

# TIME TO TURN WORDS INTO ACTION



The COP26 summit in Glasgow was a pivotal moment in our collective fight against climate change. Reckitt came on board as the event's official hygiene partner.

COP26 was billed as the last, best opportunity to implement the goals of the Paris Agreement and the UN Framework Convention on Climate Change. Reckitt was named as hygiene partner. Through our Dettol brand, we were entrusted with keeping 30,000+ delegates from over 190 countries safe from COVID-19.

This was a chance for us to demonstrate our Purpose in action. We highlighted the link between planetary health and public health, we discussed how our brands can encourage consumers to do the right thing and we profiled the campaign in Hull – where Reckitt has its roots – to become the UK's first net-zero city.

## SAFE AND SUSTAINABLE

Our hygiene protocols protected delegates and visitors, while respecting the event's sustainable objectives. Over 600 Dettol handwashing stations were placed strategically around the site. Every delegate got a hygiene kit.

Our approach was validated by the London School of Hygiene & Tropical Medicine, and the data suggests it succeeded. The frequency of COVID-19 cases at COP26 was 81% lower than the Scottish national average.

## ENGAGING WITH STAKEHOLDERS

In the run-up to the summit, we worked with stakeholders globally, demonstrating the important connection between climate change and health, and how we can help influence consumers to help tackle climate change.

We engaged with governments in 41 global capitals. We hosted and participated in top-tier and high-profile events. In Milan, we profiled our Finish brand purpose commitment at a round-table event focusing on scarce water resources. In the US, we hosted a COP26 round-table with the Biden administration's Deputy Special Envoy for Climate. In Mexico City, the UK Embassy showcased Reckitt as a trusted partner for health, hygiene and climate ambitions. Dettol's Banega Swasth Initiative ran 'One Planet, One Health, One Future' as a 12-hour telethon on India's leading channel, NDTV.

At COP26, we showcased the risk to public health of climate change, and health strategies that take account of that. We convened leaders from the World Health Organization, governments, academia and civil society to build action to protect health and combat climate change. Our major customers have joined in the debate and are helping to develop solutions. Sustainability leaders from Walmart, Tesco, Walgreens Boots Alliance and Sainsbury's all spoke at Reckitt-convened events.

## YOUNG PEOPLE'S VOICES

Young people's passion and powers of persuasion can inspire real change, especially on climate. We ran campaigns at COP26 to give them a voice. We launched Dettol Hygiene Quest, a fun and interactive primary school programme that aims to build lasting hygiene habits among six to nine year-olds. A competition for seven to 18 year-olds called for images inspiring action on climate. The best entries won eco-friendly prizes and featured on our Instagram account.

26,000

hygiene kits for delegates

600+

handwashing stations

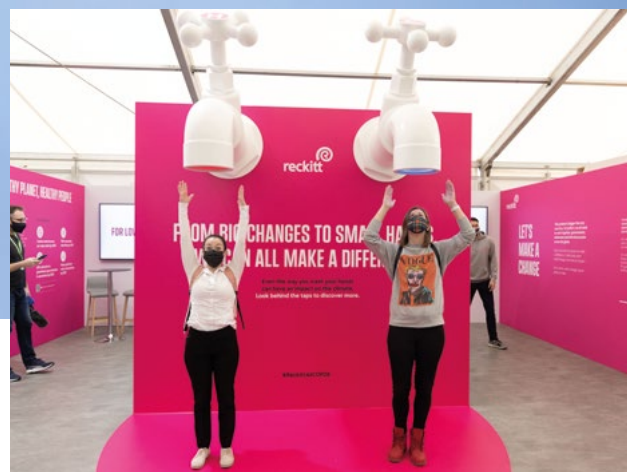
8,000

litres of Dettol

81%

lower COVID-19 cases at COP26  
vs Scottish national average

1,300+

sustainable pledges made  
at our exhibition stand

## MATCHING PERSONAL PLEDGES

Our COP26 exhibition space highlighted five misconceptions on hygiene and challenged visitors to do their bit for a more sustainable world. Every promise made at our exhibition stand was matched by a donation to WWF UK restoring ten square feet of wildflower habitat.

The top pledge was washing hands with cold instead of warm water. Most people didn't know that water temperature makes no difference to killing germs. It's a small change with a big impact. If everyone in the UK did that, the CO<sub>2</sub> saving would be the same as taking 285,000 cars off the road for a year.

## THOUGHT LEADERSHIP

We convened and hosted events on a range of climate change-related topics. 'Planetary Health and Public Health' discussed the adverse public health impacts of climate change, the escalating risks of inaction and how the private and public sectors can collaborate to find solutions. 'Inclusion is Key' looked at how gender equality improves science and innovation and spurs climate action. The 'Changing Consumer Behaviours' panel session discussed the impact on climate of a shift to more sustainable consumption and how that can be done. 'Achieving Net Zero:

Critical Role of Cities' examined how the race to net zero can be managed in cities through public and private sector collaboration with reference to Reckitt's own participation in Hull Living Lab.

## A CLEANER, HEALTHIER WORLD

Our white paper 'The Impact of Climate Change on Health: Reducing Risks and Increasing Resilience in the Era of COVID-19', co-authored with the London School of Hygiene & Tropical Medicine and EcoHealth Alliance, was published at the summit. This set out the wide-ranging risks to human health of unabated climate change and presented detailed recommendations to address these serious and potentially existential threats. The paper made ten recommendations for public health to build resilience and protect people from the health impacts of climate change.

**There was progress at COP26. Critically, most governments and businesses now agree we're in a race against time to create the cleaner, healthier world we all want to see.**

**But the time for talking has passed and we cannot relax. We need to act decisively – locally and globally – to tackle this challenge. Everybody has a role. At Reckitt, we're determined to play our full part.**

# INNOVATION IS A KEY ENABLER FOR SUSTAINABLE GROWTH



As a business, we work to solve some of the world's largest problems. Through research and development, science and partnership, we make products that people have trusted for generations.

Innovation at Reckitt is delivering purpose-driven, sustainable products that protect, heal and nurture, to make a meaningful difference to people's lives. We earn the continuing loyalty and trust of our consumers with differentiated products that offer superior solutions to meet their evolving needs. We want to make a difference to the world through our brands.

But innovation at Reckitt doesn't begin and end with product solutions. Innovation is a mindset, it's rooted in our culture. There's a restless energy here; we always want to improve. Sometimes that drives top-line growth with new products and better solutions. Sometimes it spurs process improvements that extend our manufacturing capacity or drive up productivity.

## SUPPORTING INNOVATION THROUGH FOCUSED R&D

Our global R&D function has a strong commercial orientation, prioritising high-return strategic projects. It aims to bring differentiated products to market that are safe, effective and compliant and to achieve that at scale and at pace.

An international team of more than 3,000 scientists, engineers, technologists and experts operates in nine centres of excellence at 40 regional labs across our markets. Reckitt's global hubs drive scale and concentrate our expertise. Our local operations keep us close to our consumers, customers and markets and allow us deliver targeted solutions at pace.

Since 2019 we have invested an additional £100 million in our R&D capability. This is already delivering results through the growth we are seeing in our product pipeline, a 50% increase from 2021 to 2022 with projects fully resourced for execution and continued momentum through to 2024.

And, we are improving the quality. We are delivering three times more value in the pipeline from disruptive innovation; that is, innovations which represent breakthrough solutions to meet consumers unmet needs. We have increased our patent filings by 30%, indicative of a more inventive and differentiated pipeline.





Our R&D function spurs innovation in three specific ways: We generate additional revenue streams by creating new products and strengthening their utility; our process innovations enhance productivity and add manufacturing capacity; and by ensuring we deliver safe and effective solutions, R&D helps us manage risk and protect base performance.

## OUR INNOVATION CAPABILITY ENABLERS

### Consumer insights

Our entire approach to innovation is founded on combining our rich human understanding with trusted science to develop solutions which meet consumer needs. This is not just about identifying consumer preferences; we drill down to unearth the fundamental science and behavioural factors driving their preferences and concerns. Our sensory and consumer science labs use human insight and behavioural analytics to enrich our understanding of the problems worth solving and ensure that consumers' overall experience is designed into our products. For example, we are delivering more occasions for intimate wellness by expanding into new materials like polyurethane condoms that deliver a different experience of size and fit, creating more choice for consumers.

We also look beyond specific brands to develop other opportunities for serving consumer needs within a specific category. Our category development teams research underserved segments within their category to develop our brand offerings into new spaces. Durex, for example, was traditionally seen as a condom brand. The brand's addressable market is considerably greater when viewed as part of the intimate wellness category.

In Nutrition, we are adding a whole new area of growth, by taking insights from our IFCN business to disrupt the adult nutrition category. In Hygiene, we are responding to shifting consumer expectations, such as on-the-go disinfection and cooler temperatures in the auto-dish segment. In Health, a deeper understanding of functional and emotional benefits for consumers is yielding innovations for delivery systems, and new pharmaceutical actives. We are also creating more choice and accessibility for consumers in line with regulatory changes, from prescription medicines to OTC.



## MICROBIOME SCIENCE PLATFORM

Microbiome science has exploded over the last few years. Scientists have effectively discovered an entirely new organ. Its impact on human health, animal health and the environment is vast. The microbiome, the microbes that live in us, on us and around us, is enabling entirely new growth areas.

Our microbiome science team targets six biome areas:

- Upper respiratory and ear, nose and throat (ENT) biome
- Built environmental biome
- Vaginal biome and reproductive health
- Skin biome
- Gut biome
- Baby biome

What makes the microbiome science platform so powerful is that the science really cuts across all areas. By building connections between them, we are creating better insights and further utility for future innovations.

The foundational research and development we are generating means we can incorporate this into products now, while innovating for the future.

Vaginal biome insights have guided our focus on female intimate wellness. Our Queen V brand helps to restore a balanced microbiome for women using active ingredients and delivery systems. With supplements we are helping to drive the vaginal microflora from the inside out.

Research in the baby biome shows that seeding a healthy infant microbiome in the precious first thousand days of life has lasting health benefits for allergy and immunity.

The built environmental biome studies the microbes that are around all of us every day. Our research here has far-reaching implications that underpin the importance of hygiene as the foundation of health. We are applying insights about maintaining a healthy balance between good and bad germs to drive innovations for bio-based disinfectants, for instance, in the laundry segment with laundry sanitisers.

CASE STUDY

### Science and knowledge

Our ability to apply our science and technical knowledge to consumer needs ensures our innovations are built on firm foundations. This is at the heart of how we deliver ownable product differentiation. Our focus on science and technology platforms spanning the breadth of our portfolio allows us to unlock more value across the Group. We concentrate our scientific research on nine interconnected, foundational disciplines that span our categories. These science and technology platforms have been selected to deepen the scientific rigour in areas that span across our categories and brands. A globally coordinated team of technical experts and scientists drive each platform.

This approach to our science and technology disciplines allows us to deliver more differentiation and maximises the benefits. Breakthroughs in polymer science, for instance, can lead to more sustainable packaging solutions that are widely applicable.

Packaging is often the first experience the consumer has. Is it easy to open? How safe is the product inside? Is it good for the environment? We are now able to use novel film technology to down gauge and light weight packaging.

We're also introducing consumer recycled polymers for Finish and Enfamil brands. The introduction of more sustainable packaging for Finish is an early real-world example of a polymer-science-led application. The iconic stand-up pouch for Finish tablets is now made from 30% recycled (PCR) plastic and we anticipate PCR being progressively incorporated into other brands in future. This innovation stems directly from a two-year project in polymer science investigating the interaction of multiple materials.

For Gaviscon and Harpic we're using surface modification through coating technologies to improve shelf life. And it's also about the

product inside, for example, we're combining smart-release technology and advanced polymer design to help deliver extended pain relief with Nurofen 12HR Ibuprofen 300mg modified release tablets.

### Science and technology platforms:

Nine interconnected, foundational disciplines with wide-ranging applications and underlying benefit to our overall portfolio:



Polymer science



Microbiome



Allergy and immunity



Growth and cognition



Digestive health



Sensory enrichment



Surface chemistry



Entomology



Smart release

### External partnerships

The pace of play in science and technology has never been faster; and consumers understand the benefit of science more than ever. We believe there are great new ideas happening in many areas around the world, impactful innovation concepts can come from anywhere. Through our external partnering ecosystem we are able to access leading-edge science and technologies. Digitalisation and collaborative networks can amplify and magnify them into

successful globally disruptive innovations. We reach out and forge partnerships with academics, startups, suppliers and many others to share our strengths and augment our capabilities. We set out to be a committed commercial partner that co-develops, co-creates, and ultimately launches new solutions.

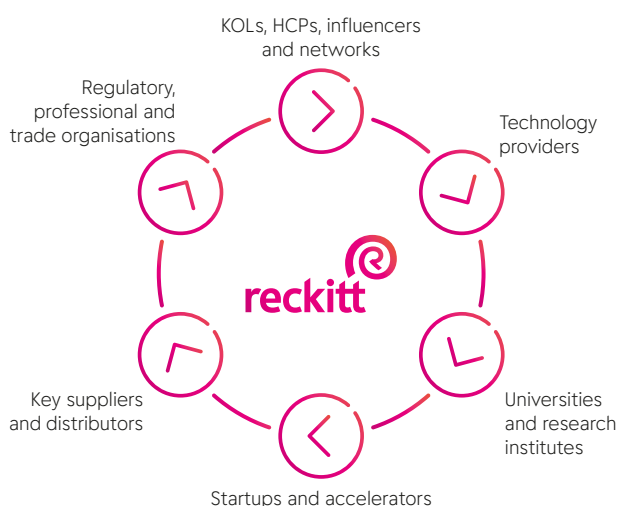
Building scale at pace, launching in multiple markets and creating superior product experiences are key differentiators for Reckitt. Our ecosystem is diverse. We draw on the latest developments, scientific inventions and capabilities. Our strategic supplier programme gives us access to innovative new ingredients which can impact how our products are used.

Changing regulatory conditions can influence our portfolio of brands. We see regulatory intelligence as a source of competitive advantage. We are using our regulatory and medical advantage to open new markets and create new differentiated claims. Across the portfolio, we keep abreast of developments by maintaining close relationships with regulatory, professional and trade associations. We work with technology providers and forge links with key opinion leaders, healthcare professionals and their networks.

We collaborate with thought leaders to shape and advance scientific understanding around consumer needs. At the University of Naples for example, where one of the top thought leaders on food and milk allergy is aiding the science of our Nutramigen products and helping to create new medical insight and evidence.

We are highly focused on enhancing our science and technology driven innovation by attracting high quality ideas and developing more partnerships. This will be further cemented with the launch of our external partnering platform in 2022.

### Diverse ecosystem of partnerships



### Sustainable innovation

Sustainability is at the heart of our innovation process. We want every innovation to be more sustainable than its predecessor, whether it's a small incremental change or a major new launch, everything counts.

This isn't always straightforward. Sustainability impacts are multi-dimensional and every innovation has trade-offs.

To help us to understand and evaluate these choices, we've developed a purpose-built Sustainable Innovation Calculator (SIC). The calculator evaluates the sustainability impact of every new product versus existing products and established benchmarks. Each potential innovation is rated on things like reformulation, packaging, ingredient quality, device optimisation and consumer use.

There are always benefits and drawbacks to innovations and we weigh the impact of our decisions carefully. For example, a natural ingredient may score highly on one aspect of sustainability, but it could also have a higher water impact than a synthetic ingredient; or, plastic packaging may actually have a lower carbon footprint than a composite equivalent. This is what makes the SIC so powerful – it looks at all of these elements. We then use that data to inform our overall decisions, fully understanding the impact of a product innovation and its implications for our sustainability ambitions.

We want consumers to trust our brands and to feel confident that our products are safe and cause no harm to the ecosystems or the people that they touched during their lifecycle. By actively encouraging an innovation culture which embeds sustainability as a fundamental criterion, ensuring it is always considered and improvements both big and small are made at every opportunity, we believe we will be able to deliver against our ambitions.

## NUROFEN 12HR

In 2021 we launched Nurofen 12HR in partnership with an external company using a modified release technology fuelled by patented technologies which enable us to unlock enhanced consumer benefits in OTC.

Working closely with our external partner, we were able to create a tablet that provides both fast and extended pain relief over 12hrs in one dose. Specially-formulated ibuprofen is rapidly released through disintegration from the outer surface of the pill to provide fast pain relief but also slowly diffuses through the polymer-based tablet allowing for elongated dissolution over a 12hr period.

This type of scientific application demonstrates how we can translate novel physical and chemical performance into consumer benefit and illustrates the power of our external partnering programme as we can combine our capabilities with those of our partners to create new innovations which directly address the needs of people around the world. In creating this scientific technology, we will be able to scale and increase the positive impact across our portfolio of medicines to drive superior and differentiated innovations in other formats.

CASE STUDY



# STRATEGIC TRANSFORMATION IN THE DIGITAL ARENA



The pandemic has driven a step-change in consumer behaviour, altering what people buy and how they buy it. Our employees' ways of working are changing, and supply chains are less predictable. This, combined with ongoing developments in technology and marketing techniques, drives the need for enhanced end-to-end digital capabilities, and means the digital transformation of Reckitt is one of our most important opportunities.

## DIGITAL TRANSFORMATION

There are four components to our Digital transformation opportunity:

**1** DRIVING BEST-IN CLASS  
DEMAND GENERATION

**2** EXECUTING WITH  
E-COMMERCE

**3** STRENGTHENING  
OUR DIGITAL  
INFRASTRUCTURE

**4** DIGITAL SKILL-  
BUILDING ACROSS  
THE ORGANISATION

## AMAZON CENTRE OF GLOBAL EXCELLENCE

Amazon is our largest global e-commerce customer and now the second biggest customer to Reckitt globally. Our 30 years' experience with the company has forged a powerful and highly functioning partnership.

We collaborate in many key areas. We work together on customer experience, channel optimisation, brand protection, advertising and supply chain issues. We co-plan growth strategies. And we continue to progress our Climate Pledge work.

### Embedding sustainability

Our sustainability, innovation, brand and packaging solutions teams all meet regularly with Amazon to discuss challenges and unlock new market opportunities.

We were an early signatory to Amazon's Climate Pledge, the first consumer packaged goods company to do so. We are now engaging on the complexities and nuances of implementing that in our categories. Our expertise, along with Amazon's scale and ambition, has a significant multiplier effect.

On the back of these workstreams, Reckitt brand teams are actively working to create sustainable innovations that emphasise re-usability, compaction and reduced air, water and packaging impacts in line with Amazon's Climate Pledge Friendly (CPF) shopping initiative. They also support Amazon's proprietary compact by design programme. So far, 86 Reckitt products are CPF-badged.

### Retailer advertising and media

As part of our global relationship, we collaborate with Amazon advertising to test, identify and scale up best practices that expand the reach for Reckitt's brands.

We're working together in multiple areas, including collaborative lists; the global roll-out of full-funnel advertising; bespoke intelligence and dashboard capabilities; programmatic and demand-side platform testing; and early-stage Adtech and Martech integrations. To maximise our consumer reach and minimise lost opportunities, we have enabled AI-led media buying for more than 97% of our search spend on Amazon.

### New countries and emerging channels

We launched in two new countries, Sweden and Poland, during 2021. For the third year in succession, we had complementary 1P (direct) and 3P (marketplace) offerings in every country. Although relatively small launches, these are strategically important opportunities.

Amazon Business, or B2B, is seen as a key growth channel by the company over the next decade. Working with the B2B teams based in the US, we are increasing our focus on serving business customers via their integrated website and testing ways to better connect with them. We must deliver a seamless consumer experience and plan to introduce a professional product range to meet their specific needs.

### Brand protection

Brand protection is critical to every company. Our global and regional e-commerce legal teams partner with the Amazon brand protection team to address the thousands of unauthorised sellers of our products and better protect our consumers and our brands. We manage these sellers directly to further strengthen the consumer experience, and we are employing elements of AI and ML to broaden our scope.

CASE STUDY

## OUR DIGITAL BACKBONE

Our digital infrastructure journey continued in 2021 and our transition to the cloud is well advanced. In December, we decommissioned the first of our three data centres and the remaining two will follow in 2022.

As we move to a modular, API first architecture for our technology stack, we have invested in a modern integration layer. Its strong and agile execution capabilities earned us the Best API Strategy award from our strategic partner, MuleSoft.

We are adopting an automation-first culture across all functional areas, including our shared services transformation. We have introduced process mining at scale to find opportunities for simplification and rationalisation. Automating our own technology operation has unlocked significant savings and improved

user experience. We were named Best Automation Centre of Excellence at the UiPath Automation Excellence Awards and best IT Opportunity-to-Deployment at The Hackett Group Awards.

We are charting a promising journey that will bring our data and analytics strategy to life, unlock potential and help us outperform in the marketplace.

In 2021, we built a machine learning model using more than 200 internal and external real-time data signals to predict consumer demand in the US for our key categories. We've used this to inform strategic, commercial and supply planning. This marks a step-change in capability. We're far more able to navigate volatile demand. We can offer better service to our customers and, ultimately, our consumers. We're scaling up this approach in 2022 to all our key brand/market combinations.



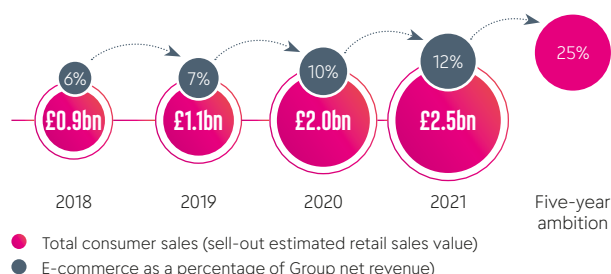
## Focus on: Digital (Continued)

### A DEEP DIVE ON E-COMMERCE

Our global e-commerce strategy today draws heavily on the lessons we learnt over the past decade in China. As the most advanced e-commerce market in the world, where online sales outstripped physical retail in 2021, we believe China offers a window into the future of global online market. For example, mega trends such as social commerce, are already over ten times larger in China than in the US. Taking this view globally, and using China as a blueprint, has helped us stay agile, while gaining accelerated scale.

#### Our digital growth<sup>1</sup>

All our territories have experienced strong double-digit growth in e-commerce over the last 12 months. E-commerce has more than doubled its contribution to Group net revenue since 2018 achieving c.£2.5 billion in consumer sales in 2021. That equates to 12% of total revenue. Our aim is to generate 25% of company revenue digitally within five years through a combination of organic and inorganic growth.



Our focus is on ensuring that we build e-commerce as a global capability. Even in countries where Reckitt is relatively small, we are committed to building our e-commerce capability to stay ahead of the curve.

#### Our strategic approach

Three areas form the core of our e-commerce strategy.

First, availability and preference. E-commerce has hundreds of channels and platforms, big and small, and we want to maintain first-mover advantage in them all. To do that, our brands need to be present everywhere and be the most preferred brand in their category.

Second, we are building efficiency and focusing operations through the active use of data and automation. Our online consumer sales bring in millions of data points every day: We use this to drive efficiency in our advertising spend and reduce our fixed costs.

Our investment strategy is the third component. The focus here is on capabilities we either cannot or do not want to build ourselves. Through Access VC, our venturing division and other entities, we invest in early-stage startups that either bring new capabilities to Reckitt or to take us to new spaces and places. So far, we have deployed over £80 million in capital across several startup brands. Read more in our Access VC case study.

#### End-to-end digital capabilities

Over the last two years we have created an end-to-end digital capability that employs marketing data, automation and venturing. We have made a significant investment to fully integrate our CARE model (Consumer Acquisition, Retention and Expansion model). We analyse the data to drive six main capabilities:

- Global media buying across our business units
- A global consumer insights hub informing innovation and advertising
- Our digital factory applies consumer insights to produce in-house targeted creative content
- Data-driven marketing focuses on improving efficiencies
- First party and second party data acquisition powers our global data strategy
- Direct to consumer platforms (we have around 40 D2C brand storefronts globally)

Our global marketing team of some 2,000 brand stewards in 50 countries across all three business units supports our digital capabilities, along with our Global Digital and Data Hub in Warsaw (Poland) where 200 technology and data professionals are operating and advancing our backbone digital platforms. They are all plugged into Marketing Excellence, our global virtual community dedicated to sharing expertise across the Group and growing our global marketing capabilities.

#### Driving best-in-class demand creation

As part of our investment programme over the past two years, and reflecting the growing importance of the online channel, we have begun to scale across the business a digital demand creation excellence programme. This has involved the development of existing core digital capabilities such as measurement and audience targeting, and requires cross-functional up-skilling in our marketing, media and analytics teams.

The programme has so far been rolled out to over 20 markets across each GBU, incorporating over 90 'test-and-learn' campaigns.

Whilst we are still early in this journey, early signs of the potential for performance uplift are encouraging. These 'test-and-learn' campaigns delivered significant sales uplifts compared to pilot tests, and are also allowing us to generate wide playbooks, enabling the sharing best practice across the Group. External benchmarking has also demonstrated that, where applied, our programme has accelerated our 'digital maturity' in this respect ahead of industry averages.

#### The key drivers of growth

E-commerce penetration is growing across consumer-packaged goods. We anticipate that the market will be two to three times larger over the next three years and our addressable market is expected to grow as much as tenfold over the next five years.

Increasing convenience for consumers and, from that, gaining lifetime value is a key objective. Daily-use, big-name brands like Dettol and Finish are ideal for automated purchase. A significant number of UK consumers have signed up to Amazon Subscribe & Save. These kinds of schemes are helping us transition to more predictable, repeatable and more easily serviceable revenue streams.

As we build out from a brand-based approach and begin to think more in terms of categories, new opportunities are emerging. The intimate wellness category, of which the Durex brand forms part, is well suited to e-commerce. By growing our digital capabilities in this category we can build a data powerhouse for insight and innovation. Our recent acquisition of Queen V strengthens our positioning in this category and provides more brand-building opportunities with digitally native consumers.

1. Adjusted and other non-GAAP measures, definitions and terms are defined on page 81

### Growing market share through superior execution

Our e-commerce portfolio is highly focused on our top ten brands. They account for over 80% of total e-commerce growth over the last year and over 70% of total e-commerce sales.

We have developed a robust ratings and review process and pay close attention to consumer feedback. Machine learning helps us identify adverse events early and respond to consumer issues. Our online reputation has flourished, with all our core brands achieving consistently high consumer ratings on multiple platforms internationally.

Excellent execution is a top priority for the e-commerce team. Amazon UK, for instance, tags over 80% of our brands as either 'Amazon Choice' or 'Best Seller'. As such, they recommend our products via Alexa and their category searches. That drives additional traffic and strengthens our market positions.

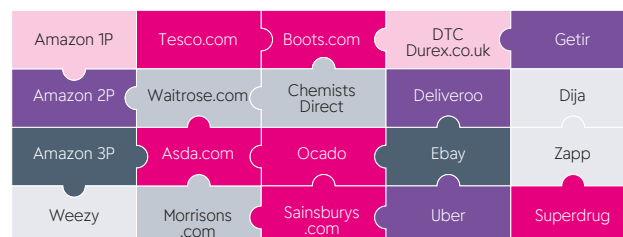
### Our unique operating model

Our operating model is based on what we've learnt from our e-commerce activities in China. 'Be Big, Be Fast, Be Bold and Open' emphasises the attributes we need to fuel rapid growth and energise outperformance.

**Be Big** – Scale provides tremendous advantages in the digital arena. Three-quarters of our e-commerce teams focus on scaled operations. They run big brands in big channels and collaborate with pure players, such as Amazon and Alibaba, to grow them into profitable end-to-end businesses. The focus here is on sustainable growth and ensuring we pursue the right earnings model.

Our omnichannel strategy ensures that Reckitt brands are available wherever the consumer requires them. Over 90% of our brands are at Amazon Fresh click-and-collect stores. At Boots and Superdrug, our brands average 80%+ omnichannel satisfaction ratings.

**Be Fast** – No one can predict the successes of the future so we maintain a strong digital presence everywhere to maximise first-mover advantage. When new channels and platforms emerge we move quickly to extend our presence. This rapid expansion is helping us build scale fast through D2C, B2B, live-streaming and on social commerce.



#### Channel Launch Year

2011-2013 2013-2015 2015-2017 2017-2019 2019-H1 2021

**Be Bold and Open** – Our experimentation engine is the home of our moon-shot ideas. Here we partner with our colleagues in R&D and in our GBUs to launch new brands into the Reckitt portfolio. We also work with external partners and innovators to test different approaches.

## ACCESS VC: INVESTING IN PURPOSE-DRIVEN, DIGITALLY-LED BRANDS

ACCESS

Access VC is the purpose-driven venture arm of Reckitt. Through it, we help startups and founders from all walks of life accelerate their growth and make a bigger impact on the world. We invest in founders who share our purpose and want to fight for access to better health, hygiene and nutrition.

Access VC is aptly named. It provides much more than funding. Our partners get access to our experts, capabilities and global network, including research and development, consumer insights and 'go-to-market'. We offer mentoring and capital resources to help them refine and scale their business models. Early-stage startups can also participate in our six-month accelerator programme, run by Founders Factory, the world's leading startup accelerator.

Our trusted, global brands can help our partners unlock new markets and reach more consumers. This can result in brand partnership opportunities, as well as leveraging our close relationships with some of the biggest retailers on the planet.

OXWASH

### Oxwash: Decarbonising laundry

Oxwash joined our accelerator programme to scale their revolutionary sustainable laundry service. Their laundry system recycles and disinfects water from previous wash cycles, saving up to 60% of the water consumed in a typical commercial washing machine.

Fast forward to today, and the team has expanded the sustainable laundry startup from one hub in Oxford with two more, in Cambridge and London. They are now extending their services across the UK.

kinsa

### Kinsa: Making thermometers smart

Kinsa is a leader in smart thermometers and real-time monitoring of infectious disease, appearing in Fast Company's listing of 'The 10 most innovative companies in data science'. Their solution acts as an early-warning system for preventable illnesses, helping communities, schools and enterprises to act fast to stop the spread.

They are partnering with a number of Reckitt's brands, including Lysol and Mucinex, to support the growth and application of their technology at a bigger scale.

CASE STUDY



# MANAGING GLOBAL SUPPLY



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In our highly connected society, change can be rapid, radical and unpredictable. The global pandemic exposed the vulnerability of supply chains built on just-in-time, diversified and globalised models.

We found out that, not just factories, but entire regions could halt production at a moment's notice, with profound consequences for businesses on the other side of the world.

And on the demand side, the bar is being set higher. Today's smartphone-equipped, social-media-savvy consumers expect products to be available when and where they need them. And they want the brands they buy to be sourced responsibly and supplied sustainably.

We are meeting these challenges by managing our global supply on a holistic basis, by acting as one Reckitt and by staying true to our Purpose.

## COMPLEXITY AND SCALE

Reckitt is a global manufacturer. We sell 20 million products daily in more than 200 markets. Well over half of our employees, over 20,000 people, are involved in supplying them.

We manage our supply globally in a highly integrated way. Each of our business units has adopted a single operating model that connects every stage of its supply chain with consumer priorities. These are underpinned by core capabilities which leverage the strength and scale of our global network.

The volatility created by the global supply chain crisis is best met by a holistic approach to planning, with visibility across the full product lifecycle to mitigate risk and maximise opportunities. This approach is helping us build a resilient, agile and efficient manufacturing capability.

We maximise transparency with high-quality data and connected technologies. The supply function engages directly with all parts of the business. That allows us to adapt swiftly to shifting market dynamics and adjust our productive capacity proactively.





### Global supply pursues five strategic priorities:

# 1

**EMBRACING OUR  
PURPOSE, FIGHT  
AND COMPASS IN  
EVERYTHING WE DO**

# 2

**PROTECTING  
OUR PEOPLE,  
OUR CONSUMERS  
AND OUR BRANDS**

# 3

**FUELLING GROWTH  
THROUGH  
PRODUCTIVITY AND  
UNLOCKING VALUE**

# 4

**BUILDING A  
SUSTAINABLE  
AND RESILIENT  
END-TO-END  
SUPPLY CHAIN**

# 5

**ENABLING THE  
ORGANISATION WITH  
SPEED AND AGILITY**

We will meet our strategic priorities through five workstreams that began in 2020 focused on building internal capabilities and driving excellence. Our world-class productivity programme has provided us with the resources to reinvest into the Business and underpin these capabilities with new technologies.

By strengthening our operations, improving our ways of working and increasing efficiency, we have created a more resilient supply organisation, creating value for our people, our customers and our consumers.



## Focus on: Supply Chain (Continued)

### QUALITY PERFORMANCE

Our continued investment into ensuring we make products people love has delivered a step-change in our quality performance over the last two years around three key metrics:

**27%**

overall improvement in Quality,  
as measured by a reduction in deviations<sup>1,2</sup>

**12%**

reduction in Cost of Non-Quality<sup>1</sup>

**11%**

reduction in Time to Release<sup>1</sup>

We're getting better products to market faster, and improving our efficiency.

1. Quality metrics vs 2019

2. Based upon Quality Deviations metric

On World Quality Day, we introduced a new Quality Commitment to ensure quality supports our strategy to rejuvenate sustainable growth. The Quality Commitment recognises that we can only deliver the highest-quality products by embracing our Purpose, Fight, Compass and Leadership Behaviours in all that we do.

This replaces our more narrowly defined Quality Vision. The Quality Commitment is about who we are as well as what we do. Everyone is required to sign up to it because each of us has a personal responsibility to ensure that every interaction with our brands is a positive experience.

To help achieve that, we've introduced a single Quality Manual for all our business units and functions. Group-wide adoption of the same set of processes streamlines and connects the entire business. This is all underpinned by a new digital platform to support our teams in meeting these high standards.

Our commitment to quality was a contributing factor in Reckitt's readmission to the Dow Jones Sustainability Index in 2021.

Our pledge to 'do the right thing, always' showed its value recently after a spate of product recalls by the Singaporean government. Seventeen brands of hand sanitiser had to be removed from sale after the detection of unacceptably high levels of acetaldehyde and/or methanol. Thanks to our robust processes, even at a time when sanitiser was under intense demand and our teams were working virtually, Reckitt brands were not affected.

## BUILDING THE FACTORY OF THE FUTURE

Industry 4.0 offers huge benefits for manufacturing, but achieving digital transformation depends on seamless interconnectivity. Like many manufacturers, Reckitt has progressively automated our processes over the years. We rely on technologies that are mostly factory-led and designed to perform specific tasks. That results in siloed data, which limits our ability to understand and analyse our activities in an integrated way.

To quickly overcome these obstacles and move toward full-scale digitalisation of our factories, we decided to invest in a factory of the future. This had to do more than provide proof of concept, we wanted it to add immediate value, provide incremental benefits over time and be re-deployable at other locations.

Each of our factories has specific requirements and differing technologies, but there is a shared need for connectivity. We teamed up with IBM to build a scalable cloud foundation and data backbone for running our Nottingham factory.

We installed IoT sensors that share equipment data. Operators no longer need to inspect machinery. They are notified automatically when maintenance is due. With more connectivity and improved data visibility right across the factory, it's far easier to understand our processes and analyse how they can be improved. And this is just the beginning, machine learning and predictive AI algorithms will boost manufacturing excellence and automate planning.



Nottingham went operational as Reckitt's first factory of the future in May 2021. Within a month, we were projecting a 10% reduction in plant maintenance costs and a 3% decrease in electric power consumption. The platform-based approach there uses consistent data and connectivity protocols, which are easily replicable at other factory sites.

CASE STUDY



## THE FOURTH INDUSTRIAL REVOLUTION

We are using technology to help fuel growth and unlock additional value. Better data and connectivity are helping us get more efficient and productive. Starting with our Nottingham plant, we've created a fully connected environment that automates the capture, use, analysis and sharing of data across the Group and can be easily replicated in any factory around the world.

This combines the Internet of Things (IoT), cloud technology, networking and AI to improve safety, quality, productivity and efficiency in our manufacturing process. Individually, these technologies are now mature enough for us to connect them cost-effectively. These richly connected data pools will deepen our understanding of how our processes interact and how they can be improved.

## CUSTOMER EXCELLENCE

In a time of unprecedented supply chain disruption, collaborating with customers has been essential to ensure access to our products. We have reconfigured our customer operating model to improve availability through improved engagement, communication and strategic supply chain solutions. By working with our customers across the supply chain, from manufacturing to customer service to sales, we are building aligned and tangible success measures for mutually beneficial performance and growth, focused on consumer needs.

This change in our approach has generated tangible improvements, which have not gone unnoticed by key partners such as Walmart and Dollar General, and has been reflected in industry benchmarks such as the Advantage Group 2021 survey of retailers.

## WALMART SUPPLIER OF THE YEAR

In March 2021, Walmart named Reckitt its 2020 Supplier of the Year for consumables for a number of reasons. First and foremost, we had delivered the products Walmart shoppers most needed in 2020. We'd invested in improving availability while providing products to help keep shoppers safe during the pandemic. Our transparent communications kept us agile and able to provide the stores and shoppers with what they needed when they needed it. We were quick to adapt our product mix in 2020 to maximise in-store availability and tested new replenishment models in several markets to meet unconstrained demand.

We also worked hard to deliver meaningful insights on new shopper habits that helped Walmart plan for new category dynamics in 2021. Taken together, all of these efforts led to increased penetration for Walmart in multiple categories, including surfaces, immunity, air care, auto dishwashing, carpet and septic.

CASE STUDY