"Good governance and a strong culture and values are integral to Reckitt's Purpose. We act responsibly and strive to do the right thing always. Our Board is committed to upholding the highest standards of governance to protect our shareholders and stakeholders' long-term interests and ensuring social and environmental obligations are fulfilled."

Chris Sinclair
Chair

CHAIR'S INTRODUCTION TO GOVERNANCE

Dear Shareholder,
On behalf of the Board, I am pleased to present Reckitt's Corporate Governance Report for the financial year ended 31 December 2021. The Board is responsible for the effective leadership of the Group and for promoting its long-term sustainable success, generating value for shareholders and contributing to wider society.

The Board provides leadership by setting the company's Purpose, strategy and values, monitoring culture and ensuring its alignment with the company's Purpose, strategy and values, and overseeing its implementation by management. All Directors must act with integrity, lead by example and promote the company's culture and values. The Board ensures there are appropriate processes in place to manage risk, including the company's risk appetite, and monitors the company's financial and operational performance against objectives.

Effective governance during the COVID-19 pandemic

I am pleased to report that the Group's governance framework operated effectively during 2021 in light of the continuing COVID-19 pandemic. Governance and risk management have been important areas of focus for the Board over the last few years. Through our Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee, we have broadened our approach to managing safety and compliance risk, which is discussed in more detail on page 144.

In addition, the impact of COVID-19 has reinforced a number of the UK Corporate Governance Code 2018 (the Code) principles and provisions – the importance of effective leadership, of the Group having a clear Purpose and strong values, and of these being cohesive with the Group's desired culture. Our response and decision-making throughout the COVID-19 pandemic has paid due consideration to the wellbeing and safety of our employees and our employees have adapted effectively and efficiently to new ways of working. The Board recognises the exceptional way Reckitt continues to rise to the challenge and is extremely proud of the enormous dedication and courage of our employees.

Board focus and oversight

In 2020 we launched our Rejuvenating Sustainable Growth strategy, including our new Purpose, Fight and Compass. Under the new strategy our business was split into three Global Business Units (GBUs); Hygiene, Health and Nutrition. One year on, Reckitt is emerging much stronger, as a more resilient and purposeful company. We have made significant progress in building the foundations for rejuvenating sustainable growth. Our key areas of Board focus during the year included: our response to COVID-19 and ensuring effective governance and risk processes were in place; developing our strategy and seeking new opportunities; building our new Reckitt brand, companioning stakeholder engagement and wellbeing; enhancing our culture through our Purpose, Fight and Compass; and progressing our diversity and inclusion agenda. Further details can be found on our Board activities throughout the year on pages 119 and 120.

Our approach to sustainability

During 2021, we launched our sustainability ambitions, for a Cleaner, Healthier World, which set out new ambitions to 2030, backed by an existing investment of more than £1 billion over the next ten years to ensure we meet our goals. Our ambitions align with Reckitt's Purpose and our strategy for sustainable growth and focus on three areas: Purpose-Led Brands, Healthier Planet and Fairer Society. We began our sustainability agenda in 2012 and since then we have made significant progress, but as the world's social, health, and environmental needs have intensified so will the role we play as a business. We were delighted to be named as the official hygiene partner for the COP26 meeting in November 2021, enabling a safe event that supports a healthy future for the planet. Further details on our role and commitment at COP26 can be found on pages 20 to 21. In addition, we are forging new ways of working with like-minded partners to drive meaningful, sustainable change for example, we have started building partnerships with WWF and the Fair Rubber Association. More information on our partnerships and progress towards our sustainability ambitions can be found on pages 16 to 17.

Culture and values

Our culture and values define the way that Reckitt does business and this starts with our employees. We aim to create the space and opportunities to help our employees make a difference and do the right thing, always. During 2020 and 2021, Reckitt has played an important role in the global fight to stop the spread of COVID-19, which would have not been possible without the efforts of our diverse and talented employees across the world. Being diverse and inclusive is not an additional principle for us, it is integral to the way we think and act. It is our collective responsibility to build inclusion into everything we do, while ensuring we represent the people we are and the global community we serve. Our Code of Conduct reinforces our principles of business conduct and is communicated to all employees each year with mandatory training. Our values underpin our Code of Conduct and were further enhanced in early 2020 with our renewed Purpose, Fight and Compass. Our Global Code of Conduct sets out the level of conduct expected from all Reckitt employees, contractors, outsourced personnel and joint ventures as well as the Board of Directors, as accountable, ethical, and compliant owners of our Hygiene, Health and Nutrition GBUs. Further details on our culture and values can be found on pages 121 to 122.

Diversity and inclusion

The Board is committed to ensuring that Reckitt employees have the Freedom to Succeed, which starts with creating an inclusive environment where everyone feels able to participate and realise their full potential. In 2020, we established our Stronger Together sessions. During 2021, we continued to hold meaningful discussions, share inspiring stories, and are now putting what we've learnt into practice, with inclusion firmly at the heart of Reckitt. We have made a five-year commitment to invite Reckitt employees worldwide to attend Stronger Together conversations. These conversations provide a regular forum to discuss important issues relating to diversity and to inclusion. Since 2020, we are proud to have held ten virtual global Stronger Together events with over 4,000 attendees joining live each time. From race and ethnicity, to LGBTQ+ matters, and from driving gender balance, to confronting workplace exclusion, as well as recognising the steps for change, we're now charting a course for a more inclusive future at Reckitt.

At the end of 2020, we established our Global Inclusion Board, which is chaired by our Chief Executive Officer (CEO) and made up of senior leaders and sponsors of our Employee Resource Groups (ERGs). Together, they set and drive our inclusion agenda. Our Global Inclusion Board is accountable for strategic delivery, governance, monitoring, reporting and communication. Our inclusion strategy rests on six pillars. The work we're doing on the leadership, people and policy pillars helps ensure we are building an inclusive culture internally. Externally, our inclusive approach to

Reckitt, Thane Road, Nottingham, UK

procurement, brands and partnerships aligns what we do with who we are. We also announced our aim of gender balance at all management levels by 2030. I am pleased to report that we were also ranked number three in the Consumer category of the FTSE 100 for board diversity, in the UK Consumer Diversity Index 2021.

UK Corporate Governance Code 2018 and section 172 reporting

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. This Governance report demonstrates how we have applied the principles and complied with the provisions of the Code during the year. Our statement of compliance with the Code can be found on page 107.

Effective engagement with our shareholders, our employees and wider stakeholders is of utmost importance to Reckitt's sustainable success. Under section 172 of the Companies Act 2006 (CA 2006), Directors must act in good faith and in a way that would be likely to promote the success of the company for the benefit of its shareholders. In its decision-making, the Board considers wider stakeholder interests. Our key stakeholders include our employees, shareholders, customers, consumers, partners, government, and industry associations, and the communities in which we operate. Throughout 2021, we remained committed to listening and engaging with our stakeholders on key areas of Reckitt's business. In May, the Board participated in a listening session held by external stakeholders involved and knowledgeable in the area of Nutrition, who provided a wide variety of perspectives on the topic of nutrition. The session was interactive and Board members were invited to ask questions to the stakeholders. Additionally, in October, the Board participated in a listening session held by external stakeholders on the topic of ecosystems, biodiversity and nature-based solutions. Details of our stakeholder engagement activities undertaken during the year can be found from page 50.

Board composition and succession planning

As part of the ongoing refreshment of the Board and following an extensive search and recruitment process to strengthen the knowledge and capabilities of the Board, in January 2021, we appointed Olivier Bohuon as a Non-Executive Director and as a member of the Remuneration Committee. Olivier has spent many years as a successful CEO of a large global company. He has deep experience in healthcare products and markets and his insights have been valuable to Board discussions during the year. In addition, we also announced during the year, certain changes to the composition of our Board Committees. In October, it was announced that Laxman Narasimhan, CEO had stepped down as a member of the Nomination Committee and that Elane Stock had stepped down as a member of the Remuneration Committee and had been appointed as a member of the Audit Committee. In February 2022, we were delighted to announce that Alan Stewart had joined the Board as a Non-Executive Director and member of the Remuneration Committee. Alan brings significant corporate finance and accounting experience from a variety of industries, as well as executive leadership experience within a listed company environment.

In December 2021, we announced that Rupert Bondy, General Counsel & Company Secretary would leave Reckitt at the end of February 2022. On behalf of the Board, I would like to thank Rupert for his outstanding contribution to the business over the last 5 years. Rupert has been material in guiding the transition of the Board, and supporting a number of major acquisitions and disposals. We wish him all the best in his future endeavours.
In February 2022, Catheryn (Cathy) O'Rourke joined the company as General Counsel & Company Secretary and member of Group Executive Committee (GEC), following Rupert's resignation. Cathy joins with more than 20 years of professional expertise in running global legal and compliance teams, managing litigation and corporate transactions, overseeing financial reporting and disclosure as well as supporting Board governance.

Reckitt, Thane Road, Nottingham, UK

Further details on the Board and GEC's succession plans, including the recruitment process and selection criteria, can be found in the Nomination Committee Report, commencing on pages 128 to 132. Biographies of the members of our Board and GEC can be found on pages 108 to 116.

Board performance review

The Board undertakes an annual review of its own and its Committees' performance and effectiveness. Last year, the Board performance review was facilitated by Lintstock Ltd, who have been engaged to conduct a three-year Board Development Programme. Following a similar format to 2020, for 2021 we conducted a performance review of the Board and Committee's facilitated by Lintstock Ltd. Details of this year's Board performance review, our progress against the outcomes from our 2020 Board performance review and action to be taken to address the 2021 feedback can be found on pages 126 to 127.

Annual General Meeting and shareholder voting

The Board views the Annual General Meeting (AGM) as a valuable opportunity to meet with its shareholders as well as an opportunity for shareholders to put questions to the Chair, the Chairs of the Committees and the Board. The safety of our shareholders, Directors, employees, and other stakeholders remains of utmost importance to us. In light of this and the continuing COVID-19 pandemic, in May 2021, our AGM was held as a closed meeting, with a virtual webcast which shareholders were able to view online. Shareholders and their proxies were able to vote in advance of the meeting. Questions were submitted in advance of the AGM or during the meeting in real time, enabling the Board to engage and interact directly with shareholders. At last year's AGM shareholders voted in favour of allowing us the flexibility to hold a hybrid AGM going forward, if deemed necessary. At the time of publication, we anticipate this year's AGM will be held as a physical meeting.

Conclusion

I am extremely proud of the Board and all our Reckitt employees for their continued commitment to creating value for our shareholders and for contributing to the good governance and stewardship of our business, on behalf of all our stakeholders.

Chris Sinclair
Chair
Reckitt Benckiser Group plc

13 April 2022

UK CORPORATE GOVERNANCE CODE 2018 STATEMENT OF COMPLIANCE

For the year ended 31 December 2021, the company complied with all the provisions of the Code which is available to view on the Financial Reporting Council's (FRC) website www.frc.org.uk, and the Disclosure Guidance and Transparency Rules requirements to provide a corporate governance statement.

In accordance with Section 4, Principle N, Provision 27 of the Code the Board considers that, taken as a whole, this Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

HOW WE COMPLY WITH THE CODE

OUR BOARD OF DIRECTORS

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

Chris Sinclair
Chair of the Board

N R C

Nationality American

Board tenure 7 years, 2 months

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

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

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

Skills and experience
Chris brings strong leadership skills and valuable strategic insight to the Board, through his experience as CEO and Chair of other large companies. He also has a strong understanding of international consumer-focused businesses.

Current external appointments
None

Laxman Narasimhan
Chief Executive Officer

Nationality American

Board tenure 2 years, 8 months

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

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

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

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

Current external appointments
Non-Executive Director of Verizon Communications Inc.

Trustee of Brookings Institution

Member of the Council on Foreign Relations

Key

- Chair
- R Remuneration
- N Nomination
- A Audit
- C Corporate Responsibility, Sustainability, Ethics and Compliance
- Appointments after 31 December 2021

Jeff Carr
Chief Financial Officer

Nationality British

Board tenure 2 years

Appointment
Appointed as Chief Financial Officer on 9 April 2020.

Career
Prior to joining Reckitt, Jeff was Chief Financial Officer and Management Board member at Ahold Delhaize, the Dutch retailer operating across Europe and the USA. Before joining Ahold Delhaize Jeff held the role of Chief Financial Officer at First Group plc and easyJet plc and held senior finance roles at Associated British Foods plc and Reckitt. Jeff started his career as a graduate trainee at Unilever plc.

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

Skills and experience
Jeff brings extensive experience across consumer and retail companies and is also an alumnus of Reckitt. Jeff has a record of transformational strategic and operational leadership, consistent performance delivery, strong capital allocation discipline and building strong teams; all of which lead to longer-term shareholder value creation.

Current external appointments
Chair of the Audit Committee and Non-Executive Director of Kingfisher plc

Olivier Bohuon
Non-Executive Director

R

Nationality French

Board tenure 1 year, 3 months

Appointment
Appointed as a Non-Executive Director in January 2021.

Career
Olivier was CEO of FTSE 100 medical devices company Smith & Nephew plc from 2011 to 2018. Prior to that, he served as CEO of healthcare, cosmetology and pharmaceutical company Laboratoires Pierre Fabre from 2010 to 2011, and from 2003 to 2010 he worked at Abbott Laboratories, rising to Corporate Executive Vice President and President of the pharmaceutical products division. Earlier in his career, Olivier worked at GlaxoSmithKline plc in positions of increasing seniority. He also served on the Board of Smiths Group plc from July 2018 to November 2020. Olivier became a Knight of the Legion of Honour in 2007. Olivier has a doctorate in Pharmacy from the University of Paris-Sud and an MBA from HEC Business School in Paris.

Skills and experience
Olivier is a successful leader, with many years' experience as CEO of a large, global company. Olivier has a wealth of experience in healthcare products and markets and brings great insight to the Board.

Current external appointments
Chair of Majorelle

External Director of Takeda Pharmaceutical Company Limited

External Director of Virbac SA

Co-Founder and Board member of AlgoTherapeutix SAS

Andrew Bonfield
Non-Executive Director

A N

Nationality British

Board tenure 3 years, 8 months

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

Career
Andrew has been Chief Financial Officer of Caterpillar Inc. since September 2018. He was previously Group CFO of National Grid plc from 2010 to 2018. Prior to this, he held the position of Chief Financial Officer at Cadbury plc and also served as Executive Vice President & Chief Financial Officer at Bristol Myers Squibb. Andrew is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of KwaZulu-Natal in Durban, South Africa.

Skills and experience
Andrew brings more than three decades of financial expertise to the Board. He is a strong leader, with experience gained in large, complex organisations, and has a history of driving strong financial performance in the UK and globally. These skills are valuable to the Board and to his role as Chair of the Audit Committee.

Current external appointments
Chief Financial Officer of Caterpillar Inc.

Margherita Della Valle
Non-Executive Director

A

Nationality Italian/British

Board tenure 1 year, 8 months

Appointment
Appointed as a Non-Executive Director in July 2020.

Career
Margherita has been Chief Financial Officer of Vodafone Group Plc since July 2018. She also runs Vodafone Shared Services, which was established in 2011 to optimise quality and efficiency across Vodafone's customer, technology, finance and HR operations. Prior to her current role, Margherita was Deputy Chief Financial Officer of Vodafone, between 2015 and 2018, having held a number of senior positions in finance beforehand, including Group Financial Controller and Chief Financial Officer of Vodafone's Europe region. Earlier in her career, she joined Omnitel Pronto Italia, which became Vodafone Italy in 1994, and held various consumer marketing positions in data analytics and consumer base management. From 2004 to 2007, she was Chief Financial Officer of Vodafone Italy.

Margherita holds a Master's degree in Economics from Bocconi University in Italy.

Skills and experience
Margherita has extensive experience of financial markets and digital technologies. She is deeply experienced in business in both developed and developing markets, bringing great insight to the Board. These skills, together with her strong leadership background, are valuable to the Board and her membership of the Audit Committee.

Current external appointments
Chief Financial Officer of Vodafone Group Plc

Nicandro Durante
Senior Independent Director

R N C

Nationality Brazilian/Italian

Board tenure 8 years, 4 months

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

Career
Nicandro started his career working in finance in Brazil and joined British American Tobacco plc (BAT) in 1981. Whilst at BAT, Nicandro worked in the UK, Hong Kong and Brazil and held a number of senior positions including Regional Director for Africa and the Middle East, Chief Operating Officer and, from 2011 to 2019, Chief Executive Officer. Nicandro holds a degree in Business Administration from the Pontifical Catholic University of São Paulo, Brazil, and has obtained postgraduate qualifications in finance and economics.

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

Current external appointments
Chair of TIM Participações S.A. and Chair of the ESG Committee

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

R N

Nationality British/Dutch

Board tenure 7 years, 2 months

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

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

Mary graduated from the University of Oxford with a Master's degree in Politics, Philosophy and Economics and completed her MBA at Harvard Business School.

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

Current external appointments
Non-Executive Director of ITV plc

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

Supervisory Director of HAL Holding N.V.

Mehmood Khan
Non-Executive Director

C

Nationality American/British

Board tenure 3 years, 8 months

Appointment
Appointed as a Non-Executive Director in July 2018.

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

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

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

Current external appointments
Chief Executive Officer of Hevolution Foundation

Executive Chair of Life Biosciences Inc.

Pam Kirby
Non-Executive Director

C A N

Nationality British

Board tenure 7 years, 2 months

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

Career
Pam served as Chair of SCYNEXIS, Inc. until June 2015. She was formerly CEO of Quintiles Transnational Corporation and held senior positions in the international healthcare industry at AstraZeneca plc and Hoffman-La Roche. Pam holds a first-class BSc honours degree and a PhD in Clinical Pharmacology from the University of London.

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

Current external appointments
Non-Executive Director of DCC plc

Non-Executive Director of Hikma Pharmaceuticals plc

Member of the Supervisory Board of AkzoNobel N.V.

Sara Mathew
Non-Executive Director

A

Nationality American

Board tenure 2 years, 8 months

Appointment
Appointed as a Non-Executive Director in July 2019.

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

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

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

Current external appointments
Chair of Freddie Mac

Director of Dropbox Inc.

Director of State Street Corporation

Director of XOS Corporation

Elane Stock
Non-Executive Director

A

Nationality American

Board tenure 3 years, 7 months

Appointment
Appointed as a Non-Executive Director in September 2018.

Career
Elane has been Chief Executive Officer of ServiceMaster Brands since October 2020. Elane was previously Group President at Kimberly-Clark International where she was responsible for business operations in EMEA, Asia Pacific and Latin America. Prior to this, Elane was Global President at Kimberly-Clark Professional with responsibility for the division selling workplace hygiene and safety products. She has also held the position of Director at Equifax Inc. In her earlier career, Elane was a Partner at McKinsey & Company in the US and Ireland.

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

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

Current external appointments
Chief Executive Officer of ServiceMaster Brands

Director of Yum! Brands, Inc.

Alan Stewart
Non-Executive Director

R

Nationality British

Board tenure 2 months

Appointment
Appointed as a Non-Executive Director and member of the Remuneration Committee in February 2022.

Career
Alan was Chief Financial Officer of Tesco PLC from 2014 to 2021 where he played a key role in the turnaround of Tesco. Prior to his role at Tesco, Alan was CFO of Marks & Spencer Group plc from 2010 to 2014. He previously served as CFO of AWAS, Group Finance Director of WH Smith PLC and CEO and CFO of Thomas Cook Holdings. He also served on the board of Games Workshop Group plc as a non-executive director. Alan is currently a Non-Executive Director of Diageo plc having been appointed in September 2014, has been a member of the Nomination, Remuneration and Audit Committees of Diageo plc from appointment, and has been Chair of the Audit Committee since 2017.

Skills and experience
Alan brings to the Board significant corporate finance and accounting experience from a variety of industries, including retail, banking and travel, as well as executive leadership experience within a listed company environment.

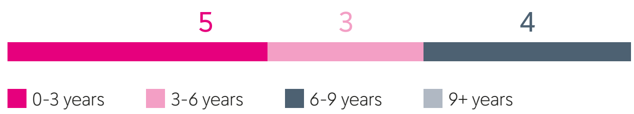
Current external appointments
Non-Executive Director of Diageo plc

DIVERSE LEADERSHIP

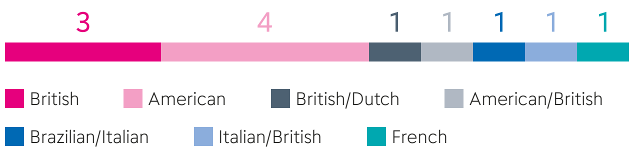
The graphs below show the Board's composition, tenure, nationality, ethnic diversity and skills. Further details regarding diversity at Group Executive Committee level and our approach to diversity and inclusion can be found on pages 130 to 131.

Directors as at 31 December 2021

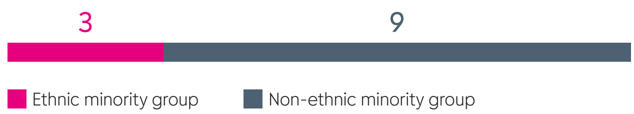
Length of tenure as at 31 December 2021



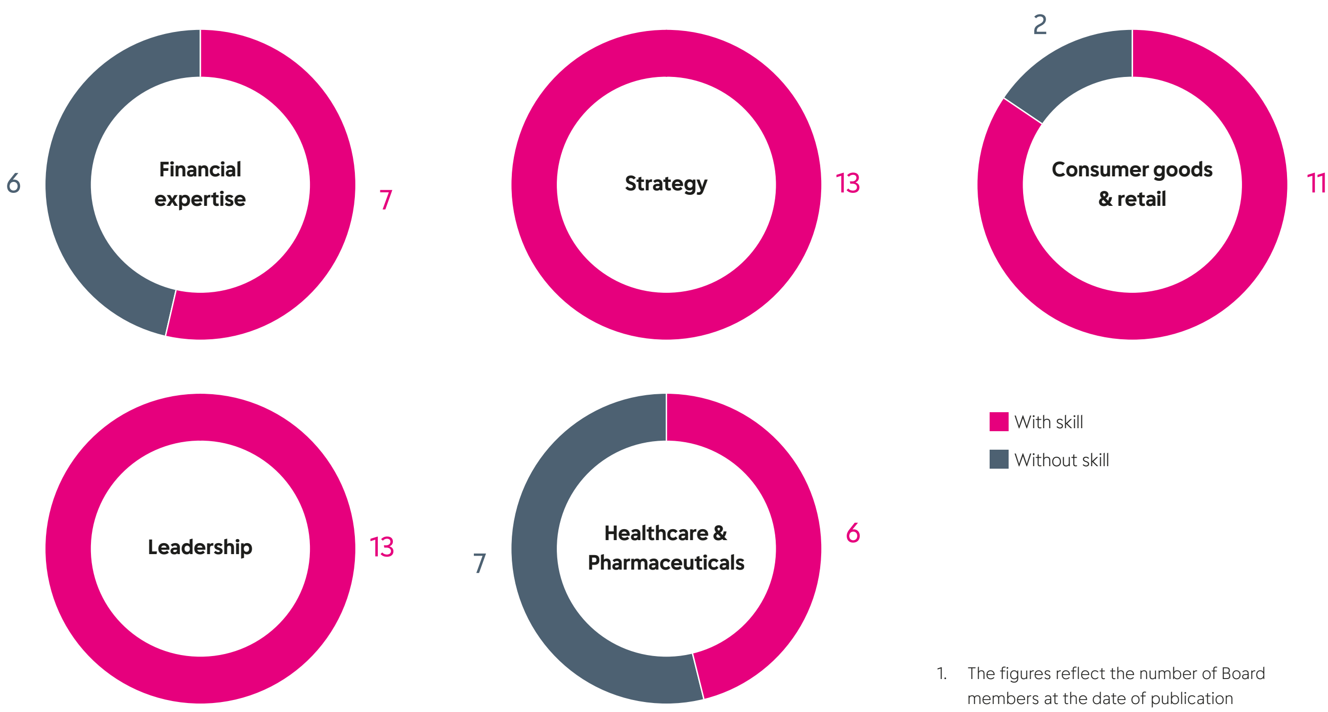
Nationality as at 31 December 2021



Ethnic diversity as at 31 December 2021



Board members skills overview[1]



1. The figures reflect the number of Board members at the date of publication

GROUP EXECUTIVE COMMITTEE

01

Laxman Narasimhan
Chief Executive Officer

02

Jeff Carr
Chief Financial Officer

03

Kris Licht
President Health &
Chief Customer Officer

04

Volker Kuhn
President Hygiene

05

Pat Sly
President Nutrition

06

Ranjay Radhakrishnan
Chief Human Resources Officer

07

Miguel Veiga-Pestana
Head of Corporate Affairs &
Chief Sustainability Officer

08

Sami Naffakh
Chief Supply Officer

09

Angela Naef
Chief R&D Officer

10

Filippo Catalano
Chief Information &
Digitisation Officer

11

Rupert Bondy
General Counsel &
Company Secretary

12

Catheryn O'Rourke
General Counsel &
Company Secretary

Laxman Narasimhan
Chief Executive Officer **01**

Nationality American **Company tenure** 2 years, 8 months

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

Laxman holds a degree in Mechanical Engineering from the College of Engineering, University of Pune, India. He has a Master's degree in German and International Studies from The Lauder Institute at the University of Pennsylvania and an MBA in Finance from The Wharton School of the University of Pennsylvania. Laxman is an outstanding leader who brings wide experience across the consumer goods sector. He has previously led complex operational businesses and inspired teams across developed and emerging markets to achieve market-leading performance. He has exceptional strategic capabilities and consumer insight with a proven track record of developing purpose-led brands and driving consumer-centric digital innovation.

Jeff Carr
Chief Financial Officer **02**

Nationality British **Company tenure** 2 years

Experience
Jeff joined Reckitt as Chief Financial Officer on 9 April 2020. Prior to joining Reckitt, Jeff was Chief Financial Officer and Management Board member at Ahold Delhaize, the Dutch retailer operating across Europe and the USA. Before joining Ahold Delhaize, Jeff held the role of Chief Financial Officer at First Group plc and easyJet plc and held senior finance roles at Associated British Foods plc and Reckitt. Jeff started his career as a graduate trainee at Unilever plc. Jeff is currently Chair of the Audit Committee and Non-Executive Director of Kingfisher plc. Jeff holds a degree in Chemical Engineering from the University of Exeter and is a Chartered Management Accountant.

Jeff brings extensive experience across consumer and retail companies. He has a strong track record of transformational strategic and operational leadership, consistent performance delivery, strong capital allocation discipline and building strong teams.

Kris Licht
President Health & Chief Customer Officer **03**

Nationality American **Company tenure** 2 years, 5 months

Experience
Kris joined Reckitt in November 2019 as Chief Transformation Officer. On 1 July 2020, Kris became President Health and Chief Customer Officer. Prior to joining Reckitt, Kris held a number of senior strategic and operational positions at PepsiCo. Most recently he served as Division President in PepsiCo's North American beverage business. Prior to this, Kris was a Partner at McKinsey & Company working for over 12 years in the firm's consumer, health and retail practices. Kris brings strong operational and strategic experience to the Committee.

Volker Kuhn
President Hygiene

04

Nationality German **Company tenure** 1 year, 8 months

Experience
Volker Kuhn has been President Hygiene since May 2021.

Prior to his current role, Volker was the Chief Transformation Officer at Reckitt where he led the significant acceleration of our productivity program, turbo-charged new growth platforms and led corporate strategy.

Prior to joining Reckitt, Volker spent 26 years with Procter & Gamble (P&G) in a range of international finance, marketing, and senior general management roles. In his last role with P&G, Volker led the fabric care business unit, Europe, and the global unit-dose detergent platform.

Volker is a passionate brand builder and has a strong track record of leading successful business turnarounds, growth initiatives and transformations, including the carve-out and divestiture of Duracell from P&G. He started his career at Deutsche Bank and subsequently worked for a small consulting firm before joining P&G.

Volker currently serves as Chair and a Non-Executive Board member of FRoSTA AG, a leading European frozen food company. He is based in Amsterdam.

Pat Sly
President Nutrition

05

Nationality American **Company tenure** 4 years, 7 months

Experience
Pat joined Reckitt as part of the Mead Johnson Nutrition (MJN) acquisition in 2017. He was appointed as Chief Operating Officer, Nutrition in July 2021. In February 2022, Pat was appointed as President Nutrition.

Pat has more than 20 years of experience in senior leadership roles in general management, marketing, and sales across North America, Europe, Asia Pacific and Latin America. In his role as Chief Operating Officer, Nutrition, Pat leads the global Nutrition business which includes Infant Formula & Child Nutrition (IFCN), Specialty Nutrition, Maternal Nutrition and Adult Nutrition.

Pat holds a degree in Business from the Kelley School of Business at Indiana University and an MBA from the Olin Business School at Washington University in St. Louis.

Ranjay Radhakrishnan
Chief Human Resources Officer

06

Nationality Indian **Company tenure** 2 years, 1 month

Experience
Ranjay Radhakrishnan joined Reckitt as Chief Human Resources Officer on 1 March 2020. Ranjay has 29 years' experience in the human resources function across different geographies and industries. Prior to joining Reckitt, Ranjay was the Chief Human Resources Officer at InterContinental Hotels Group plc, one of the world's leading hotel companies. Previously, Ranjay spent over two decades at Unilever, in a range of senior leadership roles at global, regional and country levels. His last role at Unilever was Executive Vice President Global HR, where he led HR for Unilever's eight regions and four global product categories, under a unified global HR leadership role.

Ranjay has experience in a number of specialist areas of HR such as talent, diversity and inclusion, learning, reward, organisational effectiveness, complementing large generalist roles in both mature and developing markets. Ranjay has lived and worked in several countries, including the UK, the Netherlands, Singapore, the UAE and India. He graduated from Mumbai University in Commerce and Accounting and has a Master's degree in Personnel Management and Industrial Relations from the Tata Institute of Social Sciences in Mumbai, India.

Miguel Veiga-Pestana
Head of Corporate Affairs & Chief Sustainability Officer

07

Nationality British **Company tenure** 5 years

Experience
Miguel joined Reckitt as the Head of Corporate Affairs in 2017, responsible for all aspects of strategic communications, brand and reputation management. He was subsequently appointed as Chief Sustainability Officer in 2018 responsible for overseeing the development and integration of Reckitt's sustainability and purpose-led agenda. He became Head of Corporate Affairs & Chief Sustainability Officer and a member of the Group Executive Committee in April 2020.

Prior to joining Reckitt, Miguel was Chief Communications Officer at the Bill & Melinda Gates Foundation, based in Seattle, US. Previously, Miguel spent over a decade at Unilever and held several regional and global roles, notably as the Vice-President for Global Sustainability Strategy and Advocacy. Miguel has more than 30 years' external affairs, communications and sustainability experience, having held positions in the UK, US and Brussels.

Sami Naffakh
Chief Supply Officer

08

Nationality French **Company tenure** 1 year, 9 months

Experience
Sami joined Reckitt as Chief Supply Officer on 1 July 2020 and is responsible for Reckitt's global supply chain operations, which includes planning, procurement, manufacturing and logistics. Since January 2021, he has also been responsible for Reckitt's Quality, Environmental Health & Safety (EHS) and Quality Compliance teams.

Sami brings to Reckitt close to 30 years of broad international leadership experience in fast-moving consumer goods companies such as Unilever, Danone and Estée Lauder – as well as Reckitt, where he previously held several leadership positions from 2003 to 2009. Most recently, Sami was Executive Vice President at Arla Foods, the Danish farmer-owned dairy cooperative, where he headed up supply chain operations globally. Sami is skilled in leading major transformations of supply chain operations, increasing competitiveness, agility and sustainability to quickly adapt to evolving consumer trends and customer requirements.

Angela Naef
Chief R&D Officer **09**

Nationality American **Company tenure** 1 year, 6 months

Experience
Angela joined Reckitt as Chief R&D Officer in September 2020. Angela is responsible for elevating Reckitt's science capability and platforms as well as for driving external partnerships. She is a passionate problem solver, innovator and connector. With a strong belief in the power of collaboration, Angela is focused on enabling the Research & Development organisation to deliver meaningful solutions addressing both mega trends and sustainability, to deliver growth.

Angela brings to Reckitt over 22 years of diverse senior leadership experience in product and business development roles. Most recently, Angela spent ten years at DuPont, in various technical and commercial leadership roles, where she led the Nutrition & Biosciences Global Technology and Innovation organisation. Angela has a strong track record of accelerating innovation in the areas of food and nutrition sciences, materials, health and clinical sciences, regulatory and biotechnology. She is a passionate advocate for diversity and inclusion and actively works on STEM education to inspire the next generation of new scientists, engineers and experts. Angela is a graduate of the University of California, Davis with a PhD in Physical Chemistry, and is a Six Sigma Black Belt.

Filippo Catalano
Chief Information & Digitisation Officer **10**

Nationality Italian **Company tenure** 1 year

Experience
Filippo joined Reckitt as Chief Information & Digitisation Officer on 1 April 2021. Filippo is responsible for building and maintaining Reckitt's competitive leading-edge IT, data and digital capabilities. Filippo brings to Reckitt extensive leadership experience in defining and shaping IT, digital portfolios and technology-enabled new business models across leading consumer goods organisations. In his previous role, Filippo was SVP, Global Chief Information Officer at Nestlé, where he led the transformation of technology platforms, data, analytics, e-business, processes and tech skills. Prior to Nestlé Filippo worked at Procter & Gamble (P&G) across geographies, categories and IT disciplines, leading the digital transformation in key brands and corporate initiatives. Filippo currently serves as a Non-Executive Director at Farmer Connect, a leading tech company providing blockchain-based traceability for farm-to-fork supply chains.

Rupert Bondy
General Counsel & Company Secretary **11**

Nationality British **Company tenure** 5 years, 2 months (Resigned in February 2022)

Experience
Rupert joined Reckitt as General Counsel & Company Secretary in January 2017 and is responsible for legal matters across the Group. He began his career as a lawyer in private practice. In 1989 he joined US law firm Morrison & Foerster, working in San Francisco and London, and from 1994 he worked for Lovells in London. In 1995 he joined SmithKline Beecham as Senior Counsel for mergers and acquisitions and other corporate matters. When SmithKline Beecham and Glaxo Wellcome merged to form GlaxoSmithKline plc, 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 Reckitt. Rupert is a seasoned general counsel with extensive experience across a number of sectors, including consumer healthcare.

Catheryn O'Rourke
General Counsel & Company Secretary **12**

Nationality American **Company tenure** 2 months

Experience
Cathy joined Reckitt as General Counsel & Company Secretary in February 2022, and is responsible for legal, company secretarial and legal compliance matters across Reckitt.

Cathy brings more than 20 years of experience managing global teams and handling complex legal and compliance matters. Most recently, Cathy was Chief Legal and Compliance Officer at Smith & Nephew plc. Prior to joining Smith & Nephew plc, Cathy spent 11 years of her career with Davis Polk.

Cathy is a graduate of Princeton University, Harvard Law School and the University of New South Wales, Australia.

Other Group Executive Committee members who served in the year

Harold van den Broek
President Hygiene, joined Reckitt in 2014 and left in May 2021

Aditya Sehgal
President of Nutrition, e-RB & Greater China, joined Reckitt in 1994 and left in October 2021

RECKITT'S APPROACH TO GOVERNANCE

Leadership at Reckitt

There is a clear and effective leadership structure in place at Reckitt. 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 CRSEC Committee. Each Committee operates under terms of reference approved by the Board. The terms of reference are reviewed regularly, with the last review taking place in November 2021, and can be found on the company's website, at www.reckitt.com/investors/corporate-governance. The current Committee membership of each Director is shown on pages 108 to 112. There are also three supporting Management Committees: the Disclosure Committee; the Group Executive Committee (GEC), and the Risk, Sustainability and Compliance Committee (RSCC).

Our Board

The Board is collectively responsible for the overall leadership of the Group and for promoting its long-term sustainable success whilst focusing on its strategic direction, purpose, values and governance with the highest regard to the principles of the Code. There is a clear division of responsibilities between the Board, its Committees and Management Committees.

Nomination Committee
Chaired by Chris Sinclair

Responsible for making recommendations to the Board on suitable candidates for appointment to the Board, its Committees and senior management and to regularly review and refresh their composition to ensure that they comprise individuals with the necessary skills, knowledge and experience to effectively discharge their responsibilities, whilst keeping in mind the importance of diversity.

More details are set out in the **Nomination Committee Report** on pages 128 to 132

Audit Committee
Chaired by Andrew Bonfield

Responsible for monitoring the integrity of Reckitt's Financial Statements and for ensuring effective functioning of internal audit, internal financial control and risk management. It is also responsible for managing the company's relationship with its External Auditor.

More details are set out in the **Audit Committee Report** on pages 133 to 140

Remuneration Committee
Chaired by Mary Harris

Responsible for assisting the Board in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly are linked to corporate and individual performance, and take account of the generally accepted principles of good governance. The Committee is responsible for determining the remuneration for the Chair, Executive Directors and senior management.

More details are set out in the **Remuneration Committee Report** on pages 148 to 187

CRSEC Committee
Chaired by Pam Kirby

Responsible for supporting 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.

More details are set out in the **CRSEC Committee Report** on pages 141 to 147

Disclosure Committee
Chaired by Laxman Narasimhan

Responsible for ensuring accuracy and timeliness of disclosure of financial and other public announcements.

Group Executive Committee (GEC)
Chaired by Laxman Narasimhan

The GEC is responsible for overseeing Reckitt's management and ensuring collaboration between GBUs, functions and in-market operations. It recommends and implements the strategy and related budget as approved by the Board. The GEC drives business and cultural transformation, reviews business performance and approves business development plans and major investments. It plays a critical role in talent management and development and oversees the integration of sustainability within business operations.

Risk, Sustainability and Compliance Committee (RSCC)
Chaired by Laxman Narasimhan

Provides oversight of risk across the organisation and makes recommendations to the CRSEC Committee for actions to be taken in respect of the Group's legal compliance & ethics, sustainability, external affairs, employee health and safety, quality, consumer safety and regulatory related matters, including compliance strategies, policies, programmes and key activities.

Board attendance during 2021

In 2021, there were five scheduled Board meetings, three of which were held via videoconference as permitted by the company's Articles of Association, owing to restrictions imposed by the COVID-19 pandemic. An additional six Board meetings were held during the year relating to various matters including; potential mergers and acquisitions, review of going concern considerations, approval of the Reckitt 2021 Annual Report and Notice of Meeting, and confirmation of AGM arrangements. The formal meetings in September each year are strategy sessions which are normally held overseas, to allow the Board to immerse itself in the Group's operations, to visit local sites and meet the local workforce. This year, in light of the easing of government restrictions, the September 2021 strategy sessions were held in person in the UK. As part of the September Board schedule, members of the Board participated in a site visit to Reckitt's Nottingham factory. In addition, Board members held roundtable sessions with local employees to listen to their experiences of working for Reckitt. Following the conclusion of each scheduled Board meeting, the Chair held a session with the Non-Executive Directors, without the Executive Directors present. There were four scheduled and two additional Audit Committee meetings, five scheduled Remuneration Committee meetings, two scheduled and one additional Nomination Committee meetings, and four scheduled meetings of the CRSEC Committee.

The table below sets out the attendance by Directors at the scheduled Board and 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 Chair of the Board or the Chair of the relevant Board Committee, so that their views are considered at the meeting. Given the nature of the business to be conducted, some of the additional Board meetings were convened at short notice, which can make it difficult for some Directors to attend due to prior commitments and their home locations.

	Board	Audit Committee	Remuneration Committee	CRSEC Committee	Nomination Committee
	5 Scheduled meetings	4 Scheduled meetings	5 Scheduled meetings	4 Scheduled meetings	2 Scheduled meetings
Andrew Bonfield	5/5	4/4			2/2
Jeff Carr	5/5				
Margherita Della Valle	4½/5	3/4			
Nicandro Durante	5/5		5/5	4/4	2/2
Mary Harris	5/5		5/5		2/2
Mehmood Khan	5/5			4/4	
Pam Kirby	5/5	3/4		4/4	2/2
Sara Mathew	5/5	4/4			
Laxman Narasimhan[1]	5/5				1/1
Chris Sinclair	5/5		5/5	4/4	2/2
Elane Stock[2]	5/5	1/1	4/4		
Olivier Bohuon	4/5		4/5		

1. Stepped down from the Nomination Committee on 1 October 2021
2. Stepped down from the Remuneration Committee and joined the Audit Committee on 25 October 2021

BOARD ACTIVITIES DURING 2021

How Board meetings are structured

Board meetings are structured in an open atmosphere conducive to challenge and debate. Agendas are tailored to the requirements of the business and agreed in advance by the Chair and CEO with the support of the General Counsel & Company Secretary.

The Board receives operating and financial reports from the CEO and CFO on strategic and business developments, as well as financial performance and forecasts at each meeting. Detailed presentations are also made by non-Board members on material matters to the Group.

In addition, the Chairs of the Audit, Remuneration, CRSEC and Nomination Committees update the Board on the proceedings of those meetings, including key topics and areas of concern.

At the conclusion of every scheduled Board meeting, the Chair holds a session with the other Non-Executive Directors, without the Executive Directors present, providing further opportunity for the Non-Executive Directors to assess the performance of the Executive Directors and help drive future agenda items. Details of each Director's attendance at Board meetings can be found on page 118.

The Board uses its meetings as a way of discharging its responsibilities set out in section 172 of the CA 2006 and considers its various stakeholder groups when making decisions to promote the success of the company as a whole.

Our activities during the year

Strategy and planning

Group plans and budgets
- Reviewed forecasts and key performance targets, including assumptions, scenarios and projections
- In November, reviewed the Group's financial plan for 2022

Strategy
- Board members met in person for a three-day meeting in September 2021 to discuss strategy and the innovation pipeline

Mergers and acquisitions
- Sold the Scholl brand to Yellow Wood Partners to bring greater focus and to strengthen our portfolio
- Completed the sale of our Infant Formula and Child Nutrition (IFCN) business in China to Primavera Capital Group following a comprehensive review by the Board of the strategic options for the business, marking another step in our strategy to Rejuvenating Sustainable Growth and create long-term value by actively, and decisively, managing our portfolio
- Acquired the Biofreeze brand from Performance Health to strengthen our Health portfolio and deepen Reckitt's presence within the broader pain category in the US

Rebranding as Reckitt
- Reviewed and approved the rebranding of the company as Reckitt, as part of our transformation towards sustainable growth. The new brand identity is more recognisable to our stakeholders and is built on our Purpose: to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world

Business updates
- Reckitt strategic reviews, including COVID-19 impact at Group and GBU level, functional reviews of certain business areas and capability centres and status updates on transformation programmes

Sustainability strategy
- Launched our sustainability ambitions to 2030 to provide a road map of how we embed sustainability in Reckitt activities, whilst driving environment and societal impact

Financial oversight

Reporting
- Reviewed and approved Reckitt's Annual Report and Financial Statements including compliance with reporting requirements for 2021
- Reviewed and approved Reckitt's half-year results
- Provided results presentations to investors and employees during the year

Going concern
- Reviewed going concern and liquidity considerations arising from the COVID-19 pandemic

Financial resources
- Reviewed the company's financial position, Group debt and funding arrangements, including issuance of bonds

Interim and final dividend payments
- Approved the final 2020 and interim 2021 dividend payments

Key

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

Board Leadership and Company Purpose (Continued)

Leadership and governance

Board and Committee performance review

- Conducted the annual Board performance review, identified areas for improvement and recommended actions
- Considered and proactively addressed actions from our 2020 internal Board performance review

Composition and succession planning

- Alan Stewart was appointed as a Non-Executive Director and member of the Remuneration Committee in February 2022
- Laxman Narasimhan, CEO stepped down as a member of the Nomination Committee effective from 1 October 2021
- Elane Stock stepped down as a member of the Remuneration Committee and was appointed as a member of the Audit Committee, effective from 25 October 2021
- Management succession planning reviewed in November

Shareholders and stakeholders

- Held the 2021 AGM as a closed meeting. Shareholders had the opportunity to pre-submit questions or ask them live during the meeting
- Passed a special resolution to update Reckitt's Articles of Association, giving the Board the flexibility to hold a hybrid AGM going forward
- Held a Board listening session on Nutrition in which we heard from external experts and were invited to ask questions
- Held a Board listening session on the topic of Ecosystems, Biodiversity and Nature-based solutions

Compliance

- Reviewed and approved governance matters, such as the Schedule of Matters Reserved for the Board, Committee terms of reference, Directors' conflicts of interest and compliance with the Code and best practice
- Approved Reckitt's 2020 Modern Slavery Act Statement, as recommended by the CRSEC Committee

Risk management and internal control

Risk appetite

- The Board is responsible for compliance with the Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The sectors and environment within which Reckitt operates are dynamic and fast-moving, and in some areas, highly regulated and the controls are continually kept under review to minimise the potential exposure to risk. The system is designed to assess and manage, rather than eliminate, risks to Reckitt's business objectives, and the Board relies on these controls insofar as they are able to provide reasonable, but not absolute, assurance against material misstatement or loss. The Group's principal and emerging risks and mitigating factors are detailed on pages 88 to 102
- As part of its risk control, Reckitt regularly evaluates its risks to achieving objectives, and the likelihood of such risks materialising and determining the ability of the Group to cope with the circumstances should they occur. In doing so, we are inherently considering our risk appetite through the actions that can be taken, controls that can be implemented and processes that can be followed to reduce the chances of risk events taking place, mitigating the potential impact and ensuring that the cost of doing so is proportionate to the benefit gained

Principal risks and internal controls

- Conducted an annual review of Reckitt's principal and emerging risks and internal controls
- Reckitt is committed to maintaining strong internal controls and further enhancing these. Further information on internal control activities during the year can be pound on pages 137 to 138 of the Audit Committee Report. Functional and operational management meet to discuss performance measured against strategic aims and goals, with risks and risk controls incorporated into the discussions. During the year, the Directors undertook a robust assessment of the principal and emerging risks facing the company, including those that could threaten Reckitt's business model, future performance, solvency and liquidity. Each principal and emerging risk is overseen by the Board, or a designated Committee of the Board, and is subject to formal deep-dive reviews as appropriate at Board, GEC and GBU meetings. More details on the Group's principal strategic risks and uncertainties can be found in the Strategic Report on pages 88 to 102
- 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 Accounts have been satisfactorily completed with no significant failings or weaknesses identified. Reckitt's ongoing controls transformation program in preparation for internal controls changes arising from the BEIS consultation, together with the investigation referred to in the Audit Committee Report on page 137, has identified certain control improvement opportunities that management is currently undertaking

Viability Statement

- Considered and approved the 2021 Annual Report Viability Statement upon recommendation of the Audit Committee

COVID-19

- Received updates on the company's response to and the impact of COVID-19 on the business, including focus on supply and consumer demand, the workforce and risk management

Treasury policy

- Reviewed and approved of the Group's Treasury policies

Climate-related risk and environmental, social and governance (ESG) matters

- The Board oversees, considers and reviews the Group's ESG strategy and has oversight of climate-related risks and opportunities. As part of the Board's annual review of our principal and emerging risks, sustainability was considered. The Board's focus included, both ESG performance, and the introduction of the new Task Force on Climate-related Financial Disclosures (TCFD) climate reporting regulation that impacts the way we report key metrics. In addition, the Board identified and assessed the principal ESG risks and the potential effects on Reckitt's short- and long-term value. More information on sustainability can be found on pages 16 to 21. Our TCFD summary can be found on pages 66 to 67
- The CRSEC Committee supports the Board in reviewing, monitoring, and assessing the Company's approach to sustainability, which includes climate change. The CRSEC Committee reports to the Board regularly at Board meetings, providing an update on sustainability objectives and progress against our targets. Further details on the activities of the CRSEC Committee can be found on pages 141 to 147

OUR PURPOSE, STRATEGY, VALUES AND CULTURE

Our Purpose, Fight and Compass are fundamental to Reckitt's culture and values. Our success as a business is founded on our strong, distinctive culture. We want all our employees to have a sense of belonging and take personal pride in what they do. Our approach is anchored by our Purpose: to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world. Our Compass sets out our values and behaviours. At its heart is the goal of always doing the right thing, putting consumers and people first, seeking out new opportunities, striving for excellence and building a culture of shared success.

Across the globe, we have an interconnected vision that all our employees have the Freedom to Succeed. Our Freedom to Succeed employee value proposition aims to instil, promote, reinforce, and reward the positive behaviours and attributes that make that real. Our focus is on maintaining an open, positive, inclusive culture by promoting continuing dialogue across the company. The innovative and entrepreneurial spirit of our employees is at its best when diverse teams unite, share ideas, and create pioneering solutions.

To evolve our culture and achieve sustainable outperformance, Leadership Behaviours are key. Our Leadership Behaviours set out how we expect each of our leaders to behave and define what good leadership looks like. Reckitt's leaders are expected to Own, Create, Deliver and Care, and in doing so, live our Purpose, Fight, and Compass, actively listen, learn, seek new opportunities, and focus on what matters. We have been proactively assessing our culture, including not only the role of our leaders but also the efforts of our employees. More information on our culture can be found on pages 46 to 49 and pages 55 to 56.

Global Headquarters, Turner House, Slough, UK

How the Board monitors culture

A key focus of the Board is to monitor culture and ensure alignment between our Purpose, values, and behaviours. Our culture and values at Reckitt are defined by the Board and the GEC. Regular interactions with employees help the Board monitor culture.

How we monitor culture	Board interactions and engagement to monitor culture throughout the year
Connecting directly with our employees	Board members meet with employees regularly. As part of this year's September Board meeting schedule, Board members visited the Nottingham factory and held round table discussions with employees on the topics of inclusion, consumers, innovation and science, sustainability and business transformation. The Board reviewed feedback from the round table discussions at its November meeting. Feedback showed that employees were proud to work for Reckitt, that significant progress had been made in developing a positive company culture, the handling of COVID-19 working arrangements showed the company putting people first and that there was a real sense of care for employees. In addition, certain areas were highlighted as requiring more work, such as, complexity in the organisation, improving female representation in senior roles, and the need for stability during a period of significant change within the organisation. Based on the feedback received, the Board continues to monitor actions being taken to address employee concerns.
Monitoring employee perceptions	Regular global all-employee surveys include questions to gauge employees' perceptions and understanding of leadership, inclusion, and wellbeing at Reckitt, and identify areas which require greater attention. This year's survey highlighted that employees would recommend Reckitt as a place to work; they feel there is a culture of achievement at Reckitt; they are proud to work for Reckitt; and value the commitments Reckitt makes. Responses from the survey also identified areas that need further improvement, such as: creating an even more inclusive workplace with more transparency on equal opportunities and career progression; improving processes and automation of manual tasks; and investing in and developing people. The Board will continue to monitor progress against these areas.
Creating a forum for employees to be heard	Our Stronger Together conversations provide a forum for employees across the world to share inspiring and challenging stories focused on issues relating to diversity and inclusion. Board members attended Stronger Together conversations throughout the year and Mary Harris, our Designated Non-Executive Director for engagement with the company's workforce, addressed employees during a session focused on race and ethnicity.
Ensuring employees are informed	Quarterly all-employee global live-streaming results broadcasts were held by the CEO and CFO to present the company results and employees are invited to ask questions and interact directly with presenters.
Staying informed of legal & compliance matters	At each Board meeting, the CRSEC Committee reports to the Board on legal compliance and ethics matters, including the Group's Speak Up programme, which provides safe communication channels for employees wishing to raise concerns on potential violations of regulations, internal policies or any misconduct observed at Reckitt.
Maintaining open communication	Our Ask Laks forum on the employee intranet provides a place where any employee can post questions to our CEO, which are answered via the intranet, or in an informal discussion video.

Division of Responsibilities

HOW WE ARE GOVERNED

Defining roles and responsibilities

The Board consists of a balance of Executive and Non-Executive Directors who, together, have collective accountability to Reckitt's shareholders and stakeholders as well as responsibility for the overriding strategic, financial and operational objectives and direction of Reckitt. 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 2021, and broadly covers:

- Matters which are legally required to be considered or decided by the Board, such as approval of Reckitt's Annual Report and Financial Statements, declaration of dividends and appointment of new Directors
- Matters recommended by the Code to be considered by the Board, such as terms of reference for the Board and its Committees, review of internal controls and risk management
- Compliance with regulations governing UK publicly listed companies, such as the UK Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules
- 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 on the Reckitt website at www.reckitt.com/investors/corporate-governance.

Board roles and responsibilities

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

Non-Executive

The Chair

- Leading the Board and taking responsibility for the Board's overall effectiveness in directing the company
- Upholding the highest standards of integrity and ethical leadership, leading by example and promoting a culture of openness and debate, based on mutual respect, both in and outside the boardroom and in line with our purpose, values, strategy and culture
- Chairing Board, Nomination Committee and shareholder meetings and setting Board agendas
- Encouraging constructive challenge and facilitating effective communication between the Board, management, shareholders and wider stakeholders, whilst promoting a culture of openness and constructive debate
- Ensuring an appropriate balance is maintained between the interests of shareholders and other stakeholders
- Leading the annual performance review process for the Board and its Committees and addressing any subsequent actions
- Promoting the highest standards of corporate governance
- Building a well-balanced, diverse and highly effective Board
- Ensuring Directors receive accurate, timely and clear information
- Ensuring there are appropriate induction and development programmes for all Board members
- Ensuring the long-term sustainability of the company

The Senior Independent Director

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

Non-Executive Directors

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

Division of Responsibilities (Continued)

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

- Overseeing the Board's engagement with the company's workforce together with management, to understand more about engagement and the culture of the company
- Developing and implementing employee engagement initiatives
- Providing an employee voice in the boardroom and reporting on certain matters relating to company culture, purpose, and improvements

Executive

The Chief Executive Officer

- Principally responsible for the day-to-day management of Reckitt, in line with the strategic, financial and operational objectives set by the Board
- Chair of the GEC, consisting of the CEO, the CFO and senior management executives, who together are responsible for execution of the company's strategy and achieving its commercial aims
- Effective development and implementation of strategy and commercial objectives as agreed by the Board
- Maintaining relationships with investors and advising the Board accordingly
- Managing Reckitt's risk profile and establishing effective internal controls
- Ensuring there are effective communication flows to the Board and the Chair, and that they are regularly updated on key matters, including progress on delivering strategic objectives
- Regularly reviewing the organisation structure, developing a Group executive team and planning for succession
- Providing clear leadership to promote the desired culture, values and behaviours to inspire and support the company's workforce
- Ensuring the long-term sustainability of the business

The Chief Financial Officer

- Supporting the CEO in developing and implementing the company's strategy
- Leading the global finance function, and developing key talent and planning for succession
- Responsible for establishing and maintaining adequate internal controls over financial reporting and for the preparation and integrity of financial reporting
- Ensuring the Board receives accurate, timely and clear information in respect of the Group's financial performance and position
- Developing and recommending the long-term strategic and financial plan

The Company Secretary

- Providing advice and support to the Chair and all Directors
- Advising and keeping the Board up to date on all relevant legal and governance requirements and ensuring the company is compliant
- Ensuring the Board receives high-quality, timely information in advance of Board meetings to ensure effective discussion
- Facilitating an induction programme for all Board members
- Ensuring there are policies and processes in place to help the Board function efficiently and effectively
- Keeping abreast of shareholders' views

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

How we manage conflicts of interest

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

The company indemnifies the Directors and Officers of the company and any Group subsidiary to the extent permitted by the CA 2006 and the 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.

Managing time commitment and 'overboarding'

On appointment, Non-Executive Directors are made aware of the need to, and are required to confirm that they will, allocate sufficient time to their role to discharge their responsibilities effectively. They are also required to seek agreement from the Chair 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 three months' notice, with all Directors standing for election or re-election at every AGM. The Board has examined the length of service of each Director and considers that the Chair and each Non-Executive

Director standing for re-election or election at this year's AGM is independent. The Board considers all Non-Executive Directors who served during the year to be independent. At the 2022 AGM, Sara Mathew will not be standing for re-election.

The Board and each Director is confident that each Director individually has the expertise and relevant experience required to perform the role of a Director of a listed company and to contribute effectively to the Board and Committees to which they are appointed. The company recognises the developmental advantages of an external non-executive role on a non-competitor board and Executive Directors are permitted to seek such a role, provided that they do not take on more than one non-executive directorship in, or become the Chair of, a FTSE 100 company.

Laxman Narasimhan is currently a Non-Executive Director of Verizon Communications Inc. and Jeff Carr is currently a Non-Executive Director of Kingfisher plc.

Board support

The General Counsel & 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 Reckitt's Secretariat function and additionally holds other information which the Chair, the CEO or the General Counsel & 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 General Counsel & Company Secretary and a procedure exists for Directors to take independent professional advice at the company's expense in furtherance of their duties.

Board induction, training and development

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

Upon appointment, Olivier Bohuon received a comprehensive induction tailored to his appointment as a Non-Executive Director and member of the Remuneration Committee. This included meeting with members of key management across the business and external advisors. He attended virtual meetings, where he had the opportunity to meet with the CEO, CFO and General Counsel & Company Secretary. He also met with each of the Presidents of the three GBUs. His induction further included meetings with members of the GEC, including the Chief Transformation Officer, Chief Supply Officer, Chief Human Resources Officer, Chief R&D Officer and Head of Corporate Affairs & Chief Sustainability Officer. Olivier is a member of the Remuneration Committee and had discussions with Mary Harris, Chair of the Remuneration Committee, and the Group Head of Reward.

Alan Stewart received a tailored induction following his appointment to the Board as a Non-Executive Director and member of the Remuneration Committee. This included meetings with key management across the business. He attended virtual meetings, with the CEO, CFO and General Counsel & Company Secretary. He also met with the Presidents of the three GBUs. In addition, he had meetings with members of the GEC, including the Chief R&D Officer, Chief Supply Officer, Chief HR Officer, Chief Information & Digitisation Officer and Head of Corporate Affairs & Chief Sustainability Officer. Alan is a member of the Remuneration Committee and had discussions with Mary Harris, Chair of the Remuneration Committee, and the Group Head of Reward.

Both Non-Executive Directors inductions covered legal compliance matters including, a discussion on Directors' duties and liabilities, disclosure of conflicts of interest and persons closely associated, the UK Market Abuse Regulation and Reckitt's share dealing code. The Directors received copies of the Board and Committee terms of reference; Reckitt Benckiser Group plc Articles of Association; past Board and Committee effectiveness review summaries; the latest Annual Report and Sustainability Report; and Reckitt's company policies.

In previous years, ad-hoc site visits for newly appointed Directors have been arranged to the Group's operations to gain an insight into the business, and usually form part of the annual Board meeting cycle. We aim to have one Board strategy meeting held at an off-site business location each year. This gives new Directors an opportunity to engage directly with employees and key personnel in other jurisdictions. As previously mentioned, in 2021, the off-site meetings were held in the UK, where Board members had the opportunity to meet in person, visit Reckitt's Nottingham factory and listen to the views of employees through roundtable discussions.

The Chair 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. The Directors may, at the company's expense, take independent professional advice and are encouraged to continually update their professional skills and knowledge of the business and wider industry. Throughout the year training materials have been made available for Board members to view, including materials relating to Directors' duties in accordance with section 172 CA 2006.

BOARD PERFORMANCE REVIEW

Performance review of the Board

The Board undertakes an annual review of its own and its Committees' performance and effectiveness, with a formal externally facilitated performance review of the Board conducted at least every three-years. Last year we engaged Lintstock Ltd (Lintstock) to facilitate a three-year Board Development Programme. In the second year of the three-year Board Development Programme with Lintstock a survey-based review was conducted, consisting of an online questionnaire sent to all Directors. The 2021 Board performance review considered the effectiveness of the Board, as well as that of each Board Committee and the individual Directors. The areas of focus were Board composition, Board dynamics and support, management and focus of meetings, strategic oversight and risk management and internal control. A report, with action points and recommendations for the Board to consider, was distributed to Directors and the results of the review were subsequently discussed by the Board at its November meeting.

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

Lintstock is independent of and has no other links with the company or its Directors' in connection with the performance review. Actions taken to address the findings of the 2020 review are also outlined below.

2020 recommendations	Action taken during 2021
Board composition • Identify skills and experience gaps and focus on succession planning for key roles	• The Nomination Committee has met throughout the year to discuss and review profiles of potential new Non-Executive Directors taking into consideration feedback from Directors and the skills required on the Board
Stakeholder oversight • Broaden the Board's understanding of and involvement with consumers and customers • Maintain visibility of the company culture	• Two Board listening sessions took place during the year, where Board members heard perspectives on relevant topics from key stakeholders, including customers and NGOs • The Board reviewed the company's culture and workforce engagement methods at its September Board meeting
Board dynamics and support • Regular Board training and information sessions • Improve the length and structure of Board packs	• Analyst reports and other information prevalent to the business have been shared with Board members • Board packs were more concise with shorter presentations, leaving more time for Board discussion at meetings
Strategic oversight • Focus on M&A, in particular IFCN China and understanding competitor performance	• In line with our strategy significant time at Board meetings were focused on M&A. The level of information on competitor performance has also increased
Succession planning and HR management • Increase Board oversight of talent management	• During the year the Board received presentations from HR on people and succession • In April 2021, we were pleased to announce that Filippo Catalano had joined Reckitt as Chief Information & Digitisation Officer
Risk management and internal controls • Boards oversight of risk appetite and mitigation could receive deeper review	• The Board, supported by the Audit Committee, has reviewed a number of risk management processes during the year

2021 recommendations	Action to be taken in 2022
Board composition and succession planning • The Board's composition was rated highly overall. With regards to key changes that ought to be made to the Board's profile over the next three to five years to match Reckitt's strategic goals, the need for further digital expertise was highlighted, as was the importance of additional experience in emerging markets and increased UK representation on the Board • The GEC had been successfully embedded following the transition in 2020, and the structure of Reckitt at senior levels was highly rated	• The Board will continue to monitor succession planning, focusing on skills gaps and ensuring the Board has the right mix of Directors with varied expertise and experience
Board dynamics and support • Non-Executive Directors' engagement with the CEO, CFO and the wider Executive team was rated highly. The importance of face-to-face engagement post COVID-19 was noted • Whilst Board packs were positively rated, the use of summaries was identified as an area for improvement	• More face-to-face interactions between the Board and management are expected, as COVID-19 restrictions ease • Management will continue to provide timely and well-structured papers, including succinct executive summaries
Strategic oversight • Clarity of the current strategy, testing and development of strategy and how the Board has monitored progress of the transformation programme scored highly. The Board's understanding of key Reckitt markets and the Board's understanding of the company's brands was also rated positively. It was noted that greater oversight was required on Reckitt's digital and cyber capabilities	• Filippo Catalano joined Reckitt as Chief Information & Digitisation Officer in April 2021 to bring greater focus on the area of digital and cybersecurity. Further updates would be provided on Reckitt's digital and cyber capabilities through deep dives conducted in 2022
Risk management and internal control • The Board's focus on risk was noted as a strength, particularly the Board's oversight of risk appetite and mitigation. There was scope for more in-depth deep dives into specific areas of risk	• The Board, supported by the Audit Committee, is reviewing risk management processes and allocating time at Board meetings to conduct deep dives into specific areas of risk
Management and focus of meetings • Management of meetings was rated highly. It was important to ensure there was a continued focus on people, including talent management and succession	• Increase understanding, monitoring and time spent on talent and succession planning, through greater focus at Board meetings

The 2021 review of the Board's performance and that of its Committees concluded that the Board, its Committees and individual Directors were performing effectively. The Board was observed to have a good mix of skills, sector-relevant experience, knowledge and diversity and the length of tenure of the Board as a whole was deemed appropriate. Board members worked well together to achieve objectives, with a sufficient degree of support and challenge provided by Directors. The Board had a good understanding of its stakeholders including its investors, customers, consumers, partners and suppliers. The way the Board monitors employee sentiment and culture was also noted as a strength.

All individual Directors were considered to be contributing effectively. The key priorities for the Board over the coming year will be people and succession planning, developing relationships with management and providing effective challenge where necessary, meeting in person, transformation, managing the Group's portfolio, and performance. The Board has reviewed the recommendations of the performance review and is taking steps to address these. The principal outcomes of the review will be reviewed and reassessed as part of the Board's 2022 performance review.

"We continue to focus on succession planning for our Non-Executive Directors, keeping in mind the skills and experience required to ensure our long-term success."

Chris Sinclair
Chair of the Nomination Committee

NOMINATION COMMITTEE REPORT

Committee priorities for 2022

- To keep under review the overall skills and experience of the Board, and diversity, equality and inclusion at Board as well as management level
- Succession planning for Board members, with particular regard that the current Senior Independent Director was appointed to the Board in 2013
- Review the tenures of Directors holding leadership roles on the Board

Committee membership

The members of the Committee during the year were:

	Member from	Meetings attended
Chris Sinclair (Chair)	Chair and member of the Committee for the whole year	2 of 2
Andrew Bonfield	Member for the whole year	2 of 2
Nicandro Durante	Member for the whole year	2 of 2
Pam Kirby	Member for the whole year	2 of 2
Mary Harris	Member for the whole year	2 of 2
Laxman Narasimhan	Member until 1 October 2021	2 of 2

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

The membership of the Committee is reviewed annually by the Chair as part of the annual performance review of the Committee. All Directors are required to seek election or re-election each year at the Annual General Meeting (AGM). Biographical details of the Directors, including their skills and experience, can be found on pages 108 to 113.

Meetings

Meetings of the Committee are held as needed but are required to take place at least once a year. In 2021, the Committee held two scheduled meetings which took place virtually due to COVID-19 travel restrictions and held one additional meeting. Meetings usually take place ahead of Board meetings and the Chair of the Committee reports formally to the Board on its proceedings. Attendance at Committee meetings is set out above and in the Board attendance schedule on page 118 of the Corporate Governance Report.

Role and responsibilities

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 and to lead the process for Board appointments. The Nomination Committee has principal responsibility for making recommendations to the Board on new appointments and the composition of the Board and its Committees. The Committee also assists the Board in succession planning for top senior management. The role of the Committee includes, but is not limited to, the following matters:

- Regularly reviewing the composition (including skills, experience, independence, knowledge and diversity) of the Board and making recommendations to the Board with

Reckitt, Thane Road, Nottingham, UK

regards to any changes deemed necessary, taking into account the length of service of the Board as a whole and the need to regularly refresh membership

- Reviewing the composition of each of the Board Committees and evaluating the performance and effectiveness of each Director
- Keeping under review the leadership capabilities of the company, covering both executive, non-executive and senior management positions, ensuring plans are in place for orderly succession, with a view to ensuring the continued ability of the company to compete effectively in the markets in which it operates. It is noted that the Committee considers management succession planning to be so important that it is reviewed by the full Board
- Ensuring that all newly appointed Directors undertake an appropriate induction programme to ensure that they are fully informed about the strategic and commercial issues affecting the company and the markets in which it operates, as well as their duties and responsibilities as a Director of the Board and member of a Board Committee(s)
- Keeping under annual review and continually monitoring potential conflicts of interest, and, if appropriate, authorising situational conflicts of interest, whilst ensuring the risk of unacceptable influence resulting from any conflict of interest is minimised

Key activities during 2021

New Director appointment process

The process for Board appointments is led by the Nomination Committee. The Committee conducts a rigorous search for suitable candidates with the objective of ensuring there is a diverse talent pool on the Board with a mix of experience and skills required to achieve the objectives of the business. The Committee supports diversity in its widest sense and seeks to appoint Board members from different backgrounds who will contribute a wealth of experience and differing perspectives to the Board.

For new Board appointments, the Committee considers the following matters:

- The purpose, values and culture of the business and the company's strategic priorities
- The key skills and experience which may be required on the Board and its Committees
- The importance of diversity including gender, personal strengths, and social and ethnic backgrounds

STEP 1

The Committee reviews the composition of the Board and its Committees to identify which skills, experiences and expertise are required

STEP 2

The Committee outlines a role specification and engages an external consultant to conduct a search for potential candidates

STEP 3

The Committee evaluates the potential candidates and considers the shortlist for meetings and interviews

STEP 4

Following the conclusion of interviews, the Committee's recommendation is submitted to the Board for consideration

STEP 5

Once the Board has approved the recommendation, the appointment is announced in line with FCA's Listing Rules and a formal induction process commences

Non-Executive Director succession planning
During the year, the Committee conducted a search for new Non-Executive Directors to diversify the skills and expertise of the Board. In sourcing new Non-Executive Directors, the Committee considered the tenure of the existing Board members and the impact on the composition of the Board and its Committees. The Committee identified specific desirable skills in the search for new Non-Executive Directors including, the need for individuals with financial expertise, experience in HR and reward, and experience as UK-based operating leaders within public limited companies.

We instructed Egon Zehnder International Ltd to carry out a search for new Non-Executive Directors. Upon their recommendation, we reviewed a list of candidate profiles considering their skills, experience, expertise and overall fit with Reckitt's culture, and the Committee Chair had exploratory meetings with potential candidates. After shortlisting potential candidates, this was followed up by individual meetings with each of the Committee members and the CEO. During the recruitment process, the Committee followed a formal, rigorous and transparent assessment with due regard to diversity, skills, knowledge and level of experience. All potential candidates are considered with regard to potential conflicts of interest and consideration of the level of time required for other appointments, in making recommendations to the Board.

Egon Zehnder International Ltd is an independent executive search firm which undertakes a number of executive (as well as non-executive) searches for the Group 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. They do not have any connection to or provide any other services to the company or its individual Directors.

We are delighted that Alan Stewart joined the Board as a Non-Executive Director and member of the Remuneration Committee in February 2022. Alan will become Chair of the Remuneration Committee and a member of the Nomination Committee at the conclusion of the 2022 AGM. Alan brings to the Board significant corporate finance and accounting experience from a variety of industries including retail, banking and travel, as well as executive leadership experience within a listed company environment. The Committee is confident that with Alan's experience, he will be a great contribution to the Board.

Furthermore, Sara Mathew signalled her intention not to stand for re-election but to resign from the Board and Audit Committee upon the conclusion of the company's 2022 AGM. We would like to take this opportunity to thank Sara for her services since joining the company. Taking into consideration the composition of the Audit Committee, in October 2021, Elane Stock stepped down as a member of the Remuneration Committee and was appointed as a member of the Audit Committee. In addition to this, in January 2022, we announced that Mary Harris would be stepping down as Chair of the Remuneration Committee and a member of the Nomination Committee upon the conclusion of the 2022 AGM. Mary will remain on the Remuneration Committee and as the Designated Non-Executive Director for engagement with the company's workforce.

Going forward, the main priority for the Committee in 2022 will be to continue to keep under review succession planning of all long-standing Board members and key Board roles. The Committee recognises that in sourcing new Non-Executive Directors it should consider the skills and expertise that the Board requires as highlighted in the Board performance review. More information about the Committee performance review can be found on page 132. The Board performance review can be found on pages 126 to 127.

Renewal of existing Directors
Non-Executive Directors are initially appointed for a three-year term and generally continue to serve one or more further terms. All Directors are nominated for appointment by the Committee, which is subsequently approved by the Board. During the year, the Committee considered the renewal of existing Non-Executive Directors. The Committee recommends that all existing Board members have their appointments renewed, and as such, resolutions to this effect will be proposed to shareholders for approval at the forthcoming AGM.

Details of the specific reasons each Director contributes to and continues to be important to Reckitt's long-term success are set out in the Notice of AGM, available at www.reckitt.com.

Group Executive Committee (GEC) changes
The GEC changes during the year reflect the Committee's focus on succession planning and the alignment of our functional leaders with Reckitt's strategic priorities and growth opportunities. While the Committee's terms of reference include management succession planning, this is considered so important as to be reviewed and overseen by the full Board. With the establishment of Global Business Solutions and our Global Business Units (GBUs), the Committee focused on identifying and sourcing talent for the GEC both internally and externally.

Building and maintaining a competitive, leading edge, IT and Digital capabilities are key for Reckitt to be successful and agile. To lead us into this digital era, we appointed Filippo Catalano as the Chief Information & Digitisation Officer in April 2021. Filippo has extensive leadership experience in defining and shaping the IT, Digital Portfolios and Technology enabled new business models across leading consumer goods organisations. Filippo's experience will contribute towards developing our digital backbone and create innovative technological platforms that will support our business growth.

In March 2021, we announced that Harold van den Broek would be leaving Reckitt at the end of May 2021. We would like to thank Harold for his outstanding contribution to the business over the course of the last 7 years, most notably for his leadership in driving the transformation of the Hygiene GBU during the most challenging of times. We wish him well in his future endeavours. At the same time, we announced that Volker Kuhn, Chief Transformation Officer, would assume the role of President Hygiene in May 2021, following a smooth transition of responsibilities from Harold. Volker has made a significant impact since joining Reckitt in August 2020, delivering major productivity savings, establishing our new Global Business Solutions unit and identifying further growth opportunities. Volker has a wealth of experience across the fast-moving consumer goods industry which makes him ideally suited for this leadership role.

In June 2021, we announced that Aditya Sehgal, President of Nutrition, eRB & Greater China would be leaving Reckitt at the end of October 2021. We would like to thank Aditya for his many contributions to the business and our people over the past decades and wish him well for the future. Aditya had an extensive 27-year career at Reckitt and positively impacted its people and the business across Hygiene, Health and Nutrition. Following his resignation, his portfolio of responsibilities was re-organised within senior management and the CEO assumed a more direct oversight of the Nutrition, e-commerce, and Greater China teams.

To support the changes within the Nutrition business, Pat Sly, who joined Reckitt as part of the Mead Johnson Nutrition acquisition in 2017, was appointed as Chief Operating Officer, Nutrition and member of the GEC in July 2021. Pat has more than 20 years of experience in senior leadership roles in general management, marketing, and sales across North America, Europe, Asia Pacific and Latin America. In his role as Chief Operating Officer, Nutrition, Pat leads the global Nutrition business which includes Infant & Child Nutrition (IFCN), Specialty Nutrition, Maternal Nutrition and Adult Nutrition. In February 2022, Pat was appointed as President Nutrition.

Further changes to the GEC took place during the year. In December 2021, we announced that Rupert Bondy, General Counsel & Company Secretary would be leaving Reckitt at the end of February 2022. We would like to thank Rupert for his outstanding contribution to the business over the last 5 years. Rupert has had been material in guiding the transition of the Board Directors and helped the company navigate a number of business critical legal and reputational issues. He has overseen the legal and contractual aspects of major acquisitions and disposals such as sale of IFCN in China. In February 2022, Catheryn (Cathy) O'Rourke joined the company and the GEC as the General Counsel & Company Secretary following Rupert's resignation. Cathy joins the GEC with more than 20 years of professional expertise in running global legal and compliance teams, managing litigation and corporate transactions; overseeing financial reporting and disclosure as well as supporting Board governance.

More information about our current GEC membership can be found on pages 114 to 116.

Review of Committee terms of reference

The terms of reference for the Committee are reviewed on an annual basis. During the November Committee meetings, we reviewed our terms of reference in line with best market practice guidance, the Code and the model terms of reference for Nomination Committees issued by the Chartered Governance Institute. The current terms of reference for the Nomination Committee are available on our website at www.reckitt.com.

Review of potential conflicts of interest

During the year, the Committee reviewed Board members' potential conflicts of interest. The Committee reviewed a schedule of external appointments and other potential situational conflicts as disclosed by each Director. Having reviewed the schedule, the Committee concluded that the appointments did not affect any Director's ability to perform his or her duties and recommended that the Board authorises each Director to continue in each of his or her external commitments. Each Director standing for election or re-election at the forthcoming AGM of the company has individually provided assurances that they remain committed to their roles and can dedicate sufficient time to perform their duties.

Composition

The Committee regularly evaluates the Board and its Committees, and considers the composition, the balance of skills and experience, diversity and how effectively Directors work together to achieve Reckitt's objectives. The Committee ensures that plans are in place for orderly succession of the Board and senior executive management, overseeing of a diverse pipeline of succession. This ensures that the Board and GEC benefit from fresh perspectives as well as the experience of longer-serving members.

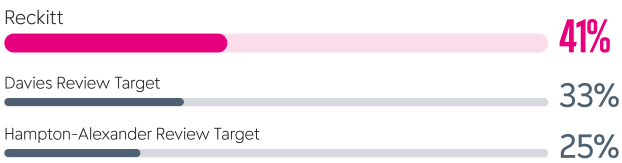
In October 2021, Laxman Narasimhan stepped down as member of the Nomination Committee given that he is an Executive Director, however he continues to attend Committee meetings to provide input as appropriate.

Diversity and inclusion

The Board and Committee fully recognise the importance of diversity, including gender and ethnicity, at Board and senior management level in compliance with the Code. Inclusion is core to Reckitt's purpose to 'Protect, Heal and Nurture in the relentless pursuit of a cleaner and healthier world' and to our employee value proposition of Freedom to Succeed – there is no freedom without inclusion and no success without diversity. We recognise that it is critical for us to have a diverse employee population and also a Board and senior management team that is reflective of the markets we operate in and the consumers we serve.

We do not have a written Board diversity policy but the Committee and the Board are committed to recruit members of the Board on the strict criteria of merit, skill, experience and cultural fit of any potential candidates, and to seek diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. This commitment is demonstrated through our Board composition which comprises of six nationalities, and five women, two of whom are Committee Chairs. This includes Mary Harris, who is Chair of the Remuneration Committee and the Designated Non-Executive Director for engagement with the company's workforce, and Pam Kirby who is Chair of the CRSEC Committee. I am pleased to report that as at 31 December 2021, 41% of our Board members are women, which exceeds the 25% target set by the Davies Review and we have achieved the 33% target as outlined in the Hampton-Alexander Review. We also meet the requirements of the Parker Review published in October 2017. Our Board consists of three members from ethnic minorities, which exceeds the Parker Review recommendation, Beyond One by '21, which is to have at least one person from an ethnic minority on the Board.

Percentage of women Board members



Our GEC, comprising of the most senior management level in the business, represents 7 different nationalities from across the globe, embodying our corporate inclusion and diversity policy. Our GEC also consists of three members from ethnic minority backgrounds. The company's wider global leadership community holds over 49 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. As at 31 December 2021, female representation within the GEC (and their direct reports) was 26%. Whilst progress has been made, we are cognisant of the gap in performance towards the 33% for female leadership within the GEC and their direct reports as detailed in the Hampton-Alexander Review (and in provision 23 of the Code) and we are working to improve gender balance at all management levels. We recognise that female representation at our most senior levels needs improvement and the Committee continues to make a commitment to increase female representation at this level. We were delighted that in February 2022, Cathy O'Rourke joined the company and the GEC as General Counsel & Company Secretary. As at 31 December 2021, female employees accounted for 44% of our global workforce.

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

We continue to put inclusion and diversity at the core of everything we do. Further details can be found in our stakeholder engagement section from page 50.

Performance review

Committee performance review

This year, the Committee participated in the main Board performance review conducted by Lintstock Ltd, appointed to facilitate a three-year Board Development Programme. Respondents in the Committee questionnaire scored the Committee highly in key areas, specifically noting the composition of the Board was effective, balanced and diverse. The main area of focus relevant to the Committee, identified as a result of the performance review, is to continue to identify additional skills required for the Board in areas that may be lacking such as digital expertise and experience in emerging markets. Another area of focus is to ensure succession planning remains a high priority for key Board roles over a longer-term horizon and improving the Board's oversight of the company's processes for managing and developing talent. The Board performance review is discussed in further detail on pages 126 to 127. Lintstock is independent of and has no other links with the company or its Directors in connection with the performance review.

AUDIT COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 December 2021.

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

Committee priorities for 2022

- Maintaining oversight and providing reassurance to the Board on Reckitt's risk management and internal control procedures, including monitoring key areas in the context of risk and control, such as IT, tax, and legal and compliance
- Sustaining a strong culture of risk management across the Group
- Taking a proactive approach in preparing for legislative and regulatory changes which may be required to internal controls and reporting, arising from the Department for Business, Energy & Industrial Strategy (BEIS) consultation
- Continuing to holistically monitor legislative and regulatory changes which may affect the work of the Committee

"The Committee plays a key role in the governance of the Group's financial reporting, risk management, internal controls, and the external audit. Maintaining robust internal controls remained a key focus for the Committee, particularly in light of the impact of COVID-19."

Andrew Bonfield
Chair of the Audit Committee

Committee membership

Composition	Member from	Meetings attended[1]	Recent and relevant financial experience	Sectoral experience relevant to Reckitt's operations
Andrew Bonfield (Chair)[2]	July 2018	5 of 6	• Financial expert • Chartered Accountant • Currently CFO of a global US Fortune 100 company • Has held numerous CFO roles at other large companies, including those in the consumer goods sector	• Consumer goods • Pharmaceuticals/healthcare
Pam Kirby[3]	March 2016	5 of 6	• Sits on another FTSE 100 company's Audit Committee	• Pharmaceuticals/healthcare • Technology
Sara Mathew	July 2019	6 of 6	• Financial expert • Holds Master's degrees in Finance and Accounting • Has held senior finance roles and CFO roles at other large companies	• Consumer goods • Pharmaceuticals/healthcare
Margherita Della Valle[4]	July 2020	5 of 6	• Financial expert • Currently CFO of a FTSE 100 company • Holds a Master's degree in Economics • Has held senior finance roles and CFO roles at other large companies	• Consumer goods • Technology
Elane Stock[5]	25 October 2021	1 of 1	• Holds Master's degrees in Finance	• Consumer goods • Emerging markets

1. There were six (four scheduled and two additional) Committee meetings (five of which were held by videoconference owing to COVID-19) during the year
2. Andrew was unable to attend one meeting owing to a prior commitment
3. Pam was unable to attend one meeting due to a scheduling conflict with the CRSEC Committee, of which she is Chair
4. Margherita was unable to attend one meeting owing to a prior commitment
5. Elane was eligible to attend one of the scheduled meetings during the year, having been appointed on 25 October 2021

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

All Committee members are independent Non-Executive Directors who have financial, economics and/or business management expertise in large companies. As Chair of the CRSEC Committee Pam Kirby's membership of the Audit Committee ensures that relevant issues, such as risk, whistle-blowing and compliance are shared and coordinated between the two Committees. Committee members are expected in particular to have an understanding of:

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

The Board is satisfied that, in compliance with the UK Corporate Governance Code 2018 (the Code), Committee members as a whole have competence relevant to the company's sector (consumer goods). The relevant financial and sectoral experience of each Committee member is summarised in the table above.

Committee appointments are generally made for a three-year period. Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, experience, knowledge and diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with management covering internal audit, risk management, legal, tax, treasury and financial matters, as well as meetings with the External Auditor.

All members of the Committee receive regular briefings from management on matters covering governance and legislative developments, accounting policies and practices, and tax and treasury.

During the year, the Head of Group Secretariat acted as Secretary to the Committee.

Meetings

During 2021, the Committee held six meetings at times aligned to the company's reporting cycle. Of the six meetings held during the year, five were held via videoconference, as permitted by the company's Articles of Association and the Committee's terms of reference, owing to COVID-19-related restrictions. Committee meetings usually take place ahead of Board meetings and the

Committee Chair provides an update to the Board on the key issues discussed at each meeting. Committee papers are provided to all Directors in advance of each meeting, including a copy of the minutes of the previous meeting(s).

Meetings are attended by senior representatives of the External Auditor, and by the Group Head of Internal Audit, Chief Financial Officer (CFO) and SVP Corporate Controller. The Chair of the Board and the Chief Executive Officer are also invited to attend. Other management attend when deemed appropriate by the Committee. Time is allocated at the end of each meeting for private discussion with the internal audit team and the External Auditors without other invitees being present, as well as a private session of the Committee members. Committee member meeting attendance during the year is set out in the table on page 134.

Role and responsibilities

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

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

Activity during the year

Standing agenda items reviewed by the Committee throughout the year

- Received reports from the SVP Corporate Controller, internal audit function and External Auditor
- Considered tax and treasury matters, including provisioning for uncertain tax positions and compliance with statutory reporting obligations
- Considered legal matters, including provisioning and compliance risk
- Kept abreast of changes in financial reporting and governance matters by way of technical updates throughout the year
- Annual review of risk management and internal controls including in-depth review of risks across Group functions, and of integrated risk management framework
- Monitored the Group's risk assessment processes

Other items considered by the Committee at meetings during the year

- Review of the 2020 preliminary results announcement, draft unaudited Financial Statements and recommendation for approval by the Board
- Review of the 2020 Annual Report and Accounts, the going concern basis of preparation and Viability Statement, including whether the Committee could recommend that the Board approve the 2020 Annual Report and Accounts
- KPMG's 2020 audit findings report, observations on Reckitt's internal controls for the 2020 financial year, management representation letter and report on the 2020 Annual Report and Accounts
- KPMG's final non-audit fees for 2020 and approval of KPMG's 2021 audit fees
- Review of the 2021 half-year results announcement, including the going concern basis of preparation, and recommendation for approval by the Board
- KPMG's half-year review report findings to 30 June 2021 and management representation letter
- KPMG's assessment of its objectivity and independence
- KPMG's strategy for the 2021 audit
- KPMG's interim IT control findings relating to the 2021 audit cycle and audit strategy update
- Work undertaken in respect of the 2020 internal audit plan and monitoring of the 2021 internal audit plan
- Annual review of IT general controls, cyber security and IT operations
- Internal controls, maturity assessment and controls transformation roadmap
- Review of the company's 'finance for the future' transformation
- Review of the Committee's 2022 standing agenda and terms of reference
- Results of the performance reviews of the Committee, the internal audit function and external audit
- Annual tax function deep dive
- Annual review and approval of Group Treasury policies

Significant and key financial reporting matters

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

Accounting and financial reporting

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

- Recommending that, in the Committee's view, the Financial Statements are fair, balanced and understandable. In addition to the detailed preparation and verification procedures in place for the 2021 Annual Report and Financial Statements, management continued its focus on narrative reporting and clear written and visual messaging to communicate the Group's strategy
- Reviewing the appropriateness of the accounting policies, judgements and estimates used as set out on page 210, and concluding that the judgements and assumptions used are reasonable
- Reviewing the Group's policy relating to, and disclosure of, Alternative Performance Measures (APMs)

Areas of significant financial judgement

The significant financial judgements in relation to the 2021 Group Financial Statements considered by the Committee, together with a summary of the actions taken, were as follows:

Recoverability of goodwill and other intangible assets

Under International Financial Reporting Standards (IFRS), goodwill and indefinite-life assets must be tested for impairment on at least an annual basis. Impairment testing is inherently judgemental and requires management to make multiple estimates, for example around future price and volume growth, future margins, terminal growth rates and discount rates. The Group's impairment testing utilised cash flow projections included within one-year budgets and three- to five-year strategic plans. Cash flows beyond the five-year period were projected using terminal growth rates.

At 31 December 2021 management determined that the Group's goodwill and indefinite-lived intangible assets remained recoverable and no impairment charges were required (2020: impairment charge of £985 million).

The cash-generating unit for which headroom is most limited, other than Biofreeze which was acquired and recorded at fair value during the year, is Infant Formula and Child Nutrition (IFCN). Accordingly, management has included disclosures in the Financial Statements in relation to its IFCN impairment assessment, the key estimates underpinning the IFCN recoverable amount and the sensitivity of the IFCN recoverable amount to reasonable changes in key assumptions. The Committee has reviewed these disclosures, included within Note 1, and considers them appropriate.

Tax provisioning

From time to time, the Group may be involved in disputes in relation to ongoing tax matters in a number of jurisdictions around the world where the approach of the local authorities is particularly difficult to predict. The level of provisioning for these investigations is an area 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 level of tax provisions recognised and the associated disclosures to be appropriate.

Trade spend accruals

Trade spend remains a significant cost for the Group, and the main judgements relate to trade accruals, specifically the timing of recognition and the amount of accruals for trade spend. In 2021, the Committee reviewed the accuracy and utilisation of trade spend accruals recorded in the 31 December 2020 financial statements, given the increased uncertainty and judgement in estimation of these accruals due to the COVID-19 pandemic. The Committee focused on the level of trade spend accruals at the year end to ensure they are sufficient and appropriate.

Legal liability provisioning

At 31 December 2021, a provision of £180 million (2020: £232 million) was held on the Group's Balance Sheet in relation to regulatory, civil and criminal investigations as well as litigation proceedings, including a provision in respect of the South Korea Humidifier Sanitiser (HS) issue. The Committee has reviewed the status of potential legal and constructive liabilities during the year, and at the year end, in relation to the HS issue. The Committee challenged management on legal judgements made in determining the level of provisions recognised and was satisfied with the level of provisioning and associated disclosure.

Acquisition of Biofreeze

The purchase price allocation exercise following the acquisition of Biofreeze involved significant judgement to determine the split of the purchase price between brand intangible assets and goodwill. Management engaged external valuation experts to support the allocation exercise. The Committee reviewed the work performed by management and the external experts, challenged the judgements underpinning the valuation, and considers the allocation of the purchase price between intangible assets and goodwill to be appropriate.

Other key financial reporting matters

Other key matters reviewed and evaluated in relation to the 2021 Group Financial Statements considered by the Committee, together with a summary of the actions taken, were as follows.

Loss in relation to the Nutrition strategic review

The determination of the loss on disposal of IFCN China following the strategic review involved judgement to allocate intangible assets, including the IFCN brands and goodwill that arose on the acquisition of Mead Johnson Nutrition, to the disposal group. The calculation of the loss on disposal was reviewed during the year by the Committee to assess the calculation, particularly in the context of the allocation of intangible assets. The Committee also reviewed the disclosure of the net assets disposed and the loss on disposal, and was satisfied that the loss was calculated and disclosed appropriately.

Going concern and Viability Statement

A viability review was undertaken by management, encompassing its going concern review. The Committee reviewed and challenged the key assumptions used by management in its viability review and going concern assessment, as well as the scenarios applied and risks considered. Based on its review, the Committee considers that the application of the going concern basis for the preparation of the Financial Statements was appropriate and confirmed the suitability of the Viability Statement covering a five-year period, as set out on page 103. The use of a five year period for the viability review was approved by the Board in 2021 as it is the period of the Group's long-term forecasting process and covers the various business cycles.

Boardroom, Global Headquarters, Turner House, Slough, UK

Fair, balanced and understandable
The Committee reviewed the 2021 Annual Report and Financial Statements to ensure that it is fair, balanced and understandable and provides sufficient information to enable shareholders to assess the Group's position, performance, business model and strategy.

The Annual Report project team was primarily comprised of individuals in Reckitt's company secretarial, finance, investor relations, internal audit, reward, corporate communications and sustainability teams. Individuals from those teams with sufficient knowledge and experience undertook the drafting of the relevant sections of this Annual Report. The overall governance and coordination of the Annual Report was managed by an Annual Report Project Manager, in conjunction with the corporate communications team. The project team held regular meetings in person and via telephone or videoconference and accountability was ensured by obtaining internal sign-off from key stakeholders in the project team for the section(s) they were responsible for. Each section was drafted in accordance with an agreed standard operating procedure, ensuring that facts, figures and statements contained within the Annual Report were verified. The Committee determined that the preparation and verification processes were robust.

The Directors, individually and collectively, were provided with drafts of the Annual Report at key stages. The Disclosure Committee met three times to ensure sufficient oversight of the preparation and verification processes and to review drafts ahead of these being reviewed by the Board.

The Committee reviewed the form, content and consistency of narrative within the 2021 Annual Report and Financial Statements, the disclosures contained in the Financial Statements and the underlying processes and controls, which were confirmed as appropriate. The Committee also reviewed KPMG's audit findings report, draft audit opinion and draft management representation letter. Following the Committee's review, the Committee was satisfied that the 2021 Annual Report and Financial Statements, taken as a whole, met its objectives and accordingly we recommended to the Board that the 2021 Annual Report and Financial Statements be approved and we supported the Board in making its statement on page 192.

Financial Reporting Council correspondence
During 2021, the company received two letters from the Financial Reporting Council (FRC) in relation to its thematic review of APMs contained in the company's 2020 Annual Report and Financial Statements. The first letter outlined that certain areas of the disclosure on APMs were an example of better practice. The second letter provided suggestions to improve the current APM disclosures, which have been incorporated into this Annual Report. The FRC did not raise any formal comments which required a response from the company. The nature of the FRC review is that it provides no assurance that the annual report and accounts are correct in all material respects. The FRC's role is not to verify the information but is to consider compliance with reporting requirements.

Risk management
The Committee supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's financial reporting (including the Annual Report and Financial Statements), internal controls and overall risk management process, and the relationship with the External Auditor. The Committee makes recommendations to the Board in relation to approval of the Annual Report and Financial Statements.

In monitoring the adequacy and effectiveness of the system of risk management and internal controls, the Committee reviewed compliance procedures and Reckitt's overall risk framework (including the Group's whistle-blowing arrangements) and considered financial, operational risk and internal control processes at Group, Global Business Unit (GBU), corporate and functional levels. Following a routine second line of defence review, an investigation was commissioned by management to assess evidence supporting the creation, utilisation and release of certain operational expenditure and trade investment accruals within the Hygiene GBU. Although the investigation did not identify any material misstatement in relation to the years ended 2020 and 2021, certain remediation actions are being undertaken by management to improve the control processes regarding accruals and provisions.

There were no significant failings or weaknesses during the year meriting disclosure in this report. Reckitt's ongoing controls transformation program in preparation for internal controls changes arising from the BEIS consultation, together with the above mentioned investigation, has identified certain control improvement opportunities that management is currently undertaking. The Committee reported to the Board in February 2022 that it considers the internal control framework to be functioning appropriately, to enable the Board to meet its obligations under section 4 of the Code, to maintain sound risk management and internal control systems, and to report to shareholders on these in the Annual Report (see page 120). The Committee also reviewed the 'three lines of defence' framework and the Group's principal and emerging risks.

Reckitt's finance function, headed by the CFO, has implemented policies, processes and controls to enable the company to review and fully comply with changes in accounting standards and relevant financial regulations. These policies, processes and controls are kept under review on an ongoing basis to ensure both internal and external developments are reviewed and responded to.

The basis for the preparation of the Group Financial Statements is set out on page 210 under Accounting policies.

The company's External Auditor's report, setting out its work and reporting responsibilities, can be found on pages 193 to 204. The terms, areas of responsibility and scope of the External Auditor's work are agreed by the Committee and set out in the External Auditor's engagement letter.

More information on the Group's principal and emerging risks and strategy for growth and achieving targeted goals is detailed in the Strategic Report, which can be found on pages 88 to 102.

The Viability Statement can be found on page 103.

The Statement of Directors' Responsibilities on page 192 details the going concern statement as required by the Listing Rules and the Code and the Directors' responsibility for the Financial Statements, for disclosing relevant audit information to the External Auditor and for ensuring that the Annual Report is fair, balanced and understandable.

Internal controls
Internal control processes are implemented through clearly defined roles and responsibilities, supported by clear policies and procedures, delegated to the Group Executive Committee (GEC) and senior management. A new Group Head of Audit was appointed on 1 September 2021 with objectives that are designed to develop the function in line with the strategy of the Business.

Reckitt operates a 'three lines of defence' model in monitoring internal control systems and managing risk.

1. Management in the first line ensures that controls, policies and procedures are followed in dealing with risks in day-to-day activities. Such risks are mitigated at source with controls embedded into relevant systems and processes. Supervisory controls, either at management level or through delegation, ensure appropriate checks and verifications take place, with any failures dealt with promptly. Throughout Reckitt, a key responsibility for any line manager is to ensure the achievement of business objectives with appropriate risk management and internal control systems.
2. Each function and GBU has its own management which acts as a second line of oversight. This second line sets the local level policies and procedures, specific to its own business environment, subject to Group policy and authorisation. It further acts in an oversight capacity over the implementation of controls in the first line. The financial performance of each function and GBU is monitored against pre-approved budgets and forecasts ultimately overseen by the executive management and the Board. As part of the second line, the Corporate Control team identifies financial risks and mitigates these with appropriate internal controls, as well as establishing the minimum expected financial control requirements. The effectiveness of the global financial control framework is reviewed annually. Further, the Group's compliance controls include the operation of an independent and anonymous 'Speak Up' whistle-blowing hotline, annual management reviews and the provision of training specific to individual needs within the business.
3. The third line of defence is provided by the internal audit team which provides independent and objective assurance to the Committee and management on the adequacy and effectiveness of risk management systems and internal controls operated by the first and second lines of defence. Internal Audit also facilitates the integrated risk management process.

Reckitt's internal control framework provides assurance that business objectives are achieved, that business is conducted in an orderly manner and in compliance with local laws, that records are accurate, reliable and free from material misstatement, and that risks are understood and managed.

The corporate control team is accountable for managing global control policies and frameworks and for monitoring the effectiveness of the Group's internal control environment. Local markets conduct an annual controls self-assessment comprising of over 150 system-agnostic controls across key financial processes. Corporate control is responsible for reporting and monitoring of controls at local, GBU and global levels, working with markets to improve risk and controls capability and to support the development of remediation plans and corrective actions for control weaknesses. The Committee receives a report at each meeting summarising any notable controls activity since the previous meeting.

Internal audit

The Committee is responsible for reviewing and monitoring the effectiveness of the internal audit function. The Group Head of Internal Audit reports to the Chair of the Committee and to the CFO for administrative matters and updates the Committee at each meeting. The internal audit function is responsible for impartially assessing the key risks of the organisation and appraising and reporting on the adequacy and effectiveness of Reckitt's risk management and internal controls in financial, information systems and other business and operational areas in order to develop and improve the effectiveness of the Group's risk management control and governance processes and strategies. The independence of the Group Head of Internal Audit and the internal audit function is considered as part of the annual internal audit effectiveness review. Further details can be found on page 140.

The internal audit plan is prepared on a half yearly basis under an agreed rotation and scope policy and reflects a risk-based approach. Audit locations are selected based on a number of factors including the risks related to the business as well as the period since the last audit. Information systems, change programmes and activities of Group functions also fall within internal audit's remit and are subject to audit. Following each audit, findings are reviewed and reported to management and to the Committee, together with recommendations and updates. Resulting management actions are tracked until they are satisfactorily closed.

Due to the COVID-19 pandemic, the internal audit approach and plan for 2021 continued through a series of 'operational resilience reviews', focusing on priority areas of the business. In 2021 routine internal audit work delivered audits which covered 31% (by net revenue) of Reckitt's global commercial business and 39% (by industrial sales) of global manufacturing facilities. Audits that identified significant weaknesses in the control environment normally receive a follow-up audit within six to 18 months as appropriate.

External Auditor

The Committee is responsible for maintaining the relationship with the External Auditor on behalf of the Board. The company's External Auditor is KPMG LLP (KPMG). Following a competitive tender undertaken in 2017, KPMG was formally appointed as the Group's External Auditor by shareholders in 2018. There are no current plans to commence an external audit tender. The company will be required to conduct its next external audit tender no later than 2027. For the year ended 31 December 2021, 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 Committee considers and makes a recommendation to the Board in relation to the appointment, reappointment and removal of the External Auditor, taking into account independence, effectiveness, lead audit partner rotation and any other relevant factors, and oversees the tendering of the external audit contract. The Committee approves the External Auditor's terms of engagement and remuneration and reviews the strategy and scope of the audit and the work plan. The Committee also monitors the rotation of the lead audit partner every five years in accordance with the FRC's Ethical Standard. The current lead audit partner, Richard Broadbelt, has completed his fourth year as lead audit partner. A new lead audit partner, Andrew Bradshaw, will begin in 2022 following a transition period with Richard Broadbelt in the 2021 audit cycle, before leading the audit for the year ended 31 December 2022.

During the year, KPMG's reports to the Committee included the following matters:

- Audit strategy, materiality and scope (and regular updates)
- Audit findings and half-year review findings (and any updates) including identification of any significant risks to the audit and other key accounting and reporting matters
- Report on audit findings in relation to the IFCN impairment assessment
- Review of going concern and the Viability Statement
- Draft audit opinion
- Draft management representation letters
- Draft engagement letter
- Review of KPMG's 2021 Audit Quality Inspection Report issued by the FRC
- Analysis of non-audit services provided
- IT and other control findings

Besides the annual evaluation of the External Auditor, the Committee continually reviews the External Auditor's effectiveness through means such as the monitoring of its progress against the agreed audit plan and scope. KPMG reports to the Committee annually with an audit quality scorecard, providing a holistic view of, and their investment in, audit quality and how they measure their audit quality progress.

The Committee reviews the nature and level of non-audit services undertaken by the External Auditor during the year to satisfy itself that there is no impact on its independence. The Committee is required to approve all non-audit services. The Board recognises that in certain circumstances the nature of the service required may make it more timely and cost-effective to appoint an auditor that already has a good understanding of Reckitt. The total fees paid to KPMG for the year ended 31 December 2021 were £16.5 million, of which £0.6 million related to non-audit and audit-related work (to which KPMG was appointed principally for the above reasons). The Group's internal policy on non-audit fees (effective 1 January 2017) 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 2021, non-audit and audit-related fees were 3.8% of the audit fees. Details of services provided by the External Auditor are set out in Note 4 on page 218.

Reckitt has a formal policy in place to safeguard the External Auditor's independence. In addition, as part of its audit strategy presentation to the Committee in May 2021, KPMG identified its own safeguards in place to protect its independence and confirmed its independence in February 2022 to the Committee.

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

The External Auditor is a key stakeholder in helping the Committee fulfil its oversight role for the Board. In the opinion of the Committee, the relationship with the External Auditor works well; the Committee remains satisfied with the External Auditor's independence and effectiveness and believes KPMG is best placed to conduct the company's audit for the 2022 financial year. KPMG has expressed a willingness to continue as External Auditor of the company. Following a recommendation by the Committee, the Board concluded, on the Committee's recommendation, that it was in the best interests of shareholders to appoint KPMG as the company's External Auditor for the financial year ending 31 December 2022. In accordance with section 489 of the Companies Act 2006, resolutions to propose the reappointment of KPMG as the company's External Auditor and to authorise the Committee to fix its remuneration will be put to shareholders at the AGM on 20 May 2022.

KPMG had no connection with any Directors during the financial year.

Governance

Committee performance review

This year, a performance review of the Committee was conducted as part of the Board's external performance review, conducted by Lintstock Ltd. Lintstock Ltd is independent of and has no connections to the company.

The performance review of the Committee utilised a bespoke questionnaire, sent to Committee members. Matters evaluated by Committee members included time management and composition, Committee processes and support, and the work of the Committee and its priorities for change. All areas received 'good' or 'excellent' scores overall, with particularly positive feedback given on the Committee's composition, the management of Committee meetings, Committee processes and support, the Committee's assessment of the work of the internal audit function; and its relationships with the Group Head of Internal Audit and the CFO. It was noted that a greater focus on risk appetite and structured deep dives including KPIs tracking and external benchmarking would be helpful in the coming year. It was also noted that there would be value in GBU CFOs attending the Committee meetings periodically.

The Board, having had sight of the results of the Committee's performance review, considers the Committee to be operating effectively.

Internal audit evaluation

The annual internal audit effectiveness review was conducted in two parts. An internal audit and risk management survey was circulated to internal stakeholders including Committee members, the GEC and GBU, functional and regional leadership teams. The Internal Audit team also performed a peer review for audits completed during the year to request feedback.

The evaluation of the internal audit function covered the following areas: risk management – objectives, skills and experience, process and key opportunities; and internal audit – skills and experience, quality, audit scope, audit cost, audit communication, independence, change catalyst and key opportunities. The effectiveness review reported strong, positive feedback which demonstrated that the internal audit function was trusted and respected. Key highlights are that the internal audit function: has a broad range of skills and expertise; provides clear, concise and consistent audit reports with opportunities to share learnings and good practices across the business; and has opportunities to continue to deepen business understanding and awareness. It is also noted that the integrated risk management framework is driving a better understanding of risk, with an opportunity for internal audit function to use this 'risk intelligence' to move towards a risk-based approach and broader range of strategic and operational audits.

The independence of the Group Head of Internal Audit and the internal audit function was confirmed.

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

External audit evaluation

The annual evaluation of the External Auditor was carried out in May 2021. The assessment of the External Auditor was conducted using a survey circulated to the Board, Group Executive Committee, GBU, finance and other functional leadership, and local finance management. The sample size of respondents was increased to include markets and entities not in Group scope but in statutory scope, to ensure coverage globally of a significant number of entities. The survey covered the four competency areas in the FRC's Guidance on Audit Quality, Practice aid for Audit Committees (published in December 2019) (Guidance): judgement; quality control; skills and knowledge; and mindset and culture.

The Committee reviewed the results of the FRC's Audit Quality Review of KPMG's audit of the financial statements of Reckitt Benckiser Group plc for the year ended 31 December 2020 at its meeting in November 2021. The scope of the review included the audit of significant risk areas, oversight of the work of component auditors and communications with the Committee. No areas for improvement were noted in the report and three areas of good practice were highlighted, including the audit of the IFCN impairment assessment, the audit team's oversight and involvement with component auditors and the involvement of the Engagement Quality Control Reviewer. The Committee was satisfied with the outcome which was rated 'good', being the highest potential rating awarded by the FRC, with no key findings noted.

Overall the Committee is satisfied with the effectiveness, expertise, quality, review, and in particular, professional scepticism and challenge from the External Auditor and believes that KPMG remains best placed to conduct a high-quality audit of the Group for the 2022 financial year.

Andrew Bonfield
Chair of the Audit Committee
Reckitt Benckiser Group plc

13 April 2022

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT

"Our dedication to good governance ensures that our leaders operate with integrity and compassion. An ethical business is a strong and resilient business, which is evident in our results."

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

On behalf of the Board, I am pleased to present the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee Report for the financial year ended 31 December 2021.

This report details how the Committee has discharged its role and responsibilities during the year under review in relation to monitoring and assessing the company's approach to responsible, sustainable, ethical, and compliant corporate conduct in accordance with the company's Purpose, Compass, culture and values, the Group's purpose-led strategy and societal responsibility.

Committee priorities for 2022

- Oversee and make recommendations to the executives and the Board for actions to be taken in respect of the Group's corporate responsibility and sustainability, ethics and compliance strategies, policies, programmes and activities
- Take a proactive approach in anticipating and preparing for legislative or regulatory changes and reviewing processes to ensure compliance
- Review our sustainability objectives and chart progress against our targets, including overseeing the Group's conduct with regard to its corporate and societal obligations as a responsible global citizen on behalf of all its stakeholders
- Monitor and review the processes for risk assessment as regards corporate responsibility (including human rights and product safety), sustainability and compliance matters (including regulatory and quality risk assurance and restrictive trade practices) and ethical conduct, including the impact of COVID-19 and any associated risks to the Group
- Continued focus on delivering the safety, quality, and compliance agenda

Corporate Responsibility, Sustainability, Ethics and Compliance Committee Report
(Continued)

Committee membership
The members of the Committee during the year were:

	Member from	Meetings attended
Pam Kirby (Chair)	Chair and member of the Committee for the whole year	4 of 4
Nicandro Durante	Member for the whole year	4 of 4
Mehmood Khan	Member for the whole year	4 of 4
Chris Sinclair	Member for the whole year	4 of 4

Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, knowledge, diversity and experience. The Board is satisfied that each member of the Committee is independent and that Committee members as a whole have competence relevant to the company's sector and the industries in which it operates. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with internal management covering CRSEC matters. All members of the Committee receive regular briefings from senior executives on matters covering governance, regulatory and legislative developments, product safety and corporate responsibility, sustainability and ethics-related matters, and Reckitt practices and policies in these areas. During the year, the Head of Group Secretariat acted as Secretary to the Committee.

Meetings
The Committee is expected to meet at least three times per year. In 2021, the Committee held four meetings, three of which were held virtually due to COVID-19. Meetings usually take place ahead of Board meetings and the Chair of the Committee reports formally to the Board on the Committee's proceedings. The CEO, CFO, Chief R&D Officer, Group Head of Audit, General Counsel & Company Secretary, Chief Supply Officer, Head of Group Compliance, Head of Corporate Affairs & Chief Sustainability Officer, Head of External Communications and Affairs, Global Director of Sustainability, Environment and Human Rights, Chief Safety Officer, and Global Head of Regulatory regularly attend meetings. Other Board members are invited to attend all meetings. Other senior management attend when deemed appropriate by the Committee. Time is allocated at each meeting for private discussion with the Chief R&D Officer, Head of Group Compliance, Head of Corporate Affairs & Chief Sustainability Officer and Group Head of Audit without other invitees being present, as well as a private meeting of the Committee members. Copies of Committee papers are provided to all Board Directors in advance of each meeting and minutes of each Committee meeting are provided to the Board.

In addition to reviewing matters at our Committee meetings, the Committee Chair held regular meetings with our CEO, Chief R&D Officer, Head of Corporate Affairs & Chief Sustainability Officer, and the Chief Ethics & Compliance Officer, to review progress against the strategy and to represent the Board in supporting the efforts in these critical areas.

Role and responsibilities
The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's corporate responsibility and sustainability, ethics and compliance strategies, policies, programmes and activities. Its role and responsibilities are set out in its terms of reference, which can be found at www.reckitt.com. We review our terms of reference annually. During the year, the Committee's terms of reference were reviewed and considered to be fit for purpose, in line with best practice.

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

Activity during the year
Standing agenda items reviewed by the Committee throughout the year
The Committee has a number of standing agenda items which it considers in line with its terms of reference:

- Reviewing the constitution, terms of reference and performance of the Committee
- Assessment, benchmarking and recommendations on policies, processes and procedures for corporate responsibility, sustainability and compliance and ethical conduct
- Overseeing the Group's conduct with regard to its corporate and societal obligations as a responsible global citizen on behalf of all its stakeholders, including reviewing the company's statement on Modern Slavery and Trafficking
- Reviewing and monitoring implementation and compliance with the company's Speak Up Policy and review of reports
- In conjunction with the Audit Committee, reviewing the company's whistle-blowing, fraud and compliance arrangements, including the adequacy and security for the workforce to raise concerns, procedures for detecting fraud, systems and controls for the prevention of bribery and modern slavery and the effectiveness of anti-money laundering systems and controls
- Monitoring and reviewing processes for risk assessment for corporate responsibility, sustainability, and compliance and ethical conduct
- Agreeing targets and KPIs for corporate responsibility, sustainability and compliance and ethical conduct. Reviewing internal and external reports on progress towards set targets and KPIs
- Reports from management committees in respect of corporate responsibility, sustainability, ethics, and compliance and investigating and taking action in relation to issues raised or reported to it

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

- Product safety evaluation, product integrity review and product lifecycle management
- Supply chain quality performance
- Corporate employee health and safety
- Regulatory matters review and remediation programmes
- 2021 compliance and ethics priorities
- Ethics and compliance maturity evolution and communication plan
- Ethics and compliance scorecard
- Corporate security
- Annual compliance training
- Corporate policies
- Employee pulse survey – 'Doing the right thing, always'
- Data privacy: Brexit and data incidents reported
- Third-party due diligence
- External affairs
- Fight for Access Fund
- IFCN progress, including position on sugars
- IFCN update – breast-milk substitute call to action
- Sustainability matters and target tracking
- Building on COP26 momentum on sustainability
- COVID-19 impact and related matters

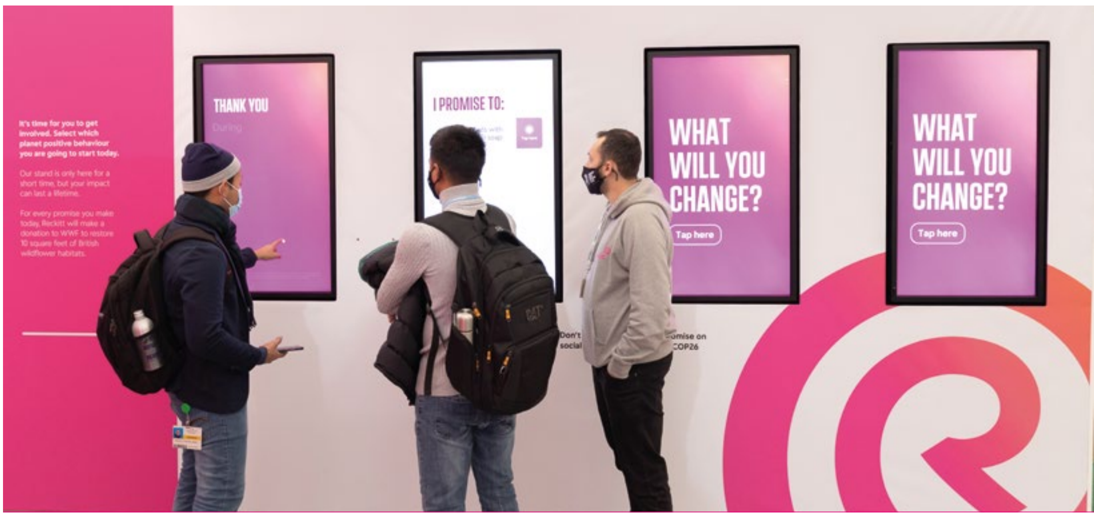
Some of the key achievements in the reporting period follow.

Sustainability

2021 was a significant year in our environmental social and governance (ESG) and sustainability agenda. At the end of 2020, we measured our performance against our initial sustainability targets, achieving 2020 environmental goals on carbon and water in manufacturing and improving our social impact, but also recognising the need to strengthen our focus on product sustainability throughout our value chain. External scrutiny of packaging and plastics continued alongside greater recognition of the importance of biodiversity and reaffirmation of the significance of climate action both for business and society. Our work up to 2021 built strong foundations in these areas, most notably through our work on plastics and our science-based targets approach on climate change with ambitions to reach net zero. Together with a greater emphasis on sustainable product formulation and even wider social impact within both our business and value chain, these formed the basis of our Sustainability Ambitions for 2030 which we launched in March 2021. Our ambition to reach half the world with products that enable a cleaner, healthier world, while engaging two billion people through our purpose-led brands, programmes and campaigns will help us deliver lasting societal impact through a stronger business. In delivering our specific ambitions on sustainable products, climate action, inclusion and human rights we help deliver the United Nation's Sustainable Development Goals (SDGs) and our own ambitions for a healthier planet and fairer society. Our latest materiality review reaffirms that we are focused on the issues that matter most – for our business, for wider society and for our stakeholders. This was confirmed during 2021 as we communicated our Sustainability Ambitions widely, and built new partnerships with stakeholders, especially customers and governments, to help deliver them.

The United Nations COP26 conference was a great demonstration of this and of our wider ESG and sustainability approach. As the official hygiene partner at COP26, we helped deliver a safe conference that furthered climate action. We also drew attention to the increasingly obvious connection between climate change and public health. This needs concerted cross-sectoral action to protect people's health around the world, and Reckitt is well placed to drive and support that action. Our purpose-led brands' activity on health literacy and preventative health and hygiene measures help address exactly that. At the same time, through our brands and the sustainable products we design, we help tackle climate change when people use our products every day, by saving energy and water. Again, at COP26, we drew attention to how brands and business can connect with consumers everywhere to promote this and create subtle but important changes in behaviour that help address societal issues.

COP26 also saw our announcement of new programmes on ecosystems and biodiversity. The opportunities and risks within ecosystems, for a variety of issues such as climate change, resource resilience or even new health solutions, are increasingly visible. Stakeholders including governments, consumers and investors recognise this within their support for stronger policy frameworks and reporting activity through nature-related financial risk reporting. Our new partnership with the University of Oxford Nature Based Insetting team is helping us assess ecosystem impacts and then build measurable interventions to reduce risk and strengthen ecosystems for the future. It complements our partnership with the University of Cambridge's Centre for Risk Studies on climate change.



Reckitt's stand at COP26, Glasgow, UK

Corporate Responsibility, Sustainability, Ethics and Compliance Committee Report
(Continued)

We have continued to progress on climate change by further reducing carbon and greenhouse gases through increased use of renewable electricity and energy efficiency. There has been similar progress on water, with increased efficiency in manufacturing alongside the development of water harvesting and catchment area management. Collectively, these have enabled our first net water-neutral site, at Hosur in India. Our increased focus on sustainable products is led by ongoing development of our Sustainable Innovation Calculator which is now used in each Global Business Unit's product development innovation programme. It helps measure carbon, water, chemical and packaging footprints in new products for our global brands, targeting their reduction to enable more sustainable products in the future.

2021 also saw Reckitt strengthen its sustainable sourcing activity with a focus on key ingredients including palm oil and latex. We have reaffirmed our commitment to only using certified sustainable palm oil. This is enabled by roadmaps with our suppliers together with our collaboration with other Consumer Goods Forum members and our own partner, Earthworm Foundation, on landscape programmes. We began the certification of latex through the Fair Rubber Association (FRA). We are working with plantations in Malaysia and smallholder farmers in Thailand to certify latex production, strengthen agronomy, protect ecosystems and support sustainable livelihoods and communities to safeguard them and latex production for the future.

Our ESG and sustainability agenda was a continuing element of this Committee's work, but also supported wider Board engagement. Listening Sessions on infant nutrition and ecosystems supported our oversight of the business's strategy and approach, bringing external expert perspective to the attention of Board members.

Safety, quality, regulatory and compliance
At the start of the year, the Consumer Safety and Regulatory functions were aligned under our Chief R&D Officer, which has delivered further continuity across the innovation and product lifecycle management, enabling greater effectiveness and efficiency. Quality, Employee Health and Safety and Quality Compliance functions are aligned under the Chief Supply Officer, which has delivered further continuity around critical manufacturing and logistics processes and the necessary product quality requirements.

R&D

- **Ingredients:** Science platforms delivering new innovative solutions in areas of packaging and science of sustainability – e.g. Gaviscon coatings replacing outside plastic sleeve, Finish packaging recycled content, fundamentals of polymer science leading to upgraded shelf life performance, PU condom launch and optimisation of material usage and manufacturing yields to reduce waste
- **Product Lifecycle Management (PLM):** The PLM system is now deployed across a number of sites and global functions with focus on data governance and platforms required to ensure efficient data flow and compliance. Continued learnings from deployment are being applied to the programme approach moving forward
- **Animal testing for product safety:** A new 'Alternatives to Animal Testing' corporate policy was developed, emphasising Reckitt's commitment to minimising animal testing and using alternatives where possible. Consumer safety is our number one priority, and Reckitt must comply with the regulations where our products are marketed. This may on limited occasions require animal studies to support the safety or efficacy of certain ingredients and/or products, when no scientifically validated alternative test is available. It is our policy not to conduct or commission tests unless scientifically justified or required by government or scientific agencies. This same policy is applied to our suppliers and third parties. Reckitt does not test cosmetic products or any of its ingredients on animals and supports a worldwide ban to end cosmetic product testing on animals. Reckitt is committed to eliminating animal testing of our products as far as possible, applying the principles of '3Rs' (Reduce, Refine and Replace). Reckitt does not conduct animal testing on cosmetic ingredients or raw materials for the purposes of safety assessment, nor do we request our suppliers to do this. In cases where animal testing is required, we ensure that we use accredited and certified third-party laboratories. Reckitt has no animal testing research facilities and does not conduct in-house animal research. We do not request third-party suppliers to conduct testing on our behalf. As part of our commitment to ending animal testing, we are continuing to collaborate with the scientific community and a number of trade association partners to accelerate the development of alternative approaches and methodologies, while ensuring consumer safety and delivering product efficacy

Product integrity review: Completion of a 4.5-year programme to review the safety and compliance of Reckitt's portfolio in response to the Humidifier Sanitiser (HS) tragedy. At peak a workforce of 90 dedicated cross-functional scientists reviewed over 21,000 stock-keeping units (SKUs) across 173 markets, manufactured at over 280 locations. A comprehensive review of the company's response to the HS tragedy was also conducted. It found that Reckitt's product safety systems and processes had been appropriately remediated since 2016.

- **Brexit:** Required changes have been implemented with updated and adapted items such as testing protocols, to ensure execution and no loss of business continuity
- **Regulatory matters:** The Committee continued to monitor regulatory issues in many jurisdictions and the business's readiness to adapt. A new Public Policy & Advocacy Group of cross-functional experts has been established to strengthen this capability and ensure continued and long-term focus on Reckitt's policy priorities
- Our overall approach to CRSEC activities has moved to continuous improvement, with a more effective topical approach, as evidenced by the survey conducted in Q3
- **COVID-19:** Our focus continued to enable science support for our products and consumer knowledge, drawing on medical insight and product knowledge as new variants emerged

Supply

- **Quality:** QualityOne has now been launched for Change and Deviation Management. As planned, work has commenced on scoping the next phases of the programme – Documentation, and Supplier & Audit Management. Progress continues on both leading and lagging indicators across business units
- **EH&S:** enhanced programmes at factories; robust COVID-19 protocols and a strong performance maintained despite COVID-19 related disruptions; and strong progress on asset protection
- Transformation in Consumer Relations is reaching its conclusion in Q1 2022 and will bring us data from our consumers to drive improvements

Legal and compliance

- **Culture of Integrity:** Following the publication of Reckitt's new Compass and Code of Conduct in 2020, helping us ensure that every employee has a clear understanding of the behaviours we want to adopt and of the principles and values which we uphold, in 2021 Reckitt rolled out a survey to measure the 'Culture of Integrity' within the organisation. This was done through a company-wide 'Doing the Right Thing, Always' pulse survey in Q2 2021. The survey obtained 19,498 responses, with rich feedback provided

  On the back of employees' feedback on their feeling of empowerment to 'Do the Right Thing, Always', Reckitt devised a detailed action plan and put robust measures in place to continuously enhance its Culture of Integrity. As an example of the actions taken, the Company:

  i. Continued the roll-out of the Honest Reflections on Ethics training sessions, aimed at equipping employees with a better understanding of the trade-offs involved in taking risks and 'getting the job done' as opposed to making ethical business decisions and 'Doing the Right Thing, Always'. To date, the ethics and compliance teams have deployed the Honest Reflections on Ethics campaign to thousands of employees worldwide and – in particular – to those operating in high-risk countries and covering positions with significant decision-making influence, such as general management and commercial functions.

  ii. Expanded the scope of the annual mandatory compliance training to cover also the topic of human rights. Reckitt's mandatory training curriculum now spans from the Code of Conduct to product safety, from human rights to privacy and cyber security, from anti-bribery & corruption to competition law. In 2021, over 94% of the employee base completed the annual mandatory compliance training.

  iii. Developed and rolled out role-specific training to high-risk functions and jurisdictions on matters such as data privacy, competition law and corporate security.

- **Speak Up:** 2021 was an opportunity to continue raising awareness of the confidential Speak Up service, available to employees and third parties to ask questions and raise concerns on potential violations of regulations, internal policies or any misconduct observed at Reckitt

  Increased awareness of the Speak Up service, both internally and externally, and availability of the Speak Up hotline externally, led to a substantial increase in the volume of Speak Up cases received in 2021. To ensure the increase in cases were managed and investigated in a timely manner, in-depth Speak Up investigation training was delivered to individuals responsible for leading investigations, from ethics & compliance or other relevant functions.

  By the end of 2021, Reckitt had received 606 Speak Up reports. Most cases were investigated and closed, and some are still under investigation. 49% of Speak Up reports were considered to be substantiated or partially substantiated during 2021.

  Further to the above, Reckitt also took action to strengthen the level of maturity of the controls relating to its top three areas of risk exposure: data privacy, third-party non-compliances, and bribery and corruption. Further information on actions taken over 2021 is reported below.

- **Data privacy:** In 2020, the Group Privacy Office (under the leadership of our Group Data Protection Officer) embarked on the implementation of a long-term risk improvement programme aimed at advancing Reckitt's privacy practices and aligning Reckitt's residual risk exposure with its appetite. As part of the ongoing implementation of its improvement programme, in 2021 the Group Privacy Office completed a number of workstreams, such as:

  i. Strategy: Reckitt's Improvement Programme Roadmap was baselined, shared with several jurisdictions and localised to allow each market to include further targeted actions to meet local laws and regulations.

  ii. Governance: a 'Ways of Working' manual outlining the role of the Group Privacy Office, Heads of Privacy, Privacy Counsels and of selected functions with respect to the implementation of the privacy programme and to business-as-usual data-handling practices was created and supplemented through documented job descriptions for stated stakeholders.

  iii. Training: data privacy training was delivered to Reckitt's employee base; in addition, employees in high-risk functions and jurisdictions were also assigned additional role-specific training which, over the course of 2021, has been completed by 10,439 employees.

- **Third-party non-compliances:** Over 2021, Reckitt also strengthened its third-party risk management practices and reaffirmed its ability to assess third parties before entering into a business relationship with them

In March 2021, Reckitt rolled out its enhanced third-party due diligence process with some of its highest-risk operating sites. The new process tailors the thoroughness of due diligence assessments to each third party's risk profile, thus allowing Reckitt to focus its attention on the areas where it matters the most and thoroughly investigate the third parties which pose a high inherent risk to our organisation. Following the roll-out to high-risk sites in March 2021, the new due diligence process is being integrated with the workflows and systems in place to enable third-party creation and contract negotiation. The integrated due diligence process is due to be launched across the rest of the organisation in Q1 2022. This year, 13,505 third parties have been assessed via the due diligence process.

We recognise that, whilst the execution of third-party due diligence assessments is important, it is only one of the components of an effective third-party risk management programme. As such, in 2021 Reckitt also:

  i. Developed guidelines setting out the most typical red flags which may be identified in the course of a due diligence assessment, and practical ways to resolve them.

ii. Strengthened Reckitt's third-party risk management toolkit through the development of i) Third-party training to ensure our business partners understand Reckitt's expectations of them and can familiarise themselves with practical dos and don'ts; ii) Supplementary material which may be distributed to third parties needing to strengthen their compliance position.

iii. Devised ways to continuously monitor changes in third parties' criticality, and risk profile through the implementation of a robust assurance mechanism.

- **Anti-bribery and corruption:** To reinforce Reckitt's commitment to preventing any form of bribery and corruption, between Q4 2020 and Q1 2021 Reckitt engaged Transparency International (the leading anti-corruption NGO overseeing anti-bribery and anti-corruption-related activities globally) to carry out a benchmarking assessment on its Anti-Bribery and Anti-Corruption programme against industry peers

  The assessment found that Reckitt's Anti-Bribery and Anti-Corruption programme compares favourably against industry peers with positive scores in important areas such as: senior leaders' commitment, monitoring risks, managing high-risk areas and providing adequate training on bribery and corruption risks.

  Furthermore, as part of its ongoing efforts in countering bribery and corruption, during 2021 Reckitt:

  i. Updated its Anti-Bribery Policy, Conflicts of Interest Policy and supporting Standard Operating Procedures.

  ii. Updated its Third Party Code of Conduct and rolled it out to its suite of third parties.

  iii. Created new processes and channels via which third parties can report conflicts of interest.

  iv. Handled a total of 3,785 Conflicts of Interest Disclosures throughout 2021.

  v. Handled a total of 642 Gifts & Entertainment Disclosures throughout 2021.

- **Compliance monitoring capabilities:** To measure the effectiveness of its Ethics & Compliance programme, Reckitt also advanced its compliance monitoring capabilities. Data analytics techniques were leveraged wherever possible to gather insights on Reckitt's state of compliance against the requirements of the company's policies and procedures. When instances suggesting that our practices deviate from policy requirements are identified, the Ethics & Compliance team investigates them and devises supporting risk-mitigation plans.

  The risk metrics and performance data gathered through Reckitt's growing data analytics capabilities are also being used to support the business in executing periodic assessment of its compliance risk exposure year on year.

External affairs

Policy and advocacy

Board Listening Sessions

In 2021, the Board undertook two Listening Sessions with key external stakeholders, in line with section 172 of the Companies Act 2006 (the Act). At these sessions we invited a broad spectrum of external speakers representing diverse opinions ranging from: NGOs to investors; governments to consumers and retail partners to industry. The 2021 sessions were focused on: the Power of Nutrition (26 May) and Nature-based Solutions (6 October). After each Listening Session a summary of our external speakers' insights and recommendations were produced and shared with the Board.

In 2022, our Listening Sessions will include a deep dive on 'Self-Care', one of the four global problems our Reckitt business strategy focuses on.

Wet wipes and single-use plastic (SUP)

We are engaging with the UK Government regarding the proposals to ban problematic plastic items, in an effort to reduce the strain on waste management systems. Our consultation involves highlighting our progress made on eliminating plastic in wet wipes, particularly in Dettol products.

Build Back Better Business Council

Reckitt's CEO was appointed to the UK government's Build Back Better Business Council (BBBBC), which brought together government and business leaders to drive economic recovery and growth across the UK, enable the transition to a net-zero economy by 2050 and promote 'Global Britain'. The work of the council focuses on the three priority pillars of skills, innovation and infrastructure.

Laxman Narasimhan has also been appointed as a member of the Levelling Up Advisory Council and is chairing Opportunity Humber, a private sector initiative to help drive the growth of the Humber region and ensure it is delivering its full potential for the UK.

This spring Reckitt also launched the Oh Yes! Net Zero campaign in Hull. This is a Reckitt-created coalition in collaboration with the University of Hull, Hull City Council and over 30 companies to achieve net zero in a region that has the UK's largest Industrial Cluster CO_2 emissions.

Greater transparency

Reckitt became one of the first FTSE companies to go beyond UK gender pay reporting requirements in 2020, increasing its scope to five markets: China, India, Mexico, the UK and the US. In 2021, we doubled (to ten) the number of markets covered by the report, which represents almost 70% of our global Reckitt workforce.

In December 2021, we published our annual tax strategy, as required by HMRC. Since 2016, it has been a legal requirement for large UK companies to publish their tax strategies. Reckitt goes over and above the legal requirements and includes voluntary disclosures in the report.

In 2021, Reckitt was one of the 173 companies who took part in the Workforce Disclosure Initiative (WDI), leading the way on transparency around workforce issues. It represents the fourth year Reckitt has submitted data to WDI.

In May 2021, Reckitt was ranked first (out of nine breast-milk substitute (BMS) manufacturers) in the first ATNI Spotlight on Lobbying Report.

Responsible business

Significant progress on our sugar commitment

In October 2020, we outlined our specific commitments on sugar for our Infant Formula and Child Nutrition (IFCN) portfolio, to be implemented by March 2024. We have made significant progress, and as of November 2021, we were at 90% of our commitments, with plans in place to meet our original target of full compliance by March 2024.

ATNI and the BMS Marketing Index 2021

The Access to Nutrition Initiative (ATNI) undertook an independent evaluation of our BMS Marketing Policy, internal systems, and on-the ground marketing practices in the Philippines and Mexico. This work was conducted in 2019/20, with the resulting report published in May 2021. Reckitt improved its ranking from fifth (out of six BMS manufacturers) to fourth (out of nine BMS manufacturers), and with a score of 32% (versus 10%), this represents more than a three-fold increase compared to the ATNI BMS Marketing Index in 2018. This significant improvement is a direct result of our BMS Marketing Policy, and our improved transparency, disclosure and reporting on our BMS practices.

We published our response to the ATNI Marketing Index 2021 in December. We engaged extensively with ATNI on the findings, and as of January 2022, were the only company to date that had responded.

FTSE4Good and independent verifications

Following our acquisition of Mead Johnson Nutrition in 2017, we participated in the first FTSE4Good verification of our BMS marketing practices over 2019-2021. The assessment was carried out at our corporate head office, and in two countries, the Philippines and Mexico. Whilst the verification reports identified a number of areas for improvement, we are proud of the significant progress we have made in our marketing practices, four years post acquisition.

IFCN marketing practices

As part of our governance mandate and ensuring that we monitor the proper implementation of Reckitt's policy and procedures on the marketing of breast-milk substitutes (BMS), we are apprised on progress and developments in the marketing of our BMS products. We employ a number of monitoring activities, and have summarised below the key items from 2021:

- We completed our reporting on the responsible marketing of BMS: summarising alleged non-compliances of our BMS marketing practices versus the BMS Marketing Policy and/or local legislation for 2020. Similar reports are available for earlier years, and we will publish the report for 2021 later this year.
- We undertake independent verifications of our IFCN marketing practices in two countries each year. The reports for Thailand and Colombia, as well as our response and corrective action plan are available www.reckitt.com/sustainability/purpose-led-brands/infant-and-child-nutrition/policies-and-progress-reports.

Reckitt Global Hygiene Institute

Reckitt provided a founding donation of $25 million to set up the Reckitt Global Hygiene Institute (RGHI) as an independent US-based non-profit 501(c)(3) foundation in mid-2020. RGHI's mission is to enable and accelerate hygiene science to improve public health through better outcomes and behaviours. It is guided by an external panel of globally recognised public health experts. In 2021, RGHI initiated several research grants and held its first 'open call' for three-year post-doctoral fellowships in hygiene, awarding five of these from a large worldwide pool of applicants. RGHI has attracted the support of several key organisations including the World Bank, Chatham House, the Task Force for Global Health and the UN's Hand Hygiene for All, as well as a wide network of academic institutions including Harvard, Emory and Stanford universities and the Water Institute.

Committee performance review

Following the key outcomes of the 2020 performance review, the Committee reviewed its manner of Committee meeting preparation so that more concise, focused pre-reads were submitted to the Committee before meetings, and meetings themselves focused on interactive discussion.

In 2021, a performance review of the Committee was conducted as part of the Board's external performance review, conducted by Lintstock Ltd. Lintstock Ltd is independent of and has no connections to the company.

The performance review of the Committee utilised a bespoke questionnaire, sent to Committee members. The 2021 performance review focused on the Committee's time management and composition, processes and support, work carried out and its priorities for change. Positive feedback was received in all areas. Meetings were managed well in line with the annual cycle of work. The time and input in meetings and the facilitation of virtual meetings were rated highly. The composition of the Committee was also highlighted, with members having a good balance of knowledge and appropriate capabilities. It was noted that the Committee played an important role in monitoring Reckitt's conduct with regard to its corporate and societal obligations and compliance with laws, regulations, codes of conduct and internal policies and procedures. To continually improve Committee performance in 2022, the value of incorporating focused deep dives into agendas would be beneficial. It was also recommended that the Committee receive continual updates on ESG reporting requirements and regulatory changes.

The Board, having had sight of the results of the Committee's evaluation, considers the Committee to be operating effectively.

Pam Kirby
Chair of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee
Reckitt Benckiser Group plc

13 April 2022

"Central to our remuneration philosophy are the principles of pay for performance and shareholder, as well as strategic, alignment."

Mary Harris
Chair of the Remuneration Committee

DIRECTORS' REMUNERATION REPORT

Contents of Directors' Remuneration Report

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

LETTER FROM THE CHAIR

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2021.

In line with the three-year lifecycle, a new Directors' Remuneration Policy is being put forward for a binding shareholder vote at our AGM on 20 May 2022. On the following pages, I have shared the context for the key decisions the Committee took during 2021, in particular the decisions we took in connection with the updated Directors' Remuneration Policy, how we rewarded performance achieved during the year in line with the current shareholder-approved Policy, decisions relating to remuneration arrangements in 2022 should the new Policy be approved and the context of wider workforce remuneration.

In light of the Committee's review of the Directors' Remuneration Policy and how this is cascaded to the wider workforce, I have met and corresponded with many of our largest shareholders and shareholder advisory bodies over the past year to discuss Reckitt's remuneration philosophy and the proposed changes to the Policy for 2022. I am pleased to say that we have had the benefit of substantive feedback from more than 50% of our shareholder register and that the majority of shareholders providing input were supportive of the changes we are making to our Remuneration Policy, to even further align with the strategic priorities of the Group. On behalf of the Remuneration Committee, I would like to thank shareholders and their advisory bodies for the time taken and their feedback, which has provided valuable input and assisted the Committee in developing the proposals. In particular, this proposed Policy strengthens the link between remuneration and Reckitt's strategic priorities, and provides further alignment with shareholders and our sustainability ambitions through new performance measures in the Long Term Incentive Plan (LTIP).

Context for executive remuneration at Reckitt

Reckitt strives for leading global performance. Our management team is multinational, and we compete for talent against global peers. Central to our remuneration philosophy are the principles of pay for performance and shareholder, as well as strategic, alignment. Combined with Reckitt's Compass and business model, these principles define how decisions are made, how people act and how we assess and reward them.

As noted in the Chair of the Board's statement, our workforce has shown itself to be adaptable and highly effective in very taxing conditions. I am incredibly proud of their resilience and commitment which have brought tangible improvements to execution across the Group. Our top leadership team has integrated well and is making rapid inroads towards achieving our strategic objectives, with the transformation firmly on track.

Our strategy seeks to drive a return to sustainable, mid-single-digit revenue growth, with margins in the mid-20s by the mid-2020s whilst ensuring return on capital is enhanced, in order to deliver creation of value for shareholders. The repositioning of our business towards higher growth is demonstrated in the divestments of IFCN China, Scholl and E45 and the successful acquisition of Biofreeze.

Sustainability is also a key strategic priority for Reckitt. In 2021 we launched our sustainability ambitions, 'For a Cleaner, Healthier World'. They set out our 2030 ambitions and are backed by more than £1 billion of planned investment over the next ten years to ensure we meet our goals. As set out on page 16 of the Strategic Report, our science-based targets support a 65% reduction in operational greenhouse gas (GHG) emissions, and an increase to 50% of net revenue from more sustainable products by 2030. We have been making tangible progress through the year and are therefore pleased that this has been recognised externally. For example, we re-joined the Dow Jones Sustainability Index and were also awarded a Gold Class 2022 Sustainability Award from S&P Global. We have an improved MSCI ESG rating from A to AA, and a Sustainalytics score at 22.9, positioning Reckitt in the top 15% of our industry group. Our ambition, by 2030, is to reach half the world with products that contribute to a cleaner, healthier world, and engage two billion people in our programmes, partnerships and campaigns to create a positive impact and support the UN Sustainable Development Goals.

To reinforce our remuneration philosophy, the new Policy proposes that the majority of the Executive Directors' remuneration packages continue to be made up of variable at-risk pay, which will be linked to stretching financial and newly proposed environmental, social and governance (ESG) targets that align with our strategy and shareholder value creation, and are largely delivered in Reckitt shares. In addition, we continue to have market-leading shareholding requirements for executives. This approach is cascaded throughout our senior leadership.

Key proposed changes to the Remuneration Policy and implementation of the Policy for 2022

Our current Remuneration Policy was approved at the 2019 AGM. A significant number of changes were made to the remuneration framework at that time to ensure that the management team is rewarded appropriately for delivering against our key strategic priorities, to reflect the global nature of our business and to deliver significant benefits for shareholders.

These changes included: i) a reduction in the maximum LTIP award limits; ii) the introduction of bonus deferral, a holding period to all LTIP awards, and a post-employment shareholding requirement; iii) alignment of Executive Director pension arrangements to the wider workforce; iv) expansion of malus and clawback terms; and v) the introduction of additional performance measures of net revenue and return on capital employed (ROCE) to LTIP awards.

In developing the new Policy over the past year, the Remuneration Committee was mindful of the UK Corporate Governance Code, engaged extensively with shareholders and their representatives, and ensured that the Policy continues to incentivise delivery of the Group's strategic priorities and creation of shareholder value. The Committee also took into account the views of the Board, management, employees and other key stakeholders on our remuneration policies and practices across the Group, as well as understanding market practice, both in the UK and amongst our global peers.

Following this comprehensive review, the Committee has concluded that the structure of remuneration under the current Policy remains fit for purpose and supports the strategy of the Group to rejuvenate sustainable growth, as well as our principles of ownership and pay for performance.

In particular, having reviewed and substantially changed the remuneration structure as part of the last Policy review, the focus of the proposed changes are on what we pay for. The Committee is keen to ensure that the LTIP performance measures are aligned with our forward-looking strategy to create shareholder value, through the rejuvenation of sustainable growth, and therefore is proposing the changes described below.

Changes to LTIP performance measures

The Committee is proposing to introduce Relative Total Shareholder Return (TSR) as a measure under the LTIP to directly align executives with the shareholder experience. In addition we propose ESG measures to align with our 2030 sustainability ambitions.

Having taken into account shareholder feedback we propose to remove EPS and reduce the weighting on net revenue, to maintain the weighting on ROCE once the ESG measures have been introduced, as follows:

- Like-for-like (LFL) net revenue growth (40% weighting)
- ROCE (25% weighting)
- Relative TSR (25% weighting)
- ESG (10% weighting, split equally between two metrics)

Relative TSR is proposed as it directly aligns LTIP participants with the shareholder experience and will only reward for TSR outperformance against our peers. Relative TSR will be measured against a group of 19 global companies primarily drawn from the constituents of the MSCI World House & Personal Products Index, along with other competitors to ensure peers that are appropriately comparable to Reckitt (further detail, including an explanation of the selection of peers is set out on page 180). The composition of the peer group directly reflects shareholder feedback received during the consultation. The targets will be in line with UK best practice, with threshold vesting for median performance and only vesting in full for upper quartile performance or above.

Our sustainability ambitions, 'For a Cleaner, Healthier World', were communicated externally in April 2021 and the proposed ESG measures in the LTIP are directly aligned to these ambitions. Further details on these are set out on page 180 of this report.

The ESG metrics take into account shareholder views that measures should stem from the wider ESG strategy and should be transparent, quantifiable and measurable. We are therefore proposing two equally weighted ESG measures for the 2022 award:

i) **Percentage of net revenue from more sustainable products** – this has been an annual reporting KPI since 2012 and supports our ambition of 50% of net revenue being from more sustainable products by 2030. This is measured using our Sustainable Innovation Calculator (SIC) which measures the environmental footprint of new products using carbon, water, plastics, ingredients and packaging indicators. It includes Scope 3 consumer use (including the carbon and water impact from consumer use), which is the most impactful lifecycle stage of our products

ii) **Percentage reduction in GHG emissions in operations** – this supports the delivery of our externally validated science-based targets for 2030 to help maintain global warming at less than 1.5°C, including a 65% reduction in GHG emissions in operations from our 2015 baseline. For the purposes of reward outcomes, any offsetting activities will not count towards achievement of these targets

The ESG targets are based on rigorous methodology, are independently assured and, in the case of our carbon emissions, support our delivery of externally validated science-based targets on emissions reduction. The Remuneration Committee intends to keep the ESG measures under review over the lifecycle of this Remuneration Policy, and to consider the inclusion of other measures, for example Scope 3 carbon emissions. However, these are currently in the early stages of implementation and the Committee determined that the two measures outlined above are the most appropriate for the 2022 LTIP award as they are based on rigorous methodology and independently assured. Further detail and rationale for these measures, including targets for the 2022 LTIP can be found on page 180.

There are no changes proposed to the measurement of net revenue growth or ROCE performance measures used under the LTIP.

There are no changes proposed to the annual bonus structure or performance measures, which will remain based on net revenue and adjusted profit before tax on a multiplicative basis, a structure which requires outperformance in both measures, with deferral of one-third of the bonus into shares.

The measures used across the bonus and LTIP schemes are balanced between top-line and bottom-line performance, combining revenue, profit, and return financial measures alongside a measure directly aligned to the shareholder experience and a measure linked to our sustainability ambitions. The Remuneration Committee is of the view that this is a balanced set of measures linked to our Compass and Purpose and fully aligned with our forward-looking business strategy.

LTIP award limits

As previously approved by shareholders, our LTIP award sizes are expressed as a fixed number of performance share options and performance shares, to provide full alignment with investors.

The award size is determined by the Remuneration Committee taking into account performance, the prevailing share price, market data and our pay positioning philosophy. In the event of a material increase or decrease in the share price prior to grant, the Committee will consider whether the prevailing award size remains appropriate and adjust it appropriately.

Taking into account shareholder sentiment and the current external environment, the Committee has introduced a new, lower, normal operational limit on the number of LTIP performance share options and performance shares that can be granted to an Executive Director, which will not be greater than 200,000 performance share options and 100,000 performance shares, reduced from 300,000 performance options and 150,000 performance shares in the previous Remuneration Policy.

In addition, for future LTIP awards, we are proposing that dividend equivalents will accrue on performance share awards granted under the LTIP that ultimately vest subject to performance in order to align participants with the overall shareholder experience and to bring Reckitt in line with UK best practice. These dividend equivalents will be delivered in shares, in line with shareholder guidance. This change does not apply to performance share options granted under the LTIP.

Further detail and rationale for the changes can be found in the 'Directors' Remuneration Policy' section and a summary of the key features of Reckitt's remuneration arrangements is shown below:

Notable features of Reckitt's remuneration arrangements under the new Remuneration Policy

Reinforcing shareholder alignment

- Mandatory bonus deferral of one-third of any bonus earned into awards over Reckitt shares for three years
- Two-year holding period for LTIP awards which starts at the end of the three-year performance period
- Shareholding requirements for Executive Directors of over c.1200% and c.850% of salary[1] for CEO and CFO respectively, which are the most demanding in the UK market[2]. These requirements are more than double the annual LTIP award[3]
- Two-year post-employment shareholding requirement of 50% of the shareholding requirement (or actual shareholding on leaving if lower). This is more than 600% of salary[1] for the CEO and 425% for the CFO, and is more stretching and onerous than almost all other UK-listed companies' in-employment shareholding requirements
- Formal mechanism to enforce the post-employment shareholding requirement through our external share plan administrators

Supporting business strategy

- Annual bonus based on achievement of objective financial performance measures, being net revenue and adjusted profit before income tax
- Multiplicative approach for the formulaic calculation of annual bonus outturns ensures that:
  - outperformance on both top line and bottom line is required for maximum payouts; and
  - underperformance in any one of the performance metrics will reduce the overall bonus payout despite outperformance of the other.

  For example, if profit is below threshold then a zero bonus would be paid regardless of net revenue performance
- Vesting of the LTIP subject to achievement against a range of metrics which measure different aspects of Group performance, balanced between top-line and bottom-line performance, combining revenue and return financial measures alongside a measure directly aligned to the shareholder experience and a measure linked to our sustainability ambitions

Rewarding fairly and responsibly

- Executive Director pension contribution at 10% of salary, in line with our wider UK workforce
- Robust and thorough assessment of performance in the round before determining annual bonus payouts and LTIP vesting. The Committee will use discretion if it is considered appropriate
- Malus and clawback provisions apply to bonus and LTIP in line with best practice shareholder guidelines

1. Based on the average closing share price in Q4 2021 of £59.84
2. Compared against constituents of the FTSE 30
3. Using a Black-Scholes valuation of 10% for performance share options

Remuneration decisions in relation to portfolio management

During 2021, the active management of the portfolio saw a 9% portfolio turnover, including the strategic disposal of IFCN China and Scholl and the acquisition of Biofreeze – a major step forward in our strategy to rejuvenate sustainable growth. This activity to strengthen the portfolio has meant that the targets set at the beginning of each award under the Annual Performance Plan (APP) and LTIP needed to be reviewed to ensure they remained appropriate. In line with our current shareholder-approved Remuneration Policy and shareholder views on adjusting targets, the APP and LTIP targets were adjusted where needed to ensure that participants are no better or worse off and in line with shareholder expectations as follows.

Adjusting the APP for the 2021 financial year

The Committee resolved that for the APP, we included the performance of disposed assets within the performance of the year assessment until the closing date of sale. In order to ensure we assessed performance on a fair and consistent basis the targets were adjusted to include performance of disposed assets to the date of sale and exclude them for the period of the year that Reckitt no longer owned them. In respect of acquisitions, we included the performance from the closing date of acquisition and also increased the targets accordingly.

Adjusting in-flight LTIP performance measures

For the 2020-2022 and 2021-2023 LTIP awards, the Remuneration Committee has determined to adjust the targets for the disposal of IFCN China, given the size of this transaction, to ensure that the new targets are no harder or easier to achieve than the original targets. A consistent approach has been taken across all three performance measures and the adjustments are in line with generally accepted shareholder principles where there has been material portfolio management.

- The original EPS targets were set as final year EPS values, based on a plan which included IFCN China at the time the targets were set. These targets have been reduced to recognise the impact of the reduced profit expected in the final year of the LTIP cycle due to the disposal of IFCN China
- The LFL net revenue targets have been reduced slightly to recognise that the expected revenue growth for IFCN China when the targets were set was higher than the remaining portfolio. The challenge in the new targets for the remaining portfolio remains equal to the original targets
- The ROCE targets have been increased to reflect that IFCN China was a lower return business than the remaining portfolio and again the new targets contain the same level of challenge as was contained in the original targets when set

Further detail, including full disclosure of the original targets and the new targets for each award cycle is set out on page 181.

The Remuneration Committee decided that for the 2019-2021 LTIP award, given the timing of the IFCN China sale is such that it was under the Group's ownership for most of the performance period, no adjustments were to be made to the LTIP targets set at the start of the performance period.

Annual bonus in respect of 2021 performance

Reckitt operates an annual bonus plan that is strongly aligned to performance, measured against stretching targets of net revenue and adjusted profit before income tax.

As it does every year, the Committee evaluated the performance of both the Group and the Executive Directors in the round and with regard to broader circumstances to assess whether the formulaic level of annual bonus payout is appropriate and justified, as described below.

From a financial perspective, 2021 was another strong year for Reckitt with growth ahead of expectations and resulting in two-year stacked LFL net revenue growth significantly better than peers. LFL net revenue growth was 3.5%, outperforming market expectations and is notable progress on top of excellent growth last year, resulting in 17.4% growth on a two-year stacked basis. We also saw strong momentum, with brands less sensitive to COVID-19 dynamics, representing c.70% of the portfolio, growing, on average, by mid-single digits in each quarter of 2021.

The adjusted operating margin (excluding IFCN China) was 22.9% in line with guidance and our operating profit was £2.9 billion. The dividend was maintained at 174.6p. As set out in further detail on pages 168 to 171, these results reflect strong performance ahead of expectations and demonstrate that the transformation is firmly on track. Based on targets set, the 2021 annual bonus for the CEO and CFO is 91.3% of maximum, in line with all other employees on the same Group-wide measures.

The framework which the Committee applied in a thorough evaluation of the performance of the Group and the Executive Directors in the round is set out on page 156. In addition to the financial operating performance as summarised above, this year's assessment included, amongst others, the following areas:

Strategic delivery: The Committee has recognised that during the year we have continued to strengthen the business. Our innovation pipeline is 50% higher than the previous year and our productivity capabilities are now firmly embedded within the business. Our execution has improved and has been recognised by both customers and suppliers. Based on the most recent Advantage survey of retailers, the percentage of our markets rated 'top tier' by our customers improved by 20 percentage points, to 46%. For example, we were named Walmart's supplier of the year, reflecting the improvements in sales excellence capabilities. We have been actively managing the portfolio to focus on higher growth, with 9% portfolio turnover.

Competitive performance: The Committee reviewed financial and market share performance against competitors. In both cases Reckitt has performed strongly. There has been strong market share growth during 2021 with 62% of our core CMUs holding or gaining market share; Reckitt's LFL net revenue growth of 3.5% represents strong growth and is markedly ahead of market expectations. On a two-year stacked growth basis our growth of 17.4% is significantly better than peer group average.

People and Culture: During the year there was the successful embedding of several Diversity & Inclusion (D&I) and employee wellbeing initiatives. We have also rolled out our Leadership Behaviours which are a key part of our leadership development programme and annual review process. Our efforts have been recognised as we have recently been named in Fortune's 2022 World's Most Admired Companies list.

Sustainability: We re-joined the Dow Jones Sustainability Index and were also awarded a Gold Class 2022 Sustainability Award from S&P Global. We have an improved MSCI ESG rating from A to AA, and a Sustainalytics score at 22.9, positioning Reckitt in the top 15% of our industry group. In the face of significant input cost pressures, our supply chain continued to significantly improve and our commitment to quality in supply was a contributing factor in Reckitt's readmission to the Dow Jones Sustainability Index. Last year, we committed the equivalent of 1% of net profit over three years to social impact investments. This year, ahead of schedule, we achieved it, with investments in more than 50 countries, worth over £38 million via the Reckitt Fight for Access Fund, and engaging 30 million people.

Challenges: The Committee also reviewed the significant challenges that the business faced during the year and how leadership responded to them. This included the weak cold and flu season and a deteriorating input cost environment given commodity and freight cost inflation increasing to double digits.

Taking all of the above into account, the Committee determined that the level of annual bonus payout is appropriate and justified and that no discretion would be applied.

Vesting of the 2019-2021 LTIP

The Reckitt LTIP is designed to align participants with shareholders through making awards with stretching performance conditions denominated in both performance share options and performance share awards. Vesting of awards under the 2019 LTIP was dependent on stretching LFL net revenue growth, EPS and ROCE targets which constitute a broader set of performance measures than in previous LTIP award cycles.

The Committee determined that for the 2019-2021 LTIP award, given the timing of the disposals in 2021 is such that they have been under the Group's ownership for most of the performance period, no reductions will be made to the LTIP targets. Further detail is set out on page 171.

As set out in the 2020 Directors' Remuneration Report, as the goodwill impairment in respect of IFCN reduces the capital employed it has the potential to increase the calculation of ROCE for LTIP purposes. The Committee has ensured that the impairment has not led to an increase in vesting in respect of the proportion of the LTIP related to ROCE, by adding this back in the calculation of Capital Employed.

The Committee is satisfied that this treatment is fair to participants and aligned with the shareholder experience. As set out on page 172, the resultant vesting is that 21.5% of the total award vests, with vesting in respect of net revenue growth, reflecting the strong growth over the performance period, but with zero vesting in respect of the EPS and ROCE targets, as performance was below threshold of the stretching targets set.

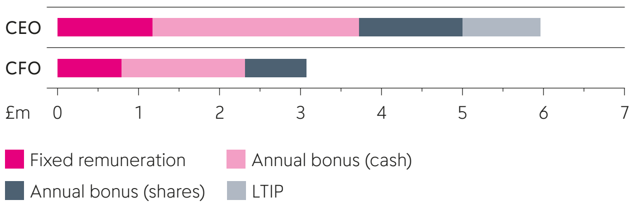
As set out in more detail on page 172, the Committee also evaluated the performance of both the Group and the CEO (the CFO is not a participant in this LTIP award cycle) in the round using the performance assessment framework and concluded that the total vesting level of 21.5% is justified and appropriate in this context and that no discretion would be applied.

There is a further two-year holding period attached to Laxman Narasimhan's LTIP award.

2021 single figure

The impact of this bonus payment and LTIP vesting is a total single figure of £5.97 million for the CEO and £3.07 million for the CFO, noting that the CFO was not with the Group at the time the 2019-2021 LTIP awards were made. The majority of this is variable pay, linked to stretching financial targets:

Singe figure illustration (£m)



2022 remuneration

The Committee reviewed base salary levels for both the CEO and CFO and determined that it was appropriate to award a 3% increase in line with the salary increase budget for our UK employee base and taking into account Group and individual performance. Salaries for 2022 are £1,008,000 and £721,000 for the CEO and CFO, respectively. The CEO's salary remains towards the lower end of FTSE 30 market practice.

There are no changes to the bonus opportunity for the CEO and CFO, remaining at 120% and 100% of salary at target, respectively. Performance measures and weightings for the 2022 annual bonus will be the same as for 2021. In line with prior years, the Committee has set the performance targets at a stretching level taking into account the internal business plan and external expectations. As in prior years, the Committee will carry out a thorough assessment of performance in the round taking into account a wide range of factors before determining bonus payouts.

There are also no changes proposed to LTIP award levels for 2022, which have been reviewed in light of share price performance, Group performance and individual performance. Laxman Narasimhan's 2022 LTIP award will consist of 150,000 performance share options and 75,000 performance shares and Jeff Carr's award will be 80,000 performance share options and 40,000 performance shares. These awards are expected to be made following the AGM in May 2022. As described earlier in this letter, the Committee is proposing changes to the LTIP performance measures and for the 2022 awards these will be LFL net revenue growth, ROCE, Relative TSR and ESG (split equally between two metrics).

As disclosed in last year's Remuneration Report it was the Committee's intention to further review the Chair of the Board's fee during 2021 to ensure that the fee remains reflective of the enlarged scope of the role and time commitment over recent years, as well as considering market practice. Having undertaken this assessment, the fee for the Chair of the Board has been increased by 10% to £627,000, effective from 1 January 2022. 25% of the fee continues to be paid in shares. The new fee level remains below the median of the FTSE 30.

During the year the Non-Executive Director (NED) fees have been reviewed taking into account the time commitment required to meet the scope and responsibilities of the roles, the increases given to the wider workforce and market practice. The basic NED fee is being increased by 3% to £98,000, with effect from 1 January 2022. 25% of the fee continues to be paid in shares. There are no changes to the additional fees for the role of Senior Independent Director (SID), Committee Chair, Committee member, or Designated Non-Executive Director for engagement with the company's workforce.

Context for remuneration of the wider workforce

The Remuneration Committee has considered the remuneration of Reckitt's wider workforce during the year and has been provided with a comprehensive overview of workforce remuneration and related policies, as well as the alignment of incentives and rewards with culture. It reviewed information on salary structures, bonus design and targets, the LTIP, share ownership, Reckitt's International Transfer Policy, approach to employee benefits and the all-employee share plans. The Committee is pleased to note from this review that the company's remuneration policies continue to be aligned with those of the Executive Directors, with a cascade throughout the organisation.

In particular, the Committee also reviewed incentive arrangements for the wider workforce in light of the Remuneration Policy review, and the changes to the LTIP performance measures will be applied to all employees who also receive performance-based awards under the LTIP. The Committee also took wider workforce salary increases into account when determining base salary increases for the CEO and CFO as discussed above.

We have been voluntarily paying the Living Wage to all employees and on-site contractors within the UK for a number of years and have been formally accredited as a UK Living Wage Employer since 2020. Given the increasing global focus on living wage and the associated business, societal and wider economic benefits, we are exploring how we could expand the Living Wage commitment across our wider global footprint. Consequently, we are developing our Sustainable Livelihood Framework (of which living wage is a component) to outline our approach and will be piloting it within selected factories in Thailand and India.

Our all-employee share plans are key to fostering a culture of ownership amongst our employees. We currently have 50% of our eligible global employees participating. These award-winning share plans give our people the opportunity to save in order to purchase Reckitt shares at a 20% discount to the share price at the start of the period. In offering these plans, we make a conscious effort to ensure that they are all inclusive and accessible to all colleagues. To facilitate this, we utilise a global network of around 100 local champions and provide communications in 28 languages in various formats, including letters to employees without an email address, desk drops, webinars, virtual drop-in sessions with specific contacts at each site for support. The annual enrolment period for our UK and global plans this year benefited from an enhanced and refreshed communication campaign which led to another successful launch and strong employee take-up.

As discussed in the Strategic Report our employment policies drive gender equality in our teams. We have mentoring schemes for female employees, gender-balanced shortlists and proportional targets at senior management level. Additionally, we continue to review and monitor the gender pay gap of our workforce closely. To increase transparency on this issue, we have again voluntarily disclosed the gender pay gap for our ten largest markets by workforce size in our 2021 report, which including the UK, make up around 70% of our global permanent workforce. Further details of our gender pay gap are on page 178 of this report.

We have also continued with several initiatives that were launched in 2020. These include the Stronger Together conversation series, a five-year commitment focusing on diversity and inclusion (D&I) and belonging topics that matter most to our people, and the establishment of a D&I board comprising senior leaders and sponsors of our Employee Resource Groups (ERGs) and chaired by the CEO, to lead the D&I strategic agenda across Reckitt.

In March 2021 we launched our global wellbeing programmes for leaders at all levels in partnership with Hintsa and Tignum, global leaders in this field. We have also provided a rich bank of resources for all employees to access, including global wellbeing sessions, focusing on balance, burnout and the importance of mental energy attracting over 3,000 participants each time. In July 2021 we launched a global employee pulse survey, focusing on understanding our employee demographics and getting insights on Leadership Behaviours and diversity topics.

Finally, as the designated NED for engagement with the company's workforce I have had the same access to internal communications materials, channels and events, such as the Stronger Together conversations, as Reckitt employees and have been involved in key conversations with the workforce allowing me to feed back employees' views to the Remuneration Committee as well as the Board. As set out in the Strategic Report, each year the company holds several round-table discussions with employees and organises site visits during which town hall meetings and smaller group discussions with our people take place.

During the year we also communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider company pay policy and how decisions are made by the Committee, giving employees the opportunity to ask any questions on these topics.

Further information on wider workforce remuneration, and how this compares to the remuneration of our Executive Directors, is set out on pages 175 to 177.

Committee changes

During the year Olivier Bohuon joined the Board and Remuneration Committee, whilst Elane Stock stepped down from the Committee – I would like to welcome Olivier to the Committee and also thank Elane for her valuable contributions to the Committee during her tenure.

This will be my last Directors' Remuneration Report as I will be stepping down as Remuneration Committee Chair after the AGM, although I will remain a member of the Committee. Upon confirmation at the AGM, Alan Stewart will take over the role of Remuneration Committee Chair. I would like to welcome Alan to the Committee and wish him well in his new role. I would like to thank my fellow Committee members during my tenure as Chair for their insight and commitment and also shareholders for their feedback and active engagement on remuneration whilst I have been Chair.

Conclusion

I trust that you will find this report a clear account of the way in which the Committee implemented the current Remuneration Policy during 2021 and of the Committee's proposed new Remuneration Policy.

I look forward to your support as we put the new Policy to a binding vote of shareholders at the upcoming AGM, as it continues to drive the appropriate behaviours and performance to support the Group's business strategy and delivery of shareholder value. I will be available to answer any questions shareholders may have at the company's AGM on 20 May 2022.

Mary Harris
Chair of the Remuneration Committee
Reckitt Benckiser Group plc

13 April 2022

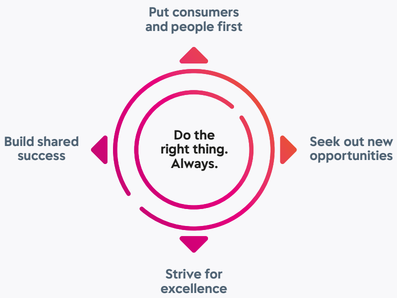
RECKITT'S REMUNERATION AT A GLANCE

As discussed in the Chair's letter, Reckitt strives for leading global performance. Our management team is multinational, and we compete for talent globally. Central to our remuneration philosophy are the principles of pay for performance and shareholder, as well as strategic, alignment. Combined with Reckitt's Compass and business model, these principles define how decisions are made, how people act and how we assess and reward them.

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

Context for remuneration at Reckitt

Reckitt's Compass



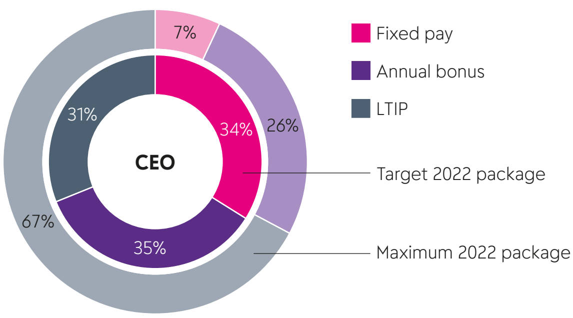
Reckitt's strategic priorities

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

Reckitt's remuneration philosophy

Combining Reckitt's Compass, strategy and remuneration philosophy drives Reckitt's remuneration principles

1. High proportion of variable pay



Note: Value of the CEO's target and maximum 2022 package. Target illustrates fixed remuneration, plus target payout of annual bonus and threshold vesting of the LTIP. Maximum illustrates fixed remuneration, plus full payout of the annual bonus and full vesting of the LTIP awards including 50% share price growth.

2. Attract and retain the best global talent

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

3. Market-leading share ownership policy

	In-employment shareholding requirement			Post-employment shareholding requirement[2]		
	Number of shares	Value of shares[1]	% of 2021 salary	Number of shares	Value of shares[1]	% of 2021 salary
CEO	200,000	£11,968,000	1200%	100,000	£5,984,000	600%
CFO	100,000	£5,984,000	850%	50,000	£2,992,000	425%

1. Based on the average closing share price in Q4 2021 of £59.84
2. Reflecting 50% of in-employment shareholding requirement as a minimum

4. Ensure alignment with strategy across the business

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

Summary of our proposed Remuneration Policy

Element	Key features of operation of proposed Policy	How we will implement for 2022	Link to strategy	2022	2023	2024	2025	2026	2027
Salary, benefits and pension	• Salary increases and pension contribution set in context of wider workforce • Salaries and benefits set competitively against peers	• 3% salary increase, in line with wider workforce • Pension contribution of 10% of salary in line with the wider workforce in the UK	• To enable the total package to support recruitment and retention						
Annual bonus (APP)	• Target bonus of 120% of salary for CEO and 100% for CFO • One-third deferred into awards over Reckitt shares for three years • Malus and clawback provisions apply	• Targets set for net revenue and adjusted profit before income tax • Threshold performance results in zero payout, with maximum of 3.57x target for truly exceptional performance on both metrics • Assessment of performance in the round	• To drive strong performance, with significant reward for overachievement of annual targets linked to Reckitt's strategic priorities • Use of deferral for longer-term shareholder alignment		Cash APP paid			Deferred APP vests	
LTIP Performance shares and performance share options	• Three-year performance period and two-year holding period • Malus and clawback provisions apply until two years after vesting • Options have seven years to exercise post vesting	• Targets set for LFL net revenue growth (40% weighting); ROCE (25% weighting); Relative TSR (25% weighting); ESG (10% weighting, split equally between two metrics) • Performance conditions are applied to both performance share options and performance shares • Remuneration Committee assessment of performance in the round	• To incentivise and reward long-term performance and align the interests of Executive Directors with those of shareholders • Two-year holding period for longer-term shareholder alignment	Award granted			Award vests		Holding period ends
Shareholding requirements	• CEO: 200,000 shares • CFO: 100,000 shares	• Period of eight years from appointment to achieve • Two-year shareholding requirement post-departure	• Promotes long-term alignment with shareholders • Promotes focus on management of corporate risks						

Assessment of incentive outcomes

The Committee thoroughly evaluates the performance of both the company and the Executive Directors in the round to assess whether the formulaic level of annual bonus payout and long-term incentive vesting are appropriate and justified. The Committee has formalised its approach to this assessment and the framework which it applied is illustrated below.

What is the formulaic outcome for APP and LTIP?
Committee to consider year-on-year change, whether this reflects performance trend and impact on the single figure outcome

Consider the quality of earnings
Committee to review the results to ensure they reflect the underlying performance and also consider any exceptional items

Compare outcome against the shareholder experience
Committee to consider absolute and relative shareholder return over the relevant periods, the dividend payment(s) etc.

Compare outcome with overall Group performance
E.g. market share, competitor benchmarking, sustainability, people and culture, strategic progress, wider stakeholder experience and analyst feedback

Consider any other events and other input
E.g. Reputation/risk-related, any change of accounting standards. Draw on input from other Committees and management functions and consider the impact of any external headwinds or tailwinds

Consistency of outcomes
E.g. Compare with historical use of discretion; consider whether bonus and LTIP outcomes are consistent

Final APP and LTIP outcomes
Committee to agree whether adjustments are required to formulaic results and determine the final outcomes for APP payouts and LTIP vesting

Pay outcomes for current Executive Directors in the year

2021 fixed remuneration

Base salary		Pension	
CEO	CFO	CEO	CFO
£979,000	**£700,000**	**10% of salary**	**10% of salary**

2021 variable remuneration

Annual performance plan

The performance outcome for the annual bonus was 91.3% of maximum in light of achievement against both metrics, which is in line with all other employees on the same Group-wide measures. A third of the bonus is deferred, by way of an award over Reckitt shares.

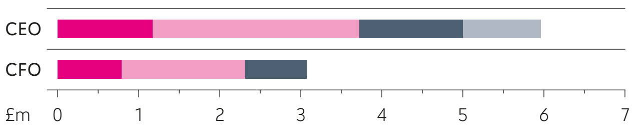
	Base salary	Target	Multiplier	Delivery	
				Cash	Shares
CEO	£979,000	120%	3.26	2/3	1/3
CFO	£700,000	100%			

Long Term Incentive Plan

	Performance share options	Performance shares	Vesting as a percentage of maximum	Delivery	
				Options	Shares
CEO	150,000	75,000	21.5%	32,250	16,125

2021 single figure

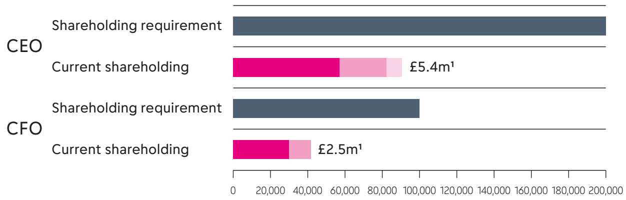
The single figure for 2021 is comprised of the elements in the graph below.



Fixed remuneration
Annual bonus (cash)
Annual bonus (shares)
LTIP

Executive Director shareholding

Reckitt operates a market-leading shareholding requirement with an eight-year timeframe for achievement and a two-year post-employment holding period. The chart below illustrates the progress towards this of the Executive Directors.



Shares held[2]
Shares deferred from annual bonus[3]
2022 vesting[4]

1. Current shareholding value based on the average closing share price in Q4 2021 of £59.84
2. Includes shares owned outright and shares subject to post-vesting holding restrictions
3. This is the estimated number of shares awarded, after tax under the Deferred Bonus Plan, including those to be deferred from the 2021 annual bonus
4. For Laxman Narasimhan this is the number of shares vesting in May 2022 under the 2019 LTIP

REMUNERATION COMMITTEE GOVERNANCE

Who's on the Committee	The Remuneration Committee is made up entirely of Non-Executive Directors who are appointed by the Board on the recommendation of the Nomination Committee. Membership of the Remuneration Committee during the year was as follows: Mary Harris (Chair) Olivier Bohuon[1] Nicandro Durante Chris Sinclair Elane Stock[2] 1. Joined the Board as a Non-Executive Director on 1 January 2021 and appointed onto the Remuneration Committee on the same date 2. Stepped down from the Committee on 25 October 2021

Our role	The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly, are designed to support the strategy and long-term success of the company, 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:
	• regularly reviews and provides feedback on the company's overall remuneration strategy;
	• in respect of the Chair of the Board, the Executive Directors and members of the Group Executive Committee, sets, reviews and approves:
	  ◦ remuneration policies, including annual bonuses and long-term incentives;
	  ◦ individual remuneration arrangements;
	  ◦ individual benefits including pension arrangements;
	  ◦ terms and conditions of employment including the Executive Directors' service agreements;
	  ◦ participation in any of the company's bonuses and LTIPs; and
	  ◦ the targets and outcomes for any of the company's performance-related bonuses and LTIPs.
	• reviews wider workforce remuneration and related policies and the alignment of incentives and reward with culture, taking these into account when setting the policy for Executive Director remuneration and when determining variable pay outcomes;
	• takes into account employees' views on remuneration; and
	• when determining Executive Director Remuneration Policy and practices, considers the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
	The Executive Directors and the Chair of the Board are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors.

Meetings	During the year the Committee held five scheduled meetings. The attendance of members at meetings is set out in the table on page 118. In addition, during the year the Committee considered ad-hoc topics between meetings. The Chief Human Resources Officer was Secretary to the Committee throughout the year. Meetings were also attended by the CEO, CFO, General Counsel & Company Secretary and the Group Head of Reward by invitation. Deloitte was the appointed advisor to the Committee throughout the year. Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.

The table below summarises the key activities at the Committee's meetings in 2021:

Meeting	Topic
February 2021	• Reviewed performance to 2020 in respect of bonus outcomes and LTIP vesting • Carried out assessment of wider performance of the company and Executive Directors • Final approval of 2020 bonus payout • Final approval of 2018-2020 LTIP vesting • Confirmed the 2021 bonus performance targets • Agreed 2021 LTIP award date, performance measures and weighting • Reviewed feedback from shareholders • Reviewed disclosures in the Directors' Remuneration Report
May 2021	• Discussed and agreed approach to the review of the 2022 Directors' Remuneration Policy and wider workforce remuneration arrangements • Reviewed performance conditions used in bonus and LTIP • Reviewed 2021 AGM voting and wider market trends • Reviewed shareholder/proxy guidelines and UK best practice • Approved 2021 LTIP measures, definitions and targets

July 2021	• Thorough review of Remuneration Policy, including:
	  ◦ Reviewed prior shareholder feedback on remuneration arrangements
	  ◦ Discussed bonus and LTIP performance measures
	  ◦ Reviewed framework for APP target setting
	• Considered assessment of performance to date for 2021 bonus targets and LTIP
	• Discussed principles for adjusting incentives for M&A activities

September 2021	• Agreed initial proposals for the 2022 Directors' Remuneration Policy, including performance measures and other amendments to policy • Determined approach to shareholder consultation • Reviewed framework for target setting process and 'performance in the round assessment' • Approved principles for adjusting APP targets for M&A and assessed performance to date for 2021 APP • Reviewed market data on remuneration packages for the Group Executive Committee • Reviewed wider workforce remuneration arrangements • Approved awards under the all-employee share plans for UK participants
November 2021	• Reviewed feedback from shareholder consultation on the Directors' Remuneration Policy • Reviewed updates to shareholder guidelines and corporate governance • Finalised proposals for the 2022 Directors' Remuneration Policy • Agreed changes to wider workforce remuneration arrangements as part of the Remuneration Policy review • Determined 2022 remuneration packages for Executive Directors • Determined 2022 remuneration packages for Group Executive Committee members • Reviewed current shareholdings for senior employees with share ownership requirements • Determined 2022 bonus targets • Approved awards under all-employee share plans for participants outside the UK • Approved revised Remuneration Committee terms of reference • Reviewed Remuneration Committee effectiveness • Considered assessment of performance to date for the 2021 bonus

DIRECTORS' REMUNERATION POLICY

This section of the report sets out the Remuneration Policy for Executive Directors and Non-Executive Directors, which shareholders will be asked to approve at the 2022 AGM on 20 May 2022 and, if approved, will take effect from this date. Until this time, the Policy approved by shareholders on 9 May 2019 will continue to apply.

The Policy was developed over the course of the last year. The Committee undertook a thorough review of remuneration arrangements with a particular focus on alignment to Reckitt's Purpose and Compass, as well as the forward-looking business strategy and priorities. Input was received from Remuneration Committee members, the Chair of the Board, other Non-Executive Directors and management (including the CEO, CFO, CHRO), and other key stakeholders, whilst ensuring that conflicts of interest were suitably mitigated. Input was also provided by the Committee's appointed independent advisors throughout the process. The Committee undertook an extensive consultation process with shareholders whilst developing the new Policy. The remuneration policies and practices across the whole of the Group, and market practice, both in the UK and against our global peers, were also taken into account. The key features of our approach were also assessed against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture and as described on page 167.

A significant number of changes were made to the remuneration framework as part of the previous Policy approved by shareholders in 2019, including: i) a reduction in the maximum LTIP award limits; ii) the introduction of bonus deferral, a holding period to all LTIP awards, and a post-employment shareholding requirement; iii) alignment of pension arrangements to the wider workforce; iv) expansion of malus and clawback terms to include corporate failure; and v) the introduction of additional performance measures of net revenue and ROCE to LTIP awards.

Following a comprehensive review, the Committee has concluded that the current Policy remains fit for purpose and supports the strategy of the Group to rejuvenate sustainable growth as well as our principles of ownership and pay for performance – and therefore only minor changes to the Policy are proposed.

The Committee considered the following areas of the current Policy (amongst others) when determining that the overall Policy remains appropriate:

- Annual bonus structure – the current bonus structure is aligned to the Group's pay-for-performance culture, requiring outperformance of both metrics to achieve above-target outturns, and is well understood by participants. This approach is cascaded throughout the Group
- Combination of performance shares and performance share options – the LTIP structure strongly incentivises future share price growth, providing strong alignment to the shareholder experience, whilst also requiring strong performance against stretching targets. Unlike many other share option schemes, these are performance share options and are subject to the same stretching performance measures and targets as the performance shares, in addition to the inherent requirement for the share price to increase, which ensures alignment with shareholder value creation
- Granting LTIP awards as a fixed number of shares/options – this approach incentivises share price growth and is well understood across the organisation. It also mitigates the effect of any potential 'windfall gains' due to share price falls and subsequent recovery. There is a robust adjustment mechanism in place – award levels are reviewed every year by the Committee taking into account the share price, company performance, individual performance, and the approach for the wider employee population
- Post-employment shareholding requirement – Executive Directors are required to hold the lower of 50% of their shareholding requirement or their actual shareholding at departure, for a period of two years. The Committee is of the view that this is appropriate on the basis that the in-employment requirements are market-leading amongst UK-listed companies (based on current share price levels the CEO's shareholding requirement is c.1200% of salary). At 50% of the in-employment requirement, the post-employment requirement is more stretching than almost all other UK-listed companies' in-employment requirements and is more than the annual LTIP award

On this basis, the focus of the review of the Policy was on what we pay for. In particular, the Committee is keen to ensure that performance measures are aligned with our forward-looking strategy and therefore is proposing the changes set out below.

The Committee has reviewed the annual bonus and LTIP performance measures, taking into account the views raised by our shareholders in recent years and to ensure alignment with our strategy to rejuvenate sustainable growth. The Committee is proposing to introduce Relative TSR into the LTIP scheme to directly align participants with the shareholder experience, as well as ESG measures to align participants with our sustainability ambitions. Taking into account shareholder feedback, we propose to remove EPS and reduce the weighting on net revenue to ensure that the weighting on ROCE remains the same once the ESG measure has been introduced. Full details of the performance measures to be used going forwards are set out in the Annual Report on Remuneration.

Again taking into account shareholder feedback, the Committee has introduced a new, lower operational limit on the number of performance share options and performance shares that can granted to an Executive Director, under the LTIP which will not be greater than 200,000 performance share options and 100,000 performance shares. The previous limit of 300,000 performance share options and 150,000 performance shares will remain in place for exceptional circumstances only and the Committee would consult with shareholders if it used this headroom.

We are also proposing that, in line with typical market practice amongst UK-listed companies, dividend equivalents will accrue on performance share awards granted under the LTIP that ultimately vest subject to performance. These dividend equivalents will be delivered in shares, in line with shareholder guidance. This change does not apply to performance share options granted under the LTIP.

Executive Director Remuneration Policy Table

Fixed pay policy for Executive Directors

Component purpose and link to strategy	Operation	Opportunity
Base salary To enable the total package to support recruitment and retention	Base salaries are normally reviewed annually, typically with effect from 1 January. Salary levels/increases take account of a number of factors including (but not limited to): • salary increases awarded across the Group as a whole; and • individual performance. The Committee also reviews market data for the FTSE 30 excluding financial services and also the company's remuneration peer group, comprising international companies of a similar size and scope of operations.	Salary increases for Executive Directors will not normally exceed those of the wider workforce, which take into account performance. Increases may be made above this level to take account of individual circumstances, which may include (but are not limited to): • Increase in the size or scope of the role or responsibilities • Increase to reflect the individual's development and performance in the role – for example, where a new incumbent is appointed on a below-market salary Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the Remuneration Policy. Where increases are awarded in excess of those to the wider employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.
Pension To provide appropriate levels of retirement benefit	Executive Directors may receive contributions into a defined contribution pension scheme, a cash allowance or a combination thereof. Base salary is the only element of remuneration that is pensionable.	The maximum pension contribution or allowance for Executive Directors will be in line with that available to UK employees or to participants in the pension plan relevant to the country where they are employed, if different. For UK employees this is currently 10% of base salary.
Benefits To enable the total package to support recruitment and retention	Executive Directors receive benefits which consist primarily of the provision of a company car/ allowance and healthcare, although the package can include other benefits that the Committee deems appropriate, for example, (but not limited to) the cost of legal fees or preparing tax returns (including tax thereon). Benefits include the provision of a car and driver for business use, including travel from home to office, and any tax liability that may be due on this benefit. Relocation allowances and international transfer-related benefits may also be paid (including tax thereon), where required. Executive Directors are also eligible to participate in the all-employee Sharesave Scheme on the same basis as all employees.	Whilst there is no maximum level of benefits prescribed, they are generally set at an appropriate market-competitive level determined by the Committee. Benefits in respect of the year under review, and participation in the all-employee Sharesave Scheme, are disclosed in the Annual Report on Remuneration.

Variable pay policy for Executive Directors

Component purpose and link to strategy	Operation	Opportunity	Performance measures
Annual bonus To drive strong performance, with significant reward for overachievement of annual targets Use of deferral for longer-term shareholder alignment	Targets are set by the Committee at the start of the year. At the end of the year, the Committee determines the extent to which these have been achieved. Performance is assessed on an annual basis, using a combination of the payouts for performance against each of the targets. At least one-third of bonus payouts are deferred into share awards (in the form of options or conditional awards) for a period of three years. The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance, e.g. in the event performance is impacted by unforeseen circumstances outside of management control. Annual bonuses and deferred bonus awards are subject to malus and clawback provisions.	Target opportunity: • CEO: 120% of salary • Other Executive Directors: 100% of salary Maximum opportunity: • 3.57x target • CEO: 428% of salary • Other Executive Directors: 357% of salary Dividend equivalents accrue on deferred share awards during the deferral period.	Performance measures may be a mix of financial and non-financial measures. For 2022 the bonus is based on 100% financial measures. Financial performance will be assessed against one or more key metrics of the business determined on an annual basis. The weighting between different metrics will be determined each year according to business priorities. For performance below threshold, the bonus payout will be nil. Further details, including the performance measures for the current financial year, are disclosed in the Annual Report on Remuneration.
LTIP (performance share options and performance share awards) To incentivise and reward long-term performance, and align the interests of Executive Directors with those of shareholders Two-year holding period for longer-term shareholder alignment	The LTIP comprises grants of performance share options and/or performance share awards (based on a fixed number), which vest subject to the achievement of stretching performance targets. The LTIP has a performance period of at least three years. Additionally, there is normally a two-year holding period following the end of the performance period. The performance conditions are reviewed before each award cycle to ensure they remain appropriately stretching. The Committee has discretion to adjust the formulaic LTIP outcomes both upwards and downwards (including to zero) to improve the alignment of pay with value creation for shareholders and to ensure the outcome is a fair reflection of the performance of the company and the individual. Awards granted under the LTIP are also subject to malus and clawback provisions.	The Committee calibrates LTIP share and option grant sizes as a fixed number to provide full alignment with investors, with a robust adjustment mechanism in place to ensure that the value of an Executive Director's total remuneration is appropriate. The award size is determined by the Committee taking into account performance, the prevailing share price, market data and our pay positioning philosophy. Notwithstanding the above, the normal limit on the number of options and shares that can be granted to an individual in respect of any financial year will be 200,000 options and 100,000 shares (and 300,000 options and 150,000 shares in exceptional circumstances). Details of the LTIP opportunity in respect of each year will be disclosed in the Annual Report on Remuneration. Dividend equivalents may accrue on performance share awards that vest. Neither dividends nor dividend equivalents accrue on unvested or vested performance share options before they are exercised.	Vesting of the LTIP is subject to continued employment and the achievement of stretching targets. Performance measures may be a mix of financial and non-financial measures (including ESG). For 2022 the LTIP is based on 90% financial measures and 10% on ESG measures. Threshold performance will result in 20% of maximum vesting. The vesting level will increase on a sliding scale from this threshold to 100% vesting for stretch levels of performance. Further details, including the performance targets attached to the LTIP in respect of each year, are disclosed in the Annual Report on Remuneration.

Notes to the Policy Table

Performance measure selection and approach to target setting

The measures used under the annual bonus are selected to reflect the Group's main priorities for any given financial year. With regard to the LTIP, the Committee regularly reviews the performance measures to ensure that they align well with the company's strategy and with our shareholders' interests. A combination of net revenue growth, ROCE, Relative TSR and ESG are considered the most appropriate 2022 LTIP performance measures for a number of reasons:

- they are aligned to the company's strategic priorities;
- they combine a focus on top-line growth and profitability, also capturing how efficient profit generation has been;
- they provide well-recognised and accepted measures of the company's underlying financial performance;
- they include focus on shareholder value creation;
- they provide a link to our 2030 sustainability ambitions; and
- they are measures that the plan participants can directly impact, and are easily measurable from time to time.

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

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

Malus and clawback

The Committee has the discretion to apply malus and/or clawback in the event of the following circumstances in relation to awards under the annual bonus, Deferred Bonus Plan or the LTIP in the circumstances set out in the relevant plan rules and award documentation which includes:

- a material misstatement of the company's financial results;
- gross misconduct by a participant (or serious misconduct in relation to malus). This includes reputational damage as a result of the misconduct;
- an erroneous calculation in assessing the number of shares subject to an award or the payout/vesting outcome; and/or
- corporate failure of the company.

In these circumstances, the Committee may adjust the amount of cash bonus payable and/or operate clawback of the annual bonus for up to three previous years. Deferred bonus awards are subject to malus and clawback until the third anniversary of grant and the clawback period applicable to LTIP awards ends on the earlier of (i) the second anniversary of the vesting date and (ii) the fifth anniversary of the date of grant.

Shareholder alignment

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

The shareholding requirement for the current CEO is 200,000 shares and for the current CFO is 100,000 shares. The shareholding requirement for new Executive Directors will be determined at the time of appointment, taking into account a number of factors, including (but not limited to) the LTIP award levels, share price at the time of appointment and market practice. Details of the Executive Directors' personal shareholdings will be provided in the Annual Report on Remuneration.

A formal post-employment shareholding requirement applies to Executive Directors. They are required to hold the lower of 50% of their shareholding requirement or their actual shareholding at departure, for a period of two years. The Committee is of the view that this is appropriate on the basis that the in-employment requirements are market leading amongst UK-listed companies (based on current share price levels the CEO's shareholding requirement is c.1200% of salary). At 50% of the in-employment requirement, the post-employment requirement is more stretching than almost all other UK-listed companies' in-employment requirements and is more than the annual LTIP award.

The Committee retains discretion to amend the post-employment shareholding requirement in exceptional circumstances (for example, in the case of ill-health).

Remuneration Policy for other employees

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

The principles that apply to Executive Directors are cascaded to other employees. Approximately 16,000 employees are eligible to participate in an annual bonus scheme with similar metrics to those used for the Executive Directors, in order to drive alignment and a focus on results. Opportunities and specific performance conditions vary by organisational level, with business area-specific metrics incorporated where appropriate. Senior managers who comprise c.600 employees are eligible to participate in the LTIP with performance conditions the same as the Executive Directors, although award sizes vary by organisational level. In addition, the Group Leadership Team are also required to build up significant shareholdings in Reckitt. The current shareholding requirement levels are between 10,000 and 50,000 shares which generally represents between 2x to 6x base salary.

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

Legacy arrangements and amendments to the Policy

This Policy is intended to apply with effect from 20 May 2022, subject to shareholder approval at the AGM.

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

The Committee may make minor amendments to the Policy to aid its operation or implementation without seeking shareholder approvals (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) provided that any such change is not to the material advantage of the Director.

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

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

Non-Executive Director remuneration

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

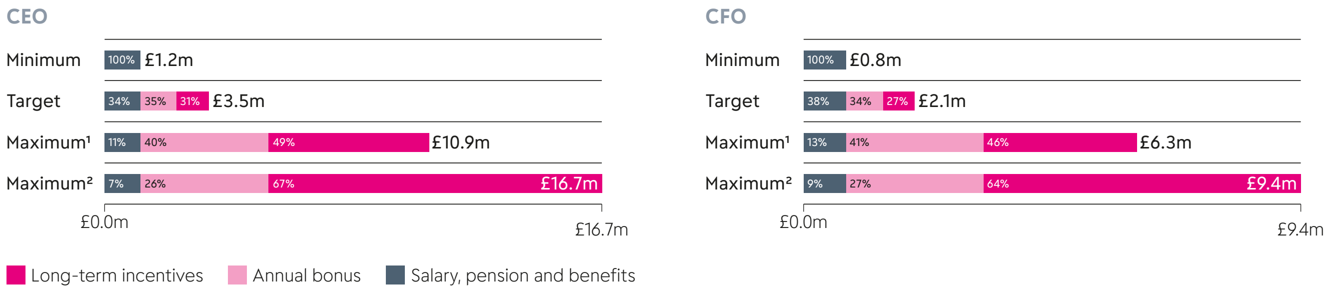
It is the policy of the Board of Directors that Non-Executive Directors are not eligible to participate in any of the company's bonus, share option, long-term incentive or pension schemes. An element of the basic fee is, however, paid in Reckitt shares.

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

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

Scenarios of total remuneration

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



1 Excluding share price growth

2 Including 50% share price growth

Notes

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

The 'Minimum' scenario reflects base salary, pension and benefits (i.e. fixed remuneration), being the only elements of the Executive Directors' remuneration package not linked to performance. This is based on the base salary and pension allowance as at 1 January 2022 and an illustrative value of the benefits, based on amounts paid in 2021.

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

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

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

As LTIP awards are set as a fixed number of shares and options, the LTIP value is based on the number of shares and share options to be granted to the Executive Directors, in 2022. The value has been calculated assuming a share price at grant of £59.84. Under the disclosure requirements the first three scenarios above exclude share price appreciation; share options have therefore been valued using a Black-Scholes option pricing model and assumptions aligned to the three-year performance period, at 10% of the assumed face value. The final scenario includes a 50% share price growth assumption, over the performance period, in line with legislation. It should be noted that if the share price appreciation over the performance period is greater than that assumed then the actual total remuneration may be more than that shown in the above charts.

External appointments
With the approval of the Board of Directors in each case, and subject to the overriding requirements of the company, Executive Directors may accept external appointments as a Non-Executive Director of another company and retain any fees received.

Consideration of conditions elsewhere in the company
Across Reckitt, remuneration is reviewed regularly with the intention that all employees are paid appropriately in the context of their local market and given their role, experience and performance. The company seeks to promote and maintain good relations with employee representative bodies – including trade unions and works councils – as part of its employee engagement strategy, and consults on matters affecting employees and business performance as required in each case by law and regulation in the jurisdictions in which the company operates.

The company publishes annually to all employees details of executive remuneration and also invites employees to ask any questions or provide any feedback they may have on the topic. As part of the recent review of remuneration arrangements and in the development of the Directors' Remuneration Policy over the past year, the Committee took into account the views of senior management and other employees. The company commissioned external consultants to undertake detailed stakeholder interviews with senior management on remuneration arrangements which apply to them and their teams and, in addition, Reckitt operated focus groups with employees to understand views on the incentives. The Board also conducted formal Listening Sessions with employees. Groups of colleagues with a wide range of backgrounds met in person and virtually with Board members to discuss topics such as inclusion, consumer focus, innovation and R&D, business transformation and sustainability.

The Committee reviews the overall pay framework of the Group including internal relativities, gender pay and participation in all-employee share plans. The company encourages share ownership amongst employees and those who hold shares will be able to participate in the vote on the Directors' Remuneration Policy at the AGM.

Consideration of shareholder views
The Committee considers shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping the Remuneration Policy. The Committee Chair speaks with many of the company's largest shareholders on the subject of executive remuneration and the Committee is grateful for all of the feedback which is provided. In developing this Policy, the company consulted with its major shareholders and amended its proposal based on the feedback received. This included changes to the peer group of companies to be used to measure Reckitt's Relative TSR performance for the purposes of the LTIP. The majority of shareholders are supportive of the company's philosophy and policy on remuneration, and the Committee will continue to keep its Remuneration Policy under regular review, to ensure it continues to reinforce the company's long-term strategy and aligns closely with shareholders' interests. The Committee will continue to consult our major shareholders before making any significant changes to our Remuneration Policy.

Approach to recruitment remuneration
External appointment
In cases of hiring or appointing a new Executive Director from outside the company, the Remuneration Committee may make use of all existing components of remuneration, as follows:

Component	Approach
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. Where new appointees have initial base salaries set below market, or the previous incumbent's salary, the shortfall may be managed with phased increases subject to their development in the role.
Pension	The maximum pension contribution or allowance for new appointees will be in line with that available to UK employees or to participants in the pension plan relevant to the country where they are employed, if different. For UK employees this is currently 10% of base salary.
Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a car allowance, car and driver, healthcare and any necessary relocation expenses in line with the ongoing Remuneration Policy (including tax thereon).
Annual bonus	The structure described in the Policy Table will apply to new appointees with the relevant maximum opportunity.
LTIP	New appointees will be granted awards under the LTIP on the same terms as other executives, as described in the Policy Table. LTIP grants can take the form of performance share awards, performance share options or a combination of the two.

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

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

Internal promotion
In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above; except that where an individual has contractual commitments made prior to their promotion to Executive Director level, the company will continue to honour these arrangements even in instances where they would not otherwise be consistent with the prevailing Directors' Remuneration Policy at the time of appointment.

Recruitment of a new Non-Executive Director

In recruiting a new Non-Executive Director, the Remuneration Committee will use the policy as set out in the table on page 164. A base fee in line with the prevailing fee schedule will be payable for membership of the Board of Directors, with additional fees payable for acting as Senior Independent Non-Executive Director, as Chair or member of a Committee, or for other additional responsibilities (including the Designated NED for engagement with the company's workforce). Fees will normally be delivered partly in cash and partly in Reckitt shares to be held until retirement from the company.

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

Service contracts and exit payment policy

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

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

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

Reason for cessation	Timing of vesting/payment	Calculation of vesting/payment
Annual bonus		
Voluntary resignation or termination with 'cause'	Not applicable.	No bonus to be paid for the financial year.
All other circumstances	Following the end of financial year.	Bonuses will be paid only to the extent that objectives set at the beginning of the plan year have been met. Any such bonus will normally be paid on a pro-rata basis up to the termination date and will be subject to deferral requirements where applicable.
Deferred bonus share awards		
Voluntary resignation or termination with 'cause'	Not applicable.	Unvested awards lapse, unless the Committee, at its discretion, decides otherwise.
All other circumstances	Subject to the original time horizons, unless the Committee, at its discretion, decides these will vest on cessation of employment.	Shares vest in full.
LTIP		
Voluntary resignation or termination with 'cause'	Not applicable.	Unvested awards lapse. From the 2022 LTIP award, vested but unexercised options lapse. Vested share awards and the resultant shares from vested and exercised share option awards in the holding period after the end of the performance period are retained, with the holding period continuing to apply (unless the Committee decides that they will be released early), save that they will lapse if the holder is summarily dismissed.

Reason for cessation	Timing of vesting/payment	Calculation of vesting/payment
Ill-health, injury, permanent disability, retirement with the agreement of the company, the participant's employing entity ceasing to be under the control of the company, transfer of the undertaking in which the participant works outside the Group, redundancy or any other reason that the Committee determines in its absolute discretion.	Awards will vest in line with the original performance, vesting and holding periods (unless the Committee decides that they will be released early, in the case of awards in the holding period).	The Committee determines whether and to what extent outstanding awards vest based on the extent to which performance conditions have been achieved and the proportion of the performance period worked. In the event of an employee leaving the Group due to ceasing to be under the control of the company, transfer of undertaking, or change of capital structure, such as demerger, IPO, etc., the Committee will retain the discretion for awards to be exchanged for new equivalent awards in the new company, where appropriate and permitted by the rules of the LTIP.
Death	As soon as practicable after date of death (which could be at the end of the relevant financial year). No holding period will apply.	Performance conditions will be measured at the end of the financial year in which the holder dies, and awards may be reduced to reflect the proportion of the performance period worked.
Change of control	On change of control.	Awards will vest to the extent that any performance conditions have been satisfied (unless the Committee determines that the performance conditions should not apply). Awards will also be reduced pro rata to take into account the proportion of the performance period not completed, unless the Committee decides otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer or another company where appropriate.

Reckitt's Remuneration Policy and the Corporate Governance Code

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

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

Clarity	Arrangements are transparent, and reflect shareholder alignment and Reckitt's strategic priorities, thereby effectively engaging with the wider workforce and shareholders. The Committee consulted with shareholders as part of the design phase of the Policy and communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider pay policy, and how decisions are made by the Committee; it also gave employees the opportunity to ask any questions on these topics.
Simplicity	The Policy is simple and clear, comprising fixed pay, such as salary and benefits, pension schemes that are offered to most of the workforce, plus variable pay which incorporates the annual bonus, LTIP (performance share options and performance share awards), and a clear Share Ownership Policy for senior members of the business. Variable pay is set against financial targets to incentivise short- and long-term financial performance and alignment with shareholders.
Risk	The malus and clawback provisions which apply to annual bonus and LTIP awards encourage the right behaviours, which lead to long-term shareholder alignment and sustained value creation. The Committee has discretion to adjust the formulaic bonus and LTIP outcomes both upwards and downwards.
Predictability	The total of fixed pay and variable pay (target and maximum) illustrated in the scenarios of total remuneration in our Policy provide an estimate of the potential future remuneration of the Executive Directors, including the total remuneration if a 50% share price growth is achieved.
Proportionality	There is a clear link between pay for performance and business strategy, with stretching financial targets applied to annual bonus payouts and LTIP vesting.
Alignment to culture	Financial targets apply to the annual bonus and LTIP awards across the wider workforce to drive business performance. These targets are reviewed on an annual basis. Malus and clawback provisions apply to annual bonus and LTIP, and together with deferred annual bonus, holding periods and share ownership for the Executive Directors (and any other relevant senior employees), drive the right behaviours expected within Reckitt. The remuneration arrangements of the wider workforce reinforce employee engagement.

ANNUAL REPORT ON REMUNERATION

The rest of this report sets out how we have implemented the previous shareholder-approved Remuneration Policy in 2021, and how we intend to implement the revised Policy in 2022, subject to shareholder approval of the revised Policy. It also provides detail of the remuneration decisions in relation to the impact of the management of the portfolio over 2021.

2021 PERFORMANCE AND REMUNERATION OUTCOMES

In reviewing Executive Director remuneration, the Remuneration Committee took into account remuneration decisions for the wider workforce and individual performance of the Directors. The Committee also reviewed market practice, primarily against the FTSE 30 (excluding financial services companies), and took into account an international remuneration peer group, comprising 21 companies as set out below. The latter peer group is the same group used to benchmark remuneration of senior managers across the company. The companies included are Abbott Laboratories, Bayer, Campbell Soup, Church and Dwight, Clorox, Coca-Cola, Colgate, Danone, GSK, Henkel, Johnson & Johnson, Kellogg, Kimberly-Clark, Kraft Heinz, Nestlé, Novartis, PepsiCo, Pfizer, Procter & Gamble, Sanofi and Unilever.

Base salary

Base salaries are reviewed taking into account the salary increases for the wider workforce and individual performance. During 2021, the Remuneration Committee reviewed salaries and determined that there would be a 3% salary increase for the CEO and CFO in 2022, taking into account Group and individual performance, in line with the salary increase budget for the UK wider workforce. The CEO's salary remains towards the lower end of FTSE 30 market practice.

The table below sets out annual base salaries with effect from 1 January 2022:

Executive Director	Annual base salary 2021	**Annual base salary from 1 January 2022**	Percentage increase
Laxman Narasimhan	£979,000	**£1,008,000**	3%
Jeff Carr	£700,000	**£721,000**	3%

Annual bonus in respect of 2021 performance

Executive Director 2021 bonus opportunity

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

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

Net revenue multiplier (up to 1.89x) x Adjusted profit before tax 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 formulaic bonus outcome. This is different to usual UK market practice whereby performance measures are assessed independently and payment under one metric may result in payout regardless of performance in other metrics. In Reckitt the two measures combine to give the resultant payout

Performance multiplier x Target bonus = Final bonus outcome ▶ Delivery: Cash 2/3 + Shares 1/3

- 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 performance
- Similarly, underperformance in one of the performance metrics will reduce the overall bonus payout, even in the case of outperformance of the other

- For example, if we grow net revenue above the stretching requirement for maximum performance but fail to meet the profit threshold, the bonus payout will be zero (i.e. 1.89 x 0)
- One-third of any APP is deferred into an award over Reckitt shares, to strengthen alignment with shareholders

2021 performance targets

The Remuneration Committee set targets for the Executive Directors at the beginning of the 2021 financial year. These were based on net revenue and adjusted profit before income tax targets, both measured in GBP at a constant exchange rate. They were primarily based on the business plan at the time, with reference also being made to external expectations of performance and market practice of companies in a similar stage of the business cycle to Reckitt and to the change in business strategy.

During the year, the active management of the portfolio saw a 9% portfolio turnover, including the strategic disposal of IFCN China and Scholl and the acquisition of Biofreeze – a major step forward in our strategy to rejuvenate sustainable growth. This activity to strengthen the portfolio has meant that the targets set at the beginning under the APP needed to be reviewed to ensure they remained appropriate. In line with our current shareholder-approved Remuneration Policy and shareholder views on adjusting targets, the APP targets were adjusted where needed to ensure that participants are no better or worse off and in line with shareholder expectations.

The Committee resolved to include the performance of disposed assets within the performance of the year assessment until the closing date of sale. In order to ensure we assessed performance on a fair and consistent basis the targets were adjusted to include performance of disposed assets to the date of sale and exclude them for the period of the year that Reckitt no longer owned them. In respect of acquisitions, we included the performance from the closing date of acquisition and also increased the targets accordingly. The Committee considers that these revised targets maintain the same levels of stretch and that participants were no worse or better off.

2021 financial performance against APP targets

As stated earlier in the Annual Report, 2021 marked a year of growth ahead of expectations and a strong year in terms of revenue. LFL net revenue growth was 3.5%, outperforming market expectations of approximately -0.4% at the time targets were set, and building on the outstanding growth of last year gives a two-year stacked growth of 17.4%, significantly ahead of the peer group average. For the purpose of annual bonus calculations, after the adjustments for the acquisitions and disposals, net revenue growth was 2.2% to £13.95 billion (on a constant foreign exchange basis). This strong year reflects market share growth with 62% of our core CMUs holding or gaining share.

For 2021, operating margin (excluding IFCN China) was 22.9%, in line with guidance, resulting in the bonus metric of adjusted profit before income tax (on a constant foreign exchange basis) of £2.84 billion which reflects performance towards the top end of the target range set by the Committee at the start of the year.

The chart below illustrates this performance compared to the targets.

Performance Measure	Threshold (zero bonus)	Achieved	Maximum (3.57 x target)	Actual
Net revenue	£13.22bn	£13.95bn	£14.06bn	1.77x
Adjusted profit before income tax	£2.58bn	£2.84bn	£2.85bn	1.84x

Achieved

As illustrated above, 2021 net revenue and adjusted profit before income tax both approached the maximum level of the performance ranges set for the 2021 annual bonus resulting in a formulaic bonus multiplier of 3.26x of target (91.3% of maximum).

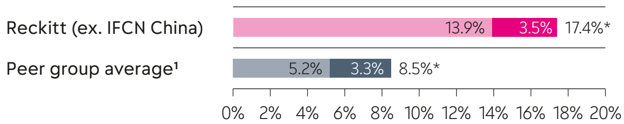
These results reflect the strong 2021 performance ahead of expectations, the strengthened portfolio and strong momentum. For example, brands less sensitive to COVID-19 dynamics, representing c.70% of the portfolio grew, on average by mid-single digits in each quarter of 2021. We are firmly on track with our transformation programme to achieve our target of mid-single digits net revenue growth and adjusted operating margins in the mid-20s by the mid-2020s.

Overall Group performance taken into consideration

As it does every year, the Committee thoroughly evaluated the performance of both the Group and the Executive Directors in the round to assess whether the level of annual bonus payout is both appropriate and justified. The framework that the Committee applies is set out on page 156 and more details are set out overleaf.

Competitor performance

Top-line performance significantly better than peers



2020 growth 2021 growth *2-year stacked growth

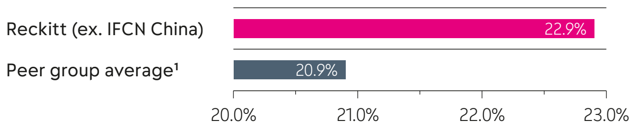
1. Peer group data based on latest data publicly available for FY 2021. Where this data was not available, comparison is based on latest results covering Q3 2021 or later

Portfolio performance and mid-single-digit growth

c.70% of portfolio* **already growing** at >5%

* Excluding brands more impacted by COVID-19 – Lysol, Dettol and cold and flu brands

Adjusted operating margin ahead of peers



1. Peer group data based on latest data publicly available for FY 2021. Where this data was not available, comparison is based on latest results covering Q3 2021 or later

Strong market share performance

+62% of core CMUs holding/gaining share

The Remuneration Committee also reviewed the progress on delivery of the strategy and wider people, culture and sustainability, a summary of which is provided below.

Strategic delivery

- **Strong progress in repositioning our business towards higher growth:** We entered the important US analgesic market with the acquisition of the high growth Biofreeze business, whilst divesting our lower growth businesses, of IFCN China, Argentina, Scholl and E45. Approximately 9% of the portfolio repositioned
- **Strong market share performance:** 62% of our Core Category Market Units (CMUs), held or gained share
- **New corporate brand launched in March 2021:** Reflects our refreshed outlook and Purpose. The redevelopment of the corporate identity from RB to Reckitt is a key milestone for the company's ongoing journey of transformation towards sustainable growth and reflects our renewed Purpose and strategy. The new brand is built on how stakeholders recognise the brand; it is more powerful, consistent, and impactful. The launch saw high levels of engagement across all stakeholder groups, and was met by almost universal acclaim
- **Drove new business and channels:** Our Global Business Solutions (GBS) has further developed its channel and geographic footprint through partnerships with operators such as Diversey. E-commerce net revenue, excluding IFCN China, grew by 17% in 2021, resulting in a two-year stacked growth of 85% and now accounts for 12% of group net revenue
- **Improvement in regulatory capability:** Our regulatory capability has improved in both the quality and the speed with which we operate. Our innovation pipeline value is 50% higher than the previous year and our investment in digital has driven continued high growth in our e-commerce platforms
- **Stronger R&D function:** We launched the Innovation Council to harmonise innovation across each GBU, market and functions including Marketing, R&D and Supply. The Global R&D function now includes Regulatory, Global Safety Assurance (GSA) and Operational Excellence, driving greater partnerships and operational efficiencies. Frontline resources have been deployed in-market to drive proximity to consumers

People and culture

- **Significant focus on embedding Diversity and Inclusion:**
  - Since launching our five-year commitment in June 2020, the Stronger Together conversation series has continued to create opportunities for sharing inspiring and challenging stories from our colleagues across the world. Seven live global events in 2021 reached almost 30,000 people
  - Employee Resource Groups (ERGs) are employee networks that aim to raise the profile of underrepresented people. Three global ERGs have all made progress in their respective areas with a focus on gender balance, the LGBTQ+ community, and race and ethnicity. The ERGs are represented on the Global Inclusion Board and provide input on consumer perspectives which informs our innovation process
  - Initiated the Conscious Inclusion programme in order to promote the benefits of conscious inclusion. Almost 90% of our senior managers have attended these sessions so far
- **Focus on employee wellbeing:**
  - All through the pandemic we have focussed on 'Doing the right thing' and 'Putting our Consumers and People first'. In every country we took necessary steps to help our colleagues with the consequences of the pandemic (e.g. facilitating vaccination drives in many emerging markets, EAP support etc.)
  - In March 2021 we launched our global wellbeing programmes for leaders at all levels in partnership with global leaders in this field. Together, we delivered bespoke wellbeing resources including one-to-one and group performance coaching, training, social learning events and access to resources via digital apps
  - Embedded our hybrid working model, taking into consideration direct feedback received from our employees through surveys. Launched our 'Future of Work' approach, providing greater flexibility and creating a seamless, inclusive and consistent experience in a hybrid world. Our approach is underpinned by the 4 Cs – Connect, Create, Coach and Collaborate – which will help to guide choices around where employees work
- **Rolled out Leadership Behaviours:** These behaviours are a key part of our leadership development programme and annual review process. In the June 2021 Glint survey, colleagues scored leadership highly in all categories. The highest scores registered were for decisiveness, purpose and speaking direct with respect and over 75% of employees feel a positive impact of Leadership Behaviours launched in 2021

Sustainability

- **Launch of our Sustainability Ambitions, '*For a Cleaner, Healthier World*':**
  - Launched in March 2021, this sets out our 2030 ambitions and is backed by more than £1 billion of planned investment over the next ten years to ensure we meet our goals
  - Achieved 66% reduction in absolute carbon in operations since 2015, 100% renewable electricity purchased for our manufacturing operations and 24.9% of 2021 net revenue from more sustainable products
  - Ongoing development of our Sustainable Innovation Calculator, now used in each GBU's product innovation programme to enable more sustainable products in the future
- **Sustained commitments to aid programmes:** Including investments worth over £38 million via the Reckitt Fight for Access Fund and distributing 24 million products to worthy causes such as the Red Cross with 3.4 million people across 50 countries measurably impacted by our social impact work
- **Hygiene partner of the United Nations COP26 conference:** Partnered to deliver a safe conference that furthered climate action. Co-authored a white paper with EcoHealth Alliance and the London School of Hygiene and Tropical Medicine, setting out the risks to human health of unabated climate change and presented recommendations to address these potentially existential threats
- **Strengthened sustainable sourcing activity, supporting more sustainable livelihoods and working conditions for our suppliers**: Focus on key ingredients including palm oil and latex through various initiatives, and collaboration with, for example, Consumer Goods Forum members and our own partner, Earthworm Foundation, on landscape programmes; initiated certification of latex through the Fair Rubber Association and currently working with plantations in Malaysia and smallholder farmers in Thailand to certify latex production, protect ecosystems and support sustainable livelihoods and communities
- **Early signatory and the first consumer packaged goods company to join Amazon's Climate Pledge:** This commits us to net-zero emissions by 2040. We now sell over 60 products which are labelled as Climate Pledge Friendly on Amazon
- **External benchmarks of progress:** Reckitt retained its position in the FTSE4Good Index with ongoing delivery through our ESG agenda and Sustainability Ambitions, coupled with transparent reporting of our progress and systems. We re-joined the Dow Jones Sustainability Index and were also awarded a Gold Class 2022 Sustainability Award from S&P Global. We have an improved MSCI ESG rating from A to AA, and a Sustainalytics score at 22.9, positioning Reckitt in the top 15% of our industry group

Decision on 2021 bonus outcomes

Taking into account the very strong year of financial performance, ahead of expectations, the management to strengthen the portfolio and the wider assessment of performance as described above, which sees the transformation firmly on track, the Committee concluded that the formulaic APP payout based on performance against targets is justified and no discretion will be applied.

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

	Base salary	x	Target bonus	x	Performance multiplier	=	Total bonus	=	Cash	Deferred into shares
Laxman Narasimhan	£979,000	x	120%	x	3.26	=	£3,829,848	=	£2,553,232	£1,276,616
Jeff Carr	£700,000	x	100%	x	3.26	=	£2,282,000	=	£1,521,333	£760,667

Vesting of the 2019 LTIP – performance versus targets

The Reckitt LTIP is designed to align participants with shareholders through making awards with stretching performance conditions denominated in both performance share options and performance share awards. The 2019 LTIP awards were made following the approval of the Group's Remuneration Policy in May 2019. The award was made to Laxman Narasimhan on 5 August 2019. Jeff Carr was not with the Group at the time these awards were made.

2019 performance targets

Vesting of awards under the 2019 LTIP was dependent on the performance conditions set out in the table below.

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

The performance assessment is provided below:

Assessment of performance versus targets

As discussed under the 'Remuneration decisions in relation to portfolio management' section of the Chair's letter, the Remuneration Committee decided that for the 2019-2021 LTIP award, given the timing of the IFCN China sale is such that it was under the Group's ownership for most of the performance period, no adjustments were to be made to the LTIP targets set at the start of the performance period.

For the portion of the LTIP awards subject to ROCE performance, as stated in our 2018 Annual Report, ROCE is measured in the final year of the performance period and is measured using the same principles as the ROCE figure disclosed elsewhere in the Annual Report, other than the fact that ROCE for LTIP purposes is measured on a constant currency basis. This is on a consistent basis in line with the definition agreed when targets were set. This means that capital employed has been calculated on a monthly average basis including IFCN China for the period of ownership by Reckitt of January through to August 2021. IFCN China is also included in the adjusted operating profit after tax for the whole period of ownership ensuring that the numerator and denominator of the ROCE calculation are on a consistent basis.

Similarly, no adjustments have been made to targets for the adverse impact on ROCE of other acquisitions and disposals, e.g. the acquisition of Biofreeze or the sale of Scholl. Finally, as disclosed in the 2020 Annual Report, we have ensured that the goodwill impairment in respect of IFCN did not lead to an increase in vesting in respect of the proportion of the LTIP related to ROCE by adjusting the capital employed accordingly.

The chart below illustrates performance compared to the targets. As set out below, the strong LFL net revenue growth over the three-year performance period results in 21.5% vesting in respect of this element of the award. The remainder of the award related to EPS growth and ROCE will not vest as performance was below the stretching targets set.

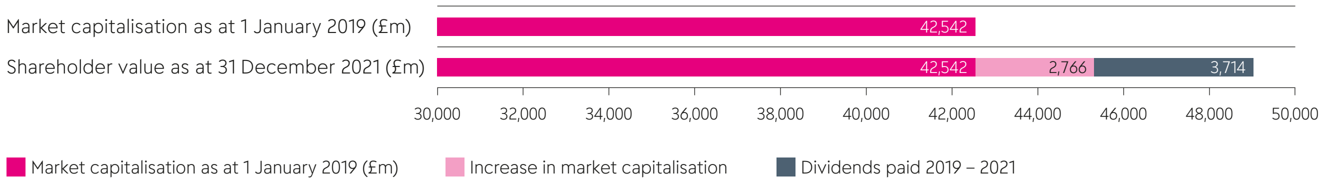
Performance measure	Achieved	Threshold (20% vesting)	Maximum (100% vesting)	Vesting (% of total award)
LFL net revenue growth CAGR (25% weighting)	5.3%	2%	6%	21.5%
EPS CAGR – actual FX (25% weighting)	-5.3%	4%	9%	0.0%
EPS CAGR – constant FX (25% weighting)	-2.9%	4%	9%	0.0%
ROCE (final year) (25% weighting)	10.3%	10.8%	12.8%	0.0%
Total vesting				**21.5%**

Achieved

Overall Group performance taken into consideration

As it does every year, the Committee thoroughly evaluated the performance of both the Group and the Executive Directors in the round to assess whether the level of vesting under the LTIP is both appropriate and justified. The framework that the Committee applies is set out on page 156. The Committee took into account the progress on delivery of the strategy and wider people, culture and sustainability in 2021 as disclosed on page 170 of this report and over the performance period of the 2019 LTIP, as disclosed in previous Annual Reports as well as the shareholder experience.

Delivery of shareholder value: £6,480 million of shareholder value generated



Decision on 2019 LTIP vesting outcome

The Committee is satisfied that this outcome is aligned with the shareholder experience and the wider assessment of performance over the last three years and concluded that the overall vesting level is justified and appropriate in this context and that no discretion will be applied.

Based on the performance assessment above, the 2019 LTIP award to the CEO will vest as detailed below. These awards did not accrue dividends during the vesting period.

	Interests held	Exercise price	Vesting %	Interests vesting	Share price[1]	Estimated value
CEO awards – Laxman Narasimhan						
Performance shares	75,000	n/a	21.5%	16,125	£59.84	£964,920
Performance share options	150,000	£63.72	21.5%	32,250	£59.84	£0

1. As the share price on the date of vesting is unknown at the time of reporting, the value is estimated using the average market value over the last quarter of 2021 of £59.84. The actual value at vesting will be disclosed in the 2022 Annual Report

There is a further two-year holding period attached to Laxman Narasimhan's LTIP award which means that vested performance shares (net of tax withholding) will not be released to the CEO until 1 January 2024, and the resultant shares (net of any tax withholding and the exercise cost as appropriate) from the exercise of any vested performance share options will not be released to Mr Narasimhan until 1 January 2024.

Single total figure of remuneration for Executive Directors (audited)

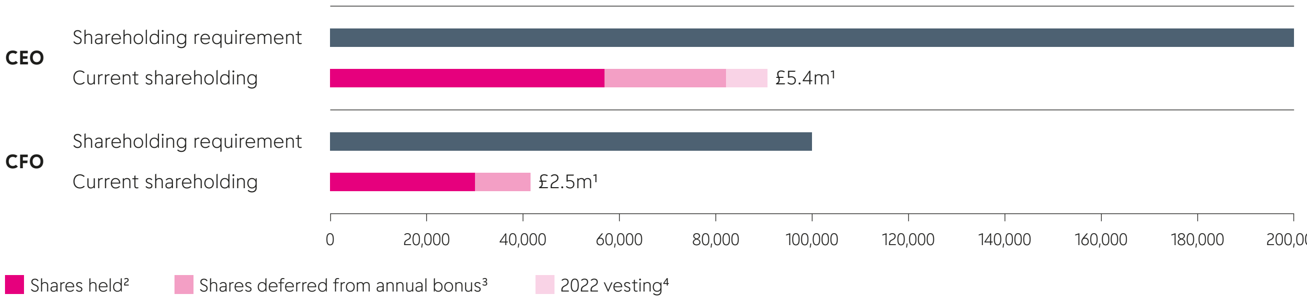
The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2021, based on the information set out in the previous sections. This is compared to the prior year figure:

	Executive Directors			
	Laxman Narasimhan		Jeff Carr[1]	
	2021 £	2020 £	**2021 £**	2020 £
Base salary	**979,000**	950,000	**700,000**	494,545
Taxable benefit[2]	**95,322**	251,689	**16,756**	12,201
Pension benefit[3]	**97,900**	95,000	**70,000**	49,455
Annual bonus[4]	**3,829,848**	4,069,800	**2,282,000**	1,765,526
LTIP[5]	**964,920**	n/a	**n/a**	n/a
Buyout arrangements[6]		3,067,845		
Fixed remuneration	**1,172,222**	1,296,689	**786,756**	556,201
Variable remuneration	**4,794,768**	4,069,800	**2,282,000**	1,765,526
Total	**5,966,990**	8,434,334	**3,068,756**	2,321,727

1. Joined the Board and was appointed as CFO on 9 April 2020
2. Benefits for Laxman Narasimhan in 2021 primarily consist of car, healthcare, and tax filing support as a result of his relocation. For Jeff Carr the benefits include car allowance and healthcare. Where relevant the costs above include a gross-up for tax
3. 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 a defined contribution basis, with no defined benefit accrual
4. Annual bonus reflects financial performance approaching the maximum level of the performance ranges set for the 2021 bonus; the Committee's assessment of performance of both the company and the Executive Directors in the round; and the Committee's determination of the level of annual bonus payout at 91.3% of the maximum level in line with the formulaic outcome is appropriate as set out on pages 168 to 171. One-third of this is deferred into share awards for three years
5. Reflects the estimated value of LTIP performance share options and performance shares granted to Laxman Narasimhan in August 2019, which are due to vest on 20 May 2022 at 21.5% of maximum. Valued using an average share price over Q4 2021 of £59.84. See the relevant section on pages 171 and 172 for more details. 0.2% is attributable to share price growth over the vesting period. The Committee did not apply discretion in determining the remuneration resulting from the 2019 LTIP vesting as a result of share price appreciation
6. The buyout includes awards made to Laxman Narasimhan, related to legacy arrangements implemented by his previous employer. The value of this buyout was estimated in the 2020 Annual Report. The long-term share award vested at 52.6% of target on 25 March 2021 and the long-term cash award was paid at 110% of target in March 2021. The value has been restated to reflect this and the actual closing Reckitt share price on the date of vesting of £64.12 for the long-term share award, including accumulated dividends. 6.63% of the value of the share award included in the buyout is attributable to share price growth over the vesting period

Shareholding of Executive Directors compared to requirements

The bar chart below illustrates the Executive Directors' shareholding compared to the company's shareholding requirements. Executives have a period of eight years from appointment to achieve the requirements of 200,000 shares for the CEO and 100,000 for the CFO and both Executive Directors are showing good progress towards meeting these requirements as reflected below.



1. Current shareholding value based on the average closing share price in Q4 2021 of £59.84
2. Includes shares owned outright and shares subject to post-vesting holding restrictions
3. This is the estimated number of shares under the Deferred Bonus Plan, after tax, including those to be deferred from the 2021 annual bonus
4. For Laxman Narasimhan this is an estimate of the number of shares vesting in May 2022 under the 2019 LTIP, after tax

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, with a portion required to be retained post-employment as described below.

These shareholding requirements (200,000 shares for the current CEO and 100,000 shares for the current CFO) are the most demanding in the market and are equivalent to c.1200% and c.850% of salary for the CEO and CFO, respectively (based on a share price of £59.84). These requirements are also more than double the current annual LTIP award (using a Black-Scholes valuation of 10% for the performance share options).

We also have post-employment shareholding requirements for a further two years. The post-employment shareholding requirement is enforced through a restriction on Executive Directors' vested shares, held by our external share plan administrator, which requires company permission before these shares can be sold. This restriction excludes shares awarded to the CEO as buyout for legacy awards from his previous employer and shares purchased by the Executive Directors.

The two-year post-employment shareholding requirement is 50% of the shareholding requirement (or actual shareholding on leaving if lower). This represents more than c.600% of salary for the CEO and c.425% for the CFO and is more stretching than almost all other UK companies' in-employment shareholding requirements; it is also greater than the current annual LTIP award.

The table below shows the current shareholding of each Executive Director against their respective shareholding requirements as of 31 December 2021:

				Performance shares		Options held		
	Shareholding requirement (number of shares)	Total beneficial interests (number of shares)[1]	Shares awarded under the Deferred Bonus Plan[2]	To vest in 2022[3]	Unvested, subject to performance	Vested but not exercised	To vest in 2022	Unvested, subject to performance
Laxman Narasimhan	200,000	56,917	25,199	8,546	150,000	0	32,250	300,000
Jeff Carr	100,000	30,000	11,592	n/a	80,000	0	n/a	160,000

1. 'Total beneficial interests' includes shares owned outright and shares subject to post-vesting holding restrictions
2. 'Shares awarded under the Deferred Bonus Plan' shows the estimated number of shares awarded under the Deferred Bonus Plan, after tax, including an estimate of those to be deferred from the 2021 annual bonus
3. This is an estimate of the number of shares vesting to Laxman Narasimhan in May 2022 under the 2019 LTIP, after tax as detailed on page 172

The Executive Directors are also eligible to participate in the all-employee Sharesave Scheme. Details of options held under this plan are set out on page 187.

2021 LTIP awards (audited)

The table below sets out the LTIP awards which were made to Laxman Narasimhan and Jeff Carr on 28 May 2021. These awards do not accrue dividends during the performance period. Vesting of these awards in full requires achievement of stretching performance conditions over the three-year period. In line with the Directors' Remuneration Policy, for Executive Directors there is a further two-year holding period commencing after the end of the three-year performance 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	Holding period
Performance shares								
Laxman Narasimhan	28 May 2021	75,000	£63.68	n/a	£4,776,000	1 Jan 2021–31 Dec 2023	May 2024	1 Jan 2026
Jeff Carr	28 May 2021	40,000	£63.68	n/a	£2,547,200	1 Jan 2021–31 Dec 2023	May 2024	1 Jan 2026
Performance share options								
Laxman Narasimhan	28 May 2021	150,000	£63.68	£64.67	£0	1 Jan 2021–31 Dec 2023	May 2024–May 2031	1 Jan 2026
Jeff Carr	28 May 2021	80,000	£63.68	£64.67	£0	1 Jan 2021–31 Dec 2023	May 2024–May 2031	1 Jan 2026

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 performance criteria are met to achieve full vesting. For performance-based share options based on the face value of the potential gain at award assuming full vesting, calculated as the difference between market price and exercise price. The face value of shares under option is £9,552,000 for Laxman Narasimhan and £5,094,400 for Jeff Carr if calculated as the number of shares multiplied by the market price at date of award

As disclosed in the 2020 Annual Report, the performance measures and weightings used for the 2021 LTIP were unchanged from the 2020 LTIP award, being 50% based on net revenue, 25% based on ROCE and 25% based on EPS (split equally between actual exchange rate and constant exchange rate).

Net revenue continues to be measured as LFL growth over three years. ROCE is measured based on the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. As stated in our 2018 Annual Report the definition of ROCE used for the purposes of the LTIP differs from that disclosed elsewhere in the Annual Report as it is measured on a constant currency basis. EPS is measured on a total adjusted diluted basis, as shown in the Group's Financial Statements, as this provides an independently verifiable measure of performance. It is measured using both constant and actual foreign exchange bases (with an equal weighting on each) and is based on the final year of the performance period. The Committee disclosed the targets which apply to these LTIP awards in June 2021.

As discussed in the Chair's letter and set out in further detail on page 181, during 2021, the active management of the portfolio saw a 9% portfolio turnover, including the disposals of IFCN China and Scholl and the acquisition of Biofreeze, a major step forward in our strategy to rejuvenate sustainable growth. This activity to strengthen the portfolio has meant that the targets set at the beginning of each award under the LTIP needed to be reviewed to ensure they remained appropriate. In line with our current shareholder-approved Remuneration Policy and shareholder views on adjusting targets, the LTIP targets were adjusted where needed to ensure that participants are no better or worse off and in line with shareholder expectations. Further detail on these adjustments and the vesting schedule that applies to awards granted under the 2021-2023 LTIP are presented on page 181.

Wider workforce pay arrangements

Reckitt cascades its reward policy fairly and consistently throughout the organisation and the Remuneration Committee takes into account the arrangements for the wider workforce when setting Executive Director remuneration. During the year, the Committee considered workforce remuneration and related policies on several occasions, as well as the alignment of incentives and rewards with culture.

Information reviewed by the Remuneration Committee includes salary structures, bonus design and targets, the LTIP, share ownership, our International Transfer Policy, provision of benefits and Reckitt's all-employee share plans. The Committee is pleased to note from this review that the company's remuneration policies continue to be aligned with those of the Executive Directors, with a cascade throughout the organisation. In addition, as part of the wider review of remuneration arrangements and in the development of the Directors' Remuneration Policy over the past year, the Committee took into account views of senior management and other employees. The company commissioned external independent consultants to undertake detailed stakeholder interviews with senior management on remuneration arrangements which apply to them and their teams, and internally, Reckitt operated focus groups with employees to understand views on incentives. We also communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider company pay policy and how decisions are made by the Committee; giving employees the opportunity to ask any questions on these topics.

As mentioned in the Chair's letter, in March 2021 we launched our global wellbeing programmes for leaders at all levels in partnership with Hintsa and Tignum, global leaders in this field. We have also provided a rich bank of resources for all employees to access including global wellbeing sessions, focusing on balance, burnout and the importance of mental energy and attracting over 3,000 participants each time. In July 2021 we launched a global employee pulse survey, focusing on understanding our employee demographics and getting insights on our Leadership Behaviour and diversity topics.

As discussed in the Strategic Report our employment policies drive gender equality in our teams. We have mentoring schemes for female employees, gender-balanced shortlists and proportional targets at senior management level. We have also continued with several initiatives that were launched in 2020, such as the Stronger Together conversation series, a five-year commitment focusing on diversity and inclusion (D&I) and belonging topics that matter most to our people. During 2021, another seven virtual global sessions have been held, reaching almost 30,000 people, with more watching the sessions later on demand. Our Global Inclusion Board comprises senior leaders and sponsors of our Employee Resource Groups (ERGs) and is chaired by the CEO, who leads the D&I strategic agenda across Reckitt.

As set out earlier in the Annual Report, we continue to focus on maintaining an open, transparent culture by promoting continuing dialogue across the company. During 2021 Mary Harris's activity as the Designated Non-Executive Director for engagement with the company's workforce has allowed her to feed back the views of the workforce to the Remuneration Committee as well as the wider Board. Each year the company holds several round-table discussions with employees and organises site visits during which town hall meetings and smaller group discussions with our people take place. Details of this engagement are set out in the Section 172 Statement, which can be found on pages 68 to 73.

The table below summarises the remuneration structure for the wider workforce:

Element	Implementation below the Board	Comparison with Executive Director remuneration
Salary	Salary increases are determined by line managers based on factors such as individual performance ratings, talent ratings and local market practice. Country-specific conditions such as inflation are also taken into account. The average total pay during 2021 to all employees across the Group is £48,445 and we review pay ratios of the Chief Executive Officer's total remuneration to the remuneration of UK employees, as set out on page 178 of this report. In the UK, Reckitt has been voluntarily paying the Living Wage for a number of years and is accredited by the Living Wage Foundation as paying a living wage to employees and contractors. This certifies our commitment to employees and staff that they will receive a wage that not only exceeds the minimum wage but also recognises the actual cost of living in the UK. We are developing our global Sustainable Livelihood Framework (of which living wage is a component) to outline our approach and will be piloting it within selected factories in Thailand and India.	Salary increases are normally aligned with those of the wider workforce, which take into account performance. Salaries are also set competitively against peers in support of the recruitment and retention of Executive Directors.
Annual bonus	Our Annual Performance Plan (APP) is operated consistently across the organisation and has more than 16,000 employees participating. As employees progress and are promoted their target bonus and maximum multiplier typically increase. In common with the Executive Directors, bonus payouts are based on Reckitt's financial performance, with all employees being incentivised on net revenue and a profit measure, which varies based on role. In addition, some roles have a third measure, typically related to net working capital or innovation. We also operate local bonus plans, for example for employees in sales and factories.	Annual bonuses for Executive Directors are directly related to Reckitt's financial performance measured by net revenue and adjusted profit before income tax targets. These measures also apply to other Group employees who participate in the APP. The bonus for all participants in the APP operates on a multiplicative basis, in the same way as for the Executive Directors. One-third of annual bonus payments for Executive Directors are subject to a three-year deferral into awards over Reckitt shares.
Long-term incentives	Reckitt grants LTIP awards to members of the Group Executive Committee, Group Leadership Team and senior management team to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation. Awards are also made to selected high-potential employees below these levels. The 2022 awards will continue to use the same performance measures and three-year performance period as for the Executive Directors. Awards are made as a fixed number of share options and shares, with grants applied consistently depending on an employee's level in the organisation. Adjustments can be made to the award level based on performance and managers can also recommend additional awards to key employees.	Executive Directors' LTIP grants comprise performance share options and performance share awards (based on a fixed number), which for the 2022 awards will vest subject to the achievement of LFL net revenue, ROCE, Relative TSR and ESG performance targets. In addition to the LTIP's three-year performance period, Executive Directors are subject to an additional two-year holding period commencing at the end of the performance period.
All-employee share plans	We operate an award-winning global all-employee share plan to foster our culture of ownership amongst employees. This gives employees the opportunity to save over a three-year period to purchase Reckitt shares at a discount to the share price. As well as ensuring individuals feel a sense of ownership, Reckitt is keen to ensure that the plans are inclusive and accessible to all colleagues, with the plan being offered on equivalent terms to all eligible employees globally, subject to local regulation. Around 50% of Reckitt employees have signed up to one of our three share plans with total savings of around £171 million across all cycles. Over the last three-year period, 2019-2021, just over 6,900 employees saved in one of our plans, making a gain of around 10% over the period.[1] In order to encourage take-up and ensure that the plans are inclusive and accessible to all employees, we utilise around 100 local champions and provide communications in 28 languages. Champions are responsible for local communications throughout the offices and factories. Examples include desk drops, webinars, virtual drop-in sessions with specific contacts at each site for support. Further, in line with Reckitt's commitment to diversity and inclusiveness, Reckitt has included and promoted a 12-month savings sabbatical for employees on maternity leave.	Executive Directors are eligible to participate in the all-employee Sharesave Scheme on the same basis as all employees.

Element	Implementation below the Board	Comparison with Executive Director remuneration
Share ownership	Reckitt is proud of our ownership culture. In addition to the market-leading participation rates in our all-employee share plans, members of the Group Executive Committee and Group Leadership Team have shareholding requirements in order to further align the interests of management and shareholders. These requirements are amongst the most demanding in the market and we expect participants to meet them within eight years of appointment. There is an annual review of progress by the Remuneration Committee. Amongst the Group Executive Committee the total shareholding requirement is around £42 million[1] and the aggregate actual holding is currently £15 million[1] which reflects good progress towards the requirement given the changes to the Group Executive Committee over the past two years. Overall the total shareholding requirement for all employees with requirements is £80 million,[1] with the current actual holding being £48 million.[1] This also reflects good progress towards the requirement given the number of new appointments made in light of the company's strategic transformation goals and reorganisation of structure.	The Executive Directors have shareholding requirements of 200,000 shares for the CEO and 100,000 for the CFO, the most demanding requirements in the UK market[2]. These are equivalent to c.1200% and c.850% of salary[1] respectively. Executive Directors are additionally subject to a post-employment shareholding requirement which is enforced through restrictions put in place by our share plan administrator. The table on page 174 sets out the progress of the Executive Directors towards their shareholding requirements.
Pension	A pension/gratuity scheme is offered to more than 80% of our global employees. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the state. In the UK, all Reckitt employees are eligible to receive a company pension contribution of at least 10% of pensionable salary, irrespective of any personal contribution made.	Our Executive Directors receive a company pension contribution of 10% of salary, in line with the wider workforce in the UK. They are eligible to take this as a cash alternative.
Benefits	Reckitt regularly reviews the core benefits it provides in each country to ensure they remain appropriate, equally inclusive and in line with our philosophy of providing market-competitive benefits. In addition to aligning with the local market Reckitt ensures that there is a core level of benefits provided to all employees. These include: • Life insurance for all of our global employee population. All of our employees are insured for at least two times base salary • Global parental leave policy which provides for at least 26 weeks paid and 26 weeks unpaid maternity leave, and four weeks paid and four weeks unpaid paternity leave, for all employees. The policy recognises that today's families come in all shapes and sizes, so the same principles apply to all LGBTQ+ employees, as well as adopting and surrogacy families • An Employee Assistance Programme is provided in every country, providing valuable assistance to our employees during the pandemic and beyond • Reckitt also provides health insurance, where it is not adequately provided for by the state, for most of our global employee population. In the UK and US our healthcare insurer provides access to a video GP. This allows our employees to speak to a doctor whenever they want. In a number of markets this also extends to cover spouse and/or children Reckitt's unique International Transfer Policy is key to ensuring global mobility, which is a critical part of Reckitt's career development and our culture. Employees transfer consistently on a local terms basis, to remove inequities of home/host practices. Depending on the type of international move additional benefits such as international healthcare, international pension, school fees, tax return support and home leave may be provided to foster ongoing mobility.	Executive Directors receive benefits which consist primarily of the provision of a company car/allowance, pension scheme, risk insurances and healthcare. In addition, Executive Directors are eligible for the benefits available to the wider UK workforce, as described in this table.

1. Based on the average closing share price in Q4 2021 of £59.84
2. Compared against constituents of the FTSE 30

Gender pay gap

The Board reviews the company's gender pay gap and publishes an annual gender pay report that can be found on our website under the People and Communities heading of our Sustainability section. To increase transparency on this issue Reckitt voluntarily discloses the gender pay gap for our ten largest markets by workforce size, including the UK, which together make up around 70% of our global permanent workforce.

As disclosed in our gender pay gap report Reckitt has set targets to increase the number of women in senior leadership positions and has a number of initiatives to increase this representation.

A summary of the gender pay statistics is also included below:

- The gender pay gap in the UK for the year to April 2021 is -7.4% at median and 5.0% at mean
- This compares to the year to April 2020 when the gender pay gap was -6.1% at median and 5.1% at mean

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

CEO pay ratio

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

In line with the requirements, the total pay and benefits paid to both Laxman Narasimhan and Rakesh Kapoor whilst in the role of CEO have been combined to calculate the total CEO pay for 2019. It should be noted that for Laxman this included both the one-off relocation benefits and the buyout in respect of legacy arrangements provided by his previous employer.

For 2020, the pay ratio reflects the actual buyout awards to Laxman that are in respect of legacy arrangements from his previous employer and which vested in March 2021. This is disclosed in the 2020 column of the single figure table on page 173 of this report. The disclosure will, over time, cover a ten-year rolling period.

CEO	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
	2021	Option A	1:170	1:121	1:78
	2020	Option A	1:244	1:177	1:100
	2019	Option A	1:158	1:115	1:70

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

In particular, the Remuneration Committee believes the pay ratio is consistent with the Group's wider policies on employee pay, reward and progression. Reckitt ensures that employees are paid fairly for their role, based on the location they work in and their performance in role. As such, the base salary, annual bonus and benefits are based on the same principles for the identified employees as they are for the CEO. The median pay ratio has decreased in line with the reduction in the CEO's single total figure of remuneration as set out on page 173.

In calculating the ratio we have used Option A, in line with shareholder guidelines. The employees used in the calculations were selected on 23 February 2022, following the end of the financial year.

For identifying the three employees at the lower quartile, median and upper quartile, the following methodology has been used:

- All UK employees' total remuneration as at 31 December 2021 has been considered, excluding leavers and employees who were absent for more than 20 days during the financial year, as these would distort the ratio
- Full-time equivalent salary, variable pay, allowances and benefits (using the part-time values and converting these to full-time equivalent values) have been calculated. In order to calculate the value of taxable benefits we have taken the P11D value, due to ease of accessing data. Actual pension contributions have been used, and, where appropriate, converted to full-time equivalents

The table below summarises the identified employees in 2021:

	25th percentile	Median pay	75th percentile
Total employee pay and benefits	£35,045	£49,261	£76,581
Salary component	£28,268	£40,906	£67,771

In addition, Note 5 to the Financial Statements sets out the total employment costs and average number of employees globally, during 2021. Based on these, the average global pay during 2021 was £48,445 and consequently the pay ratio between the CEO and average global employee was 1:123.

IMPLEMENTATION OF DIRECTORS' REMUNERATION POLICY FOR 2022 OUTCOMES

Salary

As set out earlier in this report, there will be a 3% increase in salaries for 2022 for the CEO and the CFO in line with the budgeted average increase for the UK workforce. The CEO's salary will be £1,008,000 and the CFO's will be £721,000.

Pension

The CEO and CFO are eligible to receive a pension contribution, or equivalent cash allowance, of 10% of salary, which is equivalent to the company's level of contribution for all UK employees.

Annual bonus in respect of 2022 performance

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

Bonuses for 2022 will remain based on Reckitt's net revenue and adjusted profit before income tax targets, 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 targets are met. One-third of any bonus earned will be deferred into Reckitt shares for three years.

As previously noted in the Chair's letter, as it does every year the Committee will continue to evaluate the performance of both the Group and the Executive Directors in the round and with regard to broader circumstances to assess whether the level of annual bonus payout is appropriate and justified, before determining the final bonus payout.

We have not disclosed the performance target ranges for 2022 as we consider them to be commercially sensitive. However, we commit to retrospectively disclosing the performance ranges in the Directors' Remuneration Report for the year ending 31 December 2022.

2022 LTIP awards

Award levels

There are no changes to the LTIP award levels for the CEO or CFO for 2022. These have been reviewed in light of share price performance, Group performance and individual performance. Laxman Narasimhan's 2022 LTIP award will consist of 150,000 performance share options and 75,000 performance shares and Jeff Carr's award will be 80,000 performance share options and 40,000 performance shares. These awards are expected to be made following the May 2022 AGM.

Performance conditions

As disclosed in the Chair's letter, the Committee reviewed the performance measures with the aim of ensuring alignment with our strategy to rejuvenate sustainable growth. The 2022 LTIP performance conditions and weightings are as follows; each element is considered independently:

- LFL net revenue growth (40% weighting)
- ROCE (25% weighting)
- Relative TSR (25% weighting)
- ESG (10% weighting)

The Committee went through a robust process when setting these targets, taking into account a number of factors and different reference points, and the Committee considers that the targets set are very stretching. Awards granted in 2022 will vest in line with the descriptions below, which require significant outperformance of targets.

LFL net revenue growth

Net revenue is measured as LFL growth over three years. As previously stated, our guidance is for LFL net revenue growth of 1-4%, for 2022 with a longer-term target of mid-single-digit growth. In this context, the Remuneration Committee believes that the performance ranges are appropriately stretching and incentivise management to deliver outperformance. 20% of this element will vest for achieving 2.0% per annum growth increasing to full vesting for achieving 5.0% per annum growth. This represents an increased threshold compared to the 2021 LTIP target.

ROCE

ROCE is measured based on the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. As stated in our 2018 Annual Report the definition of ROCE used for the purposes of the LTIP differs from that disclosed in the Annual Report, as it is measured on a constant currency basis. 20% of this element will vest for achieving 13.2% increasing to full vesting for achieving 15.2%.

Relative TSR

Relative TSR directly aligns LTIP participants with the shareholder experience and will only reward for TSR outperformance against our peers. The Committee deliberated over the constituents of the Relative TSR peer group as part of the Committee's review of the Remuneration Policy. The proposed group of 19 companies represents companies that we compete with for capital and which shareholders compare us to and is also an appropriate group to incentivise LTIP participants to outperform.

Relative TSR will be measured against a group of 19 global companies that directly reflects shareholder feedback received during the consultation. The peer companies are primarily drawn from the constituents of the MSCI World House & Personal Products Index. The Committee determined to also include appropriate comparators that form part of the broader 'Fast Moving Consumer Goods' industry and are subject to similar industry dynamics and market challenges as Reckitt. The Committee was also keen to have a sufficient number of companies in the peer group so that the relative TSR comparison remains robust throughout the performance period. The constituents will be reviewed on an annual basis and, in particular, as new comparators come to the market. The TSR peer group for the 2022 LTIP award is set out below:

Beiersdorf	Danone	JDE	L'Oréal	Shiseido
Church & Dwight	Essity	Kao	Mondelēz	Unicharm
Clorox	Estée Lauder	Kimberly-Clark	Nestlé	Unilever
Colgate Palmolive	Henkel	Lindt	Procter & Gamble	

Under the Relative TSR measure, 20% of the award will vest for TSR at the median of the peer group, increasing to full vesting for upper quartile performance or above. In line with shareholder guidance, a common currency will be used for TSR purposes.

ESG

The introduction of ESG measures aligns participants with, and incentivises delivery of, our 2030 sustainability ambitions. There are two equally weighted metrics for the 2022 LTIP award. The ESG targets are based on rigorous methodology, are independently assured and, in the case of our carbon emissions, support our delivery of externally validated science-based targets on emissions reduction. Targets are based on achievement in the final year of the performance period and take into account the plans that we have to achieve the sustainability ambitions. The measures and targets are as follows:

i. **Percentage of net revenue from more sustainable products** – this has been an annual reporting KPI since 2012 and supports our ambition of 50% of net revenue being from more sustainable products by 2030. This is measured using our Sustainable Innovation Calculator (SIC). The calculator evaluates the sustainability impact of every new product versus existing products and established benchmarks. It helps measure carbon, water, plastics, ingredients and packaging footprints in new products for our global brands, targeting their reduction to enable more sustainable products in the future. It includes Scope 3 product emissions (including the carbon and water impact from consumer use) which is the most impactful lifecycle stage of our products. We achieved 24.9% of net revenue from more sustainable products in 2021 and have set the targets for this measure based on the Plan to 2030, such that 20% of this element will vest for achieving 30% of net revenue from more sustainable products increasing to full vesting for achieving 33%.

ii. **Percentage reduction in GHG emissions in operations** – this supports the delivery of our externally validated science-based targets for 2030 to help maintain global warming at less than 1.5°C, including a 65% reduction in GHG emissions in operations against our 2015 baseline. For the purposes of reward outcomes, any offsetting activities will not count towards achievement of these targets. A total of 20% of this element will vest for achieving a 65% reduction in GHG emissions in operations increasing to full vesting for achieving a 69% reduction. The threshold of a 65% reduction is in line with the goal that we set for ourselves by 2030, with the maximum target of a 69% reduction significantly beyond this, requiring us to exceed our 2030 science-based target ahead of schedule.

Summary of 2022 LTIP targets

Performance will be assessed for each measure, at the end of the three-year performance period. Performance will be assessed on a sliding scale as set out below:

	Threshold (20% vesting)	Maximum (100% vesting)
LFL net revenue growth (3-year CAGR) (40% weighting)	2.0%	5.0%
ROCE (final year) (25% weighting)	13.2%	15.2%
Relative TSR (25% weighting)	Median	Upper quartile
ESG: % of net revenue from more sustainable products (final year) (5% weighting)	30%	33%
ESG: % reduction in GHG emissions in operations (final year) (5% weighting)	65%	69%

REMUNERATION DECISIONS IN RELATION TO PORTFOLIO MANAGEMENT

During 2021, the active management of the portfolio saw a 9% portfolio turnover, including the disposals of IFCN China and Scholl and the acquisition of Biofreeze, a major step forward in our strategy to rejuvenate sustainable growth. This activity to strengthen the portfolio has meant that the targets set at the beginning of each award under the APP and LTIP needed to be reviewed to ensure they remained appropriate. In line with our current shareholder-approved Remuneration Policy and shareholder views on adjusting targets, the LTIP targets were adjusted where needed to ensure that participants are no better or worse off and in line with shareholder expectations as follows.

Adjusting in-flight LTIP performance measures

For the 2020-2022 and 2021-2023 awards, the Committee has determined to adjust the targets for the disposal of IFCN China, given the size of this transaction, to ensure that the new targets are no harder or easier to achieve than the original targets.

A consistent approach has been taken across all three performance measures and the adjustments are in line with generally accepted shareholder principles where there has been material portfolio management.

- The original EPS targets were set as final year EPS values, based on a plan which included IFCN China at the time the targets were set. These targets have been reduced to recognise the impact of the reduced profit expected in the final year of the LTIP cycle due to the disposal of IFCN China
- The LFL net revenue targets have been reduced slightly to recognise that the expected revenue growth for IFCN China when the targets were set was higher than the remaining portfolio. The challenge in the new targets for the remaining portfolio remains equal to the original targets
- The ROCE targets have been increased to reflect that IFCN China was a lower return business than the remaining portfolio and again the new targets contain the same level of challenge as was contained in the original targets when set

The tables below show the original targets, the impact of IFCN China and the new targets for the remaining period of the in-flight awards. The Committee will continue to monitor future portfolio activity across the Group, if any, and may decide to adjust the targets again, if appropriate.

2020 LTIP targets

	Original targets		Adjusted targets for portfolio management	
	Threshold (20% vesting)	Maximum (100% vesting)	Threshold (20% vesting)	Maximum (100% vesting)
LFL net revenue growth (3-year CAGR) (50% weighting)	2.0%	5.0%	1.9%	4.9%
ROCE (final year) (25% weighting)	11.8%	13.1%	13.5%	14.8%
EPS (final year) on a constant foreign exchange basis (12.5% weighting)	323 pence	360 pence	304 pence	341 pence
EPS (final year) on an actual foreign exchange basis (12.5% weighting)	302 pence	337 pence	283 pence	318 pence

2021 LTIP targets

	Original targets		Adjusted targets for portfolio management	
	Threshold (20% vesting)	Maximum (100% vesting)	Threshold (20% vesting)	Maximum (100% vesting)
LFL net revenue growth (3-year CAGR) (50% weighting)	1.0%	5.0%	0.9%	4.9%
ROCE (final year) (25% weighting)	12.3%	14.0%	13.7%	15.4%
EPS (final year) on a constant foreign exchange basis (12.5% weighting)	327 pence	401 pence	308 pence	382 pence
EPS (final year) on an actual foreign exchange basis (12.5% weighting)	308 pence	379 pence	289 pence	360 pence

ADDITIONAL REMUNERATION DISCLOSURES

Percentage change in the remuneration of Directors

Following amendments to UK reporting regulations, companies are required to publish the annual percentage change in remuneration (salary or fees, benefits and annual bonus) for each Director compared to the annual average percentage change in remuneration for the employees (excluding Directors) of the Parent Company. Since the CEO is the sole employee of Reckitt Benckiser Group plc, this statutory disclosure is not possible. In the table below we are therefore voluntarily disclosing the percentage change in remuneration for all UK employees in order to provide a representative comparison.

The company considers UK employees to be an appropriate comparator group as the Executive Directors' remuneration arrangements are similar in structure to the majority of these employees and it reflects the economic environment where the Executive Directors are employed. The analysis is based on a consistent set of employees, i.e. the same individuals or roles appear in the 2020 and 2021 populations.

	2020/21			2019/20		
	Salary/fee	**Benefits**	**Bonus**	Salary/fee	Benefits	Bonus
All UK employees[1]	**5.9%**	**6.2%**	**-8.9%**	4.5%	1.5%[2]	505.4%
Andrew Bonfield	**2.4%**	**n/a**	**n/a**	4.1%	n/a	n/a
Olivier Bohuon[3]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
Jeff Carr (CFO)[4]	**41.5%**	**37.3%**	**29.3%**	n/a	n/a	n/a
Nicandro Durante	**1.9%**	**n/a**	**n/a**	14.1%	n/a	n/a
Mary Harris	**2.0%**	**n/a**	**n/a**	14.4%	n/a	n/a
Mehmood Khan	**2.7%**	**n/a**	**n/a**	4.7%	n/a	n/a
Pam Kirby	**2.0%**	**n/a**	**n/a**	7.3%	n/a	n/a
Sara Mathew[5]	**2.7%**	**n/a**	**n/a**	109.3%	n/a	n/a
Laxman Narasimhan (CEO)[6]	**3.1%**	**-62.1%**	**-5.9%**	117.3%	–23.4%	1747.2%
Chris Sinclair (Chair of the Board)	**3.6%**	**n/a**	**n/a**	10.0%	n/a	n/a
Elane Stock	**2.7%**	**n/a**	**n/a**	4.7%	n/a	n/a
Margherita Della Valle[7]	**105.4%**	**n/a**	**n/a**	n/a	n/a	n/a

1. The percentages for 'All UK employees' reflect the average percentage change in full-time equivalent salary, taxable benefits and allowances, and bonus for colleagues based in the UK between 2019 and 2020 and similarly between 2020 and 2021. It only includes colleagues employed in both years in the comparison
2. The percentage change in taxable benefits for all UK employees excludes international transfer benefits as this is volatile from year to year based on each individual's circumstances
3. Olivier Bohuon was appointed to the Board on 1 January 2021 and so no comparison is shown for 2020 to 2021
4. Jeff Carr joined on 9 April 2020 so no comparison is shown for 2019 to 2020. The percentage change shown for 2020 to 2021 reflects actual remuneration received during 2020 for service from Jeff Carr's appointment on 9 April 2020 to 31 December 2020
5. Sara Mathew was appointed to the Board in July 2019 and the comparison reflects that the 2019 fee was only received for part of the year. Similarly, the salary/fee, benefits and bonus for Jeff Carr and Margherita Della Valle (where applicable) for 2020 reflects the time served on the Board
6. Laxman Narasimhan received no increase to his annual salary during 2020. The percentage change shown in 2019 to 2020 above reflects actual salary received during 2019 for service from his appointment on 16 July to 31 December 2019
7. Margherita Della Valle joined on 1 July 2020 so no comparison is shown for 2019/2020

The change in annual bonus for all UK employees reflects the performance of the company in 2021 which resulted in lower bonuses in 2021 compared to 2020. For reference, the 2020 annual bonus for UK employees was 505.4% higher than that paid in 2019 due to performance of the company in 2020 compared to 2019.

Relative importance of spend on pay

The table below shows shareholder distributions (i.e. dividends) and total employee pay expenditure for 2020 and 2021, along with the percentage change in both.

	2021 £m	2020 £m	% change 2020/21
Total shareholder distribution[1]	**1,246**	1,241	0.4%
Total employee expenditure[2]	**2,276**	2,302	-1.1%

1. Details of shareholder distribution are set out in Note 28 to the Financial Statements
2. Details of employee expenditure are set out in Note 5 to the Financial Statements

Exit payments made in the year (audited)

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

Payments to past Directors (audited)

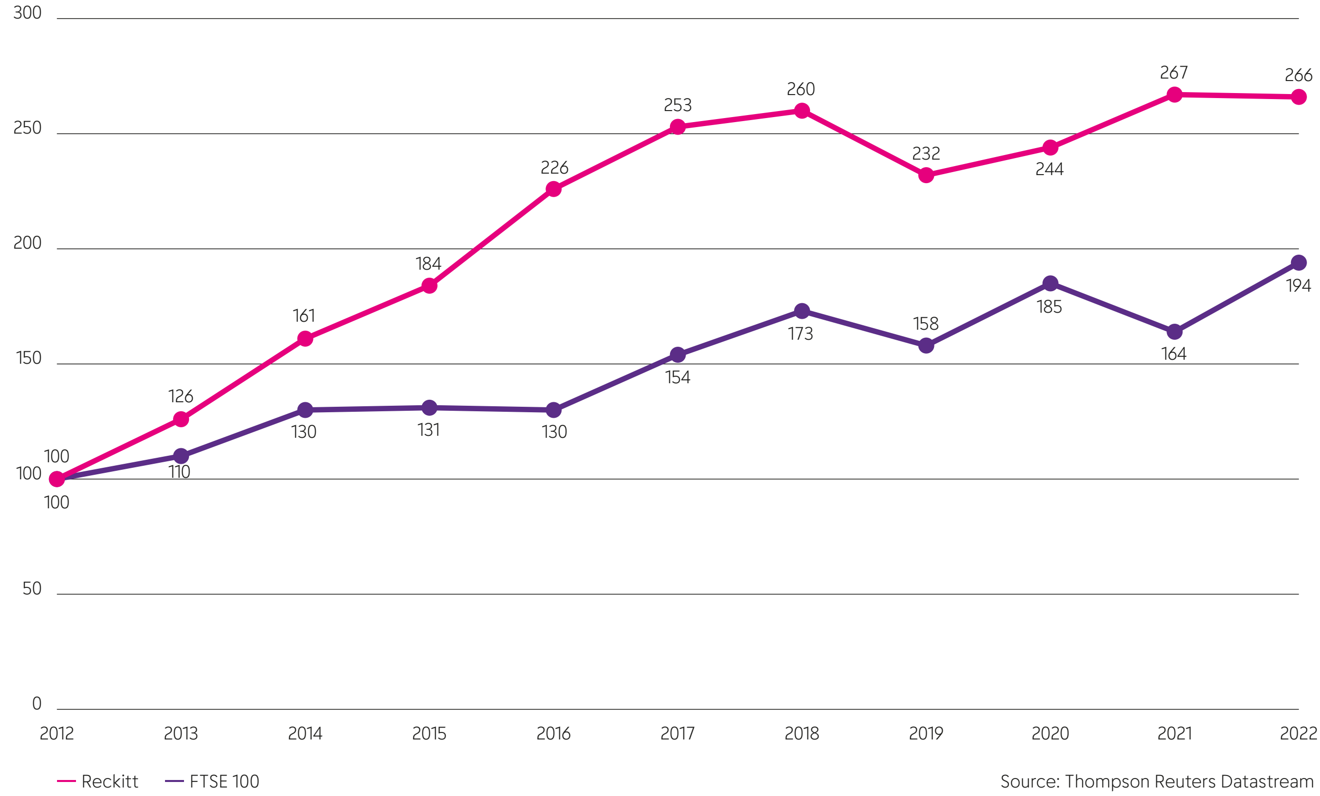
No other benefits or payments were delivered to former Directors in the year in excess of the minimum threshold of a pre-tax value of £15,000 set by the Remuneration Committee for this purpose.

Performance graph

The graph below shows the TSR of the company and the UK FTSE 100 Index over the period since 1 January 2012. This shows the growth in the value of a hypothetical holding of £100 invested on 31 December 2011. The FTSE 100 Index was selected on the basis that it contains companies of a comparable size, in the absence of an appropriate industry peer group in the UK.

Total Shareholder Return since 1 January 2012

£ value of £100 invested at 1 January 2012



Source: Thompson Reuters Datastream

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

(£000)	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
CEO single figure of remuneration										
Laxman Narasimhan								£4,599[1]	£8,434[1]	**£5,967**
Rakesh Kapoor	£8,411	£6,840	£12,787	£25,527	£15,289	£8,999	£14,314	£938		
Annual bonus (as a percentage of maximum)	53%	100%	72%	100%	0%	0%	84%	12%[2]	100%	**91%**
LTIP vesting (as a percentage of maximum)	100%	40%	40%	80%	50%	50%	65%	0%[3]	n/a[3]	**21.5%**

1. Includes buyouts in respect of legacy arrangements from previous employer, restated, and reflects the actual value of the buyout award that vested
2. Zero for Rakesh Kapoor
3. Laxman Narasimhan was not with the Group at the time these awards were granted

Single total figure of 2021 remuneration for Non-Executive Directors and implementation for 2022 (audited)

The following Non-Executive Director fee policy was in place for the year ended 31 December 2021. The table also sets out the fees that will apply from 1 January 2022.

	2021 fees		2022 fees	
Role	**Cash fee**	**Fee delivered in Reckitt shares**	Cash fee	Fee delivered in Reckitt shares
Base fees				
Chair of the Board	**£427,500**	**£142,500**	£470,250	£156,750
Non-Executive Director	**£71,250**	**£23,750**	£73,500	£24,500
Additional fees				
Chair of Committee	**£35,000**	**–**	£35,000	–
Member of Committee	**£20,000**	**–**	£20,000	–
Designated Non-Executive Director for engagement with the company's workforce	**£20,000**	**–**	£20,000	–
Senior Independent Director	**£30,000**	**–**	£30,000	–

The fee for the Chair of the Board has been increased to £627,000, an increase of 10%. 25% of the fee continues to be paid in shares. As disclosed in last year's Remuneration Report the Committee reviewed the Chair of the Board's fee during 2021 to reflect the enlarged scope of the role and time commitment required over recent years and ensure that the fee remains broadly competitive and aligned to the market. The new fee level remains below the median of the FTSE 30.

The base fee for NEDs has been increased to £98,000, an increase of 3%, broadly in line with the salary increase budget across the UK workforce. In line with last year, the proportion delivered in Reckitt shares continues to be 25% of the base fee (£24,500).

In addition, subject to shareholder approval of the new Remuneration Policy, NEDs will become eligible to receive support from the company to complete a UK tax return, if required. Under the current Remuneration Policy, the Chair of the Board and NEDs are not eligible to receive benefits and so the flexibility to provide this benefit has been included in the revised Remuneration Policy that is presented for approval. Any benefits provided to NEDs will be disclosed in the 2022 Directors' Remuneration Report.

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2021 and the prior year:

	2021 fees			2020 fees		
	Cash	**Shares**	**Total**	Cash	Shares	Total
Chris Sinclair	**£427,500**	**£142,500**	**£570,000**	£412,500	£137,500	£550,000
Andrew Bonfield	**£106,250**	**£23,750**	**£130,000**	£105,250	£21,750	£127,000
Olivier Bohuon[1]	**£91,250**	**£23,750**	**£115,000**	–	–	–
Nicandro Durante	**£141,250**	**£23,750**	**£165,000**	£140,250	£21,750	£162,000
Mary Harris	**£126,250**	**£23,750**	**£150,000**	£125,250	£21,750	£147,000
Mehmood Khan	**£91,250**	**£23,750**	**£115,000**	£90,250	£21,750	£112,000
Pam Kirby	**£126,250**	**£23,750**	**£150,000**	£125,250	£21,750	£147,000
Sara Mathew	**£91,250**	**£23,750**	**£115,000**	£90,250	£21,750	£112,000
Elane Stock	**£91,250**	**£23,750**	**£115,000**	£90,250	£21,750	£112,000
Margherita Della Valle[2]	**£91,250**	**£23,750**	**£115,000**	£45,125	£10,875	£56,000

1. Olivier Bohuon was appointed to the Board on 1 January 2021
2. Margherita Della Valle joined the Board on 1 July 2020. Fees shown are paid from this date

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

Summary of shareholder voting at the 2021 AGM

The following table shows the results of the voting on the 2020 Directors' Remuneration Report at the 2021 AGM and 2019 Directors' Remuneration Policy at the 2019 AGM:

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the 2020 Directors' Remuneration Report	434,137,976	82%	92,915,499	18%	527,053,475	7,630,753
Approve the Directors' Remuneration Policy	461,396,628	87%	66,134,073	13%	527,530,701	1,370,761

The Remuneration Committee has had extensive discussions with shareholders with a view to obtaining shareholder support for our remuneration arrangements. In particular, in 2019, following a comprehensive consultation with our major shareholders, we made a number of changes to the Remuneration Policy, to further align Executive Directors' remuneration with shareholders' interests. This resulted in shareholders supporting the 2018 Directors' Remuneration Report and the Directors' Remuneration Policy, with a significantly increased margin of support compared to the previous vote on Policy in 2016.

The Chair of the Remuneration Committee has had extensive dialogue with shareholders during 2021 on the proposed changes to the Remuneration Policy, including engaging with shareholders representing more than 50% of our shareholder register. The majority of shareholders providing input were supportive of the changes we are making to our Remuneration Policy to even further align with the strategic priorities of the Group. We are grateful to shareholders and their advisory bodies for the time taken and their feedback, which has provided valuable input and assisted the Committee in developing the proposals.

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 December 2021	
Name	Date of appointment	Years	Months
Chris Sinclair	10 February 2015 (appointed Chair of the Board on 3 May 2018)	6	11
Olivier Bohuon	1 January 2021	1	0
Andrew Bonfield	1 July 2018	3	6
Nicandro Durante	1 December 2013	8	1
Mary Harris	10 February 2015	6	11
Mehmood Khan	1 July 2018	3	6
Pam Kirby	10 February 2015	6	11
Sara Mathew	1 July 2019	2	6
Elane Stock	1 September 2018	3	4
Margherita Della Valle	1 July 2020	1	6

Executive Directors' service contracts contain a 12-month notice period, as set out in the Directors' Remuneration Policy. Laxman Narasimhan was appointed to the Board as CEO-Designate on 16 July 2019 and became CEO on 1 September 2019. Jeff Carr was appointed to the Board as CFO on 9 April 2020. Directors' service contracts and letters of engagement are available for inspection at the registered office.

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 of and signatory to the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During 2021, Deloitte LLP also provided the Group with advice in numerous areas, including corporate, indirect and employment taxes, global mobility, and advisory and technology consulting.

These services were provided under separate engagement terms and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Deloitte's total fees for the provision of remuneration services were £412,500 on the basis of time and materials. It should be noted that although we are only required to disclose the value of fees for services which materially assisted the Remuneration Committee, as with previous years, we have disclosed the full value of remuneration services from Deloitte, which includes advice to management and to the Remuneration Committee.

Directors' interests in shares and options under the LTIP[1] (audited)

	Grant date	At 1.1.21	Granted during the year	Exercised/ vested during the year (including dividend shares)[2]	Lapsed during the year	At 31.12.21	Option price (£)	Market price at date of award (£)	Market price at date of exercise/ vesting (£)	Exercise/ vesting period
Laxman Narasimhan										
Performance-based share options	05.08.19	150,000	0	–	–	150,000	63.72			May 2022-Aug 2029
	01.05.20	150,000	0	–	–	150,000	65.20			May 2023-May 2030
	28.05.21		150,000	–	–	150,000	64.67			May 2024-May 2031
Performance-based share awards	05.08.19	75,000	0	–	–	75,000		59.72		May 2022
	01.05.20	75,000	0	–	–	75,000		65.70		May 2023
	28.05.21		75,000	–	–	75,000		63.68		May 2024
Buyout awards[2]	05.08.19	84,717	0	26,354	59,254	0		59.72	64.12	Mar 2021
Jeff Carr										
Performance-based share options	01.05.20	80,000	–	–	–	80,000	65.20			May 2023-May 2030
	28.05.21		80,000	–	–	80,000	64.67			May 2024-May 2031
Performance-based share awards	01.05.20	40,000	–	–	–	40,000		65.70		May 2023
	28.05.21		40,000	–	–	40,000		63.68		May 2024

1. Vesting of these awards is subject to performance conditions set by the Remuneration Committee
2. Buyout awards in respect of legacy awards from previous employer that vest subject to PepsiCo performance and include 891 dividends accrued on vested shares

Directors' interests in shares in the Deferred Bonus Plan[1] (audited)

	Grant date	At 1.1.21	Granted during the year	Exercised/ vested during the year	Lapsed during the year	At 31.12.21	Option price (£)	Market price at date of award (£)	Market price at date of vesting (£)	Vesting period
Laxman Narasimhan										
Deferred Bonus Plan	23.03.20	1,259	0	–	–	1,259		58.35	–	Mar 2023
Deferred Bonus Plan[2]	23.03.20	3,832	0	–	–	3,832		58.35	–	Mar 2023
Deferred Bonus Plan	25.03.21	0	21,124	–	–	21,124		64.22	–	Mar 2024
Jeff Carr										
Deferred Bonus Plan	25.03.21	0	9,163	–	–	9,163		64.22	–	Mar 2024

1. One-third of the annual bonus is delivered in the form of conditional share awards which are deferred for three years
2. One-third of the payment made by Reckitt in respect of the PepsiCo bonus that was forfeited by joining Reckitt. The award was made on the same terms as the other aforementioned award under the Deferred Bonus Plan

Executive employees may 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 1.1.21	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.21	Option price (£)	Market price at exercise (£)	Exercise period
Laxman Narasimhan	02.09.19	379	0	–	–	379	47.44	–	Feb 23-Jul 23
Jeff Carr	31.08.21	0	403	–	–	403	44.56	–	Feb 25-Jul 25

There have been no changes to the Directors' interests as set out in the above tables between 31 December 2021 and 13 April 2022.

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 13 April 2022 had the following beneficial interests in the ordinary shares of the company:

	13 April 2022	31 December 2021	31 December 2020
Olivier Bohuon[1]	711	711	–
Andrew Bonfield	639	639	403
Jeff Carr	30,000	30,000	20,000
Nicandro Durante	1,105	1,105	883
Mary Harris	2,784	2,784	2,554
Mehmood Khan	594	594	399
Pam Kirby	4,998	4,998	3,768
Sara Mathew[2]	487	487	244
Laxman Narasimhan	56,917	56,917	42,104
Chris Sinclair	11,328	11,328	9,906
Elane Stock	2,487	2,487	2,246
Margherita Della Valle	296	296	74

1. Olivier Bohuon was appointed to the Board on 1 January 2021
2 Sara Mathew held her shares in the form of 2,436 American Depositary Receipts (ADR). Each ADR is equivalent to five ordinary shares at 10 pence each in the company
3. No person who was a Director (or a Director's connected person) on 31 December 2021 and at 13 April 2022 had any notifiable share interests in any subsidiary
4. The company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe for shares

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

Mary Harris
Chair of the Remuneration Committee
Reckitt Benckiser Group plc

13 April 2022

REPORT OF THE DIRECTORS

Introduction

The Directors present their report, together with the Financial Statements of the Group for the year ended 31 December 2021, in accordance with section 415 of the Companies Act 2006 (CA 2006). In accordance with section 414C (11) of CA 2006 certain matters required to be included in this Directors' Report are included in the Strategic Report on pages 2 to 103. The Strategic Report includes an indication of the likely future developments of the business, research and development activities of the Group and details of important events affecting the company. The Corporate Governance Report can be found on pages 104 to 127 and is deemed to be incorporated into this Directors' Report by reference.

Further disclosure requirements contained in CA 2006, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Part 3 of the Companies (Miscellaneous Reporting) Regulations 2018, the Financial Conduct Authority's (FCA) Listing Rules and the Disclosure Guidance and Transparency Rules, which are deemed to form part of the management report can be found on the following pages of the Annual Report for the year ended 31 December 2021, and are incorporated into this Directors' Report by reference:

Acquisitions and disposals	250-252
Awards under employee share schemes and long-term incentive schemes	245-249
Corporate Governance Statement including internal control and risk management statements	104-127
Statement of Directors' Responsibilities, including disclosure of information to the Auditor	192
Disclosure of greenhouse gas (GHG) emissions	73
Employment policy and employee involvement	190
Engagement with employees, suppliers, customers and others	52-65 and 68-71
Environmental, social and governance (ESG) matters	16-21, 50-73 and 88-102
Financial risk management and financial instruments	229-236
Future developments in the business	02-103
Post Balance Sheet events	252
Research and development activities	10-67
Shareholder information	268-270
Sustainability and corporate responsibility	10-67
Viability Statement	103
Charitable donations	270
Subsidiary undertakings (including overseas branches)	259-267

Information on the Board's stakeholder engagement and activities is set out in the s172 Statement, which can be found on pages 68 to 71.

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

Results and dividends

The Consolidated Income Statement can be found on page 205. The loss for the year attributable to equity shareholders of the company amounted to £32 million.

The Directors resolved to pay an interim dividend of 73.0 pence per ordinary share (2020: 73.0 pence), which was paid to shareholders on 14 September 2021.

The Directors recommend a final dividend for the year of 101.6 pence per share (2020: 101.6 pence) which, together with the interim dividend, makes a total dividend for the year of 174.6 pence per share (2020: 174.6 pence). During the year no shareholders waived their right to receive dividend payments.

The final dividend, if approved by the shareholders at the forthcoming Annual General Meeting (AGM) of the company, will be paid on 9 June 2022 to shareholders on the register at the close of business on 29 April 2022.

Directors

Details of the company's Directors who served during the financial year ended 31 December 2021 can be found on pages 108 to 113.

The rules governing the appointment and retirement of Directors are set out in the company's Articles of Association (the Articles) and all appointments are made in accordance with the UK Corporate Governance Code 2018 (the Code). Under the terms of reference of the Nomination Committee, all Director appointments must be recommended by the Nomination Committee for approval by the Board of Directors.

All Directors must submit themselves for re-election each year at the AGM. At the 2022 AGM all Directors will offer themselves for election or re-election in compliance with the Code. Details of the Directors standing for election or re-election can be found in the 2022 Notice of AGM. Information on the service agreements of Executive Directors can be found in the Directors' Remuneration Report on pages 148 to 187. The letters of appointment of the Non-Executive Directors are available for inspection at the company's registered office.

Powers of Directors

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

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

Directors' insurance and indemnities
The company indemnifies the Directors and Officers of the company and any Group subsidiary to the extent permitted by section 236 of CA 2006 in respect of the legal defence costs for claims against them and third-party liabilities. The indemnity would not provide cover for a Director or Officer if that individual was found to have acted fraudulently or dishonestly. The Directors' and Officers' liability insurance cover was maintained throughout the year ended 31 December 2021 at the company's expense.

Directors' interests
A statement of Directors' interests in the share capital of the company is shown on page 187 of the Directors' Remuneration Report. Details of Executive Directors' options to subscribe for shares in the company are included on page 186 in the audited part of the Directors' Remuneration Report.

During the year, none of the Directors had a material interest in any derivative or financial instrument relating to the company's shares. Details of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 148 to 187.

No Director has a material interest in any 'contract of significance' (as defined by the FCA) to which the company, or any of its subsidiary undertakings, is a party as at 31 December 2021.

Share capital
As at 31 December 2021, the company's issued share capital consisted of 736,535,179 ordinary shares of 10 pence each of which 714,412,199 were with voting rights and 22,122,980 ordinary shares were held in Treasury. Each share carries the right to one vote at general meetings of the company. Details of changes to the ordinary shares issued and of options and awards granted during the year are set out in Notes 24 and 25 to the Financial Statements. The rights and obligations attached to the ordinary shares are contained in the company's Articles. There are no restrictions on the voting rights attached to the company's ordinary shares or the transfer of securities in the company except in the case of transfers of securities:

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

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

Allotment of shares
At the 2021 AGM, authority was granted to the Directors under section 551 of CA 2006 to allot shares or grant rights to subscribe for, or convert any security into shares of the company. The authority granted to the Directors will expire at the conclusion of this year's AGM. At the 2022 AGM, a resolution will be proposed to the shareholders to renew the Directors' authority to allot equity shares representing approximately one-third of the company's issued share capital as at the latest practicable date prior to the publication of the Notice of AGM.

In accordance with the Investment Association Share Capital Management Guidelines, Directors will once again seek authority to allot further ordinary shares, in connection with a pre-emptive offer by way of a rights issue, up to a further one-third of the company's existing issued share capital on the same date. The authorities sought would, if granted, expire at the earlier of six months after the company's next accounting reference date, or at the conclusion of the AGM of the Company held in 2022, whichever is the sooner.

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

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

Authority to purchase own shares
Authority was granted to the Directors at the 2021 AGM for the purposes of section 701 of CA 2006 to repurchase shares in the market and this authority remains valid until the conclusion of this year's AGM. There were no share repurchases during 2021.

At the 2022 AGM, the Directors will seek to renew the authority granted to them. Such authority, if approved, will be limited to a maximum of 71,480,000 ordinary shares, representing less than 10% of the company's issued ordinary share capital (excluding treasury shares) calculated as at the latest practicable date prior to publication of the Notice of AGM, and sets the minimum and maximum prices which may be paid.

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

Change of control and significant agreements

There are a number of agreements that take effect, alter or terminate upon a change of control of the company following a takeover, such as commercial contracts, bank agreements, property lease arrangements and employee share plans. 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. 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, and if the employment of an Executive Director or other employee is terminated by the company following a takeover then there may be an entitlement to appropriate notice and/or compensation as provided in applicable contracts or terms of employment.

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

Employees

During 2021, the Group employed an average of 41,800 (2020: 43,500) employees worldwide, of whom 4,670 (2020: 4,328) 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, disability, sexual orientation or any other protected characteristics.

Employment applications are considered on the basis of a person's aptitude and ability, and fair consideration is given to all applications regardless of nationality, age, gender, religion, race, ethnicity, disability, sexual orientation, or any other protected characteristics. Where an employee has an existing disability or becomes disabled during their employment, every practical effort is made to assist the employee in continuing their employment and arranging appropriate training, All employees, including those with a disability, are treated in a fair and inclusive way throughout their careers, whether that means accessing training, development opportunities or when seeking career progression. Further details of our Inclusion and Anti-Harassment policies can be found at www.reckitt.com.

It is essential to the continued improvement in performance, 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 organisational performance management process. The Group operates multi-dimensional two-way internal communications programmes which include the provision of a Group intranet and the publication of regular Group newsletters. Opinions of employees are sought on a variety of issues through mechanisms including global surveys, opinion polls, team meetings and feedback forums. Further information on the Group's employee engagement activities is included on pages 46 to 49 and pages 55 to 56.

A continuing programme of training and development reinforces the Group's commitment to employee development. The Group provides all employees with equal opportunities and the freedom to succeed at work and recognises the importance of employee health and well-being. Reckitt's Leadership Behaviours create an inclusive environment for employees to act with integrity, responsibility and consistency in line with our renewed purpose, fight and compass set out on pages 14 to 15.

Employee matters, incentives and share ownership

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

The company operates three all-employee share plans. Through these schemes, the Board encourages employees to become shareholders and to participate in the Group's employee share ownership schemes, should they so wish. Savings-related share plans covering most of the world give employees the opportunity to acquire shares in the company by means of making regular savings. We currently have around 50% of eligible employees participating. Further details on our all-employee share plans and awards made under executive share plans can be found in Note 25 from page 245 of the Financial Statements.

Political donations

During the year, the company and its subsidiaries did not make any political donations or incur any expenditure, nor were any contemplated. In keeping with previous practice, at the forthcoming AGM shareholders will be asked in accordance with section 366 and section 376 of CA 2006 to approve, on a precautionary basis, for the company and its subsidiaries to make political donations and incur political expenditure for period ending 31 December 2022.

Financial instruments and risk

The financial risk management objectives and policies of the Group are set out in Note 15, from page 229 of the Financial Statements. The Note sets out information on the company's policy for hedging each major type of forecasted transactions for which hedge accounting is used, and our exposure to currency, price risk, credit risk, liquidity risk and cash flow risk in relation to the use of financial instruments.

Amendment to Articles of Association

The Articles of the company were adopted in 2012 and amended in 2015 and 2021. Any amendments to the Articles may be made in accordance with the provisions of CA 2006 by special resolution of the shareholders.

Independent Auditor

The External Auditor, KPMG LLP (KPMG), has indicated its willingness to continue in office and a resolution proposing the reappointment of KPMG, and to authorise the Audit Committee to determine its remuneration for the financial year ending 31 December 2022, will be proposed at the forthcoming AGM. In accordance with section 418(2) of the CA 2006, each of the Directors holding office at the date of this report confirm that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he or she has taken all reasonable steps to ascertain any relevant audit information and to ensure that the company's auditor is aware of that information.

Substantial shareholdings

As at 31 December 2021, pursuant to DTR 5 of the FCA's Disclosure Guidance and Transparency Rules and in accordance with section 13(C) of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the company had received the following notices of substantial interests (3% or more) in the total voting rights of the company:

Holder	Date of last TR-1 notification	Nature of interest	% of voting rights
Massachusetts Financial Services Company	16 January 2013[1]	Indirect	5.00
Morgan Stanley Investment Management Limited	20 May 2020	Direct	5.04

1 Under a section 793 CA 2006 request, Massachusetts Financial Services Company confirmed on 8 January 2021 that its aggregate holding had increased. The voting percentage was not disclosed

As at 13 April 2022, the company has not received any further notifications under DTR 5 of the Disclosure Guidance and Transparency Rules.

Application of the UK Corporate Governance Code 2018

We report against the requirements of the Code issued by the Financial Reporting Council. Details of how the company has applied the Code principles and provisions can be found in the Corporate Governance Report on pages 104 to 127.

Annual General Meeting (AGM)

The forthcoming AGM of Reckitt Benckiser Group plc will be held on 20 May 2022 at 2.00pm at 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.reckitt.com. The Board considers that each of the resolutions is in the best interests of the company and the shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do so in respect of their own beneficial holdings.

By Order of the Board

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

Company registration number: 6270876

Legal Entity Identifier: 5493003JFSMOJG48V108

13 April 2022