



Sustainable product innovation

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We encourage and empower our product designers to think about sustainability right from the start. We're fostering a culture where sustainability is always considered, and where improvements are made wherever and whenever possible.

Creating more sustainable products

Our approach to developing sustainable products covers a broad spectrum of innovation. This can involve small improvements to existing products, such as using less plastic packaging, all the way to inventing completely new products with lower environmental footprints. We've been working on this for some years now, with some progress. But we still have much to do and are absolutely determined to continue improving in this area.

We encourage and empower our product designers to think about sustainability right from the start. We're fostering a culture where sustainability is always considered, and where improvements are made wherever and whenever possible. Part of this culture is recognising that a more sustainable product isn't necessarily perfect – it's better than before, or better than other products.

For example, for RB to consider a product 'more sustainable' in terms of its carbon footprint or water impact, we aim for a 10% improvement on the benchmark (see later scoring table). This creates trade-offs – for example, a natural ingredient may have a higher water and carbon footprint than a synthetic one, or plastic may have a lower carbon footprint than metal or composite. There are always benefits and drawbacks, and we weigh the impact of our decisions carefully.

We're one of the very few global consumer goods companies using quantitative metrics to measure sustainable innovation, thanks to our sustainable innovation calculator (SIC) app launched in 2013. This year, we added a plastics metric to this app to help speed our innovation in this important area and meet our plastics pledge.



OUR PRODUCT INSIGHT PAPERS

We want consumers to trust our brands; to feel confident that our products are safe and cause no harm to the ecosystems or the people that they touch during their life cycle. Sustainable product innovation is ultimately about the overall integrity of our products, which combines several aspects of responsible business. The overall topic is covered by several insights to make the subjects more accessible.

They are:

- **Product stewardship – ingredients and transparency:** the processes we follow to consistently use safe, environmentally friendly ingredients and our work on ingredients labelling to help our consumers make informed decisions when buying our products.
- **Protecting ecosystems across our value chain:** the steps we take to safeguard our planet for future generations.
- **Plastics and packaging:** how we seek to use less material, reduce the use of virgin material, and use recycled and recyclable components in our packaging.
- Sustainable product innovation (this insight): how we develop our products to make them more sustainable for the future.

Sustainable product innovation continued



Our performance in 2019

TARGET

One third of our net revenue coming from more sustainable products as measured by our sustainable innovation app.

Aim

1/3

Net revenue from more sustainable products by 2020

2019

24.6%[†]

We've made significant headway, and learned a lot along the way, although we know we need to make more progress if we are to achieve this target by the end of next year. This will be particularly challenging for our Health products. Although we've made notable innovations, the longer development times and additional regulations mean the process from innovation to commercialisation usually takes longer than is the case for other sectors. And, we've yet to completely integrate IFCN from our 2017 Mead Johnson acquisition into our sustainable innovation app.

NET REVENUE FROM MORE SUSTAINABLE PRODUCTS¹

	More sustainable net revenue (m)	% More sustainable net revenue
2013	£230	3.0
2014	£350	5.0
2015	£558	5.0
2016	£1,193	13.2
2017	£1,716	18.2
2018	£1,868	18.5
2019	£2,397	24.6 [†]

¹ Excluding our Infant Formula and Child Nutrition business.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Looking ahead – our focus for 2020 and beyond

We're doing as much as we can to achieve our target in the coming year – a real focus is to extend our sustainable innovation app to more products, particularly in IFCN where we're starting with our infant milk formula brands, Nutramigen and Enfamil. This is an important next step, given the carbon footprint of the dairy industry and the large amounts of energy involved in producing milk formula.

We're also working to include a metric in our sustainable innovation app that reflects the principles of green chemistry, sometimes known as sustainable chemistry and which supports more sustainable ingredients. For more detail on our approach to green chemistry see our [Product stewardship insight](#). This is in addition to our current metrics on carbon, water, plastics, packaging and preferred sustainability credentials, including certified origins for natural raw materials. Developing our app in this way helps us consider the sustainability of products in greater detail, for example through their contribution towards a circular economy, and strengthening support for sustainable origins.



Sustainable product innovation continued



2019 product highlights

This year, we saw some great innovations from some of our most popular brands.

One important way to lower the environmental impact of our products is to reduce their packaging. Not only does this decrease the volume of raw materials required per unit, it also has associated water and carbon impacts. We completely removed the secondary carton in our Scholl Expert Care Intense Nourishing Cream by moving the consumer information on to the tube, which also guarantees that useful information remains with the product until disposal. We've also introduced some new packaging firsts with Finish. Our award-winning product pouch uses new, flexible material that can be fully recycled, and Finish Quantum Ultimate's new box uses 30% post-consumer recycled plastic. This year, we received the EU Ecolabel certification for our Finish Eco dishwasher detergent gel.

Another approach is to develop concentrated versions of products, greatly reducing materials used in packaging as well as water consumption in the manufacturing process. On top of that, it

significantly cuts the weight of the products, reducing carbon emissions generated throughout our distribution networks. Our Optrex ProVision supplements are now in a smaller pack compared to other supplements, and our Schiff MoveFree's reformulated joint health supplement has decreased in size, while its packaging became 45% lighter, all achieved while providing the same benefit to the consumer.

Often, we can deploy multiple approaches to a product to create even more positive impact. We modified our Vanish Stain Removal Gel into a new, concentrated formula and the bottle cap now doubles as a dose-measure which has allowed us to remove the plastic dosing ball and further reduce the packaging.

We are very active in the fast-emerging area of green chemistry, which is reflected both in our involvement is numerous industry groups as well as new developments in some of our products. In France, our reformulated Harpic organic gel was certified as biodegradable and independently audited to confirm it meets the AISE Charter for Sustainable Cleaning requirements. We've made similarly exciting progress with our new brand Veo in the US which is described in our case study.



CASE STUDY

REVOLUTIONARY SCIENCE RESULTS IN A REALLY DEEP CLEAN

For Veo, our new probiotic cleaning brand in the US, we talk as much about what's not in it, as what is. The 99% biodegradable formula is free from chlorine bleach, formaldehyde, phosphates, and disinfectant chemicals – and instead uses active probiotic bacteria. In Veo, this probiotic bacteria works on dirt for up to three days, enabling a longer-lasting impact with less negative environmental impact than traditional chemicals. Veo's bottle is made from 100% post-consumer recycled plastic. Its sleeve can be easily removed to enable more efficient sorting and recycling that delivers higher quality recycled plastic afterwards.

Sustainable product innovation continued



How we manage sustainable product innovation

Our sustainability team works closely with our finance team to track our net revenue from more sustainable products, and thus create a strong business case for sustainability. We also have a network of Sustainability Champions in our R&D teams around the world who work in each of our product categories to help keep sustainability front and centre when designing and developing products.

Measuring progress via our sustainable innovation app

Our app helps us compare the impacts of our new products against existing benchmarks, allowing us to determine whether a product can be considered more sustainable and have its revenues count towards our net revenue target.

The app is a streamlined life cycle assessment (LCA) tool that models the most significant environmental impacts of products, their ingredients, raw materials and the impacts in use by consumers. To qualify as sustainable, a product innovation must score better in at least one of the categories below (see table) without scoring worse in any others.

We are continually evolving and improving this vital tool, adding new insights and focus areas to give our development teams more clarity. For example, the app's new plastic packaging metric allows us to quantify post-consumer recycled plastic content, recyclability and total plastic weight.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to: The Sustainability team

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HOW THE SCORING WORKS

To be considered sustainable, our product innovations must score as follows in each of the following categories:

Packaging					
Sustainable Innovation Calculator	Carbon g CO ₂ / Dose	Water Effective Water L / Dose	Plastics Reduction / %PCR / Recyclability	Weight Effective Packaging Weight / Dose	Ingredients Self Declaration
Better	> 10% Savings	> 10% Savings	Plastic score combinations*: <ul style="list-style-type: none"> • Green, Green, Green • Amber, Green, Green • Green, Amber, Amber 	> 10% Savings	Complies with Restricted substances list (RSL) and has a preferred sustainability credential
Same	1.5 – 10% Savings	1.5 – 10% Savings	Plastic score combinations*: <ul style="list-style-type: none"> • Amber, Amber, Amber • Green, Green, Red • Green, Amber, Red • Amber, Amber, Red • Green, Red, Red 	1.5 – 10% Savings	Complies with RSL
Worse	> 1.5% Increase	> 1.5% Increase	Plastic score combinations*: <ul style="list-style-type: none"> • Amber, Red, Red • Red, Red, Red 	> 1.5% Increase	Does not comply with RSL (or variance)