements for the year ended 31 December 2016, the Committee confirmed its intention to put a recommendation to Shareholders to appoint a new External Auditor for the year ending December 2018. A detailed pre-selection process was carried out in 2016 in preparation for the tender during 2017. Detailed investigations were carried out during 2016 to identify those firms with sufficient geographical reach, experience, expertise in the consumer products industry, that provided a good cultural fit and which were not conflicted by virtue of substantial ongoing non-audit work. Following detailed reviews and preliminary meetings with potential firms, a preliminary shortlist was identified and firms asked to submit proposals against a detailed invitation to tender.

Following review and agreement on a final shortlist, partners of two firms met with management and members of the Audit Committee to outline further the skills and attributes expected of an external audit team. The selection criteria were developed into a scorecard for the Audit Committee. The categories were:
- Audit quality
- Audit service
- Capabilities and competencies
- Relationships and past track record
- Behavioural influences during the process
- Fees

The final shortlisted firms met with Area management over several days in meetings held at the Company's offices in Slough, Amsterdam and Dubai. One or more members of the Committee also joined each meeting. Following feedback received from management, the Chairman, CEO, CFO and the Audit Committee Chair met with key partners for one-to-one discussions. In May 2017, each of the two firms presented to the Audit Committee, CEO, CFO, SVP Corporate Control and Head of Internal Audit ahead of the Audit Committee making its final decision for recommendation to the Board.

Following a detailed tender process outlined on the following page, the Committee recommended to the Board that KPMG be appointed as External Auditor for the 2018 financial year. The Board concluded that it was in the best interests of the Shareholders to appoint KPMG for the year ending 31 December 2018 and, in accordance with section 489 CA 2006, resolutions to propose the appointment of KPMG 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. Management and the Committee are working to ensure that there will be a seamless transition between auditors. KPMG has commenced the audit transition and attended the Committee's meeting in February 2018.

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 and updates the Audit Committee at each meeting. 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 42 to 51.

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. 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 2017, routine internal audit work covered 57% (by Net Revenue) of RB's global commercial business and 36% (by industrial sales) of global manufacturing facilities.

Governance
During the year, the Committee undertook a self-evaluation of its performance using a questionnaire. Matters reviewed by Committee members included effectiveness in the areas of risk strategy and framework, internal and external audit, external reporting, roles and responsibilities, and working together with management. In summary, the results concluded that the effectiveness and performance of the Committee was good, and that the dynamics and culture of the Committee were particularly strong. The main improvement area discussed during the Committee evaluation was the need for the Audit Committee to spend more time on the Group Risk Assurance mapping.

The Internal Audit effectiveness review was carried out by way of direct post-audit feedback and questionnaires targeted at Audit Committee members, Executive Committee members and functional heads. The evaluation of the Internal Audit function, which covered performance, plan and resources, indicated that the reviewers appreciated the quality and capability of the Internal Audit team which assisted with the improvement of internal controls and processes throughout the Group. Areas highlighted for improvement were the resourcing of larger audits as well as the timing of staged audit interventions for change programmes. The Audit Committee considered the effectiveness review and the work carried out by the Internal Audit function as reported at every Committee meeting and concluded that it was an effective operation.

In light of 2017 being PwC's final year as auditor, the assessment was conducted during the Committee's November 2017 meeting and found to be satisfactory.

The external audit tender process

2015

Pre-selection process commenced.

August 2016

Long-list of firms reviewed to identify those with sufficient geographical reach, experience, expertise in the consumer products industry, that provided a good cultural fit and which were not conflicted by virtue of substantial ongoing non-audit work.

September 2016

Following detailed reviews and preliminary meetings with potential firms, a preliminary shortlist was identified and firms asked to submit proposals against a detailed invitation to tender.

February 2017

Shortlisted firms met with management and members of the Audit Committee to outline further the skills and attributes expected of an external audit team.

March 2017

Final shortlisted firms met with Area management at Slough, Amsterdam and Dubai offices.

April/May 2017

Final shortlisted firms met with the Audit Committee and key CHQ management.

4 May 2017

Recommendation made to the Board for appointment of KPMG. Board approved and announced.

Year ending 31 December 2017

PwC carried out final audit in respect of year ended 31 December 2017.

AGM, 3 May 2018

Shareholder approval sought for the appointment of KPMG as External Auditor for the financial year ending 31 December 2018.

Corporate Responsibility, Sustainability, Ethics and Compliance Committee Report

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

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

Introduction

I am pleased to present the report of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSEC Committee) for the year ended 31 December 2017. The Committee was established in 2016 in the wake of the Humidifier Sanitizer (HS) tragedy to try to prevent such an event ever happening again. We are committed to putting the safety of our consumers and employees first, and to ensuring that we conduct business responsibly and with a sustainability mindset. Since the establishment of the Committee in July 2016, we have made great strides. Our initial focus was on getting our governance approach and framework right and putting in place safety, quality and compliance remediation and infrastructure programmes. During the last year, we have worked tirelessly to ensure that these programmes are integrated throughout the business and that high standards are globally upheld and continually strengthened. Whilst we are on a journey which will continually change and evolve, we have made substantial progress to date and changes have been welcomed by employees.

Composition

The CRSEC Committee is made up entirely of Non-Executive Directors who are appointed by the Board on the recommendation of the Nomination Committee. The members of the Committee during the year were Pam Kirby (Chairman), Adrian Bellamy and Nicandro Durante.

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

Responsibilities

The Committee supports the Board in fulfilling its duty to safeguard and advance the Company's reputation for responsible and sustainable corporate conduct by reviewing, monitoring and assessing its approach to and management of corporate responsibility, environmental, safety and sustainability issues and behaviours, ethical conduct and regulatory compliance. The Committee's scope includes human rights and product safety, regulatory and quality risk assurance and restrictive trade practices and ethical conduct.

The Committee's responsibilities include overseeing and making recommendations to executives and the Board for actions to be taken in respect of these matters, as well as monitoring and reviewing their implementation.

The Committee meets at least three times per year. The CEO, SVP General Counsel, Chief Safety, Quality and Compliance Officer (CSQC), VP General Counsel Group Legal Affairs and Head of Internal Audit regularly attend meetings and other senior management attend when deemed appropriate by the Committee. Time is allocated at each meeting for private discussion between Committee members and with the CSQC Officer and the Head of Internal Audit without the other invitees being present. From the beginning of 2018, the CSQC also has responsibility for regulatory affairs and is now referred to as the Chief Safety, Quality, Regulatory and Compliance Officer (CSQRC). In addition, the Chief Ethics and Compliance Officer (CECO) now attends in place of the VP General Counsel Group Legal Affairs, and will have periodic private discussions with Committee members.

CRSEC Committee meetings generally take place ahead of Board meetings and the CRSEC Committee Chair provides an update of the key issues discussed to the Board at each meeting. Minutes of CRSEC Committee meetings are provided to the Board.

The Committee's terms of reference are available on the Company's website. They are reviewed annually to ensure that they continue to reflect best practice.

Activity

During the year, the Committee held four scheduled meetings. Directors' attendance is set out in the table on page 63. The Committee has a rolling agenda. At each meeting, it receives reports from the Ethics Management Committee and the Compliance Management Committee, which make up the management's governance framework for the Group:

- The Ethics Management Committee meets quarterly and reports on legal compliance matters, whistleblowing activity, potential bribery, corruption and fraud and potential Code of Conduct issues.
- The Compliance Management Committee meets monthly and reports on consumer safety, employee health and safety, product and substance regulation (including quality, safety and compliance), environmental strategy and human rights.

The two committees have a direct reporting line to the Executive Committee. The Committee also meets with the CSQRC Officer and other senior managers to ensure that progress is being made towards meeting the Group's specific Safety, Quality, Regulatory and Compliance (SQRC) KPIs and in our ongoing corporate responsibility commitments.

In addition, during the year, particular attention was paid to the following matters:

South Korea Humidifier Sanitizer (HS)

The Committee and the Board reflected further on the tragedy in South Korea on how to prevent such a tragedy from occurring again and to ensure that our governance structure and programmes continue to put safety at their core. Lessons learned were shared with management and a new RB 'Responsibility' value introduced, which has been embedded in our updated Code of Conduct.

Key learnings for RB include:

- setting the tone from the top and embedding a culture of responsibility among all RB employees, the Board and RB contractors, primarily through revision of internal policies, an updated version of the Code of Conduct, mandatory training and the creation of a new RB value, Responsibility;
- reviewing product safety systems and policies, including product approval processes, product development, reformulation or supplier switching and packaging;
- updating our 'goods for sale' release process which all products must pass before they are marketed and ensures the product is safe for sale and meets its marketing claims;
- ensuring regular, structured reporting to senior management by the adaptation of the current SQRC structure; and
- creating new roles within and restructuring the SQRC function, with a focus on risk functions.

We are pleased to say that we have made great strides in addressing these learnings, with all of them either work in progress or completed actions.

Mead Johnson Nutrition (MJN) integration

Following the MJN acquisition during the year, the Committee undertook a cross-functional in-depth focus on the infant and nutrition category. As part of the integration of MJN, we reviewed our Code of Conduct and internal policies. The MJN whistleblower hotline was integrated into RB's. We also embarked on a number of sustainability performance reviews. For example, we looked at how MJN's past practices in respect of their greenhouse gas emissions, water, energy and waste performance impact on RB's performance in these areas.

Data security

In anticipation of the General Data Protection Regulation (GDPR) legislation which comes into effect on 25 May 2018, we reviewed the results of an audit to identify compliance gaps, and endorsed a remediation project to ensure delivery of critical GDPR objectives by May 2018. A risk-prioritised plan has been adopted, based on a detailed gap assessment and supported by appropriate resources.

Code of Conduct

A revised Code of Conduct was reviewed by the Committee in November 2017 and updated to combine best practice from both the RB and MJN codes and to reflect our new structure. The new Code became effective on 1 January 2018. Our Code of Conduct applies to all RB employees globally, our Board and RB's contractors. It explicitly refers to RB's core values – responsibility, ownership, achievement, entrepreneurship and partnership. The revised Code sets the protocol for raising concerns (via a 'Speak Up' hotline), covers fair treatment of employees and mandatory reporting of violations, among many other matters.

Modern Slavery Act (MSA) statement

Our first MSA statement, which outlines the steps we are taking to reduce the risk of slavery and human trafficking in our business and supply chain, was published in March 2017 and is available on our website at www.rb.com. Our second statement will be published shortly.

Focus for 2018

Looking to the coming year, and following the Committee evaluating it's performance, we will continue our focus on consumer safety and creating a consumer experience that builds confidence and trust. We aim to have safe and compliant products for all our markets, and to maintain safety and compliance throughout the product life cycle.

We continue to review our sustainability objectives and chart progress against our targets. RB's annual Sustainability Report for 2017 is published separately to this Annual Report and can be found on our website, www.rb.com.

With RB 2.0 and the reorganisation into two business units, we will be especially vigilant to ensure that there is no loss in momentum and focus on delivering the safety, quality and compliance agenda that management have committed to. We will monitor the progress of a number of Group-wide initiatives, as well as the establishment of proper governance and oversight of SQRC issues in each business unit.

I look forward to reporting progress on our accomplishments in next year's Annual Report.

Pam Kirby
Chair of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee
19 March 2018

Directors' Remuneration Report

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

Contents of Directors' Remuneration Report

Mary Harris
Chair of the Remuneration Committee

This is my first Directors' Remuneration Report since being appointed Chair in November 2017. I would like to thank my predecessor Judy Sprieser for her contribution and leadership of the Committee and for the support she has given me since I became Chair.

On the following pages, I have set out our Annual Report on Remuneration, which explains how we have implemented the Remuneration Policy previously approved by Shareholders, as well as additional actions taken. This Report will be subject to a Shareholder vote at our AGM on 3 May 2018.

Since becoming Chair, I have met with a number of our largest Shareholders to discuss RB's remuneration philosophy and the changes we have made during 2017. I would like to thank the Shareholders for the time taken and for their feedback, which provides valuable input for the 2019 Policy review, which will be the main focus for the Committee in 2018.

Context for executive remuneration at RB

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

The Committee believes that RB's approach to remuneration, summarised on page 82, plays an important part in supporting our performance culture, reflects the global nature of our business and delivers significant benefits to Shareholders.

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

The Committee is aware of the sensitivity around executive pay and has undertaken a very thorough review of the Company's absolute and relative performance in the round, in order to reach its decisions on the 2017 remuneration outcomes.

Further information regarding the composition, role and work of the Committee during 2017 can be found on page 81.

Business backdrop

2017 has been a transformational, albeit challenging year for RB. There has been significant strategic progress including the acquisition of MJN, the successful disposal of the RB Food business and the significant planned reorganisation of the business into two focused business units, Health and Hygiene Home.

However, 2017 has also seen a slowdown in overall market growth, significant pricing pressure and the cyber attack in mid-2017. Performance was also impacted by the loss of business in South Korea and the decline in sales of foot-care devices.

Over the three-year period of the 2015 LTIP, RB has created £16 billion of Shareholder value, delivering a Shareholder return of 42%. This is in the top quartile of the peer group, double the peer group average (details of which are on page 81) and 31% above the FTSE100.

Base salary

The CEO's 2017 salary was £945,209. The Committee has decided that there will be no increase for 2018.

The Committee reviewed the fixed salary of the CFO, Adrian Hennah, to reflect the increased scope and responsibilities of his role, which resulted from the planned re-organisation of RB into two business units, described earlier in this report. His role now includes Information Systems, with a newly recruited CIO reporting directly to him. The Committee decided that his salary be increased to £660,000 (an 8% increase) with no change to his incentive opportunities.

The average salary increase for our UK employee base was 3%.

Annual Bonus in respect of 2017 performance

As described earlier, 2017 has been a transformational, albeit challenging year for RB. There has been significant strategic progress but the 2017 outcome saw flat like-for-like Net Revenue growth and Net Income growth that was below the stretching threshold targets set, excluding the MJN contribution. This has resulted in zero bonus payment for 2017.

Vesting of the 2015-2017 LTIP and decision to reduce payout

All outstanding LTIP awards are subject to an earnings per share (EPS) growth performance measure over the three-year performance period of the awards. In 2016, the EPS growth targets were set at 6% per annum for threshold performance and 10% per annum for maximum vesting. At threshold this represents 2x peer average, with maximum vesting requiring more than 3x our peer average performance.

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

The total effect of the acquisition and the £3bn profit from the sale of RB Food, as well as the gain in respect of US tax reform have been excluded from performance for determining remuneration outcomes.

Further, the Committee reviewed the results of MJN between completion and year-end to ensure they were not materially below the acquisition plan. We are satisfied that this is not the case. The return on capital of the MJN acquisition is also on track.

Earnings per share over the three-year period from 2015 to 2017, measured on an adjusted, diluted basis, grew by 44%, equivalent to compound average annual growth of 13% per annum. With the direct and indirect effects of the MJN acquisition being totally removed, this reduces to 11.5% per annum but still exceeds maximum vesting by 1.5% per annum. This EPS growth is above the upper quartile of our peer group over the last three years and is more than 3x the peer average. This EPS growth performance results in vesting of 100% being achieved when measured against the vesting schedule approved by Shareholders.

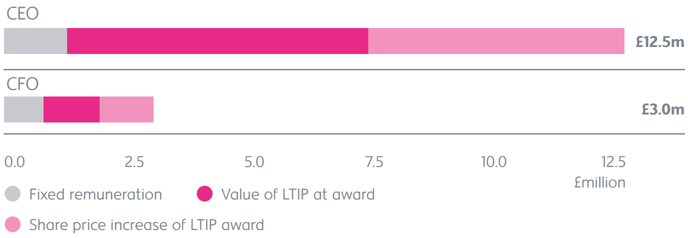
EPS growth for the purposes of the LTIP is based on actual exchange rates which has been our consistent practice, as this is aligned to the Shareholder experience. Whilst over the 2015-17 period the EPS growth measured on a constant currency basis would have been lower, it should be noted that this is the first occasion in the last five performance periods that LTIP vesting has been higher than if calculated on constant currency basis. The Committee remains satisfied that measuring EPS growth on an actual currency basis is appropriate.

While the performance over the 2015 LTIP period has exceeded all pre-agreed EPS growth targets under the Remuneration Policy, the CEO volunteered a cut to the vesting outcomes as the Committee deemed fit.

The Committee considered it appropriate to exercise its discretion to reduce the vesting outcome for the 2015 LTIP by 50% for the CEO and CFO. This decision is based on the Committee's evaluation of performance in the round and alignment of pay outcomes with the Shareholder experience.

2017 single figure

The impact of this is to reduce the 2017 single figure for the CEO from £23.7m to £12.5m and to reduce that for the CFO from £5.2m to £3m. This compares to 2016 single figures of £15.3m and £6.8m, respectively.



Reduction in future LTIP awards

The Remuneration Committee keeps the LTIP awards made to Executive Directors under regular review.

As previously committed to Shareholders, for 2018 the Committee made a one-third reduction in the number of shares and options awarded to the CEO for the performance period 2018-2020. This follows the reduction last year, such that the 2018 LTIP award is less than half that of the 2016 LTIP, in respect of the 2016–2018 performance period.

For the CFO the LTIP award for the 2018-2020 period is unchanged from that for 2017-2019.

The charts on page 83 set out the potential impact on the future single figure for the CEO as a result of these reductions in LTIP awards.

The Committee will continue to assess overall performance going forward to ensure that the remuneration outcomes are justified.

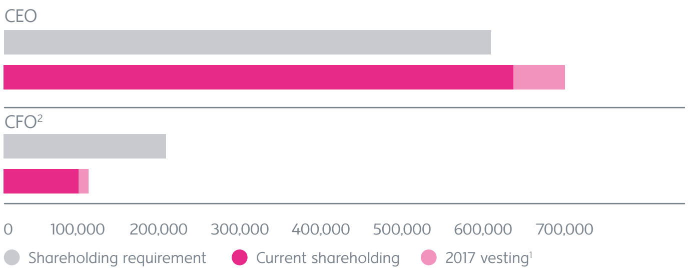
Share ownership requirements

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

These are the most demanding in the market; the highest share ownership requirement in our peer group is 800% and the highest in the FTSE 100 is 700% of salary. Amongst the FTSE 30 the median is 400% of salary, with an upper quartile of 500%.

The chart below sets out the current shareholding of the Executive Directors compared to requirements.

Shareholding of Executive Directors vs requirement



1 '2017 vesting' shows the estimated number of performance shares which will vest in respect of performance to 2017, after tax.

2 Adrian Hennah was appointed CFO in February 2013 and is making good progress towards achieving his shareholding requirement by 2021.

Directors' Remuneration Report
continued

Board changes

During 2017, RB announced that Chris Sinclair would succeed Adrian Bellamy as Company Chair at the 2018 AGM and the Committee has reviewed the fees for the role of Chairman in the light of this new appointment.

As the Chairman fee had not been reviewed for a number of years it had fallen behind market practice. Therefore the Committee, with approval of the Board, has increased the total fees to £500,000, and increased the proportion paid in shares from 18% to 25%. This new fee level is reflective of the role of the Chairman in a Company of RB's size and the required time commitment.

Conclusion

I hope that you find that this report demonstrates RB's commitment to pay for performance, Shareholder alignment and consideration of remuneration outcomes within the context of overall performance.

The main focus of the Committee during 2018 will be to undertake a comprehensive review of our existing Remuneration Policy and I look forward to engaging fully with Shareholders and their representatives this year.

Mary Harris
Chair of the Remuneration Committee
19 March 2018

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 FCA Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules. In this Report we describe how the principles of good governance relating to Directors' remuneration, as set out in the UK Corporate Governance Code (April 2016) (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.

Remuneration Committee governance

Who's on the Committee

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

Mary Harris[1] (Chair)
Judy Sprieser
Nicandro Durante
Chris Sinclair
Adrian Bellamy

1 Appointed to the Committee May 2017, appointed Chair November 2017.

Our role

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 agreements;
  - participation in any of the Company's bonus and long-term incentive plans (LTIPs); and
  - the targets for any of the Company's performance-related bonus and LTIPs.

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

Shareholders approved RB's Directors' Remuneration Policy at the AGM on 5 May 2016. This was set out in full in the 2015 Annual Report and can also be found in the Corporate Governance section of our website at www.rb.com

Meetings

During the year the Committee held four scheduled meetings. The attendance of members at meetings is set out in the table on page 63.

The SVP, Human Resources was Secretary to the Committee throughout the year. Meetings were also attended by the CEO, CFO and the Group Head of Reward by invitation.

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

Peer group

The Remuneration Committee has determined a peer group of international companies, which is referred to within the report. This peer group is used for benchmarking remuneration packages and also used as a reference point in ensuring that performance targets are appropriately stretching and when reviewing the Company's relative performance. The companies included are:

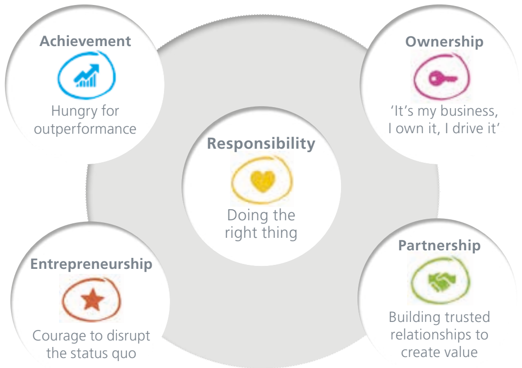
Avon	Coca-Cola	Johnson & Johnson	Pfizer
Bayer	Colgate	Kellogg	Procter & Gamble
Campbell Soup	Danone	Kimberly-Clark	Sanofi
Church and Dwight	GSK	Novartis	Unilever
Clorox	Henkel	PepsiCo	

Remuneration Policy at a glance

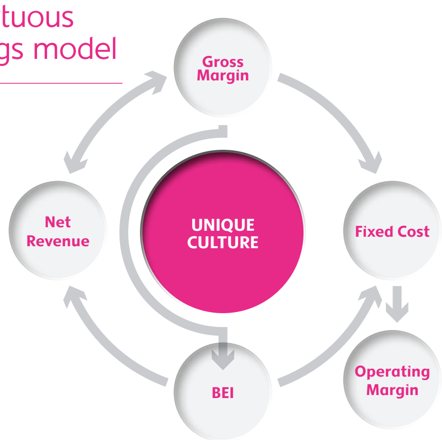
RB's Remuneration Policy at a glance

Shareholders approved RB's Directors' Remuneration Policy at the AGM on 5 May 2016, which is summarised below. The Policy was set out in full in the 2015 Annual Report and can also be found in the Corporate Governance section of our website.

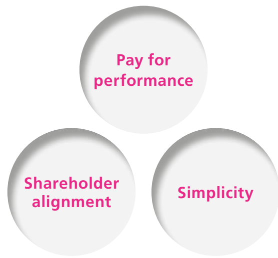
RB's values



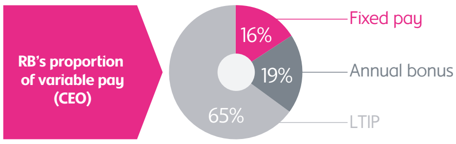
RB's virtuous earnings model



RB's remuneration philosophy



1 High proportion of long-term variable pay



2 Attract and retain the best global talent

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

3 Significant share ownership policy

Executive	No. of shares	Value of shares[1]	% of salary
CEO	600,000	£40m	4232%
CFO	200,000	£13m	2020%

1 Based on £66.67 share price (three-month average to year end)

4 Ensure simplicity and transparency

- Simplicity and transparency for both management and Shareholders
- Alignment across the business of metrics and ownership

RB's Remuneration Policy

Remuneration Policy reflects the philosophy of pay for performance, Shareholder alignment and simplicity over the short, medium and long term.

	2018 2019 2020 2021 2022 2023	KEY FEATURES OF POLICY	HOW WE IMPLEMENT POLICY	LINK TO STRATEGY
Base salary	→	• Salaries at median of peers	• 2017 salary increases of 3% • 2018 salary increases of zero for CEO and 8% for the CFO to reflect increased role	• Supports recruitment and retention
Annual bonus	→	• Based on Net Revenue and Adjusted Net Income growth • Target bonus of 120% for CEO and 90% for CFO • Clawback provisions apply	• Stretching Net Revenue and Adjusted Net Income growth targets, in excess of peer performance • Threshold performance results in zero payout, with maximum of 3.57x target level	• Drives short-term overachievement in KPIs which leads to creation of Shareholder value
LTIP: Performance shares; Share options	→ →	• Based on adjusted, diluted EPS growth over a three-year performance period • Two-year malus and clawback provisions • Two-year post-retirement holding period • Options have seven years to exercise post vesting	• Vesting linked to stretching adjusted, diluted EPS growth conditions requiring significant outperformance of our peers • Growth of 33% needed for full vesting	• Incentivises long-term financial outperformance of EPS and sustained Shareholder value creation
Shareholding requirements		• CEO: 600,000 shares (c.4232% salary) • CFO: 200,000 shares (c.2020% salary)	• Period of eight years from appointment to achieve	• Promotes long-term alignment with Shareholders • Promotes focus on management of corporate risks

Implementation of specific commitments made to Shareholders for 2017

1. Exclude MJN (and related transactions) for LTIP vesting

What we said…

In calculating EPS growth from 2016 to 2017, 2017 EPS will be adjusted to exclude the contribution of MJN on a pro-forma basis.

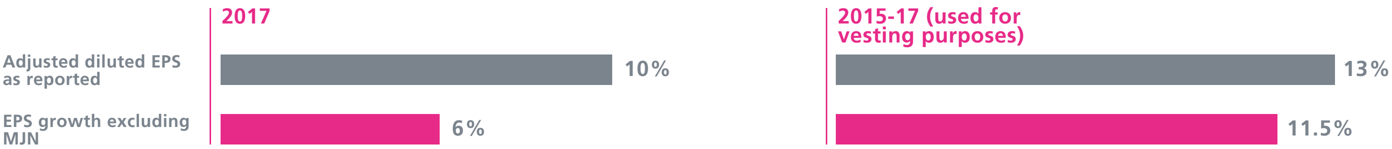
The Remuneration Committee will also make corresponding adjustments for any other transactions linked to the financing or other aspects of the proposed MJN acquisition.

What we have done…

In calculating 2017 EPS growth for purposes of LTIP vesting:

- Excluded adjusted post-tax Operating Profit, pre-synergies, attributable to MJN from 2017
- Excluded adjusted post-tax Operating Profit attributable to RB Food from 2016 and 2017
- Excluded profit of £3 billion from disposal of RB Food
- Adjusted all financing impacts to be consistent with our pre-MJN acquisition policy of maintaining net debt of c.£1.5 billion. This requires removing interest attributable to the MJN acquisition, adding back interest saved due to sale of RB Food and replicating the impact of share buybacks associated with prior policy

Impact/decision



2. Assess MJN performance post-completion versus plan

What we said…

The Committee reserved the right to exercise downward discretion in the event that the results of MJN between completion of the transaction and the end of 2017 are materially below the acquisition plan.

The Remuneration Committee will also exercise downward discretion on LTIP vesting if the return on capital in respect of the proposed acquisition of MJN does not meet the expectations agreed by the Board, at the time of the approval of the acquisition.

What we have done…

The Committee thoroughly reviewed the performance from completion of the acquisition to the end of 2017 versus the acquisition plan, having regard to:

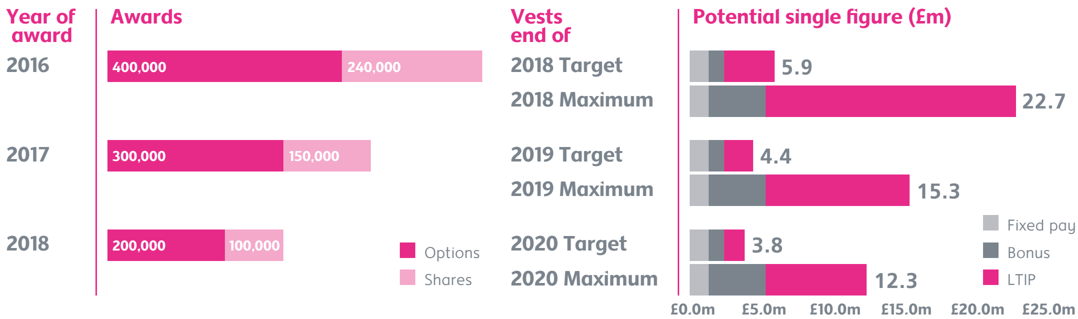
- MJN Net Revenue growth of -1% (pro-forma constant). A weak start to the year (before RB ownership) offset by the return to growth under RB ownership with growth of +2% in H2 and +3% in Q4
- Improving trend in Operating Margin (H1 -500bps, H2 -270bps)
- Full year Adjusted Operating Profit of £591 million (20.7% of NR) of which H2 under RB ownership was £310 million (21.7% of NR)
- Acquisition completed in H1, allowing saving of an MJN dividend payment and US$25 million of synergies delivered earlier than planned
- Future synergy expectations raised from US$250 million at time of acquisition to around US$300 million
- Over the half year of ownership, return on capital has been in line with the expectations agreed by the Board

Impact/decision

Having undertaken a thorough review of MJN performance post completion compared to the acquisition plan, the Committee is satisfied that the contribution of MJN to the Group is in line with the plan agreed by the Board at the time of acquisition and therefore no downward discretion is required.

3. Reduction in CEO awards

The Remuneration Committee has reduced the size of the LTIP awards made to the CEO for 2017 and 2018 such that future vesting values will reduce correspondingly:



Target: assumes target bonus and LTIP vests at threshold (20%).
Maximum: assumes maximum bonus and LTIP vests in full.
Share price: scenarios assume share price at vesting is in line with average over Q4 2017 of £66.67, and as with the basis prescribed by the reporting regulations, we have excluded any future share price growth.

2017 performance and remuneration outcomes

Base salary

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

For additional context, the Remuneration Committee also reviews market practice for similar roles in the Company's remuneration peer group, comprising 19 international companies and listed on page 81.

As disclosed in last year's report, following the review of salary levels in late 2016, the Committee approved the base salary increases of 3% with effect from 1 January 2017.

During 2017 the Remuneration Committee reviewed salaries and determined that the CEO would have no salary increase for 2018.

As part of the re-organisation of RB, the scope and responsibilities of the role of CFO increased, which now includes Information Systems, with a newly recruited CIO reporting to CFO. To reflect this increase in the scope of the role, in line with the terms of the Remuneration Policy, the Committee increased the CFO's salary to £660,000.

The table below sets out base salaries with effect from 1 January 2018:

Executive Director	Base salary at 1 January 2017	**Base salary from 1 January 2018**	Percentage increase
Rakesh Kapoor	£945,209	**£945,209**	0%
Adrian Hennah	£613,020	**£660,000**	8%

The average salary increase for our UK employees was c.3%, effective 1 January 2018.

Annual bonus in respect of 2017 performance: Zero payout

Prior to the start of the year, the Remuneration Committee set stretching performance targets for the Executive Directors in 2017. As set out in last year's report, these were based on Net Revenue growth and Adjusted Net Income growth, both measured in GBP at a constant exchange rate.

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

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

Net Revenue multiplier (up to 1.89x) x Adjusted Net Income multiplier (up to 1.89x) = Performance multiplier (Threshold = 0x Target = 1.0x Max = 3.57x)

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

Performance multiplier x Target bonus = Final bonus outcome

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

2017 bonus targets

The chart below illustrates the performance ranges set by the Committee prior to the start of the year.

Performance measure[1]	Threshold (zero bonus)	Maximum (3.57x target)	Achieved
Net Revenue growth	0%	6%	Below threshold
Adjusted Net Income growth	2%	10%	Below threshold

Performance range

1. At constant fx rates

2017 bonus outcome

As set out elsewhere in the report, 2017 was a challenging year for RB. The 2017 performance outcome saw flat like-for-like Net Revenue growth and Net Income Growth that was below the threshold, excluding the MJN contribution.

Decision

Due to actual results being below the stretching performance targets set, no bonus will be paid to the Executive Directors for 2017.

Vesting of the 2015 LTIP – Performance versus targets

In determining the LTIP vesting, the Committee undertook a thorough review to ensure that the payout was appropriate in light of the overall Company performance and in line with the Remuneration Policy. A summary of this review is below:

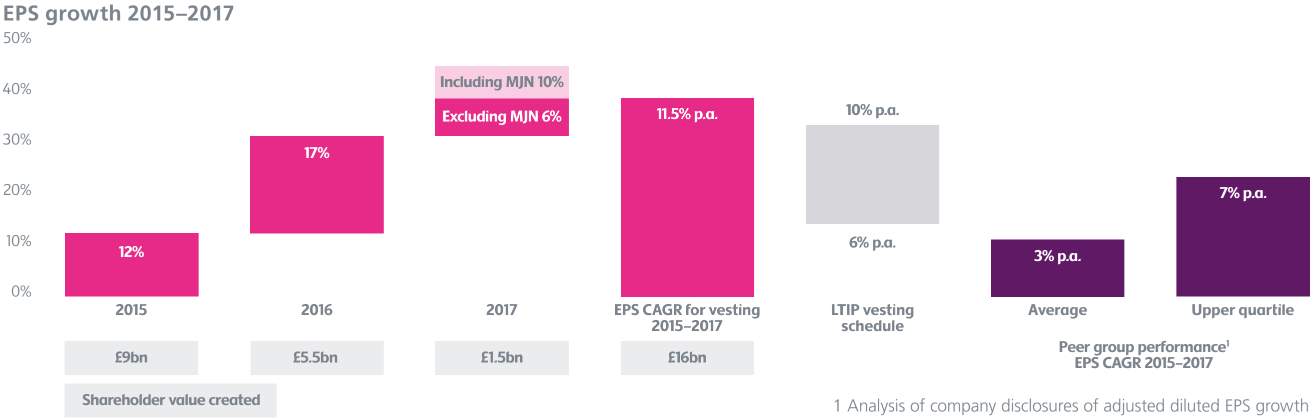
Stretching performance targets set at time of awards December 2014

	Threshold	Maximum	Peer group average	Peer group upper quartile
EPS growth	6%	10%	0%	6%
Vesting	20%	100%		

- EPS represents the key metric to measure our strategic and growth performance.
- Targets set significantly above the peer group average at the time of the award, with threshold vesting at RB requiring EPS performance in line with upper quartile of the peer group.

Performance achieved over the three-year performance period

EPS growth 2015–2017



1 Analysis of company disclosures of adjusted diluted EPS growth

Overall Company performance taken into consideration

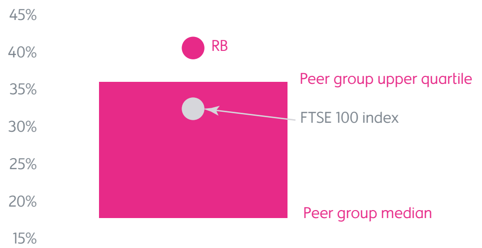
Significant strategic delivery
- Supercharge
- Sale of RB Food (£3 billion gain)
- MJN acquisition
- Creation of two business units to drive long-term growth – Health and Hygiene and Home

Earnings from MJN acquisition and £3 billion profit from RB Food sale excluded from calculation of performance for incentive outcomes

Challenges
- Flat LFL Net Revenue in 2017, following slowing market growth
- Cyber attack
- Decline in Scholl/Amopé

All of the above are fully accounted for in performance outcomes of bonus and LTIP

Total Shareholder Return over 2015-2017



MJN

- MJN performance and related transactions have been excluded from the calculation of EPS growth for the purpose of this LTIP vesting.
- MJN performance and ROCE since completion is in line with acquisition plan, with more details set out on page 83.

Summary

In considering performance over the period the Committee took into account:
- EPS performance compared to the vesting schedule.
- The strong strategic performance, £16 billion of value to Shareholders, and excluded exceptional gains, including the more than £1 billion gain in respect of US tax reform.
- The challenging 2017 performance and Shareholder experience.

The Committee also considered the impact of exchange rate movements on vesting and is satisfied that the consistent application of policy using EPS calculated on actual rates is aligned with Shareholders over time. This is the first LTIP period that exchange rates have been in favour of participants. There were three occasions in the last five years that vesting was lower than if EPS growth was calculated on constant currency basis.

2017 performance and remuneration outcomes
continued

Decision on 2015 LTIP vesting

While the performance over the 2015 LTIP period has exceeded all pre-agreed EPS growth targets under the Remuneration Policy, the CEO volunteered a cut to the vesting outcomes as the Committee deemed fit.

The Committee considered it appropriate to exercise its discretion to reduce the vesting outcome for the 2015 LTIP by 50% for the CEO and CFO. This decision is based on the Committee's evaluation of performance in the round and alignment of pay outcomes with the Shareholder experience

Period	CAGR EPS p.a.	CEO LTIP vesting
2011–13	6%	40%
2012–14	6%	40%
2013–15	8%	80%
2014–16	11%	50%[1]
2015–17	**11.5%**	**50%[2]**

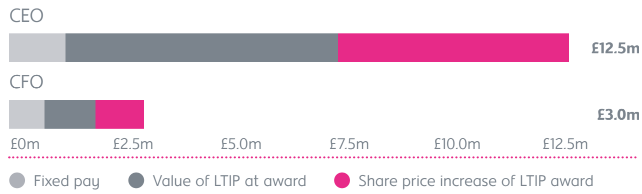
For awards made from December 2013 onwards, the threshold vesting level reduced from 40% to 20% and the growth required for maximum vesting increased from 9% to 10%.

1 Committee exercised discretion to reduce CEO LTIP vesting.
2 Committee exercised discretion to reduce CEO and CFO LTIP vesting.

2017 single figure

The chart shows the single figures for the CEO and CFO for 2017 as a result of the decision taken.

c.40% of the single figure total is due to share price growth over the period.



Looking forward

- As previously committed to Shareholders, for future LTIP vesting the 2016 to 2017 EPS growth continues to exclude MJN and related transactions, as set out above.
- In addition, in calculating EPS growth from 2017 to 2018, the 2017 EPS figure will be adjusted on a pro-forma basis to include MJN results for the full year, including notional interest and tax.
- Award sizes have been significantly reduced (see page 83).
- The Remuneration Policy will be reviewed during 2018 and put to Shareholders at the 2019 AGM.

Further details on LTIP vesting (Audited)

Based on the performance assessment above, the 2015 LTIP awards to the CEO and CFO may vest to the following extent on 3 May 2018 for performance over the completed three-year period:

CEO awards	Interests held	Exercise price	Vesting%	Interests vesting	Share price[1]	Estimated value
Shares	240,000	n/a	50%	120,000	£66.67	8,000,400
Options	400,000	50.57	50%	200,000	£66.67	3,220,000

CFO awards	Interests held	Exercise price	Vesting%	Interests vesting	Share price[1]	Estimated value
Shares	45,000	n/a	50%	22,500	£66.67	1,500,075
Options	90,000	50.57	50%	45,000	£66.67	724,500

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 2017 of £66.67. The actual value at vesting will be disclosed in the 2018 Annual Report.

Single total figure of remuneration for Executive Directors (Audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2017, based on the information set out in the previous sections. This is compared to the prior year figure:

	Rakesh Kapoor		Adrian Hennah	
	2017 £	2016 £	**2017 £**	2016 £
Base salary	**£945,209**	£917,679	**£613,020**	£595,165
Taxable benefits[1]	**£33,585**	£53,991	**£22,278**	£21,872
Annual bonus[2]	**£0**	£0	**£0**	£348,172
LTIP[3,4]	**£11,220,400**	£14,006,128	**£2,224,575**	£5,640,313
Pension benefit[5]	**£281,163**	£272,904	**£151,255**	£146,791
Total	**£12,480,357**	£15,250,702	**£3,011,128**	£6,752,313

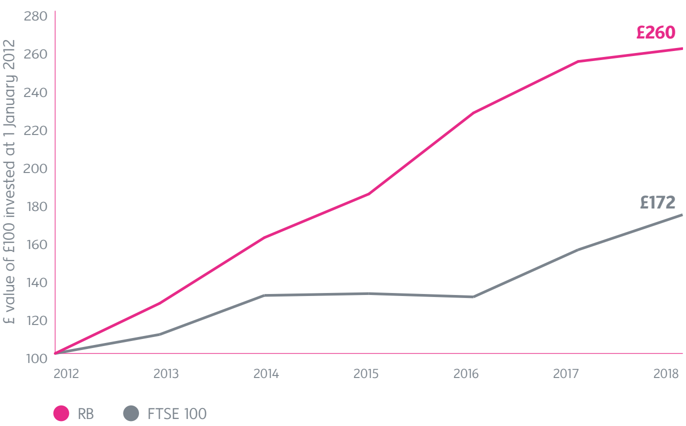
1 Taxable benefits consist primarily of car allowance and healthcare.
2 No bonus paid in respect of 2017 performance.
3 Reflects the estimated value of LTIP shares and options granted in December 2014, which are due to vest on 3 May 2018 at 50%. Valued using an average share price over Q4 of £66.67. £5.2 million and £1.1 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 pages 85 to 86 for more details.
4 These values have been restated from last year, which used an average share price of £69.69 over Q4 2016 to estimate the value the vesting. The actual values shown above are based on the share price on the date of vesting of £71.64 on 4 May 2017.
5 The Company paid the Executive Directors a cash allowance in respect of pension provision to the value shown in the table above. These payments reflect the full pension provision outlined in the Policy table. Directors are only entitled to prospective pension on defined contribution basis, with no defined benefit accrual.

Review of past performance

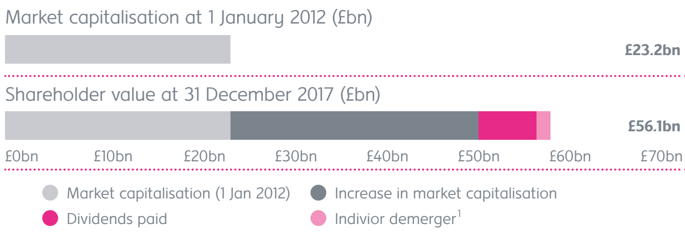
The chart below shows the Total Shareholder Return (TSR) of the Company compared to the UK FTSE 100 Index over the six-year period from 1 January 2012 to 31 December 2017. We have also shown how this translates into creation of value for our Shareholders.

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

Relative Total Shareholder Return since 1 January 2012



Creation of Shareholder value since 1 January 2012



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

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

CEO single figure of remuneration (£000)	2011	2012	2013	2014	2015	2016	**2017**
Rakesh Kapoor	£4,497	£8,411	£6,840	£12,777	£25,486	£15,251	**£12,480**
Annual bonus (as a percentage of maximum)	31%	53%	100%	72%	100%	0%	**0%**
LTIP vesting	100%	100%	40%	40%	80%	50%[1]	**50%[1]**

1 The Remuneration Committee exercised discretion to reduce vesting.

2017 performance and remuneration outcomes
continued

Executive Directors' shareholding requirements (Audited)

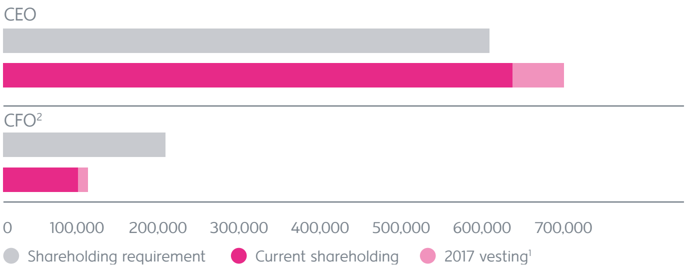
Executive Directors are expected to acquire significant numbers of shares over eight years and retain these until retirement from the Board. The table below shows the shareholding of each Executive Director against their respective shareholding requirement as of 31 December 2017:

			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 2018	Unvested, subject to performance	Vested but not exercised	To vest in May 2018	Unvested, subject to performance
Rakesh Kapoor	**600,000**	**628,054**	120,000	490,000	699,176	200,000	900,000
Adrian Hennah	**200,000**	**92,166**	22,500	121,500	166,556	45,000	243,000

Rakesh Kapoor has exceeded his target and Adrian Hennah has made good progress towards his target to the satisfaction of the Committee. Further details of the scheme interests contained in the table above are provided in the table on page 93.

The Executive Directors also participate in the all employee sharesave scheme. Details of options held under this plan are set out on page 93.

Shareholding of Executive Directors vs requirement



1 2017 vesting shows the estimated number of performance shares which will vest in respect of performance to 2017, after tax.

Implementation of Executive Director Remuneration Policy for 2018

Salary
As set out earlier in this report, the CEO's salary for 2018 is unchanged from 2017 at £945,209. With effect from 1 January 2018 the salary for the CFO is £660,000.

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 2018 performance
For 2018, 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, as described on page 84.

We have not disclosed the performance target ranges for 2018 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 2018.

LTIP (Audited)
The Remuneration Policy approved by Shareholders at the AGM in May 2016 sets out the operation of the LTIP. Whilst the structure for the awards made to Executive Directors remained in line with the approved Policy, the Committee made a significant reduction in the size of the awards granted to the CEO for 2018. The number of shares and share options are a third lower than those awarded for 2017.

The table below sets out the 2018 LTIP awards made to Executive Directors on 30 November 2017. 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	30 Nov 2017	100,000	£64.86	n/a	£6,486,000	1 Jan 2018-31 Dec 2020	May 2021
Adrian Hennah	30 Nov 2017	38,250	£64.86	n/a	£2,480,895	1 Jan 2018-31 Dec 2020	May 2021
Share options							
Rakesh Kapoor	30 Nov 2017	200,000	£64.86	£64.99	–	1 Jan 2018-31 Dec 2020	May 2021–Nov 2027
Adrian Hennah	30 Nov 2017	76,500	£64.86	£64.99	–	1 Jan 2018-31 Dec 2020	May 2021–Nov 2027

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, the face value at award was zero as the exercise price is higher than the market price at time of award. The face value of shares under option is £12.97 million for Rakesh Kapoor and £4.96 million for Adrian Hennah if calculated as the number of shares multiplied by the market price at date of award.

In line with RB's Directors' Remuneration Policy, vesting of the LTIP awards is dependent on the achievement of stretching targets relating to growth in EPS over a three-year period, which requires outperformance of peer benchmarks. 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 November 2017 will vest on the following schedule, which requires significant compound annual growth in EPS in order for the awards to vest, as follows:

EPS CAGR	<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%

Other required disclosures

Percentage change in CEO remuneration

The table below shows the percentage change in CEO remuneration from the prior year compared to the average percentage change in remuneration for all UK employees who form part of the 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 2016 and 2017 populations.

	CEO % change 2016-2017	Other employees % change 2016-2017
Base salary	3%	3%
Taxable benefits	-38%	2%
Annual bonus	n/a	-81%

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

Relative importance of spend on pay

The table below shows Shareholder distributions (i.e. dividends and share buybacks) and total employee pay expenditure for 2016 and 2017, along with the percentage change in both.

	2017 £	2016 £	% change 2016-2017
Dividends	**1,134m**	1,035m	10%
Share buyback	–	802m	-100%
Total Shareholder distribution (dividends and share buyback)	**1,134m**	1,837m	-38%
Total employee expenditure	**1,597m**	1,222m	31%

Details of employee expenditure are set out in Note 5 to Financial Statements and for 2017 include addition of MJN employees.

Exit payments made in the year (Audited)

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

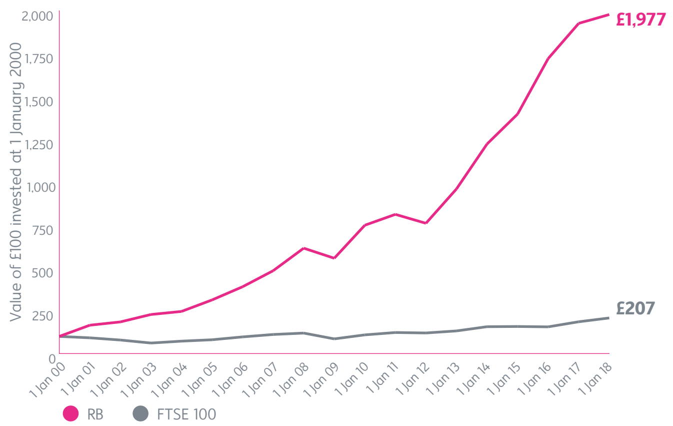
Payments to past Directors (Audited)

No payments were made to past Directors in the year.

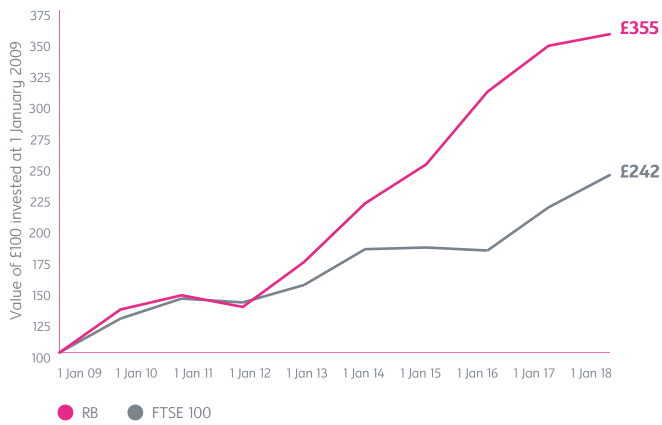
Performance graph

The 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 (% of max)	LTIP vesting
2009	£28,881	100%	100%
2010	£17,150	76%	100%
2011	£18,076	31%	100%

Single total figure of 2017 remuneration for Non-Executive Directors and implementation for 2018 (Audited)

The following Non-Executive Director fee policy was in place for the year ended 31 December 2017. The table also sets out the fees that will apply from 1 January 2018. It should be noted that the increased fee for the Chairman will only apply with effect from the May 2018 AGM.

	2017 fees		2018 fees	
Role	Cash fee	Fee delivered in RB shares	Cash fee	Fee delivered in RB shares
Base fees				
Chairman	£324,000	£71,000	£375,000	£125,000
Non-Executive Director	£73,750	£16,250	£75,250	£16,750
Additional fees				
Chair of Committee	£30,000	–	£30,000	–
Member of Committee	£15,000	–	£15,000	–
Senior Independent Director	£20,000	–	£20,000	–

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2017 and the prior year:

	2017 fees			2016 fees		
	Cash	**Shares**	**2017 Total**	Cash	Shares	2016 Total
Adrian Bellamy	**£324,000**	**£71,000**	**£395,000**	£324,000	£71,000	£395,000
Jaspal Bindra	–	–	–	£30,928	£5,625	£36,553
Nicandro Durante	**£103,750**	**£16,250**	**£120,000**	£95,119	£16,250	£111,369
Mary Harris	**£91,250**	**£16,250**	**£107,500**	£85,652	£16,250	£101,902
Ken Hydon	**£93,750**	**£16,250**	**£110,000**	£103,750	£16,250	£120,000
Pamela Kirby	**£118,750**	**£16,250**	**£135,000**	£98,390	£16,250	£114,640
André Lacroix	**£118,750**	**£16,250**	**£135,000**	£108,750	£16,250	£125,000
Sue Shim	–	–	–	£30,928	£5,625	£36,553
Chris Sinclair	**£88,750**	**£16,250**	**£105,000**	£85,652	£16,250	£101,902
Judy Sprieser	**£101,250**	**£16,250**	**£117,500**	£103,750	£16,250	£120,000
Doug Tough	–	–	–	£30,928	£5,625	£36,553
Warren Tucker	**£88,750**	**£16,250**	**£105,000**	£88,750	£16,250	£105,000

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

Other required disclosures
continued

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

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the 2016 Directors' Remuneration Report	452,280,484	87%	65,301,720	13%	517,582,204	3,295,372
Approve the Directors' Remuneration Policy	377,323,671	76%	117,846,630	24%	495,170,301	30,453,974

The Committee continues to have ongoing dialogue with Shareholders with a view to obtaining Shareholder support for our remuneration arrangements. In particular, over recent years, following consultation with our major Shareholders, we made a number of changes to the Remuneration Policy, to further align executives with Shareholders. This resulted in Shareholders supporting the 2016 Directors' Remuneration Report.

The Committee has made further changes to the implementation of the Remuneration Policy during 2017 and 2018, which are set out in more detail earlier in this report. We discussed our proposals with Shareholders and the Committee is grateful for the feedback provided by Shareholders throughout our engagement on these matters.

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

		Length of service as at 31 Dec 2017	
Name	Date of appointment	Years	Months
Adrian Bellamy	3 December 1999 (Chairman from 7 May 2003)	18	1
Nicandro Durante	1 December 2013	4	1
Mary Harris	10 February 2015	2	11
Ken Hydon	1 December 2003	14	1
Pamela Kirby	10 February 2015	2	11
André Lacroix	1 October 2008	9	3
Chris Sinclair	10 February 2015	2	11
Judy Sprieser	21 August 2003	14	4
Warren Tucker	24 February 2010	7	10

Executive Directors' service contracts contain a 12-month notice period, as set out in the Directors' Remuneration Policy. The date of appointment to the Board for Rakesh Kapoor was 1 September 2011 and for Adrian Hennah was 12 February 2013.

Directors' service contracts and letters of engagement are available for inspection at the registered office.

External appointments
Adrian Hennah was paid £90,000 in respect of his directorships of RELX PLC, RELX NV and RELX Group plc. He additionally received a notional tax benefit of £780 related to the preparation of a tax return filed in the Netherlands, required as a result of his directorship of RELX NV.

Advisors
Deloitte LLP (Deloitte) was appointed by the Remuneration Committee as independent advisor effective from 1 January 2014 following a review of the advisor in late 2013. The Committee undertakes due diligence periodically to ensure that Deloitte remains independent of the Company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During 2017, Deloitte LLP also provided the Group with tax services, advice on employment/share schemes matters, support in relation to the HS issue in South Korea, transaction-related services and analytics and information management services. These services were provided under separate engagement terms and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Their total fees for the provision of remuneration services to the Committee in 2017 were £255,350 on the basis of time and materials.

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

LTIP	Notes	Grant date	At 1.1.17	Granted during the year	Exercised/ vested during the year	Lapsed during the year	At 31.12.17	Option price (£)	Market price at date of award (£)	Market price at date of exercise/ vesting (£)	Exercise/ vesting period
Adrian Hennah											
Options		13.2.13	704	–	–	–	704	42.61	–	–	May 16–Feb 23
		13.2.13	73,312	–	–	–	73,312	41.44	–	–	May 16–Feb 23
	1	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
	2	1.12.16	76,500	–	–	–	76,500	67.68	–	–	May 20–Dec 26
	2	30.11.17	–	76,500	–	–	76,500	64.99	–	–	May 21–Nov 27
Performance-based restricted shares	1	11.12.13	46,270	–	46,270	–	–	–	46.69	71.64	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
	2	1.12.16	38,250	–	–	–	38,250	–	66.28	–	May 20
	2	30.11.17	–	38,250	–	–	38,250	–	64.86	–	May 21
Rakesh Kapoor											
Options		5.12.11	164,514	–	–	–	164,514	31.20	–	–	May 15–Dec 21
		3.12.12	329,028	–	–	–	329,028	38.06	–	–	May 16–Dec 22
	1	11.12.13	627	–	–	–	627	47.83	–	–	May 17–Dec 23
	1	11.12.13	410,642	–	–	205,635	205,007	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
	2	1.12.16	300,000	–	–	–	300,000	67.68	–	–	May 20–Dec 26
	2	30.11.17	–	200,000	–	–	200,000	64.99			May 21–Nov 27
Performance-based restricted shares	1	11.12.13	246,772	–	123,386	123,386	–	–	46.69	71.64	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
	2	1.12.16	150,000	–	–	–	150,000	–	66.28	–	May 20
	2	30.11.17	–	100,000	–	–	100,000	–	64.86	–	May 21

Notes
1 As disclosed in last year's report, vesting of the award made in December 2013 was 50% for the CEO and 100% for the CFO. This vested following the AGM in 2017 and any unvested award lapsed.
2 Vesting of the LTIP is subject to the achievement of the following compound average annual growth (CAGR) in adjusted EPS over a three-year period.

EPS CAGR for awards granted in December 2013–2017	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

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

Sharesave Scheme	Grant date	At 1.1.17	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.17	Option price (£)	Market price at exercise (£)	Exercise period
Rakesh Kapoor	2.9.16	509	–	–	–	509	58.86	–	Feb 22–Jul 22
Adrian Hennah	4.9.13	403	–	–	–	403	37.20	–	Feb 19–Jul 19
	1.9.15	307	–	–	–	307	48.71	–	Feb 21–Jul 21

There have been no changes to the Directors' interests as set out in the above tables between 31 December 2017 and 19 March 2018.

Other required disclosures
continued

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 19 March 2018 had the following beneficial interests in the ordinary shares of the Company:

	19 March 2018	31 December 2017	31 December 2016
Adrian Bellamy	**25,469**	25,469	24,915
Nicandro Durante	**434**	434	323
Adrian Hennah	**92,166**	92,166	65,397
Mary Harris	**1,902**	1,902	1,744
Ken Hydon	**6,062**	6,062	5,946
Rakesh Kapoor	**628,054**	628,054	562,762
Pamela Kirby	**3,301**	3,301	3,190
André Lacroix	**2,786**	2,786	2,672
Chris Sinclair	**3,246**	3,246	324
Judy Sprieser	**4,384**	4,384	4,264
Warren Tucker	**2,318**	2,318	2,200

Notes
1 No person who was a Director (or a Director's connected person) on 31 December 2017 and at 19 March 2018 had any notifiable share interests in any subsidiary.
2 The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe for shares.

Report of the Directors

The Directors present their Annual Report and audited Financial Statements of the Group for the year ended 31 December 2017 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:

Adrian Bellamy	Ken Hydon	Chris Sinclair
Nicandro Durante	Rakesh Kapoor	Judy Sprieser
Mary Harris	Pamela Kirby	Warren Tucker
Adrian Hennah	André Lacroix	

The biographical details of the current Directors are listed on pages 52 to 55. In September 2017, we announced that Adrian Bellamy will retire as Chairman at the 2018 AGM on 3 May 2018 and Chris Sinclair will take on the role of Non-Executive Chairman.

On 19 March 2018, we announced that Judy Sprieser and Ken Hydon will also retire as Non-Executive Directors at the 2018 AGM.

On 19 March 2018, we also announced that Andrew Bonfield has been appointed to the Board with effect from 1 July 2018.

Directors' interests

A statement of Directors' interests in the share capital of the Company is shown on page 94.

Details of Executive Directors' options to subscribe for shares in the Company are included on page 93 in the audited part of the Directors' Remuneration Report.

During the year, none of the Directors had a material interest in any derivative or financial instrument relating to the Company's shares. Details of the Directors' remuneration and service agreements are disclosed in the Directors' Remuneration Report on pages 78 to 94.

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 the Companies Act 2006 (CA 2006) which implemented the EU Takeover Directive. The following sets out disclosures not covered elsewhere in this Annual Report.

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

The Board is responsible for the management of the business of the Company and may exercise all the powers of the Company subject to the provisions of the Company's Articles and with regard to their statutory duties as Directors under the CA 2006.

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

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

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

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

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

Dividend

In July 2017, the Directors resolved to pay an interim dividend of 66.6 pence per ordinary share (2016: 58.2 pence), which was paid to Shareholders on 28 September 2017. The Directors recommend a final dividend for the year of 97.7 pence per share (2016: 95.0 pence) which, together with the interim dividend, makes a total for the year of 164.3 pence per share (2017: 153.2 pence). The final dividend, if approved by the Shareholders, will be paid on 24 May 2018 to Shareholders on the register at the close of business on 13 April 2018.

Share capital

As at 31 December 2017, the Company's issued share capital consisted of 736,535,179 ordinary shares of 10p each, of which 703,804,573 were with voting rights and 32,730,606 ordinary shares were held in Treasury. Details of changes to the ordinary shares issued and of options and awards granted during the year are set out in Notes 23 and 24 to the Financial Statements.

The Articles contain the rights and obligations attached to the Company's ordinary shares.

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

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

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

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

Allotment of shares

In accordance with the CA 2006, Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by Shareholders at a general meeting. The authority granted to the Directors at the 2017 AGM under s.551 CA 2006 will expire at the conclusion of this year's AGM. At the 2018 AGM, a resolution will be proposed to the Shareholders to renew the Directors' authority to allot

Report of the Directors
continued

equity shares representing approximately one-third of the Company's issued share capital as at the latest practicable date prior to the publication of the Notice of AGM. In accordance with the Investment Association Share Capital Management Guidelines, Directors will once again seek authority to allot further ordinary shares, in connection with a pre-emptive offer by way of a rights issue, up to a further one-third of the Company's existing issued share capital on the same date. The authorities sought would, if granted, expire at the earlier of six months after the Company's next accounting reference date, or at the conclusion of the AGM of the Company held in 2019, whichever is the sooner.

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. At the 2017 AGM, the Company decided in line with best practice recommendations to split the section 561 resolution into two separate resolutions. At this year's AGM the resolution will again be proposed as two separate resolutions. The first resolution seeks authorisation for 5% of the issued ordinary share capital to be issued on an unrestricted basis, whilst the second resolution seeks authority for the additional 5% of the issued ordinary share capital to be used for an acquisition or a specified capital investment. This authority will maintain the Company's flexibility in relation to future share issues, including issues required to finance business opportunities, should appropriate circumstances arise.

Authority to purchase own shares

Authority was granted to Directors at the 2017 AGM to repurchase shares in the market and this authority remains valid until the conclusion of this year's AGM. There were no share repurchases during 2017.

At the 2018 AGM, the 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 2017, the Group employed an average of 40,400 (2016: 34,700) employees worldwide, of whom 3,431 (2016: 3,384) 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 the CA 2006 were made in the year ended 31 December 2017 nor are any contemplated.

Independent Auditor

A resolution recommending to the Company's Shareholders that KPMG LLP be appointed as External Auditor for the financial year ending 31 December 2018 will be proposed at the AGM.

Further disclosures

Further information, including information fulfilling the further disclosure requirements contained in the CA 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 Guidance and Transparency Rules can be found in the following sections of the Annual Report for the period ended 31 December 2017 which are incorporated into the Report of the Directors by reference:

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

Substantial shareholdings

As at 31 December 2017 and as at 19 March 2018, pursuant to DTR5 of the FCA's Disclosure Guidance and Transparency Rules, the Company had received the following notices of substantial interests (3% or more) in the total voting rights of the Company:

Holder	Date of last TR-1 notification	Nature of interest	% of voting rights
JAB Holdings B.V.	7 November 2017	Direct	5.99
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 5 February 2018 that their aggregate holding had increased to 59,476,148 shares and 2,239,909 American Depositary Receipts (ADRs), of which they had the ability to vote 7.36% and 0.28%, respectively.

Corporate Governance Statement

In compliance with the Disclosure Guidance and Transparency Rules 7.2.1, the disclosures required by DTR 7.2.2 to 7.2.7 and 7.2.8A are set out in this Report of the Directors and in the Corporate Governance Statement on pages 61 to 68 which together with the Directors' Statement of Responsibilities are incorporated by reference into this Report of the Directors.

Annual General Meeting

The forthcoming AGM of Reckitt Benckiser Group plc will be held on 3 May 2018 at 11.15am at the London Heathrow Marriott Hotel, Bath Road, Hayes, Middlesex UB3 5AN. A separate Notice of Meeting, setting out the resolutions to be proposed to Shareholders, is available at www.rb.com. The Board considers that each of the resolutions is in the best interests of the Company and the Shareholders as a whole. The Directors unanimously recommend that Shareholders vote in favour of all the resolutions as they intend to do in respect of their own beneficial holdings.

By Order of the Board

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

Company registration number: 6270876
Legal Entity Identifier: 5493003JFSMOJG48V108
19 March 2018

Directors' Statement of Responsibilities

The Directors are responsible for preparing the Annual 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 Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', 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 Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union and IFRSs issued by IASB have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Parent Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent 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 Parent 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 Parent 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, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group and Parent Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 52 to 55, confirm that, to the best of his/her knowledge:

- the Parent Company Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- 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 and Parent Company, 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 51. The financial position of the Group and Parent 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 1 to 51 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 Parent 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 Parent Company have adequate resources to continue in operational existence for at least 12 months. 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 Group and Parent Company's Auditor is aware of that information.

By Order of the Board

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

Company registration number: 6270876

19 March 2018

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Independent Auditors' Report to the Members of Reckitt Benckiser Group plc

Report on the audit of the Financial Statements

Opinion

In our opinion:

- Reckitt Benckiser Group plc's Group Financial Statements and Parent Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's profit and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group and Parent Company Balance Sheets as at 31 December 2017; the Group Income Statement and Statement of Comprehensive Income, the Group Cash Flow Statement, and the Group and Parent Company Statements of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

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 Group Financial Statements have been properly prepared in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

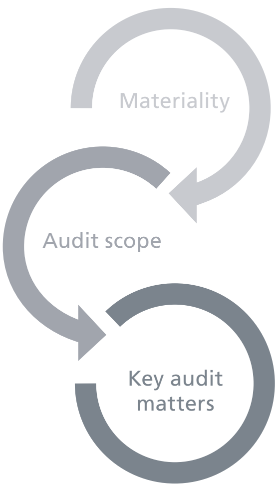
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

Other than those disclosed in the Audit Committee Report and Note 4 to the Financial Statements, we have provided no non-audit services to the Group or the Parent Company in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Overview



- Overall Group materiality: £145 million (2016: £138 million), based on 5% of profit before tax from continuing operations, adjusted for exceptional items.
- Overall Parent Company materiality: £72 million (2016: £72 million), based on 0.5% of total assets.

- We conducted audit work over 57 reporting units across 18 countries in which the Group has significant operations.
- The reporting units where we performed an audit of their complete financial information accounted for 74% of Group revenue and 78% of Group profit before income tax, adjusted for non-recurring exceptional items.
- The Group engagement team visited, in person, 12 of the 19 component audit teams to attend audit clearance meetings and discuss the audit approach and findings with those local teams.
- For those countries not visited in person we attended their clearance meetings via phone call or video conferencing.
- We maintained regular contact with the local team and evaluated the outcome of their audit work.
- We reviewed the working papers of Deloitte & Touche LLP ("Deloitte") who performed the audit of the Mead Johnson Nutrition sub-group.

- Accounting for customer trade spend (Group).
- Provision for uncertain tax positions (Group).
- Valuation of provisions from liabilities arising from legal investigations (Group and Parent Company).
- Accounting for the Mead Johnson acquisition (Group).
- The classification of adjusting items (Group).
- Goodwill and intangible asset impairment assessment (Group).

The scope of our audit
As part of designing our audit, we determined materiality and assessed 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.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company Financial Statements, including, but not limited to, the Companies Act 2006, the Listing Rules, UK tax legislation and equivalent local laws and regulations applicable to significant component teams. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with legal advisors, enquiries of management, review of significant component auditors' work and review of internal audit reports in so far as they related to the Financial Statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Accounting for customer trade spend Refer to page 73 (Audit Committee review of areas of significant judgement) and page 114 (Accounting Policies). As is industry practice, in a number of countries 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 in 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 misstated 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 component team and 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 the risk area.

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

Key audit matter	How our audit addressed the key audit matter
Provision for uncertain tax positions Refer to page 49 (Principal risks) and page 73 (Audit Committee review of areas of significant judgement), Note 7 (Income Tax Benefit/Expense) and Note 21 (Current and Non-current Tax Liabilities). 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. We also considered the impact of changes in country tax environments across the Group, 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 2017 and we 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, which included the classification of interest and tax penalties in line with the recent clarification by the IFRS Interpretations Committee.
Valuation of provisions from liabilities arising from legal investigations Refer to page 46 and 50 (Principal risks), Note 17 (Provisions for liabilities and Charges) and Note 19 (Contingent Liabilities and Assets). In 2017 the Group has been subject to legal investigations in respect of the Humidifier Santizer (HS) issue and the Group is involved in ongoing investigations by the US Department of Justice ('DOJ'). As at the balance sheet date the Group has recorded provisions for both of these issues. 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. The Group has not made a public commitment to compensate Round 4 applicants in the HS issue case and hence have not recorded a provision for Round 4 compensation. 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 these 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 and contingent liabilities. With regards to the provisions recorded for the HS issue, we obtained and read relevant legal documents and reports from the Korean Ministry of the Environment. In addition, we obtained legal confirmation from the Group's external legal counsel. We audited management's provisions recorded using underlying information on the number of individuals classified in Rounds 1 - 3 and the payments made to date. We challenged management on the need to provide for Round 4 victims in the HS issue and have obtained copies of the correspondence with local authorities on the consistency of the categorisation of victims. We have performed our own sensitivities based on categorisation and payments made in previous Rounds and have noted that based on an expected number of Category I and II RB users the additional provision required would not be material. We have obtained management's expert's calculation for the future medical provision and have used our actuarial experts to confirm the appropriateness of the assumptions used by management's expert. No material issues were noted. In respect of the DOJ matter, we obtained confirmations from the Group's external legal counsel on the status of discussions, and compared its 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.

Key audit matter	How our audit addressed the key audit matter
Accounting for the Mead Johnson Nutrition acquisition Refer to page 50 (Principal Risks) and Note 27 (Acquisitions) On 15 June 2017 the Group acquired Mead Johnson Nutrition ('MJN'). Due to the size of the acquisition and the complexity and reliance on management's estimates and judgements, the acquisition accounting has been an area of focus for us. The Group has calculated the provisional purchase price allocation and has identified fair value adjustments to property, plant and equipment, inventories and identified intangible assets. The identification and valuation of intangibles is a judgemental area and involves a number of management assumptions around synergies, cash flow growth rates and the value that certain contracts may add to the business.	We have obtained the purchase price allocation performed by management's experts and considered their methodology and assumptions using our own valuation experts. We have assessed the cash flows for each of the brands and the associated synergies, and considered the accounting with respect to the incremental value derived from the Special Supplemental Nutrition Program for Women, Infants and Children, including the finite period of these contracts. We have understood management's opening balance sheet adjustments and obtained supporting evidence to corroborate these. We note that measurement period adjustments posted since June 2017 are not material. In addition, we instructed the component auditor, Deloitte, to audit the opening balance sheet. No material issues were noted from the procedures performed.
The classification of adjusting items Refer to page 114 (accounting policies) and Note 3 (Analysis of Net Operating Expenses). In the past few years the Group has had significant levels of 'exceptional items' which were disclosed separately within the Income Statement and excluded from management's reporting of the underlying results of the business. This year the Group has redefined its accounting policy to identify adjusting items which comprise 'exceptional adjusting items' and 'other adjusting items'. These 'adjusting items' are differentiated by whether they are one -off ('exceptional') or recurring ('other') in nature. The Group has identified £3,864 million of net adjusting items which relate primarily to the gain on the disposal of the Food business, tax credits resulting from the US tax reforms, costs associated with the acquisition of Mead Johnson Nutrition, the recognition of a provision in relation to the DoJ investigation and 'Group-led' restructuring programmes. 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 required 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 'adjusting items'. We challenged management's rationale for the designation of certain items as 'adjusting' and assessed such items against the Group's accounting policy and the consistency of treatment with prior periods. We considered the new 'adjusting' items in 2017 and whether these had been appropriately classified as 'exceptional' or recurring. We did not find any issues with the classifications and nature of the items. We also considered whether there were items that were recorded within underlying profit that we determined to be 'adjusting' in nature and should have been included within 'adjusting items'. No such items were identified.

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

Key audit matter	How our audit addressed the key audit matter
Goodwill and intangible asset impairment assessment Refer to page 73 (Audit Committee review of areas of significant judgement) and Note 9 (Goodwill and Other Intangible Assets) The Group has goodwill of £11,501 million and other indefinite lived intangible assets of £17,198 million as at 31 December 2017 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 2017 the Group acquired Mead Johnson Nutrition and as a result recognised goodwill valued at £7,730 million and indefinite lived intangible assets of £8,138 million at the balance sheet date. The Group has created a new GCGU for IFCN. In line with requirements an impairment assessment has been performed in the year of acquisition. 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 GCGUs and CGUs. Due to BMS and Oriental Pharma being relatively recent acquisitions, and the regulatory changes within the Chinese healthcare market which impacted Oriental Pharma's current year trading, these CGUs remain sensitive to changes in key assumptions. The key judgements in determining the recoverable amount of these CGUs relate to the forecast cash flows, long-term growth rates and product contribution.	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 CGUs identified opposite. 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. Following these assessments we concluded that sensitivity disclosures were only required for the BMS and Oriental Pharma CGUs. We determined that no impairment charges were required, based on the results of our work. Management has described the key sensitivities applied in the 'Goodwill and other intangible assets' note to the Financial Statements.

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 structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

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.

The Group is organised into two geographical regions being DvM (Developing Markets including North Africa, Middle East (excluding Israel), North Africa and Turkey, Africa, South Asia, North Asia, Latin America and ASEAN) and ENA (Europe (including Russia and Israel), North America and Australia and New Zealand). There is also a separate segment for the IFCN business which the Group acquired in June 2017. In addition, the previously reported Food segment is no longer reported following the disposal of the business in the year and its classification as a discontinued operation.

Each country within the aforementioned geographical regions and IFCN consists of a number of management reporting entities which are consolidated by Group management. The Group Financial Statements are a consolidation of 777 reporting units representing the operating businesses within these geographical-based divisions and the centralised functions.

The reporting units vary in size and we identified 42 components from across the two geographic regions and IFCN business that required an audit of their complete financial information due to their individual size or risk characteristics. The components where we performed an audit of their complete financial information accounted for 78% of the Group's profit before income tax for continuing operations, adjusted for exceptional items and 74% of the Group's revenue. Included within these 42 components were three components that were audited by the Group engagement team, including the Group's treasury company and the Parent Company. One of our components was the sub-consolidated MJN group which was audited by Deloitte.

Audits of the revenue financial statement line item were performed in a further two reporting units.

The 39 components, excluding those audited by the Group engagement team, are audited by 19 component auditor teams. The Group engagement team visited 12 of the 19 local component teams to meet with local management, attend audit clearance meetings and discuss the audit approach and findings with the local audit teams. Of the seven components not visited we attended their clearance meetings either via phone or video call. 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. In addition, we visited eight components not in scope for the Group audit, to further enhance our understanding of both the RB and MJN businesses.

Our audit procedures at the Group level included the audit of the consolidation, the UK 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 in aggregate on the Financial Statements as a whole.

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

	Group Financial Statements	Parent company Financial Statements
Overall materiality	£145 million (2016: £138 million).	£72 million (2016: £72 million).
How we determined it	5% of profit before tax from continuing operations, adjusted for non-recurring adjusting items.	0.5% of total assets.
Rationale for benchmark applied	Profit before income tax from continuing operations, 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.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £8 million and £70 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £6 million (Group audit) (2016: £6 million) and £4 million (Parent Company audit) (2016: £4 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern
In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the directors' identification of any material uncertainties to the Group's and the Parent Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Report of the Directors
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2017 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group
We have nothing material to add or draw attention to regarding:
- The directors' confirmation on page 42 of the Annual Report 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.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 43 of the Annual Report 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 to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and 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 UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions
We have nothing to report in respect of our responsibility to report when:
- The statement given by the directors, on page 98, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company obtained in the course of performing our audit.
- The section of the Annual Report on page 73 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the Financial Statements and the audit
Responsibilities of the directors for the Financial Statements
As explained more fully in the Directors' Statement of Responsibilities set out on page 98, the directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 12 May 2000 to audit the Financial Statements for the year ended 31 December 2000 and subsequent financial periods. The period of total uninterrupted engagement is 18 years, covering the years ended 31 December 2000 to 31 December 2017.

Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 March 2018

Group Income Statement

For the year ended 31 December	Note	2017 £m	Restated[1] 2016 £m
CONTINUING OPERATIONS			
Net Revenue	2	**11,512**	9,480
Cost of sales		**(4,642)**	(3,679)
Gross profit		**6,870**	5,801
Net operating expenses	3	**(4,133)**	(3,532)
Operating profit	2	**2,737**	2,269
Adjusted operating profit		**3,122**	2,636
Adjusting items	3	**(385)**	(367)
Operating profit		**2,737**	2,269
Finance income	6	**60**	42
Finance expense	6	**(298)**	(58)
Net finance expense		**(238)**	(16)
Profit before income tax		**2,499**	2,253
Income tax benefit/(expense)	7	**894**	(520)
Net income from continuing operations		**3,393**	1,733
Net income from discontinued operations	28	**2,796**	103
Net income		**6,189**	1,836
Attributable to non-controlling interests		**17**	4
Attributable to owners of the parent		**6,172**	1,832
Net income		**6,189**	1,836
Basic earnings per ordinary share (pence)			
From continuing operations	8	**480.6**	245.6
From discontinued operations	8	**398.1**	14.6
From total operations	8	**878.7**	260.2
Diluted earnings per ordinary share (pence)			
From continuing operations	8	**474.7**	242.1
From discontinued operations	8	**393.2**	14.4
From total operations	8	**867.9**	256.5

1. Restated for the impact of discontinued operations. Refer to Note 28 for details.

Group Statement of Comprehensive Income

For the year ended 31 December	Note	2017 £m	Restated[1] 2016 £m
Net income		**6,189**	1,836
Other comprehensive (expense)/income			
Items that may be reclassified to profit or loss in subsequent years			
Net exchange (losses)/gains on foreign currency translation, net of tax	7	**(310)**	1,618
Gains/(losses) on net investment hedges, net of tax	7	**44**	(128)
Gains/(losses) on cash flow hedges, net of tax	7	**3**	(22)
Revaluation of available for sale financial assets	7	**6**	(2)
Reclassification of foreign currency translation reserves on disposal of foreign operations, net of tax	7	**145**	–
		(112)	1,466
Items that will not be reclassified to profit or loss in subsequent years			
Remeasurements of defined benefit pension plans, net of tax	7	**12**	(138)
Other comprehensive (expense)/income, net of tax		**(100)**	1,328
Total comprehensive income		**6,089**	3,164
Attributable to non-controlling interests		**15**	4
Attributable to owners of the parent		**6,074**	3,160
Total comprehensive income		**6,089**	3,164
Total comprehensive income attributable to owners of the parent arising from:			
Continuing operations		**3,133**	3,052
Discontinued operations		**2,941**	108
		6,074	3,160

1. Restated for the impact of discontinued operations. Refer to Note 28 for details.

Group Balance Sheet

As at 31 December	Note	2017 £m	2016 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	9	**29,487**	13,454
Property, plant and equipment	10	**1,754**	878
Available for sale financial assets	14	**41**	39
Deferred tax assets	11	**118**	81
Retirement benefit surplus	22	**90**	36
Other non-current receivables	13	**99**	81
		31,589	14,569
Current assets			
Inventories	12	**1,201**	770
Trade and other receivables	13	**2,004**	1,623
Derivative financial instruments	14	**18**	158
Current tax recoverable		**58**	14
Short-term investments	14	**–**	3
Cash and cash equivalents	15	**2,125**	882
		5,406	3,450
Assets classified as held for sale		**18**	–
		5,424	3,450
Total assets		**37,013**	18,019
LIABILITIES			
Current liabilities			
Short-term borrowings	16	**(1,346)**	(1,585)
Provisions for liabilities and charges	17	**(517)**	(251)
Trade and other payables	20	**(4,629)**	(3,495)
Derivative financial instruments	14	**(19)**	(58)
Current tax liabilities	21	**(65)**	(12)
		(6,576)	(5,401)
Non-current liabilities			
Long-term borrowings	16	**(11,515)**	(804)
Deferred tax liabilities	11	**(3,443)**	(1,983)
Retirement benefit obligations	22	**(393)**	(361)
Provisions for liabilities and charges	17	**(81)**	(174)
Derivative financial instruments	14	**(12)**	–
Non-current tax liabilities	21	**(1,012)**	(740)
Other non-current liabilities	20	**(408)**	(130)
		(16,864)	(4,192)
Total liabilities		**(23,440)**	(9,593)
Net assets		**13,573**	8,426
EQUITY			
Capital and reserves			
Share capital	23	**74**	74
Share premium		**243**	243
Merger reserve		**(14,229)**	(14,229)
Hedging reserve	25	**(1)**	(4)
Foreign currency translation reserve	25	**407**	526
Retained earnings		**27,039**	21,811
Attributable to owners of the parent		**13,533**	8,421
Attributable to non-controlling interests		**40**	5
Total equity		**13,573**	8,426

The Financial Statements on pages 108 to 153 were approved by the Board of Directors and signed on its behalf on 19 March 2018 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 2016		**74**	**243**	**(14,229)**	**(946)**	**21,762**	**6,904**	**2**	**6,906**
Comprehensive income									
Net income		–	–	–	–	1,832	1,832	4	1,836
Other comprehensive income/(expense)		–	–	–	1,468	(140)	1,328	–	1,328
Total comprehensive income		**–**	**–**	**–**	**1,468**	**1,692**	**3,160**	**4**	**3,164**
Transactions with owners									
Treasury shares re-issued	23	–	–	–	–	79	79	–	79
Share-based payments	24	–	–	–	–	66	66	–	66
Current tax on share awards	7	–	–	–	–	14	14	–	14
Deferred tax on share awards	7	–	–	–	–	(4)	(4)	–	(4)
Shares repurchased and held in Treasury	23	–	–	–	–	(702)	(702)	–	(702)
Cash dividends	29	–	–	–	–	(1,035)	(1,035)	(1)	(1,036)
Transactions with non-controlling interests		–	–	–	–	(61)	(61)	–	(61)
Total transactions with owners		**–**	**–**	**–**	**–**	**(1,643)**	**(1,643)**	**(1)**	**(1,644)**
Balance at 31 December 2016		**74**	**243**	**(14,229)**	**522**	**21,811**	**8,421**	**5**	**8,426**
Comprehensive income									
Net income		–	–	–	–	6,172	6,172	17	6,189
Other comprehensive (expense)/income		–	–	–	(116)	18	(98)	(2)	(100)
Total comprehensive (expense)/income		–	–	–	**(116)**	**6,190**	**6,074**	**15**	**6,089**
Transactions with owners									
Treasury shares re-issued	23	–	–	–	–	94	94	–	94
Share-based payments	24	–	–	–	–	72	72	–	72
Current tax on share awards	7	–	–	–	–	20	20	–	20
Deferred tax on share awards	7	–	–	–	–	(14)	(14)	–	(14)
Cash dividends	29	–	–	–	–	(1,134)	(1,134)	(11)	(1,145)
Arising on business combinations	27	–	–	–	–	–	–	31	31
Total transactions with owners		**–**	**–**	**–**	**–**	**(962)**	**(962)**	**20**	**(942)**
Balance at 31 December 2017		**74**	**243**	**(14,229)**	**406**	**27,039**	**13,533**	**40**	**13,573**

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	2017 £m	Restated[1] 2016 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit from continuing operations		**2,737**	2,269
Depreciation, amortisation and impairment		**223**	177
(Increase)/decrease in inventories		**(108)**	12
Increase in trade and other receivables		**(210)**	(25)
Increase/(decrease) in payables and provisions		**192**	(9)
Non-cash adjusting items		**247**	318
Share-based payments		**72**	66
Cash generated from continuing operations		**3,153**	2,808
Interest paid		**(226)**	(56)
Interest received		**59**	40
Tax paid		**(543)**	(490)
Net cash flows attributable to discontinued operations	28	**48**	120
Net cash generated from operating activities		**2,491**	2,422
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(286)**	(176)
Purchase of intangible assets		**(63)**	(214)
Proceeds from the sale of property, plant and equipment		**35**	7
Acquisition of businesses, net of cash acquired		**(11,817)**	(158)
Purchase of available for sale financial assets		**–**	(36)
Reduction in/(purchase of) short-term investments		**3**	(3)
Net cash flows attributable to discontinued operations	28	**3,232**	(3)
Net cash used in investing activities		**(8,896)**	(583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased and held in Treasury	23	**–**	(802)
Treasury shares re-issued	23	**94**	79
Proceeds from borrowings		**19,523**	469
Repayment of borrowings		**(10,723)**	(695)
Dividends paid to owners of the parent	29	**(1,134)**	(1,035)
Dividends paid to non-controlling interests		**(11)**	(1)
Other financing activities		**(12)**	219
Net cash generated from/(used in) financing activities		**7,737**	(1,766)
Net increase in cash and cash equivalents		**1,332**	73
Cash and cash equivalents at beginning of the year		**873**	737
Exchange (losses)/gains		**(88)**	63
Cash and cash equivalents at end of the year		**2,117**	873
Cash and cash equivalents comprise:			
Cash and cash equivalents	15	**2,125**	882
Overdrafts	16	**(8)**	(9)
		2,117	873

1. Restated for the impact of discontinued operations. Refer to Note 28 for further details.

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 or loss. A summary of the Group's more important accounting policies is set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

In September 2017, the IFRS Interpretations Committee clarified that finance expenses on income tax balances should be reported within interest expense and certain penalties arising on settlements with tax authorities within administrative expenses. The Group had previously reported finance expenses and penalties on income tax balances as part of income tax expense. With effect from 2017, the Group has updated its treatment of these balances in accordance with this new guidance. The impact of this change on the opening Balance Sheet and prior year Income Statement is not material and a restatement to the carrying values at 31 December 2016 has not been made. The impact on the Balance Sheet at 31 December 2017 inclusive of those tax liabilities assumed on the acquisition of Mead Johnson Nutrition ("MJN") is a reclassification of £189 million from tax liabilities to other liabilities.

The Group has applied amendments to IAS 7: Statement of Cash Flows. The impact has been to revise the disclosure of net debt to separately identify cash flows relating to financing liabilities (Note 16).

In these Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- *IFRS 15: Revenue from Contracts with Customers* will be effective for annual periods beginning on or after 1 January 2018. The standard deals with revenue recognition and establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the Group's contracts with its customers. The standard provides clarification about when control of goods is passed to customers and contains more guidance about the measurement of revenue contracts which have discounts, rebates and other payments to customers. During 2017, the Group completed a detailed review of the requirements of IFRS 15 against current accounting policies. The areas the Group considered included payments to customers, the timing of revenue recognition based on control of goods, principal and agent relationships and consignment inventories. The Group has concluded that there will be no material impact of adopting IFRS 15. Taken together, the items above would have reduced reported 2017 Net Revenue by less than 1%, most of which is a reclassification of payments to customers recorded elsewhere in the Income Statement. The impact on profit would not have been material.
- *IFRS 9: Financial Instruments* will be effective for annual periods beginning on or after 1 January 2018. The standard includes requirements for classification and measurement, impairment and hedge accounting. The Group has evaluated the impact of IFRS 9 and concluded that it does not expect a material impact on the recognition and measurement of income and costs in the Income Statement or of assets and liabilities in the Balance Sheet. The Group has assessed the classification and measurement of certain financial assets on the Balance Sheet and concluded that whilst there will be changes in classification, such as money market funds there is no expected material impact on results. Further, the nature of the Group's current hedging activities and the quantum of its bad debt risk means that the impact of IFRS 9 will be immaterial in respect of these items. IFRS 9 mandates certain additional disclosures, which the Group will make in the future.
- *IFRS 16: Leases* will be effective for annual periods beginning on or after 1 January 2019. The standard changes the principles for the recognition, measurement, presentation and disclosure of leases. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise lease liabilities and 'right of use' assets on the Balance Sheet, with exemptions for low value and short-term leases. The Group is in the process of evaluating the impact of IFRS 16 on its current lease arrangements, which mainly consists of office and warehouse properties.

A number of other new standards, amendments and interpretations are effective for annual periods beginning on or after 1 January 2018 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 1 to 51.

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.

Notes to the Financial Statements
continued

1 Accounting Policies continued

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

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

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.

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 profit or loss.

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 the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

Trade spend, which consists primarily of customer pricing allowances, placement/listing fees and promotional allowances, are governed by sales agreements with our trade customers (retailers and distributors). Trade spend also includes reimbursement arrangements under the Special Supplemental Nutrition Program for Women, Infants and Children ("WIC"), payable to the respective US State WIC agencies.

Accruals are recognised under the terms of these agreements to reflect the expected activity level and 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.

Adjusting items, including exceptional items
The Group has refined its accounting policy to make reference to adjusting items in presenting its principal adjusted earnings measures.

Adjusting items are significant items included in operating profit, net finance expense or income tax expense, which are relevant to an understanding of the underlying performance of the business. These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances.

Exceptional items are material, non-recurring items of expense or income incurred during a period. Examples of exceptional items include the following:
- Restructuring and other expenses relating to the integration of an acquired business and related expenses for reconfiguration of the Group's activities;
- Impairments of current and non-current assets;
- Gains/losses on disposals of businesses;
- Acquisition-related costs, including advisor fees incurred for significant transactions, and adjustments to the fair values of assets and liabilities that result in non-recurring charges to the income statement;
- Costs arising because of material and non-recurring regulatory and litigation matters; and
- The income statement impact of unwinding fair value adjustments for inventory recorded as the result of a business combination.

Other adjusting items are not classified as exceptional items because of their recurring nature. They include the following:
- Amortisation of acquired brands, trademarks and similar assets; and
- Amortisation of certain other intangible assets recorded as the result of a business combination.

1 Accounting Policies continued

Adjusting items now include a reclassification of finance expenses on tax balances into income tax, to align with previous guidance that focused on the pre-exceptional tax rate, and the way that the expenses are managed by the Group. Therefore, these expenses are presented as part of income tax in the adjusted profit before income tax measure.

The Group also presents an Adjusted Earnings Per Share calculation to exclude the impact of adjusting items.

Management believes that the use of adjusted measures such as Adjusted Operating Profit, Adjusted Net Income and Adjusted Earnings Per Share provides additional useful information about underlying trends to Shareholders.

Research and Development

Research expenditure is expensed in the year in which it is incurred.

Development expenditure is expensed in the year in which it is incurred, unless it meets the requirements of IAS 38 to be capitalised and then amortised over the useful life of the developed product.

Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted in each jurisdiction, or substantively enacted, at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the investor is able to control the timing of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis.

Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill is allocated to the cash generating unit (CGU), or group of CGUs, to which it relates and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

(ii) Brands

Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination are recognised at fair value at the acquisition date, where they are separately identifiable. Brands are amortised over their useful economic life (no more than 10 years), except when their life is determined as being indefinite.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. A core element of the Group's strategy is to invest in building its brands through an ongoing programme of product innovation and increasing marketing investment. Within the Group, a brand typically comprises an assortment of base products and more innovative products. Both contribute to the enduring nature of the brand. The base products establish the long-term positioning of the brand while a succession of innovations attracts ongoing consumer interest and attention. Indefinite life brands are allocated to the CGUs to which they relate and are tested annually for impairment.

The Directors also review the useful economic life of brands annually, to ensure that these lives are still appropriate. If a brand is considered to have a finite life, its carrying value is amortised over that period.

(iii) Distribution Rights

Payments made in respect of product registration, acquired and re-acquired distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands.

(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.

(v) Customer contracts

Acquired customer contracts are capitalised at cost. These costs are amortised on a straight-line basis over the period of the contract.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Except for freehold land and assets under construction, the cost of property, plant and equipment is written off on a straight-line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- Freehold buildings: not more than 50 years;
- Leasehold land and buildings: the lesser of 50 years or the life of the lease; and
- Owned plant and equipment: not more than 15 years (except for environmental assets and spray dryers which are not more than 20 years).

In general, production plant and equipment and office equipment are written off over ten years or less; motor vehicles and computer equipment over five years or less.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each Balance Sheet date. Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds, and are included in the Income Statement.

Notes to the Financial Statements
continued

1 Accounting Policies continued

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.

Fair value less costs of disposal is calculated using a discounted cash flow approach, with a post-tax discount rate applied to projected risk-adjusted post-tax cash flows and terminal value.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out (FIFO) basis. Net realisable value represents the estimated selling price less applicable selling expenses.

Trade 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.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances and other deposits with a maturity of less than three months when deposited.

For the purpose of the cash flow statement, bank overdrafts that form an integral part of the Group's cash management, and are repayable on demand, are included as a component of cash and cash equivalents.

Bank overdrafts are included within short-term borrowings in the Balance Sheet.

Borrowings
Interest-bearing borrowings are recognised initially at fair value less 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.

- *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.
- *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 recycled to 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 vested in accordance with non-market conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

1 Accounting Policies continued

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.

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.

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 are recognised as a liability in the period in which the dividends are approved by the Company's Shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Dividend payments are recorded at fair value. Where non-cash dividend payments are made, gains arising as a result of fair value remeasurements are recognised in profit or loss in the same period.

Accounting Estimates and Judgements

In the application of the Group'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.

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 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 (Note 19).
- The continuing enduring nature of the Group's brands supports the indefinite life assumption of these assets (Note 9).
- Assumptions are made as to the recoverability of tax assets especially as to whether there will be sufficient future taxable profits in the same jurisdictions to fully utilise losses in future years (Note 11).

Key sources of estimation uncertainty

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:

- 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 (Note 7).
- 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 precedents 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 provisions made in respect of these matters represent the most accurate measurement once all facts and circumstances have been taken into account. Nevertheless, the final amounts paid to discharge the liabilities arising (either through negotiated settlement or litigation) will in all likelihood be different from the provision recognised. The net liabilities are included in amounts disclosed in Note 21.

Notes to the Financial Statements
continued

1 Accounting Policies continued

- 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.
- 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 (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 value such assets. Assumptions and estimates are made about future cash flows and appropriate discount rates to value identified intangible assets (Note 27).
- The Group provides for amounts payable to our trade customers for promotional activity and Government reimbursement arrangements. Where an activity spans across the year end, an accrual is reflected in the consolidated Financial Statements based on our estimation of customer and consumer uptake during the relevant period and the extent to which temporary funded activity has occurred. 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). The Group's operating segments are reported based on the segmental information reviewed by the Executive Committee for the purposes of making strategic decisions and assessing performance. As a result of the acquisition of MJN, the Group has created a new operating segment, Infant and Child Nutrition (IFCN). In addition, because of its classification as a discontinued operation, the previously reported operating segment for Food is no longer presented and the comparatives have been restated.

The Group's geographical segments comprise 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, South Korea and ASEAN.

ENA and DvM derive their revenue primarily from the sale of branded products in the Health, Hygiene and Home categories. IFCN forms part of the Health category.

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 2017	**ENA £m**	**DvM £m**	**IFCN £m**	**Total £m**
Net Revenue	**6,691**	**3,266**	**1,555**	**11,512**
Depreciation, amortisation and impairment	**109**	**63**	**51**	**223**
Adjusted Operating Profit	**2,040**	**753**	**329**	**3,122**
Adjusting items				**(385)**
Operating Profit				**2,737**
Net finance expense				**(238)**
Profit before income tax				**2,499**

Year ended 31 December 2016 (restated)	ENA £m	DvM £m	IFCN £m	Total £m
Net Revenue	6,410	3,070	–	9,480
Depreciation, amortisation and impairment	117	60	–	177
Adjusted Operating Profit	1,978	681	–	2,659
Reallocation of central costs	(16)	(7)		(23)
Adjusted operating profit[1]	1,962	674	–	2,636
Adjusting items				(367)
Operating Profit				2,269
Net finance expense				(16)
Profit before income tax				2,253

1. Restated for reallocation of centrally incurred costs following the disposal of RB Food.

2 Operating Segments continued

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.

2017	ENA £m	DvM £m	IFCN £m	Total £m
Inventories	**556**	**286**	**392**	**1,234**
Trade and other receivables	**999**	**661**	**316**	**1,976**
Total segment assets	**1,555**	**947**	**708**	**3,210**
Trade and other payables	**(2,247)**	**(1,114)**	**(981)**	**(4,342)**

2016	ENA £m	DvM £m	IFCN £m	Total (restated)[1] £m
Inventories	516	272	–	788
Trade and other receivables	930	624	–	1,554
Total segment assets	1,446	896	–	2,342
Trade and other payables	(2,050)	(1,118)	–	(3,168)

1. Restated to exclude RB Food from operating segments. RB Food is a discontinued operation (Note 28).

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:

	2017 £m	Restated[1] 2016 £m
Inventories for operating segments	**1,234**	788
Unallocated:		
RB Food	–	24
Group adjustments	**(33)**	(42)
Total inventories per the Balance Sheet	**1,201**	770
Trade and other receivables for operating segments	**1,976**	1,554
Unallocated:		
RB Food	–	48
Group items	**28**	21
Total trade and other receivables per the Balance Sheet	**2,004**	1,623
Total inventories and trade and other receivables per the Balance Sheet	**3,205**	2,393
Other unallocated assets	**33,808**	15,626
Total assets per the Balance Sheet	**37,013**	18,019
Trade and other payables for operating segments	**(4,342)**	(3,168)
Unallocated:		
RB Food	–	(78)
Group items	**(287)**	(249)
Total trade and other payables per the Balance Sheet	**(4,629)**	(3,495)
Other unallocated liabilities	**(18,811)**	(6,098)
Total liabilities per the Balance Sheet	**(23,440)**	(9,593)

1. Restated to exclude RB Food from operating segments. RB Food is a discontinued operation (Note 28).

Group adjustments to inventory predominantly relate to the elimination of intercompany profit in 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, cash and cash equivalents, and assets classified as held for sale. Unallocated liabilities include borrowings, derivative financial liabilities, provisions for liabilities and charges, current and deferred tax liabilities, other liabilities and retirement benefit obligations.

Notes to the Financial Statements
continued

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 available for sale financial assets, deferred tax assets and retirement benefit surplus assets) between the UK, the US and China (US and China being the two biggest countries outside the country of domicile) and that from all other countries is:

2017	UK £m	US £m	Greater China[1] £m	All other countries £m	Total £m
Net Revenue	**716**	**2,817**	**818**	**7,161**	**11,512**
Goodwill and other intangible assets	**1,937**	**10,470**	**8,164**	**8,916**	**29,487**
Property, plant and equipment	**207**	**461**	**49**	**1,037**	**1,754**
Other non-current receivables	**15**	**61**	**1**	**22**	**99**

2016	UK £m	US £m	All other countries £m	Total £m
Net Revenue[2]	739	2,279	6,462	9,480
Goodwill and other intangible assets	1,927	5,624	5,903	13,454
Property, plant and equipment	154	183	541	878
Other non-current receivables	12	53	16	81

1. Greater China represents Mainland China, Hong Kong and Taiwan. Following the acquisition of MJN, Greater China has become the second largest country in the Group, and is therefore disclosed separately.
2. Restated for the impact of discontinued operations. Refer to Note 28 for further details.

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 only one customer (2016: none) 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 the geographical areas above. An analysis of Net Revenue by category is given below.

	Net Revenue 2017 £m	Net Revenue Restated[1] 2016 £m
Health	**5,090**	3,332
Hygiene	**4,313**	4,066
Home	**1,860**	1,828
Portfolio Brands	**249**	254
	11,512	9,480

1. Portfolio Brands is restated following the disposal of RB Food.

3 Analysis of Net Operating Expenses

	2017 £m	Restated[1] 2016 £m
Distribution costs	**(2,995)**	(2,385)
Administrative expenses:		
Research and development	**(187)**	(149)
Other	**(728)**	(636)
Total administrative expenses	**(915)**	(785)
Other net operating income	**3**	5
Adjusting items included in net operating expenses	**(226)**	(367)
Net operating expenses	**(4,133)**	(3,532)

1. Restated for the impact of discontinued operations. Refer to Note 28 for further details.

A net foreign exchange loss of £20 million (2016: £9 million loss, excluding RB Food) has been recognised through the Income Statement.

Adjusting Items

The Group uses certain adjusted earnings measures, including Adjusted Operating Profit and Adjusted Net Income, to provide additional clarity about the underlying performance of the business.

3 Analysis of Net Operating Expenses continued

The Group has refined its accounting policy to make reference to adjusting items in presenting the Group's principal adjusted earnings measures. Adjusting items are significant items included in operating profit, net finance expense or income tax expense, which are relevant to an understanding of the underlying performance of the business. These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances:

- Exceptional items, which remain as previously defined, are material, non-recurring items of expense or income incurred during a year.
- Other adjusting items comprise the amortisation of certain fair value adjustments recorded in respect of finite-life intangible assets recognised in the provisional purchase price allocation for the acquisition of MJN (refer to Note 27). These are not classified as exceptional items because of their recurring nature.
- As explained in Note 1, the Group has changed its treatment of finance expenses on income tax balances. These were previously treated as income tax but are now presented as finance expenses. There was no material impact resulting from the change in accounting for penalties. Adjusting items now include a reclassification of finance expenses on tax balances into income tax, to align with previous guidance that focused on the pre-exceptional tax rate, and with the way the expenses are managed by the Group. Therefore, these expenses are presented as part of income tax in the adjusted profit before income tax measure.

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2017:

Year ended 31 December 2017	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclassification £m	Adjusted £m
Operating Profit	**2,737**	**342**[1]	**43**[5]	**–**	**3,122**
Net finance expense	**(238)**	**35**[2]	**–**	**30**[6]	**(173)**
Profit before income tax	**2,499**	**377**	**43**	**30**	**2,949**
Income tax expense	**894**	**(1,527)**[3]	**(16)**[5]	**(30)**[6]	**(679)**
Net income for the year from continuing operations	**3,393**	**(1,150)**	**27**	**–**	**2,270**
Less: Attributable to non-controlling interests	**(17)**	**–**	**–**	**–**	**(17)**
Net income for the year attributable to owners of the parent (continuing)	**3,376**	**(1,150)**	**27**	**–**	**2,253**
Net income for the year from discontinued operations	**2,796**	**(2,741)**[4]	**–**	**–**	**55**
Total net income for the year attributable to owners of the parent	**6,172**	**(3,891)**	**27**	**–**	**2,308**

1. Exceptional items within Operating Profit of £342 million include £219 million relating to the acquisition of MJN, which comprise the following:
   - transaction fees of £60 million
   - unwinding of fair value adjustment made to inventories recorded on the purchase price allocation of £159 million, recorded in cost of sales in the Group Income Statement.

   The remaining exceptional costs within operating profit relate to previously announced restructuring projects, including:
   - MJN integration/RB 2.0 of £90 million
   - Restructuring and other projects of £33 million.
2. Exceptional costs included within net finance expense comprises £23 million for the accelerated write-off of facility fees as a result of the acquisition of MJN in June 2017, when short-term bridge facilities were replaced with the issuance of $7,750 million of fixed and floating rate loan notes, and £12 million for the accelerated write-off of facility fees as a result of the early repayment of certain term loans using the proceeds from the disposal of RB Food.
3. Included within income tax credit is a £1,421 million tax credit resulting from the US Tax Reform and £106 million, representing the tax credit for the exceptional costs noted above.
4. Adjusting items included in discontinued operations comprise the gain on the disposal of RB Food of £3,024 million, a tax credit of £13 million on this gain, and a charge of £296 million in respect of provision for settlement of the ongoing investigations by the US Department of Justice ("DoJ") arising from certain matters relating to the RB Pharmaceuticals business prior to its demerger in December 2014.
5. Other adjusting items of £43 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged over the period since the acquisition up to 31 December 2017. In addition, there is a £16 million income tax credit in respect of these costs.
6. Adjusting items of £30 million relate to the reclassification of interest on income tax balances from finance expense to income tax in the adjusting measure (Note 1).

Notes to the Financial Statements
continued

3 Analysis of Net Operating Expenses continued

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2016:

Year ended 31 December 2016	Reported £m	Adjusting: Exceptional items £m	Adjusted £m
Operating Profit	2,269	367[1]	2,636
Net finance expense	(16)	–	(16)
Profit before income tax	2,253	367	2,620
Income tax expense	(520)	(42)[2]	(562)
Net income for the year from continuing operations	1,733	325	2,058
Less: Attributable to non-controlling interests	(4)	–	(4)
Net income for the year attributable to owners of the parent (continuing)	1,729	325	2,054
Net income for the year from discontinued operations	103	–	103
Total net income for the year attributable to owners of the parent	1,832	325	2,157

1. Exceptional items in the year ended 31 December 2016 comprised £300 million of costs related to the HS issue in South Korea (primarily compensation for Rounds 1, 2 and 3, commitments to the Humanitarian Fund, and legal costs directly linked to this issue) and £67 million related to restructuring and integration costs.
2. Included within income tax expense is a £42 million tax credit on the exceptional items.

4 Auditor's Remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's Auditors and its associates.

	2017 £m	2016 £m
Audit services pursuant to legislation		
Audit of the Group's Annual Report and Financial Statements	**2.3**	2.0
Audit of the Financial Statements of the Group's subsidiaries	**4.3**	3.9
Audit related assurance services	**1.3**	0.2
Total audit and audit-related services	**7.9**	6.1
Fees payable to the Company's Auditors and its associates for other services:		
Corporate finance services	**2.7**	–
Taxation compliance services	**0.4**	0.2
Taxation advisory services	**0.3**	1.0
Other assurance services	**0.8**	0.1
Total non-audit services	**4.2**	1.3
	12.1	7.4

5 Employees

Staff Costs

	Note	**2017 £m**	2016 £m
The total employment costs, including Directors, were:			
Wages and salaries		**1,252**	969
Social security costs		**204**	179
Other pension costs	22	**63**	8
Share-based payments	24	**78**	66
		1,597	1,222

Included within staff costs is £26 million (2016: £39 million) incurred in respect of RB Food. These amounts are included within Net Income from discontinued operations in the Group Income Statement.

Executive Directors' aggregate emoluments were £2,046,510 (2016: £2,356,574).

5 Employees continued

Compensation awarded to key management (the Executive Committee) was:

	2017 £m	2016 £m
Short-term employee benefits	**7**	7
Post-employment benefits	**1**	1
Share-based payments	**26**	29
Termination benefits	**1**	–
	35	37

Termination benefits and share-based payments include contractual commitments made to key management in 2017, comprising cash payments and share awards.

Staff Numbers

The monthly average number of people employed by the Group, including Directors, during the year was:

	2017 '000	2016 '000
Continuing operations		
ENA	**14.5**	14.2
DvM	**20.4**	18.8
IFCN	**3.9**	–
Other	**1.3**	1.2
	40.1	34.2
Discontinued operations		
RB Food	**0.3**	0.5
	40.4	34.7

6 Net Finance Expense

	2017 £m	2016 £m
Finance income		
Interest income on cash and cash equivalents	**60**	42
Total finance income	**60**	42
Finance expense		
Interest payable on borrowings	**(205)**	(47)
Net pension plan interest	**(9)**	(6)
Amortisation of issue costs of bank loans[1]	**(42)**	(4)
Finance expense on tax balances	**(30)**	–
Other finance expense	**(12)**	(1)
Total finance expense	**(298)**	(58)
Net finance expense	**(238)**	(16)

1. Amortisation of issue costs of bank loans includes accelerated write off of facility fees in relation to the acquisition of MJN and the disposal of RB Food, which have been treated as exceptional items (Note 3).

All net finance expense relates to continuing operations only.

7 Income Tax Benefit/Expense

	2017 £m	Restated[1] 2016 £m
Current tax	**760**	492
Adjustment in respect of prior periods	**(52)**	16
Total current tax	**708**	508
Origination and reversal of temporary differences	**(38)**	48
Impact of changes in tax rates	**(1,564)**	(36)
Total deferred tax	**(1,602)**	12
Income tax (benefit)/expense	**(894)**	520

1. Restated for the impact of discontinued operations. Refer to Note 28 for further details.

Included in the income tax benefit of £894 million is an exceptional tax credit relating to the effect of US tax reform of £1,421 million (Note 3).

Notes to the Financial Statements
continued

7 Income Tax Benefit/Expense continued

Current tax includes tax incurred by UK entities of £53 million (2016: £81 million). This is comprised of UK corporation tax of £25 million (2016: £61 million) and overseas tax suffered of £28 million (2016: £20 million). UK current tax is calculated at 19.25% (2016: 20%) 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 variance between the current year tax charge of £760 million and cash tax paid of £543 million is attributable to movements on non-current tax liabilities (shown in Note 21 and including US transition tax referenced in the Financial Review on page 36) and other timing differences arising between accrual and payment of income tax liabilities.

The deferred tax impact of changes in tax rates of £1,564 million (2016: £36 million) primarily relates to the enactment of a reduction in the US federal corporation rate from 35% to 21%, applicable from 1 January 2018. This results in a reduction in closing deferred tax assets and liabilities.

Original income and reversal of temporary differences includes adjustments in respect of prior periods of £23 million income (2016: £12 million expense).

The total tax charge on the Group's profits for the year can be reconciled to the notional tax charge calculated at the UK tax rate as follows:

Continuing operations	**2017 £m**	Restated[1] 2016 £m
Profit before income tax	**2,499**	2,253
Tax at the notional UK corporation tax rate of 19.25% (2016: 20%)	**481**	451
Effect of:		
Overseas tax rates	**(66)**	(51)
Movement in provision related to uncertain tax positions	**122**	31
Unrecognised tax losses and other unrecognised tax assets	**(17)**	54
Withholding and local taxes	**29**	22
US tax reform – transition tax and cost of repatriation	**208**	–
Reassessment of prior year estimates	**(75)**	28
Impact of changes in tax rates	**(1,564)**	(36)
Adjusting items	**(11)**	9
Other permanent differences	**(1)**	12
Income tax (benefit)/expense	**(894)**	520

1. Restated for the impact of discontinued operations. Refer to Note 28 for further details.

The effect of overseas tax rates represents the impact of profits arising outside the UK that are taxed at different rates to the UK rate.

Amounts recognised in the Income Statement in respect of tax contingencies (Note 21) are shown in the movement in provision related to uncertain tax positions.

The unrecognised tax loss arising in 2016 predominantly relates to the tax value of losses arising in South Korea from the HS issue, for which recovery is not anticipated in the foreseeable future.

Reassessment of prior year estimates arose as a result of revised tax filings and differences between final tax return submissions and liabilities accrued in these Financial Statements.

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 variations in profit mix, challenges brought by tax authorities, 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. In particular, on 24 November 2017, the European Commission published an opening decision asserting that the United Kingdom controlled foreign company group financing exemption constitutes state aid. The Group may be impacted by this, but no final decision has yet been published by the EU and management believes that no provision is currently required.

7 Income Tax Benefit/Expense continued

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2017 Before tax £m	2017 Tax (charge)/ credit £m	2017 After tax £m	2016 Before tax £m	2016 Tax credit £m	2016 After tax £m
Net exchange (losses)/gains on foreign currency translation	**(310)**	**–**	**(310)**	1,618	–	1,618
Gains/(losses) on cash flow and net investment hedges	**55**	**(8)**	**47**	(158)	8	(150)
Reclassification of foreign currency translation reserves on disposal of foreign operations	**145**	**–**	**145**	–	–	–
Remeasurement of defined benefit pension plans (Note 22)	**34**	**(22)**	**12**	(176)	38	(138)
Revaluation of available for sale financial assets	**6**	**–**	**6**	(2)	–	(2)
Other comprehensive income	**(70)**	**(30)**	**(100)**	1,282	46	1,328
Current tax		**1**			10	
Deferred tax (Note 11)		**(31)**			36	
		(30)			46	

The tax credited/(charged) directly to the Statement of Changes in Equity during the year is as follows:

	2017 £m	2016 £m
Current tax	**20**	14
Deferred tax (Note 11)	**(14)**	(4)
	6	10

8 Earnings per Share

	2017 pence	Restated[1] 2016 pence
Basic earnings per share		
From continuing operations	**480.6**	245.6
From discontinued operations	**398.1**	14.6
Total basic earnings per share	**878.7**	260.2
Diluted earnings per share		
From continuing operations	**474.7**	242.1
From discontinued operations	**393.2**	14.4
Total diluted earnings per share	**867.9**	256.5
Adjusted basic earnings per share		
From continuing operations	**320.8**	291.7
From discontinued operations	**7.8**	14.6
Total adjusted basic earnings per share	**328.6**	306.3
Adjusted diluted earnings per share		
From continuing operations	**316.9**	287.6
From discontinued operations	**7.7**	14.4
Total adjusted diluted earnings per share	**324.6**	302.0

1. Restated for the impact of discontinued operations.

Basic

Basic earnings per share is calculated by dividing the net income attributable to owners of the parent from continuing operations (2017: £3,376 million; 2016: £1,729 million) and discontinued operations (2017: £2,796 million; 2016: £103 million) by the weighted average number of ordinary shares in issue during the year (2017: 702,379,197; 2016: 704,164,106).

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 2017 there were 69,200 (2016: nil) Executive Share Awards excluded from the dilution because the exercise price for the options was greater than the average share price for the year.

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8 Earnings per Share continued

	2017 Average number of shares	2016 Average number of shares
On a basic basis	**702,379,197**	704,164,106
Dilution for Executive Share Awards	**8,054,213**	9,405,777
Dilution for Employee Sharesave Scheme Options outstanding	**691,174**	730,750
On a diluted basis	**711,124,584**	714,300,633

Adjusted earnings
Details of the adjusted net income attributable to owners of the parent are as follows:

Continuing operations	2017 £m	Restated[1] 2016 £m
Net income attributable to owners of the parent	**3,376**	1,729
Exceptional items, net of tax (Note 3)	**(1,150)**	325
Other Adjusting items, net of tax (Note 3)	**27**	–
Adjusted net income attributable to owners of the parent	**2,253**	2,054

1. Restated for the impact of discontinued operations. Refer to Note 28 for further details.

Discontinued operations	2017 £m	2016 £m
Net income attributable to owners of the parent	**2,796**	103
Exceptional items, net of tax (Note 3)	**(2,741)**	–
Adjusted net income attributable to owners of the parent	**55**	103

9 Goodwill and Other Intangible Assets

	Brands £m	Goodwill £m	Software £m	Other £m	Total £m
Cost					
At 1 January 2016	7,969	3,303	121	107	11,500
Additions	359	–	25	–	384
Arising on business combinations	24	148	–	–	172
Disposals	–	–	(12)	(44)	(56)
Exchange adjustments	1,197	491	3	2	1,693
At 31 December 2016	**9,549**	**3,942**	**137**	**65**	**13,693**
Additions	–	–	63	–	63
Arising on business combinations	9,043	8,020	19	107	17,189
Disposals	(52)	–	(2)	–	(54)
Exchange adjustments	(652)	(443)	(2)	(7)	(1,104)
At 31 December 2017	**17,888**	**11,519**	**215**	**165**	**29,787**
Accumulated amortisation and impairment					
At 1 January 2016	92	21	37	54	204
Amortisation and impairment charge	59	–	14	6	79
Disposals	–	–	(12)	(41)	(53)
Exchange adjustments	5	1	2	1	9
At 31 December 2016	**156**	**22**	**41**	**20**	**239**
Amortisation and impairment charge	35	–	23	12	70
Disposals	–	–	(1)	–	(1)
Exchange adjustments	(3)	(4)	–	(1)	(8)
At 31 December 2017	**188**	**18**	**63**	**31**	**300**
Net book value					
At 31 December 2016	**9,393**	**3,920**	**96**	**45**	**13,454**
At 31 December 2017	**17,700**	**11,501**	**152**	**134**	**29,487**

The amount stated for brands represents the fair value of brands acquired since 1985 at the date of acquisition. Other includes product registration, distribution rights, capitalised product development costs and customer contracts.

9 Goodwill and Other Intangible Assets continued

Software includes intangible assets under construction of £54 million (2016: £26 million).

The majority of brands, all of goodwill and certain other intangibles are considered to have indefinite lives for the reasons noted in the Accounting Policies and therefore are subject to an annual impairment review. The MJN global brand and a number of small non-core brands are deemed to have a finite life and are amortised accordingly.

In 2016, the Group exercised its option to acquire the legal title to intellectual property associated with the collaboration agreement with Bristol Myers Squibb (BMS), as described in the Annual Report and Financial Statements 2013. The amount capitalised reflects a cash payment of £189 million and a prepayment made in 2013 of £170 million (at 2016 exchange rates).

Goodwill and brands arising on business combinations during the year primarily relate to the MJN acquisition discussed in Note 27.

The net book amounts of indefinite and finite life intangible assets are as follows:

Net book amount	2017 £m	2016 £m
Indefinite life assets:		
Brands	**17,153**	9,383
Goodwill	**11,501**	3,920
Other	**45**	45
Total indefinite life assets	**28,699**	13,348
Finite life assets:		
Brands	**547**	10
Software	**152**	96
Other	**89**	–
Total finite life assets	**788**	106
Total net book amount of intangible assets	**29,487**	13,454

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.

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 IFCN.

An analysis of the net book value of indefinite life assets and goodwill by GCGU is shown below:

		2017			2016		
GCGU	Powerbrands	Indefinite life assets £m	Goodwill £m	Total £m	Indefinite life assets £m	Goodwill £m	Total £m
Health[1]	Durex, Gaviscon, Mucinex, Nurofen, Scholl, Strepsils	**6,946**	**3,567**	**10,513**	7,182	3,713	10,895
Hygiene	Bang, Clearasil, Dettol, Finish, Harpic, Lysol, Mortein, Veet	**1,305**	**159**	**1,464**	1,371	162	1,533
Home	Air Wick, Calgon, Vanish, Woolite	**809**	**45**	**854**	835	45	880
IFCN	Enfamil, Nutramigen	**8,138**	**7,730**	**15,868**	–	–	–
Food[2]	French's	**–**	**–**	**–**	40	–	40
		17,198	**11,501**	**28,699**	9,428	3,920	13,348

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 The Food GCGU was disposed of during 2017.

Carrying Value of CGU	2017 £m	2016 £m
Sexual Wellbeing	**2,201**	2,124
Brazillian Sexual Wellbeing	**47**	–
Oriental Pharma	**142**	127
BMS	**396**	355
VMS	**1,003**	914

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9 Goodwill and Other Intangible Assets continued

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 recoverable amount, being the higher of value in use or fair value less costs of disposal. Both valuation models are 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 cover a five-year period. These projections exclude any estimated future cash inflows or outflows expected to arise from restructuring not yet implemented.

The recoverable amount 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 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 (2016: 10%). The IFCN recoverable amount was calculated on a fair value less costs of disposal basis and a post-tax discount rate of 8% was determined for IFCN based on the geographic spread and product portfolio. The fair value measurement of IFCN is categorised within Level 3 of the fair value hierarchy.

The VMS and Oriental Pharma CGUs are predominantly concentrated in single markets, being the US and China respectively. BMS is predominantly concentrated in the Mexican and Brazilian markets. A pre-tax discount rate of 13% was therefore applied to VMS (2016: 13%), 12% (2016: 12%) was applied to Oriental Pharma and 13% was applied to BMS and Brazilian Sexual Wellbeing, to reflect the risks specific to these businesses.

	2017		2016	
GCGU/CGU	Terminal growth rate %	Discount rate %*	Terminal growth rate %	Discount rate %
Health	**4**	**10**	4	10
Hygiene	**2**	**10**	2	10
Home	**1**	**10**	1	10
IFCN	**3**	**8**	–	–
Oriental Pharma	**4**	**12**	4	12
Sexual Wellbeing	**4**	**10**	4	10
Brazilian Sexual Wellbeing	**4**	**13**	–	–
BMS	**4**	**13**	4	13
VMS	**2**	**13**	2	13

Following the Group's annual impairment review, no impairments have been identified.

Any reasonably possible change in the key assumptions on which the recoverable amounts of the Health, Hygiene, Home and IFCN GCGUs, and the Sexual Wellbeing, Brazilian Sexual Wellbeing and VMS CGUs, are based would not imply possible impairments.

With a value in use exceeding its carrying value by £97 million (24%), the BMS 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 £62 million. In addition, a reduction of 100 bps in the terminal growth rate would result in a reduction in the value in use of £38 million. Applying these sensitivities together would result in the value in use of this CGU exceeding its carrying value by £2 million. Management considers the likelihood of all sensitivities occurring together to be remote.

The value in use of the Oriental Pharma CGU exceeds its carrying value by £20 million (14%), 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 £20 million. In addition, a reduction of 100 bps in the terminal growth rate would result in a reduction in the value in use of £15 million. Applying these sensitivities together would result in an impairment of £13 million. Management considers the likelihood of all sensitivities occurring together to be remote.

10 Property, Plant and Equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2016	558	1,166	1,724
Additions	6	173	179
Arising on business combinations	30	8	38
Disposals	(14)	(50)	(64)
Reclassifications	16	(16)	–
Exchange adjustments	80	154	234
At 31 December 2016	**676**	**1,435**	**2,111**
Additions	42	247	289
Arising on business combinations	399	521	920
Disposals	(42)	(173)	(215)
Transferred to assets classified as held for sale	(30)	(5)	(35)
Reclassifications	50	(50)	–
Exchange adjustments	(33)	(43)	(76)
At 31 December 2017	**1,062**	**1,932**	**2,994**
Accumulated depreciation and impairment			
At 1 January 2016	210	784	994
Charge for the year	32	116	148
Disposals	(12)	(47)	(59)
Impairment losses	11	10	21
Exchange adjustments	29	100	129
At 31 December 2016	**270**	**963**	**1,233**
Charge for the year	48	150	198
Disposals	(24)	(150)	(174)
Impairment losses	3	–	3
Transferred to assets classified as held for sale	(14)	(4)	(18)
Exchange adjustments	(1)	(1)	(2)
At 31 December 2017	**282**	**958**	**1,240**
Net book value			
As at 31 December 2016	**406**	**472**	**878**
As at 31 December 2017	**780**	**974**	**1,754**

The net book amount of assets under construction is £236 million (2016: £109 million). Assets under construction are included within plant and equipment and are not depreciated.

The reclassification from plant and equipment to land and buildings of £50 million (2016: £16 million) shows the transfer of completed assets.

Impairment losses of £nil (2016: £9 million) have been charged to exceptional items (Note 3).

Capital expenditure which was contracted but not capitalised at 31 December 2017 was £90 million (2016: £103 million).

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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 2017	9	(32)	88	–	16	81
(Charged)/credited to the Income Statement	(2)	6	(7)	(2)	–	(5)
Credited/(charged) to other comprehensive income	1	(1)	(5)	–	–	(5)
Arising on business combinations	3	2	37	7	4	53
Exchange differences	(1)	1	(5)	(1)	–	(6)
At 31 December 2017	**10**	**(24)**	**108**	**4**	**20**	**118**

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 2017	14	2,303	(261)	(8)	(65)	1,983
(Credited)/charged to the Income Statement	(15)	(1,670)	68	2	13	(1,602)
Charged to other comprehensive income	–	–	–	–	26	26
Charged directly to equity	–	–	14	–	–	14
Arising on business combinations	48	3,399	(175)	(2)	(23)	3,247
Divestment of discontinued operations	(3)	(17)	–	–	6	(14)
Exchange differences	(5)	(228)	16	1	5	(211)
At 31 December 2017	**39**	**3,787**	**(338)**	**(7)**	**(38)**	**3,443**

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 gross temporary differences totalling £1,139 million (2016: £326 million) have not been recognised at 31 December 2017 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

	2017 £m	2016 £m
Raw materials and consumables	**269**	168
Work in progress	**120**	29
Finished goods and goods held for resale	**812**	573
Total inventories	**1,201**	770

The total cost of inventories recognised as an expense and included in cost of sales amounted to £4,426 million (2016: £3,497 million, restated to exclude RB Food). This includes inventory write-offs and losses of £73 million (2016: £91 million, restated to exclude RB Food).

The Group inventory provision at 31 December 2017 was £95 million (2016: £84 million).

13 Trade and Other Receivables

Amounts falling due within one year	2017 £m	2016 £m
Trade receivables	**1,778**	1,501
Less: Provision for impairment of receivables	**(55)**	(45)
Trade receivables – net	**1,723**	1,456
Other receivables	**215**	127
Prepayments and accrued income	**66**	40
	2,004	1,623

13 Trade and Other Receivables continued

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2017 £m	2016 £m
US dollar	**547**	442
Euro	**317**	287
Brazil real	**119**	141
Sterling	**112**	97
Other currencies	**909**	656
	2,004	1,623

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 amounts due from customers. The Group's customer base is large and diverse and therefore there is limited concentration of credit risk. Credit risk is assessed at a subsidiary and Group level, taking into account their financial positions, past experiences and other relevant factors. Individual credit limits are imposed based on those factors. Balances are considered for impairment on an individual basis in addition by reference to the extent that they become overdue.

As at 31 December 2017, trade receivables of £172 million (2016: £160 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	2017 £m	2016 £m
Up to 3 months	**172**	160

At 31 December 2017, a provision for impairment of £55 million (2016: £45 million) was recorded against certain trade receivables. The total amount of receivables against which this provision was recorded is included in the table below. The total amount of these receivables was not impaired because having given consideration to the nature of the receivables and their historical collection, recovery of the unprovided amount is expected in due course. The ageing analysis of these receivables is as follows:

Ageing analysis	2017 £m	2016 £m
Up to 3 months	**45**	26
Over 3 months	**59**	31
	104	57

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 includes recoverable sales tax of £151 million (2016: £74 million). This contains £3 million (2016: £5 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 2017 were £99 million (2016: £81 million). This includes non-current derivative financial instruments of £2 million (2016: £3 million).

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14 Financial Instruments and Financial Risk Management
Financial Instruments by Category

At 31 December 2017	Loans and receivables £m	Derivatives used for hedging £m	Fair value through the P&L £m	Available for sale £m	Carrying value total £m
Assets as per the Balance Sheet					
Trade and other receivables[1]	**1,998**	**–**	**–**	**–**	**1,998**
Derivative financial instruments – FX forward exchange contracts	**–**	**15**	**5**	**–**	**20**
Available for sale financial assets[2]	**–**	**–**	**–**	**41**	**41**
Cash and cash equivalents	**2,125**	**–**	**–**	**–**	**2,125**

	Derivatives used for hedging £m	Fair value through the P&L £m	Other financial liabilities at amortised cost £m	Carrying value total £m
Liabilities as per the Balance Sheet				
Borrowings (commercial paper, bank loans and overdrafts)[3]	**–**	**–**	**976**	**976**
Bonds[4]	**–**	**–**	**6,443**	**6,443**
Senior notes[4]	**–**	**–**	**2,350**	**2,350**
Term loans[4]	**–**	**–**	**3,092**	**3,092**
Derivative financial instruments – FX forward exchange contracts	**16**	**3**	**–**	**19**
Derivative financial instruments – Interest rate swaps	**12**	**–**	**–**	**12**
Trade and other payables[5]	**–**	**–**	**4,410**	**4,410**
Other non-current liabilities[5,6]	**–**	**–**	**196**	**196**

At 31 December 2016	Loans and receivables £m	Derivatives used for hedging £m	Fair value through the P&L £m	Available for sale £m	Carrying value total £m
Assets as per the Balance Sheet					
Short-term deposits[7]	3	–	–	–	3
Trade and other receivables[1]	1,627	–	–	–	1,627
Derivative financial instruments – FX forward exchange contracts	–	36	125	–	161
Available for sale financial assets[2]	–	–	–	39	39
Cash and cash equivalents	882	–	–	–	882

	Derivatives used for hedging £m	Fair value through the P&L £m	Other financial liabilities at amortised cost £m	Carrying value total £m
Liabilities as per the Balance Sheet				
Borrowings (commercial paper, bank loans and overdrafts)[3]	–	–	1,584	1,584
US$1 billion bond (two tranches of US$500 million at 2.125% and 3.625%)[4]	–	–	804	804
Finance lease obligations[3]	–	–	1	1
Derivative financial instruments – FX forward exchange contracts	47	11	–	58
Trade and other payables[5]	–	–	3,317	3,317
Other non-current liabilities[5,6]	–	–	97	97

1. Prepayments and employee benefit assets are excluded from the trade and other receivables balance as they are out of scope of IFRS 7.
2. Available for sale financial assets relates to an investment of less than 1% of the shares in issue of China Resources Pharmaceutical Group Limited (CRP).
3. The categories in this disclosure are determined by IAS 39. Borrowings largely relate to Commercial Paper. As at 31 December 2017, the Group had Commercial Paper in issue amounting to $80 million (nominal values) at a rate of 1.52% maturing on 16 January 2018, and €1,000 million (nominal values) at the rate of between negative 0.24% and negative 0.33% with maturities ranging from 22 January 2018 to 13 June 2018. 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 2017 is a liability of £6,375 million (2016: £821 million). The fair value of the Senior notes at 31 December is a liability of £2,391 million (2016: nil). This value is derived using a quoted market rate in an active market (level 1 classification). The term loan carrying value at 31 December 2017 is a liability of £3,092 million (2016: nil). The fair value approximates to carrying value and is calculated discounted future cash flows at floating market rates (level 2 classification).
5. Social security liabilities, other employee benefit liabilities, and interest accrued on tax balances are excluded as they are out of scope of IFRS 7.
6. Other non-current liabilities principally comprises a put option over the non-controlling interests of certain Group subsidiaries in China of £105 million (2016: £94 million). This option was written in 2016 and has a minimum term of six years.
7. 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.

14 Financial Instruments and Financial Risk Management continued

Except for the bonds and senior notes, the fair values of other financial assets and liabilities at amortised cost approximate their carrying values.

Within the IFRS 13 fair value hierarchy, the bonds, senior notes and available for sale financial assets are classified as level 1. The term loans and the derivative financial instruments are classified as level 2. 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The fair value of forward foreign exchange contracts at 31 December 2017 is a liability of £19 million (2016: liability £58 million) and an asset of £20 million (2016: asset £161 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). The fair value of interest rate swap contracts at 31 December 2017 is a liability of £12 million (2016: nil) and was calculated by discounting future cash flows at floating market rates (level 2 classification).

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

At 31 December 2017	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	**20**	**–**	**20**	**(13)**	**7**
Cash and cash equivalents	**2,125**	**–**	**2,125**	**–**	**2,125**
	2,145	**–**	**2,145**	**(13)**	**2,132**

As at 31 December 2016	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	161	–	161	(58)	103
Cash and cash equivalents	882	–	882	–	882
	1,043	–	1,043	(58)	985

(b) Financial liabilities

As at 31 December 2017	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	**(19)**	**–**	**(19)**	**13**	**(6)**
Interest rate swaps	**(12)**	**–**	**(12)**	**–**	**(12)**
Bank overdrafts	**(8)**	**–**	**(8)**	**–**	**(8)**
	(39)	**–**	**(39)**	**13**	**(26)**

As at 31 December 2016	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	(58)	–	(58)	58	–
Bank overdrafts	(9)	–	(9)	–	(9)
	(67)	–	(67)	58	(9)

Notes to the Financial Statements
continued

14 Financial Instruments and Financial Risk Management continued

Financial Risk Management

The Group's multinational operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates (foreign exchange risk), market prices, interest rates, credit risks and liquidity. The Group has in place a risk management programme that uses foreign currency financial instruments, including debt, and other instruments, to limit the impact of these risks on the financial performance of the Group.

The Group's financing and financial risk management activities are centralised into Group Treasury ('GT') to achieve benefits of scale and control. GT manages financial exposures of the Group centrally in a manner consistent with underlying business risks. GT manages only those risks and flows generated by the underlying commercial operations 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.

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 Group's strategy is to minimise Income Statement volatility by monitoring foreign currency balances, external financing, and external hedging arrangements. The Group's hedging profile is regularly reviewed to ensure it is appropriate and to mitigate these risks as far as possible.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2017 was £2,760 million payable (2016: £4,614 million payable).

As at 31 December 2017, the Group had designated bonds totalling $1,000 million (2016: $1,000 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.

As at 31 December 2017, the Group had designated commercial paper totalling €1,000 million (2016: €500 million) as the hedging instrument in a net investment hedge relationship. This is to hedge the risk of loss in value of the Group's Euro denominated intangible brand assets due to exchange rate fluctuations.

The net gain or loss under these arrangements is recognised in other comprehensive income. The net effect on other comprehensive income for the year ended 31 December 2017 was a £44 million gain (2016: £128 million loss). If sterling strengthens/weakens by 5% against the US dollar and Euro, the maximum impact on Shareholders' equity due to net investment hedging by US dollar bond and Euro commercial paper would be £39 million and £47 million respectively.

The Group held forward foreign exchange contracts denominated as cash flow hedges primarily in Sterling, Euro, US dollar, Canadian dollar, Saudi riyal and Australian dollar. The national value of the payable leg resulting from these financial instruments was as follows:

Cash Flow Hedge Profile	2017 £m	2016 £m
Sterling	**383**	259
Euro	**221**	368
US dollar	**115**	260
Canadian dollar	**105**	70
Saudi riyal	**98**	–
Australian dollar	**63**	87
Other	**327**	397
	1,312	1,441

These forward foreign exchange contracts are expected to mature over the period January 2018 to December 2020 (2016: January 2017 to December 2020).

The ineffective portion recognised in the income statement arising from cash flow hedges is immaterial (2016: immaterial).

14 Financial Instruments and Financial Risk Management continued

Gains and losses recognised in the hedging reserve in other comprehensive income on forward exchange contracts in 2017 of £12 million gain (2016: £29 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 36 months from the Balance Sheet date.

At 31 December 2017, the Group had forward contracts used for cash flow hedging with total fair value of £1 million liability (2016: £11 million liability). These contracts are denominated in a diverse range of currency pairings, where a fluctuation of 5% in any one of the contract pairings, with all others remaining constant, would have a maximum effect of £13 million (2016: £33 million) on Shareholder Equity, until the point at which the contracts mature and the forecast transaction occurs. The four largest contract pairings in order of nominal value were US dollar/sterling, US dollar/Saudi riyal, US dollar/Canadian dollar and Euro/Polish Zloty.

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 or loss, recognised in the Income Statement in 2017 was a £61 million loss (2016: £537 million gain).

(b) Price risk

Due to the nature of its business the Group is exposed to commodity price risk related to the production or packaging of finished goods, such as oil related, and a diverse range of other, raw materials. This risk is, however, managed primarily through medium-term contracts with certain key suppliers and is not therefore viewed as being a material risk.

(c) 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.

Under the Group's interest rate management strategy a percentage of fixed interest rate borrowings have been swapped to floating interest rate. The Group's debt is obtained on a fixed or floating basis to align with fixed to floating debt requirements and in some cases fixed rate debt is swapped to floating rate debt to maintain an appropriate level of fixed to floating rate debt.

Interest rate swaps are held to hedge the interest rate risk associated with the $700 million 2019 Senior Note and $750 million 2020 Senior Note. The interest rate swaps convert the fixed rate of 4.9% on the 2019 Senior Note and 3% on the 2020 Senior Note to floating and have been designated as a fair value hedge. As at 31 December 2017 interest rate swaps held at fair value totalled £12 million payable. The fair value adjustment applied to the bonds due to the hedge designation totalled £12 million receivable.

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 £18 million (2016: £7 million) or decrease of £18 million (2016: £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 only uses sub BBB rated counterparties by exception. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the Board of Directors. Derivative financial instruments are only traded with counterparties approved in accordance with the approved policy. Derivative risk is measured using a risk weighting method.

The Group has counterparty risk from asset positions held with financial institutions. This is comprised of short-term investments, cash and cash equivalents and derivatives positions as stated on the face of the Balance Sheet. For risk management purposes the Group assesses the exposure to major financial institutions by looking at the deposits, cash and cash equivalents and 5% of derivative notional position. The following table summarises the Group's assessment of its exposure:

Notes to the Financial Statements
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14 Financial Instruments and Financial Risk Management continued

Counterparty	2017 Credit rating	2017 Limit £m	2017 Exposure £m	2016 Credit rating	2016 Limit £m	2016 Exposure £m
Bank A	**AAA**	**300**	**266**	n/a*	n/a*	n/a*
Bank B	**AAA**	**250**	**193**	n/a*	n/a*	n/a*
Bank C	**AAA**	**300**	**189**	n/a*	n/a*	n/a*
Bank D	**AAA**	**200**	**182**	n/a*	n/a*	n/a*
Bank E	**A+**	**150**	**179**	A+	150	127
Bank F	**AA-**	**200**	**163**	AA-	200	191
Bank G	**AAA**	**300**	**115**	n/a*	n/a*	n/a*
Bank H	**A**	**125**	**97**	A	125	17
Bank I	**A**	**125**	**93**	A	125	90
Bank J	**AA-**	**100**	**90**	AA-	100	13

*As a result of business combination with Mead Johnson Nutrition no prior year comparative is shown.

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 and has a financial covenant, which is not expected to restrict the Group's future operations.

At the end of 2017, the Group had long-term debt of £11,515 million (2016: £804 million), of which £10,979 million (2016: £402 million) is repayable in more than two years. In addition, the Group has undrawn committed borrowing facilities totalling £4,500 million (2016: £3,500 million), which expire after more than two years. The committed borrowing facilities (both drawn and undrawn), together with central cash and investments, are considered sufficient to meet the Group's projected cash requirements.

The undrawn committed facilities available, in respect of which all conditions precedent have been met at the Balance Sheet date, were as follows:

	2017 £m	2016 £m
Undrawn committed borrowing facilities:		
Expiring within one year	**–**	–
Expiring between one and two years	**–**	–
Expiring after more than two years	**4,500**	3,500
	4,500	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.

The Group's borrowing limit at 31 December 2017 calculated in accordance with the Articles of Association was £40,599 million (2016 restated: £25,263 million).

14 Financial Instruments and Financial Risk Management continued

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 2017	**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	**(948)**	**(948)**	**–**	**–**	**–**
Bonds	**(7,631)**	**(546)**	**(171)**	**(2,890)**	**(4,024)**
Term loans	**(3,343)**	**(65)**	**(65)**	**(3,213)**	**–**
Senior notes	**(3,243)**	**(95)**	**(613)**	**(731)**	**(1,804)**
Other borrowings	**(28)**	**(28)**	**–**	**–**	**–**
Interest rate swaps	**(16)**	**(2)**	**(8)**	**(6)**	**–**
Trade payables	**(1,770)**	**(1,770)**	**–**	**–**	**–**
Other payables	**(2,844)**	**(2,640)**	**(91)**	**(113)**	**–**

At 31 December 2016	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	(1,570)	(1,570)	–	–	–
Bonds	(930)	(23)	(428)	(44)	(435)
Other borrowings	(25)	(25)	–	–	–
Trade payables	(1,243)	(1,243)	–	–	–
Other payables	(2,170)	(2,073)	(97)	–	–

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 2017	**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	**(2,749)**	**(6)**	**(3)**	**–**
Inflow	**2,763**	**8**	**5**	**–**

At 31 December 2016	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	(4,598)	(6)	(10)	–
Inflow	4,690	8	14	–

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.

	2017 £m	2016 £m
Net debt (Note 16)	**10,746**	1,391
Total equity	**13,573**	8,426
	24,319	9,817

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 2017, the Group provided returns to Shareholders in the form of dividends. Refer to Note 29 for further details.

The Group monitors net debt and at year end the Group had net debt of £10,746 million (2016: £1,391 million). The Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility.

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continued

15 Cash and Cash Equivalents

	2017 £m	2016 £m
Cash at bank and in hand	**1,355**	316
Short-term bank deposits	**770**	566
Cash and cash equivalents	**2,125**	882

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, £10 million (2016: £120 million) of cash included in cash and cash equivalents is restricted for use by the Group, yet available for use in the relevant subsidiary's day-to-day operations.

16 Financial Liabilities – Borrowings

Current	2017 £m	2016 £m
Bank loans and overdrafts[1]	**28**	25
Commercial paper[2]	**948**	1,559
Bonds	**370**	–
Finance lease obligations	**–**	1
	1,346	1,585

Non-current	2017 £m	2016 £m
Bonds	**6,073**	804
Senior notes	**2,350**	–
Term loans	**3,092**	–
	11,515	804

1. Bank loans are denominated in a number of currencies: all are unsecured and bear interest based on the relevant LIBOR equivalent.
2. Commercial paper was issued in US dollars and Euros, is unsecured and bears interest based on the relevant LIBOR equivalent.

Maturity of debt	2017 £m	2016 £m
Bank loans and overdrafts repayable:		
Within one year or on demand	**28**	25
Other borrowings repayable:		
Within one year:		
Commercial paper	**948**	1,559
Finance leases	**–**	1
Bonds	**370**	–
After one year and in less than five years:		
Bonds	**2,399**	402
Senior notes	**1,095**	–
Term loans	**1,324**	–
After five years or longer:		
Bonds	**3,674**	402
Senior notes	**1,255**	–
Term loans	**1,768**	–
	12,833	2,364
Gross borrowings (unsecured)	**12,861**	2,389

Analysis of net debt	2017 £m	2016 £m
Cash and cash equivalents	**2,125**	882
Overdrafts	**(8)**	(9)
Cash and cash equivalents	**2,117**	873
Borrowings (excluding overdrafts)	**(12,853)**	(2,380)
Derivative financial instruments (debt)	**(10)**	113
Financing liabilities	**(12,863)**	(2,267)
Short-term investments	**–**	3
Net debt at end of year	**(10,746)**	(1,391)

16 Financial Liabilities – Borrowings continued

The Group uses derivative financial instruments to hedge certain elements of interest rate and exchange risk on its net debt. The split between these items and other derivatives on the Balance Sheet is shown below:

	Assets		Liabilities	
	Current	Non-Current	Current	Non-Current
Derivative financial instruments (debt)	5	–	(3)	(12)
Derivative financial instruments (non-debt)	13	2	(16)	–
At 31 December 2017	**18**	**2**	**(19)**	**(12)**

Note that non-current derivative assets are presented within other non-current other receivables on the Balance Sheet.

	Cash and cash equivalents £m	Financing liabilities £m	Short term investments £m	Net Debt £m	2016[1] Net Debt £m
At 1 January 2017	873	(2,267)	3	**(1,391)**	(1,620)
Net increase in cash and cash equivalents	1,332	–	–	**1,332**	73
Proceeds from borrowings	–	(19,523)	–	**(19,523)**	(469)
Repayment of borrowings	–	10,723	–	**10,723**	695
Arising on business combinations	–	(2,525)	–	**(2,525)**	–
Other financing cash flows	–	(12)	–	**(12)**	219
(Reduction in)/purchase of short-term investments	–	–	(3)	**(3)**	3
Exchange, fair value and other movements	(88)	741	–	**653**	(292)
At 31 December 2017	**2,117**	**(12,863)**	**–**	**(10,746)**	**(1,391)**

1. 2016 is presented in line with the new requirements of IAS 7 (Note 1).

17 Provisions for Liabilities and Charges

	Legal provisions £m	Restructuring provisions £m	Other provisions £m	Total provisions £m
At 1 January 2016	141	33	170	344
Charged to the Income Statement	264	23	12	299
Charged to equity	–	–	702	702
Utilised during the year	(90)	(33)	(806)	(929)
Released to the Income Statement	–	(2)	(8)	(10)
Exchange adjustments	14	1	4	19
At 31 December 2016	**329**	**22**	**74**	**425**
Charged to the Income Statement	**352**	**17**	**15**	**384**
Arising on business combinations	**–**	**7**	**–**	**7**
Utilised during the year	**(142)**	**(20)**	**(9)**	**(171)**
Released to the Income Statement	**(44)**	**–**	**(9)**	**(53)**
Exchange adjustments	**6**	**–**	**–**	**6**
At 31 December 2017	**501**	**26**	**71**	**598**

Provisions have been analysed between current and non-current as follows:

	2017 £m	2016 £m
Current	**517**	251
Non-current	**81**	174
	598	425

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 £501 million (2016: £329 million) include exceptional legal provisions of £465 million (2016: £277 million) in relation to a number of historic regulatory matters in a number of markets, predominantly the DoJ investigation referenced in Note 19 (£296 million) and the HS issue in South Korea. The HS issue is a tragic event. The Group continues to make both public and personal apologies to victims. During the year, a number of payments were made to victims in respect of Rounds 1, 2 and 3 of the HS issue, partially utilising the provision held for this matter.

Notes to the Financial Statements
continued

17 Provisions for Liabilities and Charges continued

The restructuring provision relates principally to business integration costs associated with the acquisition of MJN and subsequent RB 2.0 reorganisation, the majority of which is expected to be utilised within one year.

Other provisions include environmental and other obligations throughout the Group, the majority of which are expected to be used within five years.

18 Operating Lease Commitments

Future minimum lease payments under non-cancellable operating leases due	2017 £m	2016 £m
Within one year	**76**	48
Later than one and less than five years	**178**	124
After five years	**86**	29
	340	201

Operating lease rentals charged to the Income Statement in 2017 were £77 million (2016: £64 million).

As at 31 December 2017, total amounts expected to be received under non-cancellable sub-lease arrangements were £6 million (2016: £nil).

Amounts credited to the Income Statement in respect of sub-lease arrangements were £2 million (2016: £1 million).

19 Contingent Liabilities and Assets

As noted in Note 3, the Group remains involved in ongoing investigations by the DoJ and the US Federal Trade Commission and related litigation proceedings in the US arising from certain matters relating to the RB Pharmaceuticals ("RBP") business prior to its demerger in December 2014 to form Indivior PLC, and may incur liabilities in relation to such matters. On 4 September 2017, the Group received notice of a further investigation by the State of California Department of Insurance in relation to similar matters.

These investigations and related proceedings are continuing and the Group has been in discussions with the DoJ. As a consequence of these discussions the Group recorded a charge of £296 million at 31 December 2017 within discontinued operations.

The Group remains committed to ensuring these issues are concluded or resolved satisfactorily but we cannot predict with any certainty whether we will be able to reach any agreement with the DoJ or other parties who are involved in any other investigation or related proceedings. The final cost for the Group may be materially higher than this provision.

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

HS South Korea

The HS issue in South Korea is a tragic event. The Group continues to make both public and personal apologies to victims. There are a number of further expected costs and income relating to the HS issue that either cannot be reliably estimated or which are not considered probable at the current time. In particular:

1. Round 4 lung injury, asthma-related injury and other potential lung or non-lung injuries: The South Korean government opened Round 4 to new applicants on 22 April 2016 for an indefinite period. It has received 4,701 applications to participate in Round 4 as at 2 February 2018 and continues to receive applications. Additionally, a damage relief committee set up by the Ministry of Environment ("MOE") announced a recognition standard for asthma caused by HS, based on the increased incidence of asthma in HS users. The Group is currently unable to reliably determine how many applicants may be eligible for compensation in respect of these items because:
   a. The total number of applicants, and therefore total number of potential victims, has not been assessed for Round 4 lung injuries, potential asthma injuries for all rounds or for any other injuries that the MOE may decide to recognise.
   b. No detailed underlying data has yet been made available in respect of general causation of asthma injuries by HS, although six victims have been announced by the MOE as at 28 December 2017.
2. The Group continues to assess and, where appropriate, pursue rights which Oxy RB may have to recover sums from other involved parties.
3. On 9 August 2017, the Humidifier Sanitizer Injury Special Relief Act became effective. Further, amendments to that Act were introduced in October 2017 and are currently being considered by the Korean government. Given the high profile and complex nature of this issue, the amendments to this Act, the rules and regulations issued pursuant to this Act and other legal or governmental proposals or developments in South Korea may give rise to further financial liability for RB.

20 Trade and Other Payables

	2017 £m	2016 £m
Trade payables	**1,770**	1,243
Other payables	**139**	128
Other tax and social security payable	**165**	121
Accruals	**2,555**	2,003
	4,629	3,495

Included within accruals is £905 million (2016: £624 million) in respect of amounts payable to trade customers and government bodies for trade spend.

Within other non-current liabilities of £408 million (2016: £130 million) is a financial liability of £105 million (2016: £94 million). This liability is in respect of the present value of the expected redemption amount of a written put option granted to the non-controlling interest of certain Group subsidiaries in China (Note 26). The amortised cost of the liability is subject to estimation of the future performance of certain Group products. Future changes in estimation would result in the remeasurement of the liability through the income statement. In addition, other non-current liabilities includes US employee related payables of £34 million (2016: £33 million), and interest accrued on tax balances of £189 million (2016: not applicable).

21 Current and Non-current Tax Liabilities

	2017 £m	2016 £m
Current tax liabilities	**(65)**	(12)
Non-current tax liabilities	**(1,012)**	(740)
Total current and non-current tax liabilities	**(1,077)**	(752)

Included in total current and non-current tax liabilities is an amount of £1,014 million (2016: £756 million) relating to tax contingencies primarily arising in relation to transfer pricing and financing. The closing balance is stated after the reclassification of interest on income tax balances of £189 million to other non-current liabilities (Note 1). The 2016 comparative has not been restated as the balance is not material.

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 and involve a significant degree of judgement. Tax assets and liabilities are offset where there is a legally enforceable right to do so.

The Accounting Estimates and Judgements on pages 117 to 118 describe the significant judgements made in estimating the impact of uncertain tax provisions.

22 Pension and Post-Retirement Commitments

Plan Details

The Group operates a number of defined benefit and defined contribution pension plans around the world covering many of its employees, which are principally funded. The Group's most significant defined benefit pension plan (UK) is a final salary plan, which closed to new entrants in 2005. Trustees of the plan are appointed by the Group, active members and pensioner membership, and are responsible for the governance of the plan, including paying all administrative costs and compliance with regulations. The plan is funded by the payment of contributions to the plan's trust, which is a separate entity from the rest of the Group.

The Group also operates a number of other post-retirement plans in certain countries. The two major plans are the US Retiree Health Care Plan and the Mead Johnson & Company, LLC Medical Plan (together, the "US (Medical)" plans). In the US Retiree Health Care Plan, salaried participants become eligible for retiree health care benefits after they reach a combined 'age and years of service rendered' figure of 70, although the age must be a minimum of 55. This plan closed to new members in 2009. In the Mead Johnson & Company, LLC Medical Plan, acquired as part of the acquisition of MJN on 15 June 2017, participants become eligible for retiree health care benefits if they leave employment after the age of 65, leave after the age of 55 and have completed ten years of service, or have their employment involuntarily terminated after the age of 55. A Benefits Committee is appointed by the Group for both of these plans, responsible for the governance of the plans, including paying all administrative costs and compliance with regulations. Both of these plans are unfunded.

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 2016. The Group has agreed that it will aim to eliminate the pension plan Technical Provisions deficit in the UK and Ireland by the end of 2020. Funding levels are monitored on an annual basis and the current agreed annual deficit reduction contributions are £25 million p.a. It is expected that contributions to the UK defined benefit plan in 2018 will be £30 million (2016: £33 million). The funding agreement has given rise to an additional liability on the Balance Sheet for the principal plan of £55 million (2016: £36 million), which forms part of an irrecoverable surplus of £89 million (2016: £63 million) for all UK plans. This has been recognised after considering the Pension Scheme Trust Deed and Rules and the requirements of IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". As these schemes are closed to future accrual, a funding liability and limitation of the accounting surplus has been applied where the Group does not have an unconditional right to return of any surplus once member benefits has been secured. The Group considers that the contribution rates set, and any future further contributions in excess of the contribution rate, will be sufficient to eliminate the deficit over the agreed period.

On 1 January 2018, following consultation, the principal UK plan was closed to further accrual. There is no impact on the Group's results for the year ended 31 December 2017 and no curtailment gain or loss will be recognised in 2018 as a result of this closure.

Notes to the Financial Statements
continued

22 Pension and Post-Retirement Commitments continued

For the US Retiree Health Care Plan, a full independent actuarial valuation is carried out on an annual basis. The most recent valuation was carried out on 1 January 2017. For the Mead Johnson & Company, LLC Medical Plan, acquired as part of the MJN acquisition on 15 June 2017, the most recent valuation was carried out at 31 December 2017. For both of these plans, funding levels are monitored on an annual basis with contributions made equal to the claims made each year. It is expected that the combined contributions in 2018 will be £10 million (2016: £7 million) to these plans.

For the purpose of IAS 19 the projected unit valuation method was used for the UK and US plans, as per the principal UK plan triennial valuation results (at 5 April 2016) and the US Medical plan valuations to 31 December 2017. The UK plans have a weighted average duration of the deferred benefit obligation of 18.5 years (2016: 18.6 years).

Significant Actuarial Assumptions

The significant actuarial assumptions used in determining the Group's net liability for the UK and US (Medical) plans as at 31 December were:

	2017		2016	
	UK %	US (Medical) %	UK %	US (Medical) %
Rate of increase in pensionable salaries	**5.4**	**–**	5.6	–
Rate of increase in deferred pensions during deferment	**3.2**	**–**	3.4	–
Rate of increase in pension payments	**3.0**	**–**	3.2	–
Discount rate	**2.4**	**3.5**	2.6	4.0
Inflation assumption – RPI	**3.4**	**–**	3.6	–
Annual medical cost inflation	**–**	**5.0-8.5**	–	5.0-8.5

Assumptions regarding future mortality experience are set in accordance with published statistics and experience in each territory. The expected lifetime of a participant aged 60 and the expected lifetime of a participant who will be aged 60 in 15 years (20 years in the US) are detailed below:

	2017		2016	
	UK years	US years	UK years	US years
Number of years a current pensioner is expected to live beyond 60:				
Male	**29.1**	**25.1**	29.0	25.2
Female	**29.9**	**27.3**	29.9	27.4
Number of years a future pensioner is expected to live beyond 60:				
Male	**30.8**	**26.8**	30.7	27.0
Female	**31.7**	**29.0**	31.6	29.2

For the principal UK plan, the mortality assumptions were based on the standard SAPS mortality table 2NMA for males (scaled by 85%) and table 2NFA for females (scaled by 100%). Allowance for future improvements is made by adopting the 2015 edition of the CMI series with a long-term trend of 1.5% per annum from 2007 onwards. 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-2017.

22 Pension and Post-Retirement Commitments continued

Amounts Recognised on the Balance Sheet

The amounts recognised on the Balance Sheet are as follows:

	2017 £m	2016 £m
Balance Sheet obligations for:		
UK	**(55)**	(84)
US (Medical)	**(137)**	(108)
Other	**(201)**	(169)
Liability on Balance Sheet	**(393)**	(361)
Balance Sheet assets for:		
UK	**33**	–
Other	**57**	36
Asset on Balance Sheet	**90**	36
Net pension liability	**(303)**	(325)

The funded and unfunded amounts recognised on the Balance Sheet are determined as follows:

	2017				2016			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Present value of funded obligations	**(1,635)**	**–**	**(569)**	**(2,204)**	(1,642)	–	(373)	(2,015)
Fair value of plan assets	**1,702**	**–**	**574**	**2,276**	1,621	–	381	2,002
Surplus/(deficit) of funded plans	**67**	**–**	**5**	**72**	(21)	–	8	(13)
Present value of unfunded obligations	**–**	**(137)**	**(149)**	**(286)**	–	(108)	(141)	(249)
Irrecoverable surplus[1]	**(89)**	**–**	**–**	**(89)**	(63)	–	–	(63)
Net pension liability	**(22)**	**(137)**	**(144)**	**(303)**	(84)	(108)	(133)	(325)

1. The movement in irrecoverable surplus since prior year comprises an underlying liability increase of £24 million and a finance expense of £2 million.

Group plan assets are comprised as follows:

	2017				2016			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Equities – quoted	**374**	**–**	**264**	**638**	382	–	217	599
Government bonds	**841**	**–**	**124**	**965**	772	–	77	849
Corporate bonds	**325**	**–**	**143**	**468**	316	–	61	377
Real Estate/property – unquoted	**148**	**–**	**19**	**167**	141	–	16	157
Other assets – unquoted	**14**	**–**	**24**	**38**	10	–	10	20
Fair value of plan assets	**1,702**	**–**	**574**	**2,276**	1,621	–	381	2,002

The present value of obligations for the principal UK plan and the US Medical plans at last valuation date is attributable to participants as follows:

	2017		2016	
	UK £m	US (Medical) £m	UK £m	US (Medical) £m
Active participants	**(211)**	**(50)**	(196)	(28)
Participants with deferred benefits	**(632)**	**(2)**	(615)	(2)
Participants receiving benefits	**(792)**	**(85)**	(831)	(78)
Present value of obligation	**(1,635)**	**(137)**	(1,642)	(108)

Notes to the Financial Statements
continued

22 Pension and Post-Retirement Commitments continued

The movement in the Group's net deficit is as follows:

	Present value of obligation				Fair value of plan assets			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
At 1 January 2016	1,322	122	426	1,870	(1,355)	–	(321)	(1,676)
Current service cost	6	2	11	19	–	–	–	–
Curtailment gains	–	(37)	(1)	(38)	–	–	–	–
Interest expense/(income)	49	6	16	71	(51)	–	(14)	(65)
	55	(29)	26	52	(51)	–	(14)	(65)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	(226)	–	(9)	(235)
(Gain)/loss from changes in demographic assumptions	(3)	(2)	7	2	–	–	–	–
Loss from change in financial assumptions	384	1	5	390	–	–	–	–
Experience (gains)/losses	(53)	3	6	(44)	–	–	–	–
	328	2	18	348	(226)	–	(9)	(235)
Exchange differences	–	20	62	82	–	–	(51)	(51)
Contributions – employees	–	–	–	–	–	–	–	–
Contributions – employers	–	–	–	–	(52)	(7)	(4)	(63)
Payments from plans:								
Benefit payments	(63)	(7)	(18)	(88)	63	7	18	88
At 31 December 2016	**1,642**	**108**	**514**	**2,264**	**(1,621)**	**–**	**(381)**	**(2,002)**
Arising on business combinations	**–**	**36**	**262**	**298**	**–**	**–**	**(221)**	**(221)**
Current service cost	**10**	**2**	**11**	**23**	**–**	**–**	**–**	**–**
Curtailment gains	**–**	**–**	**(1)**	**(1)**	**–**	**–**	**–**	**–**
Interest expense/(income)	**42**	**5**	**22**	**69**	**(42)**	**–**	**(20)**	**(62)**
	52	**7**	**32**	**91**	**(42)**	**–**	**(20)**	**(62)**
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	**–**	**–**	**–**	**–**	**(71)**	**–**	**(36)**	**(107)**
(Gain)/loss from changes in demographic assumptions	**–**	**(1)**	**2**	**1**	**–**	**–**	**–**	**–**
Loss from change in financial assumptions	**12**	**7**	**24**	**43**	**–**	**–**	**–**	**–**
Experience (gains)/losses	**–**	**(1)**	**6**	**5**	**–**	**–**	**–**	**–**
	12	**5**	**32**	**49**	**(71)**	**–**	**(36)**	**(107)**
Exchange differences	**–**	**(11)**	**(33)**	**(44)**	**–**	**–**	**34**	**34**
Contributions – employees	**1**	**–**	**–**	**1**	**–**	**–**	**–**	**–**
Contributions – employers	**–**	**–**	**–**	**–**	**(40)**	**(8)**	**(23)**	**(71)**
Payments from plans:								
Benefit payments	**(72)**	**(8)**	**(51)**	**(131)**	**72**	**8**	**51**	**131**
Disposal of RB Food	**–**	**–**	**(38)**	**(38)**	**–**	**–**	**22**	**22**
As at 31 December 2017	**1,635**	**137**	**718**	**2,490**	**(1,702)**	**–**	**(574)**	**(2,276)**

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:	2017 £m	2016 £m
Defined contribution plans	**41**	27
Defined benefit plans (net charge/(credit) excluding interest)		
UK	**10**	6
US (Medical)	**2**	(35)
Other	**10**	10
Total pension costs included in operating profit (Note 5)[1]	**63**	8
Income Statement charge included in finance expense (Note 6)[2]	**9**	6
Income Statement charge included in profit before income tax	**72**	14

Remeasurement (gains)/losses for[3]:		
UK	**(59)**	102
US (Medical)	**5**	2
Other	**(4)**	9
	(58)	113

1. The Income Statement charge recognised in operating profit includes current service cost, past service costs and gains and losses on settlement and curtailment.
2. The Income Statement charge recognised in finance expense includes £2 million interest on the irrecoverable surplus (not shown in the net deficit movement table shown previously).
3. Remeasurement (gains)/losses excludes £24 million loss (2016: £63 million loss) recognised in OCI for irrecoverable surplus.

Sensitivity of Significant Actuarial Assumptions

The sensitivity of the UK defined benefit obligation to changes in the principal assumptions is shown below:

2017	Change in assumption	Change in defined benefit obligation
Discount rate	**Increase 0.1%**	**Decrease by 1.9%**
RPI increase	**Increase 0.1%**	**Increase by 0.5%**
Life expectancy	**Members live 1 year longer**	**Increase by 4.5%**

2016	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.9%
RPI increase	Increase 0.1%	Increase by 0.5%
Life expectancy	Members live 1 year longer	Increase by 4.5%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Impact of Medical Cost Trend Rates

A one percent change in the assumed health care cost trend rates would have an immaterial impact on the service cost, interest cost and post-retirement benefit obligation.

Risk and Risk Management

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed as follows:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. Both the UK and US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. All the UK plans have agreed with the Company a plan to de-risk the investment strategy of the plans at a pace that is commensurate with a planned return to full funding over a reasonable timescale.

Notes to the Financial Statements
continued

22 Pension and Post-Retirement Commitments continued

The de-risking plan provides for a proportion of the investment portfolio to move from equity holdings to government and corporate bonds over time. The corporate bonds are global securities with an emphasis on the UK and US. However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Changes in Bond Yields: A decrease in government and corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation Risk: Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit. In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the member. Whilst the plans allow for an increase in life expectancy, increases above this assumption will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

Change in Regulations: The Group is aware that future changes to the regulatory framework may impact the funding basis of the various plans in the future. The Group's pensions department monitors the changes in legislation and analyses the risks as and when they occur.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets consists of quoted equities and quoted bonds, although the Group also invests in property and cash. The Group believes that quoted equities offer the best returns over the long-term with an acceptable level of risk. The trustees of all the UK funds have moved the overwhelming majority of their assets to low cost investment funds in consultation with the Group whilst maintaining a prudent diversification.

23 Share Capital

Issued and fully paid	Equity ordinary shares number	Nominal value £m
At 1 January 2016	736,535,179	74
At 31 December 2016	**736,535,179**	**74**
At 1 January 2017	736,535,179	74
At 31 December 2017	**736,535,179**	**74**

The holders of ordinary shares (par value 10p) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company.

Allotment of Ordinary Shares and Release of Treasury Shares

During the year nil ordinary shares (2016: nil ordinary shares) were allotted and 3,728,361 ordinary shares were released from Treasury (2016: 3,662,122) to satisfy vestings/exercises under the Group's various share schemes as follows:

	2017		2016	
Ordinary shares of 10p	**Number of shares**	**Consideration £m**	Number of shares	Consideration £m
Executive Share Options – exercises	**2,145,152**	**85**	2,139,330	72
Restricted Shares Awards – vesting	**1,328,980**	**–**	1,261,616	–
Total under Executive Share Option and Restricted Share Schemes	**3,474,132**	**85**	3,400,946	72
Senior Executives Share Ownership Policy Plan – vesting	**31,000**	**–**	9,216	–
Savings-Related Share Option Schemes – exercises	**223,229**	**9**	251,960	7
Total	**3,728,361**	**94**	3,662,122	79

Market Purchases of Shares

During 2017 the Company ceased its share buyback programme. In 2016, the Company bought back 11,658,939 shares, all of which were held as Treasury shares. In 2016, the total amount paid to acquire the shares was £798 million (£802 million including stamp duty), which was deducted from Shareholders' equity.

In 2017, 3,728,361 Treasury shares were released (2016: 3,662,122), leaving a balance held at 31 December 2017 of 32,730,606 (2016: 36,458,967). Proceeds received from the reissuance of Treasury shares to exercise share options were £94 million (2016: £79 million).

24 Share-Based Payments

The Group operates a number of incentive schemes, including a share option scheme, a restricted share scheme, and other share award schemes. During 2017, as part of a transitional scheme for MJN employees, a cash-settled scheme replaced an MJN equity-settled scheme. All other schemes within the Group are equity-settled. The total charge for share-based payments for the year was £78 million (2016: £66 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.

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 following.

Modifications to Share Awards

The Remuneration Committee approved modifications to all unexercised share schemes in December 2014 following the demerger of RB Pharmaceuticals to compensate for the loss of scheme value. For SAYE schemes this was in the form of a one-off payment. For executive share awards this included an adjustment to shares under the amount of each grant, and the lowering of exercise price, where applicable. There is no change to the IFRS fair value charge as a result of these modifications.

Summary of Shares Outstanding

All outstanding Executive and Other share awards as at 31 December 2017 and 31 December 2016 are included in the tables following which analyse the charge for 2017 and 2016. 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.

Notes to the Financial Statements
continued

24 Share-Based Payments continued

Table 1: Fair value

The most significant awards are share options and restricted shares, details of which have been provided below.

		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										
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
2017	01 December 2016	67.68	67.68	2017–19	66.28	18	3.0	4	0.46	5.54
2018	30 November 2017	64.99	64.99	2018–20	64.86	18	3.4	4	0.68	5.58
Restricted shares										
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
2017	01 December 2016	–	–	2017–19	66.28	18	3.0	4	0.46	58.85
2018	30 November 2017	–	–	2018–20	64.86	18	3.4	4	0.68	56.71

24 Share-Based Payments continued

Table 2: Share awards movements 2017

Award	Options outstanding at 1 January 2017 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 December 2017 number
	Movement in number of options				
Share options[1]					
2008	137,912	–	(3,079)	(134,833)	–
2009	171,273	–	–	(66,676)	104,597
2010	245,510	–	–	(44,565)	200,945
2011	330,337	–	–	(54,108)	276,229
2012	923,895	1,441	(7,657)	(321,372)	596,307
2013	1,701,230	–	(10,725)	(613,943)	1,076,562
2014	2,617,899	7,850	(220,327)	(833,390)	1,572,032
2015	2,732,980	5,153	(90,098)	(59,774)	2,588,261
2016	3,027,586	–	(296,761)	(16,491)	2,714,334
2017	3,200,000	69,200	(904,316)	–	2,364,884
2018	–	3,200,000	–	–	3,200,000
Restricted shares[1]					
2012	74,401	–	(2,595)	(71,806)	–
2013	91,766	–	(3,808)	(87,958)	–
2014	1,225,888	1,029	(128,490)	(1,098,427)	–
2015	1,300,409	3,000	(40,138)	(52,698)	1,210,573
2016	1,396,196	–	(121,068)	(17,091)	1,258,037
2017	1,600,000	89,417	(571,983)	(1,000)	1,116,434
2018	–	1,600,000	–	–	1,600,000
Other share awards					
UK SAYE	687,635	223,131	(62,218)	(98,642)	749,906
US SAYE	323,495	94,231	(45,032)	(78,260)	294,434
Overseas SAYE	944,934	1,273,468	(59,620)	(46,327)	2,112,455
SOPP	170,000	12,800	(5,000)	(31,000)	146,800
Weighted average exercise price (share options)	**£52.28**	**£64.97**	**£62.31**	**£39.64**	**£55.91**

1. Grant date and exercise price for each of the awards are shown in Table 1.

Notes to the Financial Statements
continued

24 Share-Based Payments continued
Table 3: Share awards movements 2016

Award	Movement in number of options: Options outstanding at 1 January 2016 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 December 2016 number
Share options					
2007	113,346	–	(2,544)	(110,802)	–
2008	282,213	–	(4,114)	(140,187)	137,912
2009	319,343	–	(4,114)	(143,956)	171,273
2010	537,644	–	(7,254)	(284,880)	245,510
2011	831,561	–	(194,817)	(306,407)	330,337
2012	1,363,209	–	(71,179)	(368,135)	923,895
2013	2,753,968	–	(360,057)	(692,681)	1,701,230
2014	2,899,975	883	(197,898)	(85,061)	2,617,899
2015	2,893,271	–	(153,070)	(7,221)	2,732,980
2016	4,020,400	–	(992,814)	–	3,027,586
2017	–	3,200,000	–	–	3,200,000
Restricted shares					
2011	75,836	–	(75,836)	–	–
2012	259,471	–	(21,926)	(163,144)	74,401
2013	1,270,172	–	(161,594)	(1,016,812)	91,766
2014	1,389,865	–	(96,648)	(67,329)	1,225,888
2015	1,386,771	–	(72,031)	(14,331)	1,300,409
2016	1,985,200	23,150	(612,154)	–	1,396,196
2017	–	1,600,000	–	–	1,600,000
Other share awards					
UK SAYE	687,953	178,122	(66,981)	(111,459)	687,635
US SAYE	382,185	94,583	(45,486)	(107,787)	323,495
Overseas SAYE	1,058,195	2,461	(83,008)	(32,714)	944,934
SOPP	166,000	24,000	(10,784)	(9,216)	170,000
Weighted average exercise price (share options)	**£46.61**	**£67.67**	**£51.68**	**£33.43**	**£52.28**

For options outstanding at the year end the weighted average remaining contractual life is 6.92 years (2016: 6.53 years). Options outstanding at 31 December 2017 that could have been exercised at that date were 3,897,913 (2016: 3,727,376) with a weighted average exercise price of £38.82 (2016: £32.49).

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 2017 or 2016 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 2017 was £43 million (2016: £51 million).

The weighted average share price for the year was £71.70 (2016: £68.77).

24 Share-Based Payments continued

Options and Restricted Shares Granted During the Year

Options and restricted shares granted during the year which may vest or become exercisable at various dates between 2018 and 2023 are as follows:

Executive share option and restricted share schemes	Price to be paid £	Number of shares under option
Reckitt Benckiser 2018 Long-term Incentive Plan – share options	64.99	3,200,000
Reckitt Benckiser Long-term Incentive Plan – restricted shares	–	1,600,000
Reckitt Benckiser Group Senior Executive Share Ownership Policy Plan	–	12,800
Total		**4,812,800**
Savings-related share option schemes		
UK Scheme	58.95	223,131
US Scheme	58.95	94,231
Overseas Scheme	58.95	1,273,468
Total		**1,590,830**

Options and Restricted Shares Outstanding at 31 December 2017

Options and restricted shares which have vested or may vest at various dates between 2018 and 2022 are as follows:

	Price to be paid £		Number of shares under option	
Executive share option and restricted share schemes	From	To	2017	2016
Reckitt Benckiser Long-term Incentive Plan 2007 – Annual Grant – options	26.54	71.80	14,695,054	15,088,622
Reckitt Benckiser Long-term Incentive Plan 2007 – Annual Grant – restricted shares	–	–	5,185,044	5,688,660
Reckitt Benckiser Senior Executives Share Ownership Policy Plan	–	–	146,800	170,000
Total			**20,026,898**	20,947,282
Savings-related share option schemes				
UK Scheme	16.90	58.95	749,003	687,635
US Scheme	22.88	58.95	294,434	323,495
Overseas Scheme	21.95	58.95	2,112,455	944,934
Total			**3,155,892**	1,956,064

25 Other Reserves

	Hedging reserve £m	Foreign currency translation reserve £m	Total other reserves £m
Balance at 1 January 2016	18	(964)	(946)
Other comprehensive (expense)/income			
Losses on cash flow hedges, net of tax	(22)	–	(22)
Net exchange gains on foreign currency translation, net of tax	–	1,618	1,618
Losses on net investment hedges	–	(128)	(128)
Total other comprehensive (expense)/income for the year	**(22)**	**1,490**	**1,468**
Balance at 31 December 2016	**(4)**	**526**	**522**
Other comprehensive income/(expense)			
Gains on cash flow hedges, net of tax	3	–	3
Net exchange losses on foreign currency translation, net of tax	–	(308)	(308)
Gains on net investment hedges	–	44	44
Reclassification of foreign currency translation reserves on disposal of foreign operations net of tax	–	145	145
Total other comprehensive income/(expense) for the year	**3**	**(119)**	**(116)**
Balance at 31 December 2017	**(1)**	**407**	**406**

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedge transactions that are extant at year end.

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.

Notes to the Financial Statements
continued

26 Related Party Transactions

RB & Manon Business Co. Ltd (Manon)

As part of the arrangements with the non-controlling shareholders of Manon, the parties are subject to symmetrical put and call options over the non-controlling Shareholdings, exercisable together after a period of six years, with possible extensions available at the agreement of the parties. The present value of the put option at year end was a liability of £105 million (2016: £94 million liability).

Indivior PLC

Indivior PLC is no longer considered to be a related party for the year ended 31 December 2017 following the resignations of Adrian Hennah (Reckitt Benckiser Group plc CFO) and Rupert Bondy (Reckitt Benckiser Group plc SVP General Counsel and Company Secretary) from the Indivior Board of Directors in May and September 2016 respectively.

For the year ended 31 December 2016, the Group recognised £5 million in other operating income in respect of operational services provided to Indivior PLC. Certain outstanding balances totalling £6 million relating to adjustments in the final UK corporation tax liabilities were also settled on behalf of Indivior PLC by Reckitt Benckiser plc in 2016.

Other

The Group has related party relationships with its Directors and key management personnel (Note 5) and pension schemes (Note 22).

27 Acquisitions

On 15 June 2017, the Group acquired 100% of the issued share capital of MJN for cash consideration of £13,044 million ($16,642 million).

MJN is a global leader in infant and children's nutrition. The acquisition of MJN is aligned with the Group's well-established strategic focus on growing in consumer health and on investing in Powerbrands with attractive growth prospects. Provisional goodwill of £8,023 million arises on the acquisition, of which £3,194 million is a consequence of the requirement to record deferred tax liabilities for certain acquired assets. Goodwill represents the potential for further synergies arising from combining the acquired business with the Group's existing businesses, together with the value of the workforce acquired. None of the goodwill is expected to be deductible for income tax purposes.

The following table summarises the consideration paid and the fair values of assets acquired and liabilities assumed. The amount of consideration transferred in excess of the value of total identifiable net assets is recorded as goodwill.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Intangible assets	9,169
Property, plant and equipment	921
Inventories	547
Trade and other receivables	354
Cash and cash equivalents	1,224
Borrowings	(2,525)
Retirement benefit obligations	(77)
Deferred tax liabilities, net	(3,194)
Trade and other payables	(1,018)
Provisions	(7)
Current tax liabilities	(342)
Total identifiable net assets	**5,052**
Non-controlling interest	(31)
Goodwill	8,023
Total	**13,044**
Cash consideration	13,044
Total consideration transferred	**13,044**

Acquisition-related transaction costs of £60 million have been included in net operating expenses and disclosed as exceptional items in the Group Income Statement (Note 3).

Included within intangible assets are brands of £9,169 million, substantially comprising Enfamil (£6,328 million) and Nutramigen (£1,718 million). The fair values of current tax liabilities and provisions are stated at provisional amounts, which will be finalised within the twelve-month measurement period following the acquisition.

From the date of acquisition to 31 December 2017, the acquisition contributed £1,555 million to Net Revenue and £329 million to adjusted operating profit. Had the acquisition taken place at 1 January 2017, the enlarged Group consolidated Net Revenue would have been £12,814 million and Adjusted Operating Profit would have been £3,384 million.

The provisional fair values relating to the acquisition of Nances Holdings S.A. in 2016 were revised during 2017, following a £3 million refund of the cash consideration. This reduced goodwill by £3 million.

28 Discontinued Operations

On 17 August 2017, the Group sold the RB Food business to McCormick & Company, Inc. for $4.2 billion (£3.2 billion) in cash. This transaction disposed of current assets of £99 million, non-current assets of £66 million, current liabilities of £65 million and non-current liabilities of £34 million. RB Food was a major line of business and therefore meets the definition of a discontinued operation.

Gain on sale of RB Food

	2017 £m
Sale proceeds and related costs	3,236
Net assets disposed	(66)
Net realised gain in other comprehensive income reclassified to the Income Statement	(145)
Other	(1)
Gain on disposal, before tax	**3,024**

In addition, and as described in Note 3, the Group has recorded an exceptional charge of £296 million in respect of its legacy RB Pharmaceuticals business which was demerged to form Indivior PLC in 2014.

Financial information relating to the operations of RB Food and RB Pharmaceuticals for the year is set out below. The Group Income Statement and Group Cash Flow Statement distinguish discontinued operations from continued operations. Comparative figures have been restated.

For the year ended 31 December	2017 RB Food £m	2017 RBP £m	2017 Total £m	2016 £m
Revenue	249	–	249	411
Expenses	(175)	(296)	(471)	(270)
Profit before tax of discontinued operations	74	(296)	(222)	141
Tax	(19)	–	(19)	(38)
Profit after tax of discontinued operations	**55**	**(296)**	**(241)**	**103**
Pre-tax gain recognised on disposal of RB Food	3,024	–	3,024	–
Tax credit	13	–	13	–
After tax gain recognised on disposal of RB Food	3,037	–	3,037	–
Profit for the year from discontinued operations	**3,092**	**(296)**	**2,796**	**103**

The major classes of cash flows related to RB Food are as follows:

For the year ended 31 December	2017 £m	2016 £m
Cash flows from operating activities	48	120
Cash flows from investing activities	3,232	(3)
Cash flows from financing activities	–	–
Net increase in cash and cash equivalents from discontinued operations	**3,280**	**117**

29 Dividends

	2017 £m	2016 £m
Cash dividends on equity ordinary shares:		
2016 Final paid: 95.0p (2015: Final 88.7p) per share	666	625
2017 Interim paid: 66.6p (2016: Interim 58.2p) per share	468	410
Total dividends for the year	1,134	1,035

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2017 of 97.7p per share which will absorb an estimated £688 million of Shareholders' funds. If approved by Shareholders it will be paid on 24 May 2018 to Shareholders who are on the register on 13 April 2018, with an ex-dividend date of 12 April 2018.

30 Post Balance Sheet Events

As at 19 March 2018, there are no post-balance sheet events requiring disclosure.

Five Year Summary

The five year summary below is presented on a statutory basis. The year ending 31 December 2016 and 31 December 2017 show the results for continuing operations and exclude the impact of RB Food. The years ending 31 December 2013, 31 December 2014 and 31 December 2015 show the results for continuing operations including RB Food. All years exclude the impact of RB Pharmaceuticals.

The Balance Sheet has not been restated for the impact of discontinued operations.

Income Statement	2017 £m	Restated[3] 2016 £m	2015 £m	2014 £m	2013 £m
Net Revenue	**11,512**	9,480	8,874	8,836	9,266
Operating Profit	**2,737**	2,269	2,241	2,164	1,887
Adjusted Operating Profit	**3,122**	2,636	2,374	2,185	2,143
Adjusting items	**(385)**	(367)	(133)	(21)	(256)
Operating Profit	**2,737**	2,269	2,241	2,164	1,887
Net finance expense	**(238)**	(16)	(33)	(38)	(31)
Profit before income tax	**2,499**	2,253	2,208	2,126	1,856
Income tax benefit/(expense)	**894**	(520)	(463)	(462)	(453)
Attributable to non-controlling interests	**(17)**	(4)	(2)	(1)	(1)
Net income attributable to owners of the parent from continuing operations	**3,376**	1,729	1,743	1,663	1,402
Balance Sheet					
Net assets	**13,573**	8,426	6,906	6,834	6,336
Net Working Capital	**(1,424)**	(1,102)	(936)	(831)	(863)
Statistics					
Reported basis					
Operating margin	**23.8%**	23.9%	25.3%	24.5%	20.4%
Total interest to Operating Profit (times covered)	**11.5x**	141.8x	67.9x	56.9x	60.9x
Tax rate	**-35.8%**	23.1%	21.0%	21.7%	24.4%
Diluted earnings per share, continuing	**474.7p**	242.1p	240.9p	227.6p	192.3p
Dividend cover[1]	**2.9x**	1.6x	1.7x	1.6x	1.4x
Declared total dividends per ordinary share	**164.3p**	153.2p	139p	139p	137p
Adjusted basis[2]					
Operating margin	**27.1%**	27.8%	26.8%	24.7%	23.1%
Total interest to operating profit (times covered)	**13.1x**	164.8x	71.9x	57.5x	69.1x
Diluted earnings per share, continuing	**316.9p**	287.6p	258.6p	230.5p	222.1p
Dividend cover[1]	**1.9x**	1.9x	1.9x	1.7x	1.6x

1. Dividend cover is calculated by dividing adjusted diluted earnings/adjusted earnings per share by total ordinary dividends per share relating to the year.
2. Adjusted basis is calculated by excluding the adjusting items for the year (Note 3).
3. Restated for the impact of discontinued operations.

Parent Company Balance Sheet

As at 31 December	Notes	2017 £m	2016 £m
Fixed Assets			
Investments	2	**14,925**	14,861
Current Assets			
Debtors due within one year	3,6	**39**	42
Debtors due after more than one year	4	**8**	7
Cash and cash equivalents	6	**2**	1
		49	50
Current Liabilities			
Creditors due within one year	5,6	**(6,697)**	(6,484)
Net Current Liabilities		**(6,648)**	(6,434)
Total Assets less Current Liabilities		**8,277**	8,427
Provisions for liabilities and charges	7	**(356)**	(62)
Net Assets		**7,921**	8,365
EQUITY			
Capital and Reserves			
Share capital	8	**74**	74
Share premium		**243**	243
Retained earnings			
At 1 January		**8,048**	5,735
Profit for the financial year		**522**	3,906
Other changes in retained earnings		**(966)**	(1,593)
At 31 December		**7,604**	8,048
Total Equity		**7,921**	8,365

The Financial Statements on pages 155 to 175 were approved by the Board of Directors on 19 March 2018 and signed on its behalf by:

ADRIAN BELLAMY
Director

RAKESH KAPOOR
Director

Company Number: 06270876

Parent Company Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2016	**74**	**243**	**5,735**	**6,052**
Comprehensive income				
Profit for the financial year	–	–	3,906	3,906
Total comprehensive income	**–**	**–**	**3,906**	**3,906**
Transactions with owners				
Treasury shares re-issued	–	–	79	79
Share-based payments	–	–	14	14
Shares repurchased and held in Treasury	–	–	(702)	(702)
Capital contribution in respect of share-based payments	–	–	51	51
Cash dividends	–	–	(1,035)	(1,035)
Total transactions with owners	**–**	**–**	**(1,593)**	**(1,593)**
Balance at 31 December 2016	**74**	**243**	**8,048**	**8,365**
Comprehensive income				
Profit for the financial year	–	–	522	522
Total comprehensive income	**–**	**–**	**522**	**522**
Transactions with owners				
Treasury shares re-issued	–	–	94	94
Share-based payments	–	–	10	10
Capital contribution in respect of share-based payments	–	–	64	64
Cash dividends	–	–	(1,134)	(1,134)
Total transactions with owners	**–**	**–**	**(966)**	**(966)**
Balance at 31 December 2017	**74**	**243**	**7,604**	**7,921**

Reckitt Benckiser Group plc has £7,011 million (2016: £7,529 million) of its retained earnings available for distribution.

Details of Treasury shares and other equity transactions are included in Note 23 of the Group Financial Statements.

Notes to the Parent Company Financial Statements

1 Parent Company Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General Information and Basis of Accounting

Reckitt Benckiser Group plc is a company incorporated in the United Kingdom, registered in England and Wales under the Companies Act 2006, and is limited by shares. The address of the registered office is given on page 177. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 51.

Statement of Compliance

The Financial Statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102') and the Companies Act 2006.

The functional currency of Reckitt Benckiser Group plc is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by 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.

Financial Reporting Standard 102 – Reduced Disclosure Exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:
(i) from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Group Cash Flow Statement, included in these Financial Statements, includes the Company's cash flows;
(ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The Company's results are included in the publicly available consolidated Financial Statements of Reckitt Benckiser Group plc and these Financial Statements may be obtained from 103-105 Bath Road, Slough, Berkshire SL1 3UH.

Foreign Currency Translation

Transactions denominated in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Taxation

The tax charge/credit is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable.

A net deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on an undiscounted basis.

Fixed Asset Investments

Fixed asset investments are stated at the lower of cost or their recoverable amount, which is determined as the higher of net realisable value and value in use. A review of the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 102 Section 27 'Impairment of assets'.

Employee Share Schemes

Incentives in the form of shares are provided to employees under share option and restricted share schemes which vest in accordance with non-market conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in comprehensive income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs in respect of options and awards are charged, including social security taxes, to the Statement of Comprehensive Income over the same period with a corresponding liability recognised.

Notes to the Parent Company Financial Statements
continued

1 Parent Company Accounting Policies continued

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.

Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of basic financial assets and liabilities, including trade and other receivables and payables and loans to and from related parties. These transactions are initially recorded at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipt discounted at a market rate of interest, and subsequently recognised at amortised cost.

(i) Financial Assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

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 estimates and judgements made in applying the Company's accounting policies.

Estimates:
- 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. These are valued based on the Directors' best estimates taking into account all available information, external advice and historical experience.

Judgements:
- Determine whether there are indicators of impairment of the Company's fixed asset investments.

The Company's Directors are of the opinion that there are no further judgements and no key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities for the Company within the next financial year.

2 Investments

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2016	14,810
Additions during the year	51
At 31 December 2016	**14,861**
Additions during the year	64
At 31 December 2017	**14,925**
Provision for impairment	
At 1 January 2016	–
Provided for during the year	–
At 31 December 2016	**–**
Provided for during the year	–
At 31 December 2017	**–**
Net book amounts	
At 31 December 2016	14,861
At 31 December 2017	**14,925**

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The subsidiary undertakings as at 31 December 2017, all of which are included in the Group Financial Statements, are shown in Note 15 of the Company Financial Statements.

With the exception of Reckitt Benckiser plc, none of the subsidiaries are directly held by Reckitt Benckiser Group plc. All subsidiaries have a financial year ending 31 December with the exception of Reckitt Benckiser (India) Private Limited, Reckitt Benckiser Healthcare India Private Limited, Reckitt Benckiser Scholl India Private Limited and Reckitt & Colman Management Services (Ireland) Limited which have a year ending 31 March; Lloyds Pharmaceuticals which has a year ending 24 August; Crookes Healthcare Limited which has a year ending 31 January and Reckitt Benckiser Healthcare (Ireland) Limited which has a year ending 30 November.

Additions during the year relate to the grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group.

3 Debtors due within one year

	2017 £m	2016 £m
Amounts owed by Group undertakings	**39**	42

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand (2016: same).

4 Debtors due after more than one year

	2017 £m	2016 £m
Deferred tax assets	**8**	7

Deferred tax assets consist of short-term timing differences.

5 Creditors due within one year

	2017 £m	2016 £m
Amounts owed to Group undertakings	**6,687**	6,473
Taxation and social security	**10**	11
	6,697	6,484

Included in the amounts owed to Group undertakings is an amount of £6,675 million (2016: £6,434 million) which is unsecured, carries interest at 3-month LIBOR and is repayable on demand (2016: same). All other amounts owed to Group undertakings are unsecured, non-interest bearing and are repayable on demand (2016: same).

Notes to the Parent Company Financial Statements
continued

6 Financial Instruments

	2017 £m	2016 £m
Financial Assets		
Financial assets that are debt instruments measured at amortised cost	**39**	42
Cash and cash equivalents	**2**	1
Financial Liabilities		
Financial liabilities at amortised cost	**6,687**	6,473

7 Provisions for Liabilities and Charges

	Legal provisions £m	Share buyback provisions £m	Total provisions £m
At 1 January 2016	111	100	211
Charged to the Statement of Comprehensive Income	12	–	12
Charged to equity	–	702	702
Utilised during the year	(5)	(802)	(807)
Released to the Statement of Comprehensive Income	(56)	–	(56)
At 31 December 2016	**62**	**–**	**62**
Charged to the Statement of Comprehensive Income	306	–	306
Utilised during the year	(11)	–	(11)
Released to the Statement of Comprehensive Income	(1)	–	(1)
At 31 December 2017	**356**	**–**	**356**

Provisions have been analysed between current and non-current as follows:

	2017 £m	2016 £m
Current	**356**	62
Non-current	**–**	–
	356	62

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 prior year relate to those for which an indemnity is no longer required.

The utilisation of legal provisions during the year relates to legal costs for ongoing litigation proceedings.

The Group remains involved in ongoing investigations by the DoJ and the US Federal Trade Commission and related litigation proceedings in the US arising from certain matters relating to the RBP business prior to its demerger in December 2014 to form Indivior PLC, and may incur liabilities in relation to such matters. On 4 September 2017, the Group received notice of a further investigation by the State of California Department of Insurance in relation to similar matters.

These investigations and related proceedings are continuing and we have been in discussions with the DoJ. As a consequence of these discussions the Company recorded a charge of £296 million at 31 December 2017.

The Group remains committed to ensuring these issues are concluded or resolved satisfactorily but we cannot predict with any certainty whether we will be able to reach any agreement with the DoJ or other parties who are involved in any other investigation or related proceedings. The final cost for the Company may be materially higher than this reserve.

8 Share Capital

Issued and fully paid	Equity ordinary shares	Nominal value £m
At 1 January 2017	736,535,179	74
Allotments	–	–
At 31 December 2017	736,535,179	74
At 31 December 2017	**736,535,179**	**74**

For details of the share buyback programme and allotment of ordinary shares during the prior year refer to Note 23 of the Group 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 Employees and Executive Directors

Employees

The average monthly number of persons (including Executive Directors) employed by the Company during the year was:

	2017 No.	2016 No.
By Activity		
Administration	**2**	2

The Executive Directors' aggregate emoluments were £2 million (2016: £2 million).

Employee costs

	2017 £m	2016 £m
The total employment costs were:		
Wages, salaries and other pension costs	**2**	2
Social security costs	**2**	3
Share-based payments	**10**	14
	14	19

10 Share-Based Payments

Reckitt Benckiser Group plc has two employees, the Group's CEO and CFO. The following tables include details of the share awards granted to individuals whilst holding these roles, and those for any individuals previously holding these roles. Details of the share awards that are not fully vested are set out in the Directors' Remuneration Report on pages 78 to 94. The charge for share-based payments for the year was £10 million (2016: £14 million) and National Insurance contributions were £10 million (2016: £11 million).

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 2017 is shown in Note 24 of the Group Financial Statements.

Notes to the Parent Company Financial Statements
continued

10 Share-Based Payments continued

Table 1: Share awards movements 2017

Award	Grant date	Fair value of one award £	Options outstanding at 1 January 2017 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 December 2017 number
			Movement in number of options				
Share options							
2012	05 December 2011	3.18	164,514	–	–	–	164,514
2013	03 December 2012	3.29	403,044	–	–	–	403,044
2014	11 December 2013	3.85	503,809	–	(205,635)	–	298,174
2015	01 December 2014	4.34	490,000	–	–	–	490,000
2016	02 December 2015	6.75	490,000	–	–	–	490,000
2017	01 December 2016	5.54	376,500	–	–	–	376,500
2018	30 November 2017	5.78	–	276,500	–	–	276,500
Restricted shares							
2014	11 December 2013	39.80	293,042	–	(123,386)	(169,656)	–
2015	01 December 2014	43.93	285,000	–	–	–	285,000
2016	02 December 2015	57.13	285,000	–	–	–	285,000
2017	01 December 2016	58.85	188,250	–	–	–	188,250
2018	30 November 2017	56.71	–	138,250	–	–	138,250
Other share awards							
UK SAYE	04 September 2013	7.53	403	–	–	–	403
UK SAYE	01 September 2015	10.70	307	–	–	–	307
UK SAYE	01 December 2016	14.16	509	–	–	–	509
Weighted average exercise price (share options)			£51.55	£64.99	£46.51	£0.00	£53.45

Table 2: Share awards movements 2016

Award	Grant date	Fair value of one award £	Options outstanding at 1 January 2016 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 December 2016 number
			Movement in number of options				
Share options							
2012	05 December 2011	3.18	164,514	–	–	–	164,514
2013	03 December 2012	3.29	503,806	–	(100,762)	–	403,044
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
2017	01 December 2016	5.54	–	376,500	–	–	376,500
Restricted shares							
2013	03 December 2012	32.76	251,913	–	(50,383)	(201,530)	–
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
2017	01 December 2016	58.85	–	188,250	–	–	188,250
Other share awards							
UK SAYE	08 September 2008	6.71	796	–	–	(796)	–
UK SAYE	04 September 2013	7.53	403	–	–	–	403
UK SAYE	01 September 2015	10.70	307	–	–	–	307
UK SAYE	01 December 2016	14.16	–	509	–	–	509
Weighted average exercise price (share options)			£48.10	£67.68	£38.06	£0.00	£51.55

Further details of the share awards relating to the relevant Directors are set out in the Directors' Remuneration Report on pages 78 to 94. 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 the Balance Sheet date the weighted average remaining contractual life of the outstanding options is 6.57 years (2016: 6.78 years). The weighted average share price for the year was £71.70 (2016: £68.77).

11 Auditors' Remuneration

The fee charged for the statutory audit of the Company was £0.05 million (2016: £0.05 million).

12 Related Party Transactions

Reckitt Benckiser Group plc has related party relationships with its pension schemes as disclosed in Note 26 of the Group Financial Statements. In the prior year certain outstanding balances, totalling £6 million, were settled with Indivior PLC. These related to adjustments to final UK corporation tax liabilities settled on behalf of Indivior PLC by Reckitt Benckiser plc.

There were no other transactions with related parties other than wholly-owned companies within the Group.

13 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.

As referred to in Note 7, the Group remains involved in ongoing investigations by the DoJ and the US Federal Trade Commission and related litigation proceedings in the US arising from certain matters relating to the RBP business prior to its demerger in December 2014 to form Indivior PLC, and may incur liabilities in relation to such matters. On 4 September 2017, the Group received notice of a further investigation by the State of California Department of Insurance in relation to similar matters.

These investigations and related proceedings are continuing and we have been in discussions with the DoJ. As a consequence of these discussions the Company recorded a charge of £296 million at 31 December 2017.

The Group remains committed to ensuring these issues are concluded or resolved satisfactorily but we cannot predict with any certainty whether we will be able to reach any agreement with the DoJ or other parties who are involved in any other investigation or related proceedings. The final cost for the Company may be materially higher than this reserve.

The Company has also issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a US$8,750 million bond (two tranches of US$2,500 million, one tranche of US$2,000 million, one tranche of US$750 million and two tranches of US$500 million). Details are included in Note 14 of the Group Financial Statements.

The Company has also issued a guarantee on behalf of Mead Johnson Nutrition Company in relation to outstanding senior notes of US$3,000 million issued by Mead Johnson Nutrition Company prior to acquisition (two tranches of US$750 million, one tranche of US$700 million, one tranche of US$500 million and one tranche of US$300 million).

Other contingent liabilities are discussed in Note 19 of the Group Financial Statements.

14 Dividends

During 2017, the Directors declared an interim cash dividend of 66.6p (2016: 58.2p) and proposed a final cash dividend of 97.7p (2016: 95.0p). For further details, refer to Note 29 of the Group Financial Statements.

Notes to the Parent Company Financial Statements
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15 Subsidiary Undertakings

Reckitt Benckiser Group plc holds 100% of the ordinary share capital of Reckitt Benckiser plc, a Company incorporated in England and Wales with its registered office at 103-105 Bath Road, Slough, SL1 3UH United Kingdom. The Company has no further direct shareholdings.

All subsidiary undertakings of Reckitt Benckiser Group plc are included in the consolidated Financial Statements of the Group.

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
0730033 BC Ltd	Canada	Suite 2300, 550 Burard Street, Vancouver BC V6C 2BS	COMMON	100.00%
103-105 Bath Road Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
2309 Realty Corporation	Philippines	2309 Don Chino Roces Avenue, Makati City, PH 1321, Philippines	A & B SHARES	88.32%
Airwick Industrie SAS	France	38 rue Victor Basch, 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%
Blisa, LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	Membership Shares	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) Limited	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%
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 B Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	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%

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
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%
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%
Manufactura MJN, S. de R.L. de C.V.	Mexico	Ave De las Granjas 972, Offices 4 and 5, 2230	Partnership/ Membership interests	100.00%
Mead Johnson & Company LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	Membership Shares	100.00%
Mead Johnson A.E.B.E	Greece	Attikis 49-53 & Propontidos 2, Vrilissia – Athens, 15235	COMMON	100.00%
Mead Johnson B.V.	Netherlands	Middenkampweg2, 6545 CJ Nijmegen, the Netherlands,	ORD	100.00%
Mead Johnson do Brasil Comercio E Importacao De Productos de Nutricao Ltda.	Brazil	Av.das Nacoes Unidas 14171, 8 andar,Torre Marble-Vila Gertrudes, Sao Paolo, 04794-000, Brazil	Participation/ Membership Interests	100.00%
Mead Johnson Nutricionales de México, S. de R.L. de C.V.	Mexico	Lago Zurich #245, Edificio Presa Falcon Floor 11, Mexico City, 11529	Partnership/ Membership interests	100.00%
Mead Johnson Nutrition (Asia Pacific) Pte. Ltd.	Singapore	#19-01, 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, 18982, Singapore	ORD	100.00%
Mead Johnson Nutrition (Australia) Pty Ltd	Australia	236 Hogan Street, Tatura, Victoria, 3616, Australia	ORD	100.00%
Mead Johnson Nutrition (Belgium) BVBA	Belgium	International Business Company Formation, Inc., Researchdreef/ Allée de la Recherche 20, B-1070 Brussel / Bruxelles, Belgium	Participation Interests	100.00%
Mead Johnson Nutrition (Canada) Co.	Canada	Suite 900, 1959 Upper Water Street, Halifax, Nova Scotia, CA B3J 3N2, Canada	COMMON	100.00%
Mead Johnson Nutrition (Colombia) Ltda.	Colombia	Calle 76 No. 11-17 Piso 3, Edificio Torre Los Nogales, Bogota, Colombia	Participation/ Membership Interests	100.00%
Mead Johnson Nutrition (Dominicana), S.A.	Dominican Republic	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	COMMON	100.00%
Mead Johnson Nutrition (Dominicana), S.A. Dominican Republic Branch	Dominican Republic	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	–	100.00%
Mead Johnson Nutrition (Ecuador) Cia. Ltda.	Ecuador	Av. Coruna N27-88 y Orellana, Edificio Coruna Plaza 7 Floor, Quito, Pichincha, Ecuador	Participation/ Membership Interests	100.00%
Mead Johnson Nutrition (France) SAS	France	LexEurope, 35 Avenue d'Eylau, Paris, France, 75116	ORD	100.00%
Mead Johnson Nutrition (Hong Kong) Limited	Hong Kong	30/F., ACE Tower, Windsor House, 311 Gloucester Rd., Causeway Bay	ORD	100.00%
Mead Johnson Nutrition (Hong Kong) Limited-Macau Branch	Hong Kong	Alamdea Dr. Carlos D'assumpcao No.258,6 Andar, F6, Edif.Kin Heng Long Plaza, Macau, MO, Macau.	–	100.00%
Mead Johnson Nutrition (India) Private Limited	India	3rd Floor, Piramal Towers, Penisula Corporate Park, G.K. Marg, Lower Parel, India-Mumbai, IN 400 013, India	ORD	100.00%
Mead Johnson Nutrition (Italia) S.R.L.	Italy	Via Virgilio Maroso, 50, Rome, 142, Italy	ORD	100.00%
Mead Johnson Nutrition (Malaysia) Sdn Bhd	Malaysia	15th Floor, Menara Lien Hoe, #8 Persiaran Tropicana, Petaling Jaya, Selangor Darul Ehsan, Malaysia, MY 47710, Malaysia	ORD	100.00%
Mead Johnson Nutrition (Panama), S. de R.L.	Panama	Regus, Torres de las Américas, Torre A, Piso 15. Oficina 1539, Punta Pacifica, Ciudad de Panamá, PA, Panama	Partnership/ Membership interests	100.00%

Notes to the Parent Company Financial Statements
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15 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Mead Johnson Nutrition (Peru) S.R.L.	Peru	Av. Canaval y Moreyra 380 6to piso, -27, San Isidro, Lima, PE, Peru	Partnership/ Membership interests	100.00%
Mead Johnson Nutrition (Philippines), Inc.	Philippines	2309 Don Chino Roces Avenue, Makati City, PH 1321, Philippines	COMMON/ PREF	99.96%
Mead Johnson Nutrition (Poland) SP.Z.O.O.	Poland	Al. Armii Ludowej 26, Warsaw, 00-609, Poland	ORD	100.00%
Mead Johnson Nutrition (Puerto Rico) Inc.	Puerto Rico	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	COMMON	100.00%
Mead Johnson Nutrition (Puerto Rico) Inc. Puerto Rico Branch	Puerto Rico	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	–	100.00%
Mead Johnson Nutrition (Singapore) Pte. Ltd.	Singapore	66 East Coast Road #04-00, Singapore, 428778	ORD	100.00%
Mead Johnson Nutrition (Spain), S.L.	Spain	Campus Empresarial Jose Maria Churr, C/ Beatriz de Bobadilla, 14 5ª plta, Madrid, 28040	Participation Quotas	100.00%
Mead Johnson Nutrition (Taiwan) Ltd.	Taiwan	5F., No.156, Jiankang Rd., Songshan Dist.Taipei, 105, Taiwan	ORD	100.00%
Mead Johnson Nutrition (Thailand) Ltd.	Thailand	388 Exchange Tower, 14th Fl.,Sukhumvit Rd., Klongtoey, Bangkok, 10110	ORD	100.00%
Mead Johnson Nutrition (UK) Ltd.	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Mead Johnson Nutrition (Venezuela) LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	Membership Shares	100.00%
Mead Johnson Nutrition (Vietnam) Company Limited (FKA: BMS Vietnam Company)	Vietnam	Suite 401,4th flr,Metropolitan Bldg, 235 Dong Khoi St., District 1, Ho Chi Minh City, Vietnam	ORD	100.00%
Mead Johnson Nutrition Argentina, S.A.	Argentina	Alferez Bouchard 4191, 3rd floor, Munro, Buenos Aires, Argentina	ORD	90.00%
Mead Johnson Nutrition Company	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	COMMON	100.00%
Mead Johnson Nutrition Foundation (IL)	USA	Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield IL 62703, Sangamon County	Not for Profit	100.00%
Mead Johnson Nutrition Holdings (Singapore) Pte. Ltd.	Singapore	#19-01, 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, 18982, Singapore	ORD	100.00%
Mead Johnson Nutrition International Holdings Pte Ltd	Singapore	#19-01, 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, 18982, Singapore	ORD	100.00%
Mead Johnson Nutrition Nominees LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	Membership Shares	100.00%
Mead Johnson Nutrition Trading Poland Sp. z o.o	Poland	Al. Armii Ludowej 26, Warsaw, 00-609, Poland	ORD	100.00%
Mead Johnson Nutrition Venezuela S.C.A.	Venezuela	Calle Bernardette Los Cortijos de Lourdres, Edificio Bristol Myers de Venezuela, Caracas, VE, Venezuela Bolivarian Republic of	ORD/ COMMON	100.00%
Mead Johnson Nutritionals (China Limited)	China	Xia Yuan Road, Dongji Industrial Di, Development Zone, Guangzhou, 510610, China	ORD	88.89%
Mead Johnson One, C.V.	Netherlands	225 North Canal Street, Floor 25, Chicago, IL 60606	Partnership interests	100.00%
Mead Johnson Pediatric Nutrition Instiitute (China) Ltd.	China	Xia Yuan Road, Dongji Industrial Di, Development Zone, Guangzhou, 510730, China	ORD	100.00%
Mead Johnson Pediatric Nutrition Technology (Guangzhou) Ltd.	China	Xia Yuan Road, Dongji Industrial Di, Guangzhou Economic & Technological, Guangzhou, 510730, Guangdong, China	ORD	100.00%
Mead Johnson Two, C.V.	Netherlands	225 North Canal Street, Floor 25, Chicago, IL 60606	Partnership interests	100.00%
Medcom LLC	Belarus	220108, Minsk, Kazintsa, 121A, app.450, Belarus	ORD	100.00%
Medcom Marketing And Prodazha Ukraine LLC (In Liquidation)	UKraine	1 Block, 120 40-Richchia Zhovtnia Ave., Kyiv, 03127, Ukraine	ORD	100.00%
MJ UK Holdings 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	Proportion of shares held
MJ USA Holdings LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%
MJN Asia Pacific Holdings, LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	Membership Shares	100.00%
MJN Global Holdings B.V.	Netherlands	Zuidplein 142, Tower H, 17th Floor, 1077 XV Amsterdam, the Netherlands	ORD	100.00%
MJN Holdings (Gibraltar) Limited	Gibraltar	Fiduciary Management Limited, Glacis Road, Suite 23, Portland House, Gibraltar	ORD	100.00%
MJN Holdings (Netherlands) B.V.	Netherlands	Zuidplein 142, Tower H, 17th Floor, 1077 XV Amsterdam, the Netherlands	ORD	100.00%
MJN Innovation Services B.V.	Netherlands	Middenkampweg2, 6545 CJ Nijmegen, the Netherlands,	ORD	100.00%
MJN International Holdings (UK), Ltd.	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
MJN U.S. Holdings LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County	Membership Shares	100.00%
Nances Holding S.A.	Brazil	Avenida Piracicaba, 137, Parte, Mameleiro, Vila Nova São Roque, Cidade de São Roque/SP	COMMON	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%
Only Good Nutrition Industria de Alimentos Ltda.	Brazil	Estrada Fukutaro Yida, 930, Cooperativa, SAO BERNARDO DO CAMPO, Sao Paulo, 09852-060, Brazil	Participation/ Membership Interests	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 GmbH	Germany	Dr. Albert-Reimann-Strasse 3, 68526 Ladenburg, Germany	ORD	100.00%
PT Mead Johnson Indonesia	Indonesia	The Plaza Office Tower 43rd floor, Jalan MH. Thamrin Kav 28-30, Jakarta, 10350	COMMON	90.10%
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	Jalan Raya Narogong Km. 15, Desa Limusnunggal Pangkalan VII, Kec Cileungsi , Bogor , 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%

Notes to the Parent Company Financial Statements
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15 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
R & C Nominees Two Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB & Manon Business Co. Ltd	China	Room 1101, No.1033, Zhao Jia Bang Road, Shanghai, China	ORD	75.05%
RB & Manon Business Limited	Hong Kong	Unit 2001, 20/F, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong	ORD	75.00%
RB (China Trading) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	80.00%
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 Asia Holding Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB East Trading Limited	Dubai	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, UAE	–	80.00%
RB Healthcare Pte Ltd – Malaysia Branch	Malaysia	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	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	38 rue Victor Basch, 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 Luxembourg (2016) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Luxembourg (TFFC) S.a.r.l	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
RB Luxembourg Holdings (TFFC) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Luxembourg Holdings (TFFC) Limited-Luxembourg Branch	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	–	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 Mexico Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Reigate (Ireland) Unlimited Company	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 Salute Mexico S.A de C.V.	Mexico	Av. De los Angeles No 303 Bodega 3B-1 Col. San Matin Xochinahuac, Azcapotzalco, Mexico	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%
RB USA Holdings LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership Shares	100.00%
RB Winchester (Ireland) Unlimited Company	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%

15 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
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/PREF	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 Brussel, Bruxelles, Belgium	ORD	100.00%
Reckitt Benckiser (Brands) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (Brasil) Comercial De Products De Higene, Limpeza E Cosmeticos Ltda.	Brazil	Av. Presidente Juscelino Kubitshek,1909, cj 241 and 251, Ed. São Paulo Corporate Center / North Tower, São Paulo/SP – Brasil. Postal Code: 04543-903	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	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	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	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	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	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	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%
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 (Health) Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (Hygiene Home) Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (India) Private Limited	India	227, OKHLA INDUSTRIAL ESTATE, PHASE III, NEW DELHI, South Delhi, Delhi, India, 110020	ORD	100.00%
Reckitt Benckiser (Lanka) Limited	Sri Lanka	41 Lauries Road, Colombo 4, Sri Lanka	ORD	99.99%
Reckitt Benckiser (Latvia) SIA	Latvia	Strēlnieku iela 1A – 2, Rīga, 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%

Notes to the Parent Company Financial Statements
continued

15 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
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 (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 – 1º Andar C/D, Edifício Restelo, 1400-113 Lisboa, 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 (RUMEA) Limited – JAFZA 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 AG	Switzerland	Richtistrasse 5, 8304 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	3-20-14 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-0022	–	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	102 rue de Sours 28000 Chartres	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 Milano, Italy	ORD	100.00%
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 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%

15 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
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 (Ireland) Unlimited Company	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	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	38 rue Victor Basch, 91300 Massy, France	ORD	100.00%
Reckitt Benckiser FSIA BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Health Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	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	Shlyuzovaya emb., 4, 115114 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	38 rue Victor Basch, 91300 Massy, France	ORD	100.00%
Reckitt Benckiser Healthcare India Private Limited	India	PLOT NO. 48,SECTOR 32,, NEAR IITM, GURGAON, Gurgaon, Haryana, India, 122001	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 Lisboa, Portugal	ORD	100.00%
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 (2017) Ltd	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%

Notes to the Parent Company Financial Statements
continued

15 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
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	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser Holdings (Italia) Srl	Italy	Via Spadolini, 7, 20141 Milano, 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 (TFFC) 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	Room 03-07, 15/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon.	ORD	100.00%
Reckitt Benckiser Hong Kong Limited – Taiwan Branch	Taiwan	6F., No. 136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City 10657, Taiwan, R.O.C.	–	100.00%
Reckitt Benckiser Household and Healthcare Ukraine LLC	UKraine	Ukraine, 04073, Kyiv, prospect Stepana Bandery, building 28-A, letter «G», office 80	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 (2017) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	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	Moscow, Kosmodamianskaya Nab d.52 / 1	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	103- 105 Bath Road, Slough, SL1 3UH	–	100.00%
Reckitt Benckiser Jersey (No.2) Limited	Jersey	13 Castle Street, St. Helier, Jersey, JE4 5UT	ORD	100.00%
Reckitt Benckiser Jersey (No.2) Limited – UK Branch	UK	103- 105 Bath Road, Slough, SL1 3UH	–	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	103- 105 Bath Road, Slough, SL1 3UH	–	100.00%
Reckitt Benckiser Jersey (No.5) 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	Proportion of shares held
Reckitt Benckiser Jersey (No.5) Limited – UK Branch	UK	103- 105 Bath Road, Slough, SL1 3UH	–	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	Moscow, Kosmodamianskaya Nab d.52 / 1	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 Unlimited Company	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	A, B, C, D, E, F, G, H, I, K ORD	100.00%
Reckitt Benckiser Marc BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser 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 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 Nordic A/S	Denmark	Vandtårnsvej 83 A, 2860 Søborg, Denmark	ORD	100.00%
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	3rd Floor, Tenancy 04 and 05, Corporate Office Block, Dolman City, HC-3, Block 4, Scheme 5, Clifton, Karachi	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%
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. z.o.o.	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 Private 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%

Notes to the Parent Company Financial Statements
continued

15 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
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	99.96%
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	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	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	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	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 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%
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%
Servicios Nutricionales Mead Johnson, S. de R.L. de C.V.	Mexico	Lago Zurich #245, Edificio Presa Falcon Floor 11, Mexico City, 11529, Mexico	Partnership/ Membership interests	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%
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%

15 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
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%
Sphinx Holding Company, Inc.	Philippines	2309 Don Chino Roces Avenue, Makati City, PH 1321, Philippines	COMMON/ PREF	38.00%
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 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	COMMON	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 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%

Shareholder Information

Annual General Meeting

The AGM will be held on Thursday 3 May 2018 at 11.15am at the London Heathrow Marriott Hotel, Bath Road, Hayes, Middlesex UB3 5AN.

The Notice convening the meeting is contained in a separate document for Shareholders. The Notice contains an explanation of the business to be considered and is available on the Company's website.

2018 financial calendar and key dates

Announcement of Quarter 1 interim management statement	20 April 2018
Annual General Meeting	3 May 2018
Record date for 2017 final dividend	13 April 2018
Payment of 2017 final ordinary dividend	24 May 2018
Announcement of 2018 interim results	27 July 2018
Record date for 2018 interim dividend	17 August 2018[1]
Payment of 2018 interim ordinary dividend	27 September 2018[1]
Announcement of Quarter 3 interim management statement	23 October 2018

1 Provisional dates

Dividend

The Directors have recommended a final dividend of 97.7 pence per share, for the year ended 31 December 2017. Subject to approval at the 2018 AGM, payment will be made on 24 May 2018 to all Shareholders on the register as at 13 April 2018. The latest date for receipt of new applications to participate in the DRIP in respect of the 2017 final dividend is 2 May 2018.

Mandatory Direct Credit

From September 2018, we will change the way we pay dividends to Shareholders and will no longer pay dividends by cheque. Shareholders will receive dividend funds quicker and we will reduce our environmental impact. The risk of cheque fraud will be eliminated and there will be no fees to replace lost cheques. For our Shareholders who currently receive dividends by cheque, you will need to provide Computershare with your bank details as soon as possible, but in any case by no later than 31 August 2018, in order to have your dividends paid directly to your bank account.

You can register your preference, either online at www.investorcentre.co.uk, or by telephone on +44 (0)370 703 0118. If you are overseas, you may choose to have your dividends paid to your account in your local currency by using Computershare's Global Payment Service (GPS). If you wish to reinvest your dividend to buy more shares, please join our Dividend Reinvestment Plan (DRIP).

If you don't choose a new payment method by 31 August 2018, we will hold your dividends for you until you provide valid bank details. Your dividends will not accrue interest while they are held. If we receive your new instruction after 31 August 2018, it will be applied for all future dividends, but charges may be applied to reissue any dividend payments, where their payment date falls on or after 31 August 2018, but before your instructions are received. Shareholders on the UK main register who already have their dividends paid: (1) by direct credit into their UK bank or building society account; or (2) through the Euroclear service using the CREST messaging system; or (3) through Computershare's Global Payments Service (GPS) are not affected by this change. Similarly, Shareholders who participate in our Dividend Reinvestment Plan (DRIP) are not required to take any action unless they choose to withdraw from the DRIP.

Dividend Reinvestment Plan

Shareholders participating in the DRIP receive additional shares purchased in the market instead of receiving a cash dividend. Statements and (if appropriate) share certificates are posted to each DRIP participant after the shares have been purchased confirming how many additional shares have been added to their holding. You can elect to join the DRIP by registering at the Computershare Investor Centre at www.investorcentre.co.uk. Alternatively, you can request a DRIP mandate form and terms and conditions by contacting Computershare.

Global Payments Service

This service, provided by the Registrar, enables Shareholders to have dividend payments paid directly into their bank account in their chosen local currency. To view terms and register, please visit www.computershare.com/uk/investor/GPS.

Electronic communications

We encourage all Shareholders to receive an email notification when Shareholder documents become available online to reduce our impact on the environment. An election to receive Shareholder communications in this way will:

- result in annual cost savings to the Company since less paper documentation will need to be produced and posted;
- allow for more effective communications with Shareholders; and
- support RB's corporate responsibility profile.

Shareholders can register their email address at http://wwwinvestorcentre.co.uk/etreeuk/ReckittBenckiser. For each new Shareholder that does so, we will donate to the Tree for All campaign run by the Woodland Trust.

Shareholders who have positively elected for electronic communications will receive an email whenever Shareholder documents are available to view on the Company's website. Shareholders who have elected by deemed consent in accordance with the Companies Act 2006 will receive a notice of availability of a document on the Company's website and are entitled to request a hard copy of any such document, at any time, free of charge from the Company's Registrar. Shareholders can revoke their consent at any time by contacting the Registrar.

The Company's 2017 Annual Report and Notice of the 2018 AGM are available to view at www.rb.com. The Investor Relations section of the website contains up-to-date information for Shareholders, including:

- Detailed share price information;
- Financial results;
- Regulatory announcements;
- Dividend payment dates and amounts;
- Access to Shareholder documents including the Annual Report; and
- Share capital information.

Share dealing facility
The Company's shares can be traded through most banks, building societies, stockbrokers or 'share shops'. In addition, UK-based Shareholders are able to buy or sell Reckitt Benckiser Group plc shares using a share dealing facility operated by the Registrar:

- Telephone share dealing: commission is 1%, plus £35; stamp duty at 0.5% is payable on purchases. The service is available from 8.00am to 4.30pm Monday to Friday excluding bank holidays. Telephone: +44(0)370 703 0084.
- Internet share dealing: commission is 1%, subject to a minimum charge of £30; stamp duty at 0.5% is payable on purchases. The service is available to place orders out of market hours. Simply log onto www.investorcentre.co.uk.

Terms and conditions of both services can be obtained by telephoning +44(0) 370 702 0129.

Analysis of Shareholders as at 31 December 2017

Distribution of shares by type of Shareholder	No. of holdings	Shares
Nominees and institutional investors	5,856	724,792,705
Individuals	12,239	11,742,474
Total	**18,095**	**736,535,179**

Size of shareholding	No. of holdings	Shares
1 – 500	10,810	2,056,074
501 – 1,000	2,827	2,067,755
1,001 – 5,000	2,757	5,720,676
5,001 – 10,000	379	2,636,865
10,001 – 50,000	648	15,592,971
50,001 – 100,000	203	14,633,188
100,001 – 1,000,000	369	118,580,032
1,000,001 and above	102	575,247,618
Total	**18,095**	**736,535,179**

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.

J.P. Morgan Chase Bank N.A.
PO Box 64504, St. Paul, MN 55164-0854, US
Email: jpmorgan.adr@wellsfargo.com
Telephone number for general queries: Tel. (800) 990 1135
Telephone number from outside the US: Tel. +1 651 453 2128

Company Secretary
Rupert Bondy

Registered office
103–105 Bath Road, Slough,
Berkshire SL1 3UH
Telephone: +44 (0)1753 217800
Facsimile: +44 (0)1753 217899

Registered and domiciled in England and Wales No. 6270876
Legal Entity Identifier: 5493003JFSMOJG48V108

Company status
Public Limited Company

Auditor
PricewaterhouseCoopers LLP

Solicitors
Linklaters LLP/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

Charity donation
ShareGift is a UK registered charity (No.1052686) which specialises in realising the value locked up in small shareholdings for charitable purposes. The resulting proceeds are donated to a wide range of charities, reflecting suggestions received from donors. If you have only a small number of Reckitt Benckiser Group plc shares, you may wish to consider donating them to ShareGift. Please visit www.ShareGift.org/donate-shares or telephone +44 (0)20 7930 3737 for more information about how to proceed. Further details about ShareGift can be found at www.ShareGift.org.

Unsolicited mail
We are legally obliged to make our register of members available to the public, subject to a proper purpose test. As a result, some Shareholders might receive unsolicited mail. Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Service, MPS FREEPOST LON20771, London W1E 0ZT or register online at register online at www.mpsonline.org.uk.

'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:

- Obtain the name of the person and organisation and make a record of any information given.
- Check the FCA website which lists steps you can take to protect yourself and how to avoid scams from unauthorised firms www.fca.org.uk/consumers/protect-yourself/unauthorised-firms.
- Call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or if they are out of date.

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.

Shareholder Information
continued

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 2017 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.

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emperor.works +44 (0)20 7729 9090

HEALTH HYGIENE HOME

Reckitt Benckiser Group plc | Registered office
103 – 105 Bath Road, Slough, Berkshire, SL1 3UH
| Registered in England & Wales,
No 6270876

rb.com