



# SUSTAINABILITY INSIGHTS

2021



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## Our sustainability reporting

For us, high standards of corporate governance, combined with a rigorous, open approach to reporting, are central to maintaining our integrity and the trust of our stakeholders.

Our 2021 Sustainability insights reflect the three themes at the heart of our 2030 sustainability ambitions: purpose-led brands, healthier planet and fairer society. Through this document you can go straight to the insights which interest you most using the links on this page.

You can also download the insights individually from the [Policies and reports](#) section on our website where you'll find additional information, including details of our commitment to the United Nations Global Compact and our GRI index.

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FOCUSING ON WHAT MATTERS



WATER

# OUR SUSTAINABILITY AMBITIONS



Scrutiny of businesses' sustainability credentials is growing, as are the expectations on business to consider their impact on the planet. It's vital that we respond with bold ambitions, but also tangible evidence of progress. Our corporate purpose entwines sustainability with our business strategy and puts us in a good position to match aspiration with achievements.

## OUR COMPASS



The challenge of climate change grows ever more urgent, as governments, businesses and other organisations battle to find solutions and keep global temperature rises down to 1.5°C. This sense of urgency was particularly clear at the United Nations Climate Change Conference COP26, held in Glasgow in November 2021.

Reckitt was there as Hygiene Partner, helping to provide a safe environment for the 30,000+ delegates with our Dettol products and the safety protocols we developed for the event. We were also there as a participant and to convene important conversations, leading discussions on the close connection between the climate crisis and human health, and other issues including consumer behaviour and biodiversity.

## UNDERLINING OUR PURPOSE

Our presence at COP26 was a chance for us to emphasise sustainability's central place in our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. Our focus on purpose-led brands, a healthier planet and a fairer society is indivisible from who we are as a company and why we exist. Sustainability is embedded in our purpose, not an add-on to it.

We underlined this earlier in 2021, relaunching our corporate brand and announcing our new sustainability ambitions on the same day. These ambitions include generating 50% of our net revenue from more sustainable products, a 65% cut in Greenhouse Gas (GHG) emissions in operations against a 2015 baseline as well as our aim to be carbon neutral by 2040.

We've made these commitments at a time when interest has never been higher in businesses' efforts to mitigate their environmental impact and address societal challenges. Quite rightly, stakeholders including investors, regulators, NGOs and customers are scrutinising corporates ever more intently. They're demanding higher standards of accountability and disclosure, pushing for tangible progress, and asking for risks to be mitigated and opportunities created.

We're ready to respond to that demand. Businesses that want to thrive in a world increasingly concerned about climate change, biodiversity loss, pollution and social inequality have to see that sustainability is crucial to their growth, not a barrier to it.



### COMBINING GROWTH WITH CORPORATE CITIZENSHIP

Our prospects and business strategy are bound up with global challenges which drive our growth. As a business, we're helping to tackle four of the world's biggest problems in our core activity. Urbanisation and global warming combine to leave denser, city-based populations needing better hygiene to protect their health. Intensifying pressure on healthcare systems leaves people relying more on self-care as a first line of defence against illness and infection. Growing populations also need good nutrition, as well as help to safeguard their sexual health. Reckitt brands meet all these needs, and in the process they also contribute to meeting the UN Sustainable Development Goals (SDGs), shaping our credentials as a good corporate citizen.

To be able to contribute fully, our brands must do more than fulfil the intrinsic functions of their products. This is why many of them are associated with issues that are connected with those products, whether it's Vanish working with British Fashion Week to promote cleaning and reusing clothes, Durex focusing on sexual health or Dettol and Harpic focusing on water and sanitation for health and hygiene.

### FIGHTING FOR ACCESS TO HEALTH, HYGIENE AND NUTRITION

To contribute to a healthier planet, our products must also be within people's reach. This is why we fight to make access to the highest quality hygiene, wellness and nutrition a right, not a privilege. We invest the equivalent of 1% of our adjusted operating profit in our Fight for Access Fund, launched in 2020 to improve access to high-quality healthcare, hygiene and nutrition products, and provide education and information. Our ambition by 2030 is to reach half the world with brands that help people live cleaner, healthier lives to enable a cleaner, healthier world.



### HIGHLIGHTING THE LINK BETWEEN A HEALTHY PLANET AND HEALTHY PEOPLE

This is becoming a more important goal all the time as evidence grows that climate change and human health are closely linked. According to the World Health Organization, environmental factors, including air pollution, unsafe drinking water, zoonotic diseases and weather-related disasters, cause more than 12 million deaths a year. Extreme weather claims lives directly and indirectly, putting food systems, infrastructure and the availability of care at risk.

As a creator of products that protect, heal and nurture, we see it as part of our duty to draw attention to this, which is why it was central to our presence at COP26. We also commissioned research from the London School of Hygiene and Tropical Medicine and EcoHealth Alliance showing that by 2100, extreme heat could kill as many people as obesity and dietary illnesses do now. We hope that

COP27, in Egypt in 2022, will break new ground by hosting a themed health day for the first time. In the meantime, we continue our work to empower people to improve their own hygiene, wellbeing and nourishment.

### MARKING OUR ACHIEVEMENTS

Although our sustainability ambitions are relatively new, the activities that will help us reach them have been in place for some time across our global value chain. Our programmes, campaigns and projects cover everything from how we source materials to how we monitor working conditions for our suppliers' employees.

Among our highlights this year, we:

- conducted a climate-related risk and opportunities scenario analysis to consider the longer-term impacts of **climate change**;
- published our **report** on human rights impacts across our value chain in Thailand;
- established activity going beyond just protecting ecosystems by assessing and measuring biodiversity impacts and the ways we can strengthen ecosystems; and
- launched our **Sourcing for Sustainable Growth Policy**. This strengthens resilience in our supply chain by providing a framework that sets out how we are working to create a more responsible and sustainable supply chain.

Drawing on our 200 years of heritage, we also began backing a new initiative centred on our home-town of Hull, in the UK. We've joined public and private sector and educational organisations to make Hull and the neighbouring Humber estuary the UK's first carbon neutral region. This is quite an undertaking, as the area currently produces around a quarter of the UK's emissions. But it's also home to the world's largest offshore wind farms, as well as being at the forefront of establishing a new hydrogen economy and securing investment from global businesses behind green technologies. So we and our partners believe it can still become a blueprint for other estuary economies looking to build back better.



### FOCUSING ON CONSUMERS' BEHAVIOUR

For organisations of all kinds, mitigating climate change and becoming more sustainable is about many things. Infrastructure, technology, innovation and new skills are all crucial, as is redirecting capital towards climate solutions. But how consumers behave matters just as much. Up to three quarters of our emissions are down to what happens after people buy our products.

Making a dent in this is partly about the messages which accompany those products, whether it's encouraging people to wash their hands in cold water instead of hot, or urging them not to rinse their plates before using our Finish dishwasher tablets. If everyone in the UK alone made the first of those changes to their daily routine, it would save the equivalent emissions of 290,000 cars. So this really matters. For this reason, we're evolving our marketing policy and training staff on why the UN SDGs matter and how to bring them to life in our marketing. Of course, we also understand that people will only make these changes if they know that we too are doing our bit. That's why delivering on our ambitions is so important – for us, for others, and for the planet.

### MAKING THE MOST OF OUR PARTNERSHIPS

Sustainability is an all-embracing quest. The issues and challenges it touches on are systemic, complex and interconnected. No one entity can tackle them alone. This is why we put such a high value on our partnerships. Again, take the downstream impact of our products when they reach our consumers. How people use and dispose of them has a huge bearing on our environmental impact. Product innovation can and does make a difference, for example by producing a Cillit Bang bottle made of 75% recycled high-density polyethylene (HDPE). But that relies on a supply of good-quality HDPE, and even in countries with good recycling infrastructure, households still recycle less than 30% of their plastic. To improve this, we need the help of partners to run awareness campaigns that lead to lasting behaviour change. And we need a close relationship with our packaging suppliers and recyclers to make best use of the recycled material.

In other spheres, partnerships help us to understand and map our impact, so we can take the right steps to mitigate it. These partners include Resilience, which provides a data-driven analytics platform that uses approaches pioneered by the Centre for Risk Studies within the Judge Business School at the University of Cambridge, who have worked with us to analyse our climate-related risks and opportunities. Another is the Earthworm Foundation, who works with us on a range of issues relating to social and natural ecosystems.

### BUILDING ON OUR FOUNDATIONS

We've seen encouraging signs of progress in 2021, not least in how respected third parties recognise our efforts. We re-entered the Dow Jones Sustainability Index and were awarded the S&P Global Gold Class award. This award is given to the highest scoring companies completing the Corporate Sustainability Assessment (CSA), an annual evaluation of companies' sustainability practices which covers over 10,000 companies from around the world. Our MSCI ESG rating rose from A to AA. Meanwhile, we've completed our first ever sustainability-linked loan, a three-year £1bn sustainability-linked committed bank facility which takes into account our MSCI and Sustainalytics score. Although the latter fell due to some new policy positions, and for us a delay in updating our policies on alternatives to animal testing and ethical marketing, we hope it will now improve as those are put in place. MSCI's research on how companies' climate targets align with the global goal of keeping average temperature rise this century to well below 2°C, published at COP26, showed that our sustainability ambitions would be aligned with a 1.38°C rise in global temperatures. That reflects our climate change ambition and our work to deliver on it.

Recognition of this kind tells us we have the right foundations in place. These Sustainability Insights contain details of all the achievements mentioned here, and many more. But while these are important moments and sources of encouragement, we can be under no illusions. There is much to do, and many challenges ahead if we are to achieve our ambitions. Our main task now is to further improve our data management capability to let us measure and report on our impact in ever more detail. This is how we turn promises into progress, and that is the key to trust.

### MIGUEL VEIGA-PESTANA

Head of Corporate Affairs & Chief Sustainability Officer



### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

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# SUSTAINABILITY GOVERNANCE, REPORTING AND ASSURANCE

We believe that high standards of corporate governance, combined with a rigorous, open approach to reporting, are central to running our business with integrity and to maintaining the trust of our stakeholders.

## GOVERNANCE

Our [Annual Report](#) sets out our full Corporate Governance Report and statement, and you will also find information about our approach to governance on our website. Here we explain how sustainability is governed at Reckitt, and the principles that lie behind it.

### At Board level

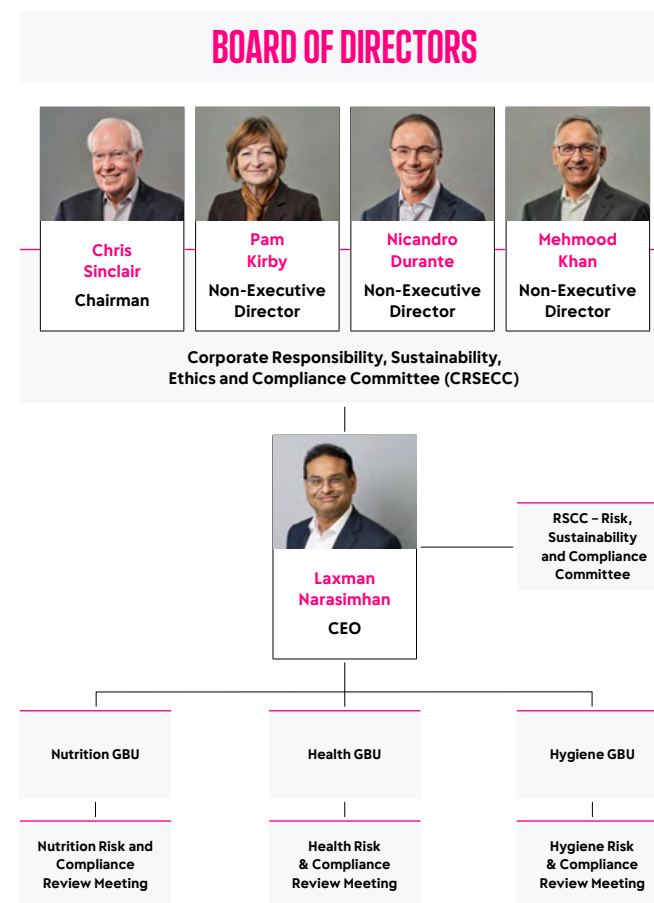
Our Board of Directors is responsible for the overall stewardship of the Company and delivery against strategy, through our executive leadership team. This includes setting our values and standards, and overseeing sustainability and corporate responsibility. They have regular discussions about the risks and opportunities for the Company and conduct a formal review at least once a year. Sustainability itself, including the key issue of climate change, is considered one of the Company's principal risks. This reflects the growing importance of sustainability and its central role in supporting the Company's growth strategy – as it becomes a more important opportunity, so too does it become a greater risk. For details of our key issues and impacts in this area, which include climate change and are overseen by the Executive and the Board, see our [Focusing on what matters most](#) insight.

The Board delegates regular oversight of sustainability to a sub-committee, the Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC). The Committee meets quarterly to review our progress against our sustainability strategy, and performance against our targets. Meetings are attended by the CEO, who has accountability for sustainability performance at executive level. He is joined at the meetings by the Chief Financial Officer (CFO) and other senior executives.

### At managerial level

Our managerial oversight of sustainability matters reflects the structure of our business as one Group with three business units. We have a single committee for the Group as a whole, the Risk, Sustainability and Compliance Committee (RSCC), chaired by our CEO. This is supported by business unit level committees, which report up to the RSCC and thus to CRSECC. These committees all meet and report quarterly.

## Reckitt Sustainability Governance Model





The RSCC reviews risks and our progress in managing them, and covers all of our environmental, social and governance activity. This includes, for example, reviewing the management of and responses to issues flagged through our SpeakUp whistleblowing systems, alongside our social impact programme and progress on climate change.

This structure of Group committees supported by business unit equivalents provides quarterly updates to the CRSECC and Board on sustainability issues and risks. This includes ongoing performance against targets to enable their continuing oversight of activity (see CRSECC report in our Annual Report).

Within the business, our Corporate Affairs & Sustainability function leads strategy development and compliance, while programmes are implemented by our Brands, Supply Chain, R&D, and Safety, Quality and Regulatory Compliance teams. All functions are represented at, and are overseen by, the Executive.

### REPORTING AND ASSURANCE

Publicly reporting on sustainability is fundamentally important to our ability to deliver our strategy. After all, sustainability is at the heart of our purpose-led growth strategy and so reporting on it in this detailed way through our insight papers, as well as our Annual Report, reflects this.

We therefore welcome the increasing focus of investors on environmental, social and governance (ESG) issues, and the response from reporting regulators to begin to emphasise the relationship between ESG issues and financial performance. In 2021 we continued to develop our understanding of our climate risks and opportunities which are set out in our statement against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). We also extended our work on ecosystems and biodiversity, with a new partnership with Nature Based Insetting at the University of Oxford. This supports our assessment of biodiversity in key ecosystems in our value chain. The outcomes will enable us to contribute to, and deliver against, the emerging work of the Taskforce on Nature-related Financial Disclosures (TNFD).

We continue to report against certain disclosures set out by the Sustainability Accounting Standards Board (SASB).

Overall, we support moves to create a consistent set of sustainability standards for reporting, and welcome the formation of the new International Sustainability Standards Board (ISSB) by the IFRS Foundation to develop a comprehensive global baseline of sustainability disclosure standards suitable for capital markets. We also note and welcome the UK Government's development of sustainability disclosures in the form of the UK Green Taxonomy.

Independent assurance is a key part of our approach to reporting. External scrutiny helps us improve, while reassuring our readers that the data we publish is accurate. We again engaged ERM CVS to provide independent limited assurance over certain sustainability disclosures. Their independent assurance statement can be found later in this insight paper.

### Reporting channels

More and more people use smartphones and tablets to find information on a company. They expect a company's website to have up-to-date information as well as giving access to the core reporting content. This is essential as the source of truth, given the rigour with which it is produced and assured. To summarise, our reporting channels are:

- **Annual Report:** reports our performance against our strategy and includes disclosures against our most material sustainability issues (published in April each year)
- **Insights:** contain more detailed information about our material issues, including our reporting against the Global Reporting Initiative (GRI) and various other frameworks (published alongside the Annual Report)
- **Sustainability section of our website:** gives further details of our approach and performance, and publishes stories showing our strategy in action (updated throughout the year)
- **Previous sustainability reports** can be found at <https://www.reckitt.com/sustainability/policies-and-reports/>

### Audiences

Many stakeholders – employees, customers, shareholders/investors, consumers of our products, and advocacy and campaigning organisations – have an interest in one or more aspects of our sustainability reporting. Our aim is to give all of these stakeholders what they're looking for, while telling a true and consistent story about our work during the year.

Read more about our stakeholders and how we engage with them in our Focusing on what matters most insight.

### Frameworks and standards

While we wait for the ISSB to develop a consistent set of sustainability standards for reporting, we are paying particular attention to the frameworks that will meet the varying needs of investors, key ratings agencies and indices such as MSCI, DJSI and Sustainalytics. These are:

- **UN Sustainable Development Goals (SDGs):** the SDGs are a critical and growing factor for us and our stakeholders. Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world and, in this context, we fully support delivery of all the SDGs by 2030. We believe we can make the biggest impact on five of the goals: SDG 2 zero hunger; SDG 3 good health and wellbeing; SDG 5 gender equality; SDG 6 clean water and sanitation; and SDG 13 climate action. These are closely connected to our brands and our social impact partnerships (see our Partnering for social impact insight). We also contribute to other relevant goals and refer to the SDGs throughout our sustainability reporting to highlight one of the key driving principles of our programmes
- **Task Force on Climate-related Financial Disclosures (TCFD):** Our TCFD disclosure gives investors climate-related information and insights into how we are mitigating and adapting to climate-related risks and opportunities. We have disclosed in line with the TCFD recommendations; more information on our disclosure can be found in our Climate change insight

## Sustainability governance, reporting and assurance continued

- **Global Reporting Initiative (GRI):** we have prepared our 2021 sustainability reporting with reference to the GRI Standards: 2021 update, and have a [GRI Content Index](#) available to help those looking for specific indicators
- **Sustainability Accounting Standards Board (SASB):** We are referencing certain disclosures from SASB's Household and Personal Products Standard. Our [SASB Index](#) can be found alongside our GRI Index on our [sustainability policies and reports web page](#)
- **United Nations Global Compact:** We signed up to the UN Global Compact in 2021. Our annual [Communication on Progress](#) is a key component of demonstrating our commitment and includes an index to further information against the ten principles of the UN Global Compact
- **AccountAbility:** we also reference the criteria and principles of accountability set out in the AA1000 Assurance Standard (2008) and the AA1000 AccountAbility Principles Standard, produced by the consultancy AccountAbility

### Reporting profile, performance data and reporting criteria

Our data is reported for the year to 31 December 2021, unless other timescales are specifically noted.

We use key performance indicators (KPIs) that best describe the performance and impact of our operations in line with our materiality assessment. In many cases, independent external guidance, such as the GRI standards or specific standards on environmental reporting, direct us towards which indicators to use. These enable comparison with other companies. We also look for KPIs that are most practical and add most value across our business and supply chain.

All our 2030 sustainability ambitions are based on a 2015 baseline year unless otherwise indicated.

The principles and methodologies we have used in reporting our sustainability performance data for 2021, along with our statement of directors' responsibilities in preparing the information, can be found in our [Reporting Criteria and Basis of Preparation document](#).





## INDEPENDENT ASSURANCE STATEMENT TO RECKITT BENCKISER GROUP PLC

Reckitt Benckiser Group plc (Reckitt) engaged ERM Certification and Verification Services (ERM CVS) to provide limited assurance in relation to specified information in the Reckitt Sustainability Insights 2021 (the Report) as set out below.

### Engagement summary

Scope of our assurance engagement	Whether the data and reported progress for the 2021 calendar year listed below and marked <sup>+</sup> in the Report, are fairly presented, in all material respects, with the reporting criteria
<b>Sustainable product innovation</b>	<ul style="list-style-type: none"> <li>• Total Net revenue from more sustainable products (£ million)</li> <li>• Net revenue from more sustainable products (%)</li> </ul>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>• Total Carbon Footprint (million tonnes CO<sub>2</sub>e) (with indirect consumer phase)</li> <li>• Total Carbon Footprint (million tonnes CO<sub>2</sub>e) (without indirect consumer phase)</li> <li>• Reduction in Carbon Footprint (%)</li> <li>• Scope 1 GHG emission (tonnes CO<sub>2</sub>e)</li> <li>• Scope 2 GHG emissions (location-based) (tonnes CO<sub>2</sub>e)</li> <li>• Scope 2 GHG emissions (market-based) (tonnes CO<sub>2</sub>e)</li> <li>• Reduction in GHG emissions Scope 1 &amp; 2 vs 2015 (%)</li> <li>• Energy use (GJ) (manufacturing and warehouses only)</li> <li>• Energy use per unit of production (GJ per tonne of product)</li> <li>• Reduction in energy use in manufacturing &amp; warehousing (%)</li> <li>• Renewable electricity across operations (%)</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>• Total Water Footprint (million L) (with indirect consumer phase)</li> <li>• Total Water Footprint (million L) (without indirect consumer phase)</li> <li>• Reduction in Water Footprint (%)</li> <li>• Water Withdrawal (m<sup>3</sup>)</li> <li>• Wastewater discharge (m<sup>3</sup>)</li> <li>• Water discharge per unit of production (m<sup>3</sup> per tonne of product)</li> <li>• Water Use per unit of production (m<sup>3</sup> per tonne product)</li> <li>• Reduction in water use in manufacturing and warehousing (%)</li> </ul>
<b>Waste</b>	<ul style="list-style-type: none"> <li>• Waste (tonnes)</li> <li>• Waste per unit of production (tonnes per tonne of product)</li> <li>• Hazardous waste per unit of production (tonnes per tonne of product)</li> <li>• Reduction in waste from our operations per unit of production (%)</li> <li>• Zero waste to landfill at factories (%)</li> </ul>

	<b>Health, Safety and Wellbeing</b>	<ul style="list-style-type: none"> <li>• Lost time Accidents (no.)</li> <li>• Lost Work Day Accident Rate (LWDAR) (per 100,000 hours)</li> <li>• Reduction of Lost Work Day Accident Rate (LWDAR)</li> <li>• Recordable Accidents (no.)</li> <li>• Employee fatalities (no.)</li> <li>• Contractor fatalities (no.)</li> <li>• Severe Accidents (no.)</li> <li>• Total Recordable Frequency Rate (TRFR) (per 100,000 hours)</li> <li>• Reduction of Total Recordable Frequency Rate (TRFR)</li> <li>• Occupational Illness cases (no.)</li> <li>• Occupational illness frequency rate (per 100,000 hours)</li> </ul>
	<b>Inclusion</b>	<ul style="list-style-type: none"> <li>• Women employed – Executive Committee (% at 31 December)</li> <li>• Women employed – Group leadership team (% at 31 December)</li> <li>• Women employed – senior management (% at 31 December)</li> <li>• Women employed – global employees (% at 31 December)</li> </ul>
	<b>Partnering for social impact</b>	<ul style="list-style-type: none"> <li>• People informed through health and hygiene educational programmes and behaviour change communications (no.)</li> <li>• People informed through health and hygiene educational programmes and behaviour change communications (cumulative no. since 2013)</li> </ul>
	We have also checked the sustainability information presented in Reckitt's 2021 Annual Report to ensure consistency with the assured data.	
<b>Reporting criteria</b>	Reckitt's <a href="#">reporting criteria and definitions</a> .	
<b>Assurance standard</b>	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).	
<b>Assurance level</b>	Limited assurance.	
<b>Respective responsibilities</b>	Reckitt is responsible for preparing the specified information and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary. ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.	

### Our conclusion

Based on our activities, nothing has come to our attention to indicate that the 2021 data and reported progress for the 2021 calendar year, as listed in "Scope of our assurance engagement" above and marked \* in the Report, are not fairly presented, in all material respects, with the reporting criteria.

### Our assurance activities

Our objective was to assess whether the reporting of the data and reported progress for the 2021 calendar year is in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation).

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- Web-based and telephone interviews with relevant staff at Reckitt's corporate offices to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- Review of the internal reporting criteria, definitions and conversion factors used;
- Conducted virtual site visits with the following six operations: Belle Mead (USA), Elandsfontein (South Africa), Granollers (Spain), Shangma (China), St Peters (USA) and Tlalpan (Mexico) where we interviewed relevant staff, reviewed site data reporting methods, checked calculations and data to source and assessed local internal quality and assurance processes;
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation, including further testing of data to source;
- A sample check of the input and output data of the carbon and water footprint metrics;

- Further web-based and telephone year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators;
- Checking the sustainability information presented in Reckitt's 2021 Annual Report to ensure consistency with the assured data; and
- Reviewing the presentation of information in the Report to ensure consistency with our findings.

### The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given both the available methods for determining, calculating or estimating the underlying information and the dependence on partner organisations to provide performance information. It is important to understand our assurance conclusions in this context. We do not provide any assurance on future performance or the achievability of Reckitt's goals and targets. Where performance is expressed as a percentage change from a baseline year prior to 2018, we have placed reliance on previously reported data.



**Gareth Manning**  
**Partner, Corporate Assurance**  
4th April 2022



ERM Certification and Verification Services, London  
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ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS employees that have undertaken this engagement have provided no consultancy related services to Reckitt Benckiser Group plc in any respect.

# FOCUSING ON WHAT MATTERS

Our business and the world around us are changing fast. To reflect this, we've reviewed our sustainability priorities. The results show our ambitions are in sync with our stakeholders' views on where our biggest environmental and social impacts lie.



Understanding and responding to our stakeholders across the world is central to our work and our strategy for growth and sustainability.

Our starting point in addressing sustainability is establishing what matters most to both internal and external stakeholders, from customers, consumers and communities, to investors, suppliers and employees. This guides our strategy, policies and communications and helps us manage our impact and relationships. It's also how we can make sure we're making the biggest difference we can.

## REVIEWING WHAT MATTERS MOST

In 2021, we conducted a new materiality assessment. This was important, for several reasons. Since our last assessment in 2018, both the company and the world have changed. The significant issues of the past three years, including the COVID-19 pandemic and the increasing focus on climate change and its impacts on the planet and people, have changed the context in which we operate.

In parallel, we've made strides in embedding sustainability in our business, exemplified by our 2030 ambitions. We've also transformed the foundations of our strategy for growth. Our purpose to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world, is embedded in our work every day.

And we're guided by our Compass to do the right thing, always. This helps us in our fight to make access to the highest quality hygiene, wellness and nourishment a right, not a privilege. As we framed our new ambitions, we reviewed them in mind of the complex ecosystem we are part of, the emerging policy frameworks and the world's biggest problems which also guide our wider business strategy. Nonetheless, we still felt it was important to further sense check our position against all the changes we see. That's why this materiality study was so timely.

This year, in line with emerging trends and regulation, we included a 'double materiality' aspect to the assessment which considered our impact on issues, as well as their impact on us. More detail about double materiality and how we conducted the materiality assessment is provided later in this insight.

## OUR SIX KEY ISSUES: CLIMATE CHANGE MOVES CENTRE STAGE

The assessment results reaffirm the ambitions and associated targets we set in March 2021 – purpose-led brands, a healthier planet, and a fairer, more inclusive and diverse society – are relevant to all stakeholders and that our priorities match theirs. They tell us we're prioritising the right issues: there's a clear connection between our most material issues, our 2030 ambitions and our business strategy.

## Focusing on what matters continued

### Materiality matrix

Materiality matrix showing the priority of issues in terms of the view of the business and the view of stakeholders:



- |                                      |   |  |
|--------------------------------------|---|--|
| 1. Climate change                    | 8. Labour & human rights                | 15. Biodiversity & ecosystems impacts        |
| 2. Product quality & safety          | 9. Supply chain management              | 16. Talent management & employee development |
| 3. Packaging & waste                 | 10. Employee health, safety & wellbeing | 17. Data privacy & cybersecurity             |
| 4. Advancing global health & hygiene | 11. Water                               | 18. Contributing to local communities        |
| 5. Ethical business conduct          | 12. Diversity, equality & inclusion     | 19. Sales & marketing practices              |
| 6. Sustainable product innovation    | 13. Responsible governance              |  |
| 7. Public health challenges          | 14. Ingredients                         |  |

Stakeholders didn't see any major gaps in our strategy and recognised the significant progress we've made in the past two years.

The top six issues are:

1. Climate change
2. Product quality and safety
3. Packaging and waste
4. Advancing global health and hygiene
5. Ethical business conduct
6. Sustainable product innovation

Environmental issues dominate the results, with climate change overtaking product quality and safety as Reckitt's most significant sustainability issue. Stakeholders felt that the regulatory, physical and reputational risks of climate change would have significant negative financial impacts if we didn't address them properly. Of course, we are actively pursuing our new targets, and making progress along our roadmap (see our [Climate change](#) insight).

Similarly, of the top six issues where we can have the biggest positive or negative impact, two more have an environmental dimension: packaging and waste, and sustainable product innovation. We already address these in our measurable, time-bound targets.

### Climate change

Climate change sees the biggest shift in our materiality assessment, from medium to very high priority. This reflects increasing global awareness among governments, businesses and the public of the urgent need for action, underlined by the COP26 conference, which happened close to the time of the assessment.

Internal and external stakeholders noted the disruption climate can have on business operations, as well as the mounting pressure from regulators, investors and consumers on businesses to manage climate-related issues.

For more on how we're responding, see our [Climate change](#) insight.



## Focusing on what matters continued

### Product quality and safety

Product quality and consumer safety are non-negotiable for us. They're central to keeping our brands effective, credible and reputable, and that, in turn, makes them better able to protect health and hygiene. A good record on safety and quality is a fundamental requirement for a business like ours. Our goal is also that there will be no compromise in the efficacy of our products as we move towards alternative ingredients that are more sustainable, as well as safe.

In our materiality assessment, stakeholders mentioned the risks posed by product recalls and volatile public perception of global consumer goods companies. Negative headlines about issues like unsafe products or unfair labour practices can quickly undermine trust in brands even if they're not directly associated with them. Stakeholders also believed our increasing focus on health means we'll face more intense scrutiny of the sort reserved for pharmaceutical companies. We welcome this attention as a spur to keep raising our standards. Our low rate of recalls (only one in 2021), is one indicator that our work here is paying off.

Our participation in the US Environmental Protection Agency's Safer Choice labelling scheme helps consumers quickly see our products contain safe ingredients, enhancing our transparency about the materials in our products. We make product quality and safety part of core business processes to help us deliver them consistently. For example, 100% of products must have a Product Safety Evaluation Report (PSER) before launch. For more about this, see our [Product safety and quality](#) insight.

### Packaging and waste

More and more, consumers want packaging that's sustainable, by which they mean packaging that uses less plastic and is recyclable. Our people expect us to lead here, too. For us, sustainable packaging is a long-term investment and commitment, as we carry on pushing for progress through innovative packaging, product design and partnerships. More sustainable and recyclable packaging also means we leave a smaller footprint and less waste in the environment we are part of. We are reducing waste in our own operations, and it follows that we also don't want to create waste

when people use our products. See our [Plastics and packaging](#) insight and [Reducing waste](#) insight for more information.

For example, in 2021, our team won the Glass Packaging of the Year prize at the UK Packaging Awards for the newly developed Gaviscon bottle. The pink shrink sleeve has been replaced with a spray coating that significantly improves sustainability by saving plastic – while also not losing that essential 'stand-out' factor on the shelf, which helps maintain brand equity. As Gaviscon is a licensed health product, this was a particularly complex project, requiring our teams in safety, quality, regulatory, supply, procurement and R&D, to work together with our project management and packaging teams.

COVID-19 has continued to pose challenges for our sustainability agenda in this area, with demand for our products staying high. Demand for disinfectants outstripped the supply of PCR (recycled plastic) for bottles. Our footprint in this product area grew, as we used more packaging but couldn't increase the percentage of recycled material as much as we wanted.

Even so, we've been able to use more recycled paper and cardboard. We are also continually looking at ways of reducing the amount of material we use in the first place. When we do generate waste, we are looking at innovative ways of diverting it away from landfill and finding a use for the material. For example, in our Thailand Durex Factory we are sending waste latex to a manufacturer to create flip-flops. We have donated the first batch of these to the local school.

For more on how we deal with waste and plastics, see our [Product Stewardship – Ingredients and transparency](#), [Plastics and packaging](#) and [Reducing waste](#) insights.

### Advancing global health and hygiene

Advancing global health and hygiene is now our fourth most material sustainability issue. This reflects its position at the core of our business and our purpose. It is also a measure of how we've continued to meet high demand for our hygiene products during the pandemic.

It's vital that we have ambitious and clear targets on hygiene, health and nutrition, and that we communicate our action and progress to

show we're true to our purpose. Stakeholders emphasised the need for more peer and NGO collaboration to maximise the impact Reckitt can have on global health issues. They felt that advancing global health and hygiene was one of our biggest potential societal impacts, but also saw it as fundamental to us successfully delivering our mission, and intrinsically linked to our financial performance.

While stakeholders thought our current performance was strong, they stressed that Reckitt needs to do more on hygiene, health and nutrition through product innovation, and through affordable and accessible products.

### Ethical business conduct

The high position of this issue in our assessment reflects not just how much it matters but also how important our Purpose and Compass are in guiding us to do the right thing, always. Since 2020, we've worked to embed them in all our work. Ethical business conduct's ranking also reflects that the issue now stands independently in the assessment instead of being coupled with responsible business governance. Overall, it tells us we must continue to go beyond compliance and embed our purpose across the whole value chain.

We're working hard to continuously strengthen our approach, improve our processes and tools, and support our people to do the right thing, especially when the choices aren't obvious. For example, we developed a new Responsible Marketing Policy and Principles. For more on these, our Ethics and Compliance programme and our Code of Conduct, see our [Ethical behaviour](#) insight.

### Sustainable product innovation

Sustainable product innovation is now a priority topic that stakeholders see as fundamental to our purpose. Included within it are themes like technology and digitisation, product innovation and R&D, environmentally and socially sustainable products, and low-carbon ingredients and materials.

Our ambition is that every innovation we generate is more sustainable than its predecessor. Everything counts here, from major new product launches to small incremental changes to an established brand. We could be improving an existing product range

## Focusing on what matters continued

by reducing plastic packaging; switching to a more sustainable ingredient; or exploring solutions through business acquisitions. Or we could be inventing a completely new product with a lower environmental footprint. Each of these is a step in the right direction.

A great example of a more sustainable new product was our launch in March 2021 of our Harpic Essential Power toilet block in France and Australia. It's a toilet block with 95% natural origin ingredients, based on ECOCERT certification, and more bio-based ingredients (like surfactants and fragrance) than standard Harpic toilet blocks.

A key tool is our Sustainable Innovation Calculator. This helps us compare the sustainability of product innovations with existing benchmarks. We evaluate a product's ingredients, raw materials, packaging and its environmental impact once consumers use it to assess whether new products are more sustainable.

The Calculator is continually evolving as our sustainability knowledge improves. In 2021, we integrated it further into all three global businesses: Hygiene, Health and Nutrition. This helped us deliver almost 30% of our net revenue from more sustainable products, moving us closer to our 2030 target of 50%. This is the like-for-like comparison for our Health and Hygiene businesses with our 2020 performance. For more details on how we are making our products more sustainable, please see our [Sustainable product innovation](#) insight.

### OTHER CHANGES SINCE 2018

In this materiality assessment, social issues have risen up the agenda. Since the last assessment, the world has seen various social justice movements gather pace and the impact of the COVID-19 pandemic. Both have focused attention on how far employers promote a fair and equitable workplace that looks after employees physically and emotionally. It shows in this assessment, with employee health, safety and wellbeing, and diversity, equity and inclusion both becoming more significant.

Supply chain issues have also become more significant. Labour and human rights, and supply chain management both shifted notably to the right of the materiality matrix, indicating their growing importance to both stakeholders and the business. This is down to



increasing expectations of corporates to be transparent about, and accountable for, the social and environmental performance of their suppliers. It also shows how the pandemic has underlined businesses' vulnerability to supply chain volatility. For more on this, see our [Value chain](#) and [Human rights](#) insights.

Among most of our stakeholders, biodiversity isn't yet a business priority. For internal stakeholders, our impacts on biodiversity and ecosystems moved down the list of issues with an impact on Reckitt, compared to 2018. But external stakeholders did see this as the next big emerging issue, with increasing public awareness and nature-based financial disclosures such as the Taskforce on Nature-related Financial Disclosures (TNFD) anticipated in the coming years. We now have an opportunity to mitigate risks, get ahead of peers and articulate our ambitions.

We recognise the growing importance of biodiversity and ecosystems, which is why we're working with Nature Based

Inserting at the University of Oxford to look at nature-based solutions. For more on this, see our [Protecting ecosystems in our value chain](#) insight.

### HOW WE CARRIED OUT OUR MATERIALITY ASSESSMENT

Our 2021 materiality assessment used the 'double materiality' approach recommended by the Global Reporting Initiative and which is embedded in proposals for the new EU Corporate Sustainability Reporting Directive.

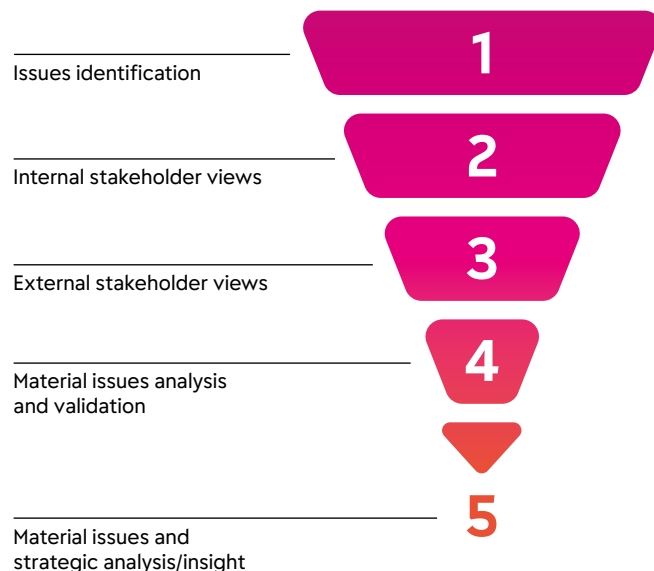
Through this approach, we uncover why issues are important by understanding whether they pose a high financial risk or opportunity to the business, or if the business has a high impact on the issue (hence 'double'). Business risks can be both direct and indirect. For example, recalling a product because of a quality failure will have direct impacts and costs. It might also erode trust to the point where people shift to buying other products. Similarly, if a company loses trust because of perceived sustainability failures, weaknesses or poor performance relative to peers, then that too could translate to a financial impact.

A double materiality process asks two questions:

1. What are the key sustainability issues that have the potential to affect Reckitt's financial position? (Financial materiality.)
2. What are the key impacts of the business on society and the environment? (Impact materiality.)

First, we identified the most important topics for our business. Our assessment identified the 19 most important issues for our stakeholders and our business, which we plotted on a matrix to show their significance. Then, through the interview and survey process, they were prioritised. We're working consistently on all the topics on our matrix, while giving most emphasis to the top six issues. In some cases, we've defined a topic differently, and this has contributed to it being repositioned in the matrix as our stakeholders reviewed them all. We only changed the definition where it made sense to split a broader topic into two, to provide more specific areas of focus. This was the case for public health and advancing global health and hygiene – an important change given the focus on the latter.

### The process



### HOW WE WORK WITH STAKEHOLDERS

We value all our stakeholders' opinions and have regular, ongoing dialogue with many of them. This has continued through the global pandemic, though with fewer face-to-face conversations.

Our role as a health and hygiene company has seen us interact more with key stakeholders in government, national medical agencies and peer companies as we work together to respond to COVID-19. Through our Fight for Access Fund, we helped critical workers and disadvantaged communities protect themselves from the virus. Our programmes involved partnerships with governments and the United Nations, acting as an important part of their wider public health response to the pandemic. In 2021, we worked with more peer companies to help them protect their consumers and their own teams. This included partnerships with Eurowings and Pakistan International Airlines, which helped people continue to travel safely.

### HOW WE LISTEN TO OUR STAKEHOLDERS

We interact constantly with all our stakeholders. In 2021 a particular highlight was the United Nations Climate Change Conference COP26 in Glasgow, where we were one of the principal sponsors and the official Hygiene Partner. We organised and took part in roundtables over the whole fortnight, bringing us into contact with customers, investors, governments, policymakers, NGOs and academics.

Our dialogue with other stakeholders includes:

- **Consumers** – through routine dialogue and gathering brand insights
- **Employees** – through virtual town halls for all employees hosted by our CEO; GLINT employee surveys; engagement with our Board through dialogue forums; and with our CEO through our 'Ask Laks' intranet forum, where anybody from Reckitt can ask questions, which he then answers on the site or in an informal discussion video
- **Investors** – through routine discussions and investor forums, often focusing specifically on sustainability. We demonstrate our work to investors through our involvement with key external indices and platforms like the Dow Jones Sustainability Index, FTSE4Good and the Carbon Disclosure Project (CDP) on climate change, water and forests
- **Customers** – routinely meeting our key customers' leaders and teams helps strengthen our partnerships. It also helps make us as effective and efficient as possible in bringing products to their consumers, as well as accelerating both partners' sustainability goals. We work with many of our customers through partnerships including the Ellen MacArthur Foundation on plastics, AIM-Progress on labour standards and human rights, and the Consumer Goods Forum
- **Governments and policymakers** – we routinely talk about regulations with government agencies and regulatory bodies across the world
- **Communities and NGOs** – through our brand partnerships such as Water.org, and through our work with the Earthworm Foundation, Oxfam Business Advisory Service and our Fair Rubber

commitment, we're supporting the livelihoods of farmers, workers and their families, helping to make the latex sector sustainable for years to come

- **Suppliers** – we constantly talk to our supply network to make sure we work efficiently together. We also discuss longer-term plans with our key suppliers around developing safe, resilient and sustainable supply networks, including for natural raw materials, ingredients and packaging. This helps us work with our suppliers as partners, and understand trends, issues and opportunities. Examples of our work in this area can be found in our [Human rights across our value chain](#) insight and [Protecting ecosystems in our value chain](#) insights
- **Academia** – we're working with Resilience, utilising a platform pioneered by the Centre for Risk Studies within the Judge Business School at Cambridge University, to further assess, understand and mitigate the impacts of climate change in our global value chains. This partnership will strengthen our support for climate change risk reporting mechanisms. We're also working with Nature Based Insetting at the University of Oxford to look at nature-based solutions and build our strategy and targets for sustaining biodiversity and protecting ecosystems

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

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# ETHICAL BEHAVIOUR

Following the highest standards of ethical behaviour and responsibility is fundamental to how we do business. And it's about making sure we have the culture and processes to help our people behave in the right way.

## OUR COMPASS



Our commitment to 'Do the right thing. Always', is central to everything we do, and, along with our values, it makes up our Compass. It guides us in acting responsibly and with integrity, in putting people first, in seeking out new opportunities, in striving for excellence and in building shared success with our stakeholders.

Being responsible is also at the heart of our success and how our stakeholders and consumers see us. We always strive to do better. This means constantly working to strengthen our approach to behaving ethically, improve our processes and tools for staying compliant, and support our people to make good choices. This is the foundation of our Code of Conduct and of our Ethics and Compliance programme.

## OUR ETHICS AND COMPLIANCE PROGRAMME

At Reckitt, we do business in line with the highest ethical standards and in accordance with the laws and regulations of each country where we operate. This includes, among other things, data privacy, competition law, trade sanctions, anti-money laundering and anti-bribery regulations. We work hard to prevent unethical behaviour and respond promptly to any violation of our policies or ethical standards.

Underpinning our credo to 'Do the right thing. Always', are four key objectives:

- We want to embed and sustain an effective Ethics and Compliance programme that helps us mitigate our key risks, in line with our business strategy
- We empower everyone at Reckitt to make informed ethical choices and promote a culture of integrity
- We are continuously seeking to predict, detect and mitigate compliance risks and correct any non-compliant behaviour
- We are continuously protecting Reckitt and our stakeholders from threats caused by potentially unlawful or unethical decisions

To achieve these objectives, we have structured our Ethics and Compliance programme around a robust Framework, which is aligned to Regulators' expectations on the hallmarks of an effective programme. Our Framework comprises of seven key 'Components' i.e. activities we do to manage our Compliance risk exposure in the most effective way. These are:

- **Risk management** – At Reckitt, we regularly conduct risk assessments to identify and evaluate our risks, prioritise our areas of focus and agree on suitable remedial actions
- **Oversight and resources** – We strive to have a strong 'Tone at the Top' by having our Leadership Teams engaged in our Ethics and Compliance programme and keeping them aware of emerging areas of risk exposure. We also make sure we have the resources to implement our Ethics and Compliance programme and sustain it

- **Policies and procedures** – We give our people clear guidance on what to do through the adoption of policies and procedures that help us follow laws and regulations and meet ethical expectations
- **Monitoring** – We adopt robust controls and monitor their effectiveness, in an effort to proactively see issues and instances of non-compliance coming
- **Investigation and resolution** – We are promoting a culture where our people feel they can report wrongdoing and have confidence that any issues they flag to us will be thoroughly investigated through to resolution
- **Training** – We are developing and rolling out training on compliance and our values, policies and expectations
- **Communications** – We are continuously engaging with our people on the importance of 'Doing the right thing. Always', and sharing examples to help them understand the trade-offs between 'getting the job done' and 'acting responsibly at all times'

Our Leaders are responsible for maintaining this programme and our standards. Our Ethics and Compliance team, led by the Chief Ethics and Compliance Officer (CECO), spearheads the programme and supports the business in achieving its objectives. The Ethics and Compliance team helps all our people to play by the rules and meet our high ethical standards.

### 2021 HIGHLIGHTS

During 2021 we put in place additional controls to mitigate our compliance risk exposure in the specific areas of Data privacy, Anti-bribery and corruption and Third parties.

In addition, we implemented systemic enhancements to increase the robustness and maturity of our Ethics and Compliance programme as a whole. These included our processes to monitor compliance risks and the scope of our annual compliance training for all employees. Together they form our key highlights from the enhancement of our Ethics and Compliance programme in 2021.

We also continued to adapt to new ways of working by using technology where necessary in place of our usual face-to-face sessions to complete compliance reviews, monitoring activities, compliance audits and training.

#### Data privacy

In 2020, the Group Privacy Office, led by our Group Data Protection Officer, developed a long-term improvement programme to move our Privacy practices forward and match our residual risk exposure with our risk appetite. In 2021, the Group Privacy Office (GPO) completed important programme workstreams such as:

- **Planning:** the GPO created a baseline for its improvement plan and empowered each market to tailor it as appropriate to reference their own targeted actions and meet local laws and regulations
- **Governance:** the GPO developed a 'Ways of Working' manual outlining our data handling practices and the roles of the GPO, Heads of Privacy, Privacy Counsels and certain other functions in implementing our Privacy programme. We supplemented the Manual with job descriptions for specific stakeholders
- **Training:** We delivered data privacy training to all employees and gave 10,439 employees in high-risk jurisdictions and high-risk functions like IT, marketing, HR and e-commerce extra training

Our [Privacy Policy](#) is available online. We did not receive any customer privacy complaints from Regulatory Bodies in 2021, however we decided voluntarily to report three data breaches to the Regulatory Authorities.



#### Anti-bribery and corruption

To reinforce our commitment to preventing any form of bribery and corruption, this year we asked the NGO Transparency International to assess our Anti-Bribery and Anti-Corruption Programme against industry peers. The assessment found we compared favourably, with positive scores in key areas including senior leaders' commitment, monitoring risks, managing high-risk areas and providing training on how to counter bribery and corruption risks.

In 2021, we also:

- Updated our Anti-Bribery Policy, Conflicts of Interest Policy and supporting standard operating procedures
- Strengthened the controls in place to manage Third Party risks (more details in the section below)
- Created new processes and channels for third parties and job applicants to report conflicts of interest
- Handled 3,584 conflicts of interest disclosures
- Handled 457 gifts and entertainment disclosures



### Working with third parties

Acting responsibly isn't just about our employees following our standards. It's about everyone in our global value chain doing that too, including service providers, suppliers, agents and distributors. Our Third Party Code of Conduct explains to our business partners what we expect from them when they work with us. This helps to strengthen our business relationships and build trust.

In 2021, we also strengthened our Third Party Risk Management practices and our ability to assess third parties before entering into business relationships with them. Specifically, we launched an enhanced due diligence process with some of our highest risk operating sites. The new process allows us to tailor the depth and thoroughness of our Third Party due diligence assessments to each third party and engagement risk profile, so we can focus our attention where it matters most (with the third parties posing the highest inherent risk undergoing the most thorough investigation). This year, we've assessed 13,612 third parties through our due diligence process.

In 2021 we also:

- Developed guidelines on typical due diligence red flags and ways to resolve them
- Strengthened our Third Party risk management toolkit with training to make sure business partners understand what we expect from them with the help of dos and don'ts, plus materials for third parties to leverage in order to strengthen their Compliance maturity
- Implemented an assurance mechanism to monitor changes in third parties' risk profile throughout the lifecycle of their relationship with us

### Monitoring risk

Assessing risks helps us keep business leaders informed about any challenges they might face and ultimately helps us keep those risks under control.

In 2021, we conducted Compliance risk assessments in numerous countries and across all our global business units.



In addition, with external experts, we reviewed our global Ethics and Compliance programme and tested some of our compliance processes. The review confirmed we have made substantial improvements in our processes and highlighted areas of strength when benchmarked with industry peers. Notable strengths included the use of our risk assessment process, new approach to third-party due diligence, and culture of integrity, including our tone from the top. There are also areas where we can improve our approach further by enhancing how we describe our Compliance control framework, and reviewing our policies and procedures on a more regular basis.

### Training

Every year, all employees and long-term contractors have to take our Compliance Passport training to better understand our Code of Conduct and important corporate policies.

In 2021, we:

- **Continued to roll out our Honest Reflections on Ethics training** to help employees understand and navigate the challenges they may face when making ethical business decisions and 'Doing the Right Thing. Always'. Our Ethics and Compliance teams have taken our Honest Reflections on Ethics campaign to thousands of employees worldwide, particularly those in high-risk countries and in functions with significant decision-making influence, such as general management and commercial roles
- **Expanded the scope of our annual mandatory compliance training** to cover Human Rights. Reckitt's mandatory training curriculum now ranges from the Code of Conduct, Product Safety and Human Rights, to Privacy and Cyber Security, Anti-Bribery and Corruption and Competition Law. In 2021, all of our online employee base was assigned the mandatory compliance training and extensive efforts were undertaken, by senior leaders and line managers alike, to continuously drive an uptake in training completion rates
- **Developed and delivered in-depth role-specific training to high-risk functions and jurisdictions** on topics including data privacy, competition law and corporate security

### Embedding a culture of compliance

We launched our Compass and Code of Conduct in 2020, helping every employee understand the behaviour we expect and the principles and values we uphold. We aim to continue to build a culture of compliance, where everyone feels able to do the right thing and prioritise legal and ethical choices when they face a trade-off between short-term commercial outcomes and the long-term sustainability of our actions. In 2021 we surveyed our people to assess our progress on this. The 19,498 responses, equivalent to a 49% response rate, covered areas including business integrity, health, safety, security and human rights.

Employees' feedback informed us that the vast majority feel empowered to act with integrity and do the right thing. Using the feedback provided, we created a plan to continuously bolster our culture of compliance. It includes enhancing induction materials to boost the awareness of ethical behaviour among new joiners as well as people transferring to new countries; communicating more clearly about how we resolve issues internally; and creating incentives to promote and recognise ethical behaviour.

### Monitoring compliance

We've built up our ability to monitor compliance, using data analytics to gather insights on how we measure up against our own policies and procedures. When we find evidence that our practices deviate from policy requirements, the Ethics and Compliance team investigates the potential anomalies and develops plans to mitigate any issues. We're also using data analytics to assess how our exposure to compliance risks changes each year.

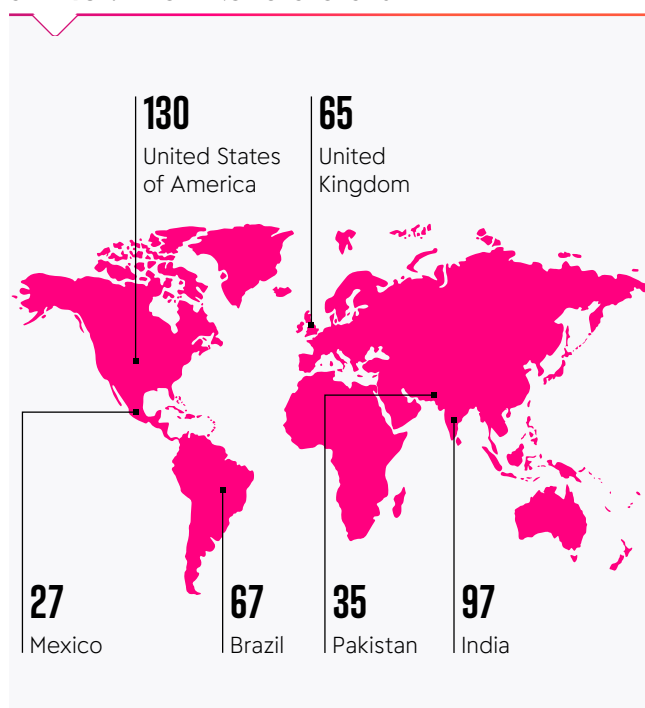
### Speak Up! service

In 2021 we continued to raise awareness of our confidential Speak Up! service, which encourages employees and third parties to ask questions and raise concerns about potential violations of regulations or internal policies, or about any misconduct they see at Reckitt.

These awareness-raising efforts and the availability of the Speak Up! hotline externally led to an increase in Speak Up! cases. In 2021, we received 606 Speak Up! reports which is a 38% increase in the total volume of cases compared to 2020. This increase was combined with an anonymous reporting rate of 40% in 2021, the lowest for 3 years.

We investigate issues promptly and independently. We investigated and closed most of the cases received during 2021, with some still under investigation, classing 49% as substantiated or partially substantiated. Investigations can lead to both changes in working practice and disciplinary action where appropriate to address matters. Out of the 606 Speak Up! cases reported in 2021, 40 resulted in separation of the implicated employees.

### SPEAK UP! REPORTING HOTSPOTS 2021



Speak Up! Reports by Location hotspot

### REFRESHING OUR APPROACH TO RESPONSIBLE MARKETING

Building and sustaining a successful business depends on trust from consumers. We use our brands to demonstrate our values and purpose as well as communicate the benefits of our products.

We want to guide our employees, stakeholders and partners on responsible marketing. Central to this is our commitment to comply with local, national or international marketing standards, laws and regulations, and be guided by industry self-regulation best practices.

We also want to represent the diversity of our consumers through our marketing, advertising and promotional activity and avoid stereotypical portrayals.

When we created our Ethical Marketing Principles in 2015, we hadn't embedded our brand purpose or sustainability into the business to the extent we have today. Nor had we fully foreseen the growing importance of digital media in helping our marketers to communicate with consumers. Brands now have much more consumer information, as well as the responsibility to source and use it responsibly to keep consumers' trust.

Driven by these changes, we launched our new 'Responsible Marketing Principles' and a 'Responsible Marketing Policy' in early 2022. They cover all brands, audiences and activities, from sponsorships, promotions, packaging and in store work to TV, radio, cinema, print, educational material, AI, websites, blogs, influencer marketing and social media.

To support the roll-out of the new principles and policy, we're investing in a training module to help our people understand what is required of them. The training will be mandatory for all our marketers and legal specialists and available to other employees.

We'll measure compliance with the policy through established key performance indicators. We'll also continue to process and monitor consumer, customer and employee feedback on our marketing, for example through our consumer care lines and our Speak Up! hotline.

### LOOKING AHEAD TO 2022 AND BEYOND

As we work to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world, we know social, economic and environmental challenges will tighten regulation for all businesses. Respecting data privacy and competition laws, for example, will become even more important. Consumers will value ethical and inclusive companies with strong and reliable principles and processes.

Despite the challenges, we're confident in our Ethics and Compliance programme and will carry on strengthening it, supported by strong leadership and our growing data analytics capability to help us spot emerging issues.

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

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## WORKING ACROSS TEAMS TO UNIFY COMPLIANCE AND HUMAN RIGHTS IN MANAGING RISK



There are strong linkages and some overlaps between anti-corruption due diligence to tackle bribery along the supply chain and efforts to uphold human rights in those same supply chains.

In 2021, as part of work on our third-party risk management process, our Compliance team worked with our Human Rights team to streamline and unify compliance and human rights and sustainability into the Third-Party Risk Management Process.

This collaboration worked by bringing our due diligence processes together. This means we now avoid using multiple systems for different types of compliance checks.

We've designed our preliminary risk assessment process to rate third parties on the basis of their inherent risk exposure to compliance, human rights, or environmental, social and governance issues (HR/ESG). We then use the outcome of this risk rating to guide our assessments on medium and high-risk third parties, including deep-dive compliance investigations and human rights audits.

The collaboration has brought numerous benefits. The new process saves time and helps our business partners complete a single assessment that captures their compliance and human rights risk profiles. We can also put in place combined risk mitigation measures where needed rather than activating separately. For example delivering compliance and human rights training to a third party.

# SELF-CARE

Self-care is becoming an essential part of public health systems – a trend accelerated by the COVID-19 pandemic. Through our brands and partnerships, we're helping to make sure people have access to the information and products they need to protect their health and wellbeing.

Hygiene, health and nutrition are the core of our business. They also lie at the heart of global ambitions for wellness, enshrined in the UN's Sustainable Development Goals.

Yet global megatrends can create barriers to these ambitions by undermining health. Urbanisation increases population density, helping illnesses to spread and increasing the risk to sexual health. An ageing population means more people suffer from chronic conditions. Climate change is increasingly and adversely affecting people's health, directly through higher temperatures and indirectly, for example through increases in water scarcity threatening a resource that's vital for sustaining health. At the same time, higher temperatures can create conditions for bacterial and viral disease to flourish.

## HIGHLIGHTING THE GROWING ROLE OF SELF-CARE

All these circumstances increase the strain on healthcare systems. And, as the burden on them grows, the role of self-care becomes ever more important to safeguarding wellness.

Self-care is defined as 'the ability of individuals, families and communities to promote health, prevent disease, maintain health, and cope with illness and disability with or without the support of a health worker' (World Health Organization, WHO).

The better people and communities can protect, heal and nourish themselves by having access to the right products, and the best information, the better they can support their own health and wellbeing, as well as relieving pressure on healthcare systems.

Governments and businesses like ours have an essential role in this by creating access to products that bolster hygiene, health and nutrition, while also helping people understand the valuable part that these products can play.



## PUTTING SELF-CARE AT THE HEART OF WHO WE ARE AND WHAT WE DO

Promoting the importance of self-care and giving people the tools to practise it goes to the heart of our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. Through our brands and products, we can help make good hygiene, health and nutrition possible from preventing disease to promoting and maintaining health. For instance, we help people to protect their households and wider community from viruses through our disinfectant products, Dettol and Lysol. We promote sexual wellbeing through Durex, and we supplement children's nutrition through Enfamil.

Through our fight to make access to the highest quality hygiene, wellness and nourishment a right, not a privilege, we strive to make these and other brands more available. Our ambition for 2030 is to reach half the world with brands that enable people to lead cleaner, healthier lives.





Driving this ambition is our aim to ensure that we play our part in preventing disease through a foundation of hygiene and our brands such as Dettol and Harpic, or directly with products such as Durex condoms. At the same time, we're promoting and maintaining health by providing product solutions, services, trustworthy information and health literacy that enable the responsible self-treatment of minor ailments. In 2021, the Association of the European Self-Care Industry (AESGP) reported that anywhere up to a quarter of doctors' consultations for minor ailments could be substituted by self-care solutions, depending on the country. Accurate information is a key element of this and our partnerships with NGOs, governments and healthcare organisations open up information to boost health literacy and help people make informed choices to protect their health and wellbeing.

Our ambition contributes to the goals of public healthcare – both in prevention and treatment. By enabling better hygiene and sanitation, we reduce the risk of waterborne and diarrhoeal disease which is a major cause of illness and death in many countries. By protecting against certain insects, we reduce the risk of transmitting diseases like malaria and dengue fever. By helping to nourish infants, we help to curb infant mortality. And by improving people's understanding of sexual health, we lower the risk of sexually transmitted diseases. COVID-19 has underlined how it's possible to engage people with self-care messages and encourage them to adopt habits that can keep them healthy.

We work with public health providers and communities to make this possible by promoting all aspects of self-care.

For example, with Dettol alone, we've:

- **Reached 20 million children across India to promote hygienic habits.** Our Dettol School Hygiene Education Programme teaches children about self-care, health and hygiene. The goal is to establish healthy hygiene habits from an early age, so children keep themselves safe and healthy, and share these lessons at home, too. The programme has reduced cases of diarrhoea among children by 14.2% since 2014 and reduced school absenteeism by 39%
- **Cut the risk of diarrhoea among new mothers in South Africa.** In 2021, Dettol worked with the Ministry of Health to provide hygiene products and education for new mothers, who, by regularly washing their hands with soap, can reduce the risk of diarrhoea to their babies by up to 47%. By funding healthcare workers, we reached hundreds of thousands of mothers, with the ministry reporting a substantial increase in handwashing
- **Promoted hygiene in thousands of schools in China.** Dettol has partnered with the National Health Commission on a five-year programme providing education about good hygiene through posters, booklets and demonstrations, by investing in schools in underdeveloped areas. So far, 5,500 schools have taken part, and we'll evaluate the programme's impact in 2022



### USING OUR GLOBAL REACH TO BOOST HEALTH AND WELLBEING

Our global reach makes us well placed to enable people to access self-care products and information. Much of this activity happens through our value chain and partnerships with retailers, healthcare professionals and NGOs.

#### Enabling self-care through our value chain

Through our value chain, where we source our ingredients and manufacture our products, we can reach into the communities where we work. We do this through our brand programmes and environmental and human rights work to promote health and wellbeing and support livelihoods.

For instance, in Thailand, where we source raw materials for Durex, we're investing in the health of workers in rural communities, where access to sexual education and services can be limited. We're working with the Planned Parenthood Association of Thailand (PPAT) to deliver guidance on family planning, diseases and preventative measures. Workers also get access to sexual health services through mobile centres and drop-in clinics offering basic tests, treatments and preventative products, and referrals to local hospitals.

#### Promoting self-care

Working alongside healthcare organisations, we can support their activities in reaching both consumers and healthcare professionals with positive messages around self-care.

In 2021, for example, we sponsored webinars on Shaping the Future of Self-care through Pharmacy, hosted by the International Pharmaceutical Federation (FIP). The series highlighted to pharmacists the value of self-care, and how they can support it, as well as the role of health literacy, digital technology and self-medication.

In Mexico, we reached more than 100,000 people and 10,000 healthcare professionals with public webinars on Facebook and YouTube on topics including hygiene, sexual health, antimicrobial resistance, the importance of over-the-counter medicines in the health system, mental health, nutrition and digital health. A range of institutions, legislators, healthcare professionals and trade associations, as well as members of the public, were involved in follow-up dialogue on social media, and there was coverage in several newspapers and websites.

### DEVELOPING NEW THINKING

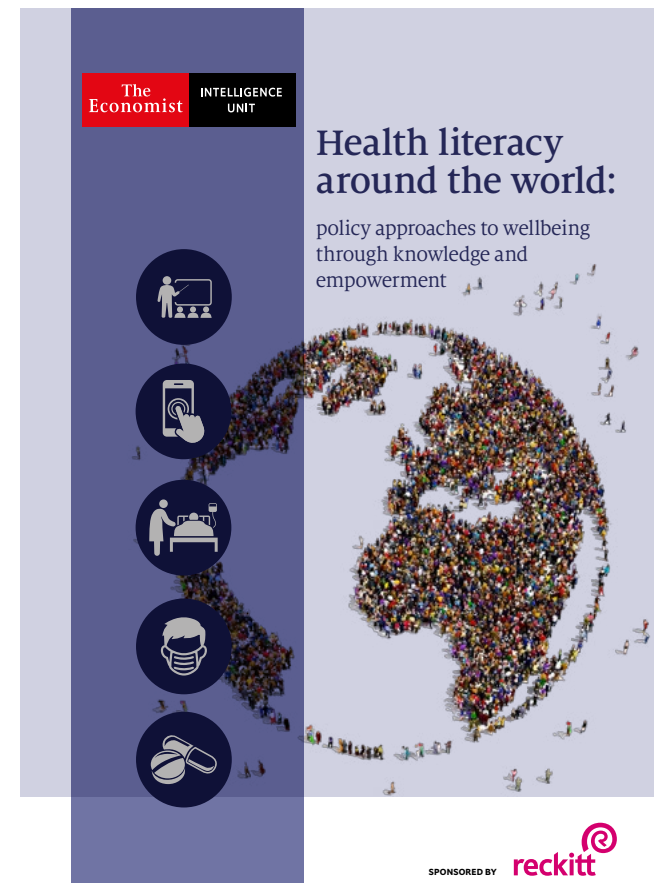
We work with governments, NGOs and academia to develop and promote new thinking and ideas on topics like sanitation and sexual health.

At the UN Climate Change Conference COP26 in 2021, we launched our research paper showing the link between the health of the planet and the health of its people. By focusing on evidence of climate change's impact on health and hygiene, we used our role as a Principal Partner to draw attention to the need for a stronger connection between public health strategy and climate impacts.

In July 2021, through our membership of the Malaysian Pharmaceutical Association (PhAMA), we launched a white paper on how self-care can be a cornerstone of healthcare in Malaysia. The paper outlined the challenges of the next two decades, including an ageing population and a rise in non-communicable diseases, and possible ways to tackle them. Strategies such as personal wellness and hygiene, as well as wider access to, and responsible use of, self-medication were among the paper's solutions, which would help to empower patients at the same time as reducing the burden on healthcare systems. At the paper's launch there was support from the government for the value of promoting self-care, as well as initiatives like direct engagement with communities and patient groups, and platforms for healthcare providers to promote and enable self-care.

We also engage in advocacy and develop thought leadership, persuading policy makers and opinion formers to enable self-care as part of public health frameworks. Since 2016, we have published a series of papers through the Economist Intelligence Unit aimed at policy makers, governments and regulators. We and our partners use them to generate evidence-based conversations on how to drive forward key aspects of self-care. The 2021 paper 'Health Literacy around the World' was launched in July on International Self-Care day. It examines the current state of play on health literacy around the world and showcases examples of best practice.

In Italy, we've advocated successfully for the government to endorse the importance of sexual health literacy, paving the way



for a national sexual health education programme. Our data showed that half of young people in Italy start having sex between 11 and 13, while more than 50% don't use condoms and have never spoken to their families about sex education, preferring to look online for information. In 2021, members of parliament used these figures in a proposal to mandate sex education in schools.

### MAKING REGULATION WORK BETTER FOR CONSUMERS

We work with governments to make sure regulations in each market inspire confidence in the safety and efficacy of healthcare products while also making them as easy to access as possible. This can include working with authorities to simplify regulation so that products can come to market sooner while still being stringently tested, or switch from being prescription-only to being available over the counter (OTC). The goal in all cases is to see that regulation works as well as possible for people, both by protecting them and helping them to get the right medicines to support self-care.

Highlights in 2021 included:

- **Making over the counter medicines available faster.**

In Brazil, working with an industry trade association, we've streamlined registration for products in well-established categories, so medicines with a full dossier of clinical data are now registered under a notification process instead of waiting up to three years for approval. In the Philippines, we collaborated with relevant industry associations and the national Food and Drug Administration on a new e-commerce regulation for pharmacies which will come into effect in 2022. This will widen access to medicines to reduce the impact of minor illness on healthcare systems

- **Making it easier to buy the right products in the US.**

Here, we're working to change product naming guidelines for OTC medicines to make labels as easy as possible for people to understand, so they choose the right medicines. This is particularly important in the US, where people are more likely to buy medicines without advice from healthcare professionals. Currently, draft guidelines for naming OTC products are modelled on those for prescription medicines, even though consumers obtain them in completely different ways. We're working through the Consumer Healthcare Products Association (CHPA) to encourage the Food and Drug Administration (FDA) to overhaul the guidelines

## FUNDING STUDIES ON GLOBAL HYGIENE CHALLENGES

In July 2020, we started the Reckitt Global Hygiene Institute (RGHI), a not-for-profit organisation in the US with a vision for a world where sustainable hygiene practices are universally adopted to improve global health, pandemic resilience and community wellbeing. RGHI's post-doctoral fellowship programme produces scientific papers encouraging scientists to drive improvements in global hygiene.

RGHI also funds educational and charitable institutions for original scientific research at some of the world's leading universities. In 2021, RGHI launched its first call for fellowship

applications and received an enormous response, with enquiries from 15 countries spanning almost every continent. It's now made four grants for research focusing on some of the world's biggest hygiene challenges.

For example, the London School of Hygiene & Tropical Medicine has received funding to assess treatments that prevent trachoma, the most common infectious cause of blindness. The study will look at the impact of different face cleansing protocols for two- to five-year-old children in Ethiopia, with the potential to drastically change the lives of those at risk of blindness.

CASE STUDY

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

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# PURPOSE-LED BRANDS

Our brands are making a difference in protecting, healing and nurturing people across the world. Each is directing its focus to where it can make an impact in accelerating progress towards the United Nations Sustainable Development Goals (SDGs), based on what it does best. Durex, for example is focused on SDG 3, Finish on SDG 6 and Air Wick on SDG 15.

Our brands' purpose influences everything we do – how we innovate, how we partner to create scale, and how we communicate. Through the 20 million products we sell every day, Reckitt continues to improve people's lives through better hygiene, health and nutrition.

## INSIGHTS UNDER THIS THEME

Our sustainability insights show how our brands and products reflect their purpose. Find out more about how we make our products safe and sustainable through these topics:

### Product safety and quality

We want our consumers to choose our products because they're effective and safe. For that to happen, we must set consistently high standards of quality and safety across the product lifecycle, and report transparently.

### Product stewardship – ingredients and transparency

To earn our consumers' trust, we have to be clear about what goes into our products, and how sustainable they are.



### Sustainable product innovation

For us, successful new ideas must have sustainability at their heart. We encourage a sustainable innovation culture where our teams make improvements, both big and small, at every opportunity.

### Plastics and packaging

Managing plastics and packaging is one of the most tangible sustainability actions we can take. We're working towards making our packaging more recyclable, or reusable, and increasing recycled content.

Further details of our aims and ambitions, and our progress towards them, are given within the individual insight for that issue.

## OUR AMBITIONS UNDER THIS THEME

# 50%

of revenue from more sustainable products by 2030

# 50%

reduction in our product carbon footprint by 2030, and in our product water footprint by 2040

# 65%

reduction in our chemical footprint by 2030

# 50%

reduction in virgin plastic in packaging by 2030

# PRODUCT SAFETY AND QUALITY

Consumers trust us to do all we can to keep them safe and protect the environment. To maintain that trust, we must continually reassure all our stakeholders by demonstrating that we maintain the highest standards of safety, while keeping up the quality and effectiveness of our products. To do that, we've transformed and strengthened our approach to product safety and quality to make sure our standards are consistently high.

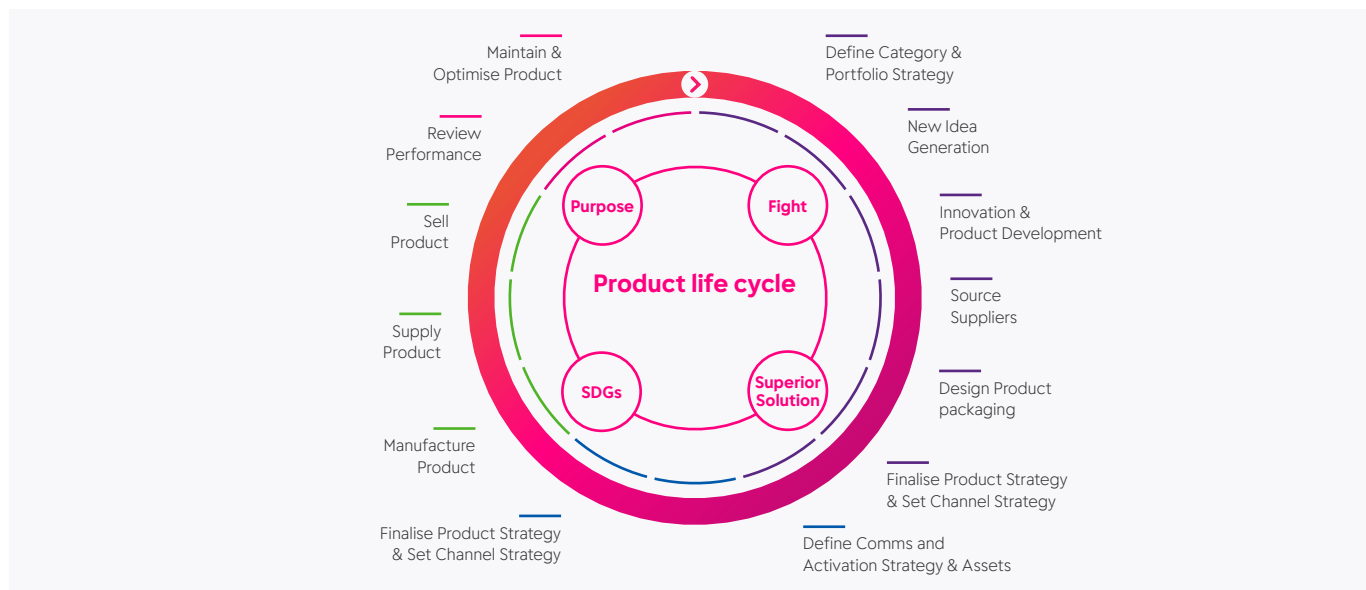
We focus on safety and quality by covering every stage of a product's life, from design to disposal, and by pre-empting and responding to any risk we see. Our approach to design considers both our consumers and the planet. And we keep a close eye on what consumers say to pinpoint potential risks and manage them, so that we continuously improve our products.

We produce hundreds of products, from dishwasher tablets and hand sanitiser to throat lozenges and condoms. Each comes with its own challenges and possible risks, which we need to manage to be able to keep consumers safe and keep product quality consistent. This means continuously re-evaluating risks and benefits based on research from our own R&D labs as well as outside sources. We follow our policies and procedures in every market, in every factory and with every supplier. This means we stick not just to regulations but also the very high standards we set for ourselves.

Our approach to safety and quality comes in six stages:

1. Concept and product design – identifying new product innovations and ways to better meet the needs of consumers
2. Marketing and communications – engaging with customers and consumers to help them use our products and to get their feedback
3. Manufacturing and distribution – producing our products and getting them into people's homes
4. Consumer feedback and recall – listening to what consumers say and, if we need to, getting products returned to us
5. Obsolescence and disposal – disposing of products that are no longer the best they can be, either because of age or because we've developed a better alternative
6. Review and improvement – continuously considering product quality and safety, across each of the stages of a product's life cycle and developing our approach to continuously lift standards

## Our product life cycle



### OUR SAFETY AND QUALITY POLICIES

We have two key policies: Our Product Safety Policy and our Commitment to Quality Statement, which is part of our Reckitt Quality Manual. Supporting policies focus on more specific standards, for example for managing our products, ingredients and ways of working. Our Quality Manual covers the whole product life cycle. Our policies and procedures are available digitally, which helps us track activities like training our people and monitoring product safety and quality through the supply chain. In turn, this helps us to be agile and comprehensive in how we assess and manage risk.

Our products go through rigorous safety and quality gateways throughout design and manufacturing. This makes sure they consistently meet our safety and quality standards. We also spend a lot of time making information and labelling simple and accessible in every language and culture.

We set out to create and improve products based on what our consumers tell us. This is how we make sure products work well but also remain safe. Even so, a trend in complaints can originate from how consumers use or store products rather than any quality issue.

An example of this feedback and improvement mechanism was when consumers complained about Finish Ultimate All-in-One tablets sticking together after opening the pouch. In pulling the tablets apart, there was a risk that the contents could spill onto skin, eyes or surfaces. When we investigated, we found that consumers were storing tablets in damp conditions or picking them up with wet hands. To cut the chances of this happening, we included comprehensive guidance on how to store and handle the products – including not separating any that were stuck together – on all Finish tablet packs. We also included internationally recognised AISE (the International Association for Soaps, Detergents and Maintenance Products) icons for storage and handling.

### OUR PERFORMANCE IN 2021

We've kept high standards of safety and quality throughout our network of sites and suppliers through the past two years. This was despite the challenge of maintaining supply during the COVID-19 pandemic and increasing manufacturing volume to meet higher demand for some hygiene and health products. This demonstrates the effectiveness of our systems and controls.

We opened extra factory lines, repurposed others and qualified new suppliers. This meant carrying out our strict risk assessment, auditing and validation processes in an agile but still comprehensive way. We had to make changes at speed and without mistakes, often still working remotely during 2021. Our teams added the extra capacity safely, without losing quality. A measure of this is that we had only one consumer recall in 2021.

Other highlights included:

**Protecting COP26 delegates from COVID-19.** Our safety scientists and physicians continued to play vital roles in responding to medical challenges during the pandemic. They also helped us support the United Nations Climate Change Conference COP26 in Glasgow as the event's Hygiene Partner. Their advice reduced the risk of COVID-19 among the tens of thousands of visitors. Targeted cleaning around the conference venue and highly visible measures for attendees, including hand sanitising and wearing face masks, meant a lower incidence of COVID-19 at the conference than in Glasgow and the UK overall.

**Investing in technology.** We've continued to build resilience and excellence in product safety and quality, investing around £100 million over the past five years. In 2021 we implemented our new electronic quality management system, QualityOne, launching functions for Change Management, Deviation and Corrective Action Planning.

**Building a culture of quality.** We again passed 100% of our external quality audits and continued our Culture of Quality Programme. We also ran a programme to strengthen root cause problem solving. This uses a toolkit, specifically designed for our business, which helps us look beyond the obvious cause of incidents to find the underlying reason for them (see case study below). Our Culture of Quality Champions encourage individual sites to use the toolkit to prevent recurring issues and keep quality consistently high.

**Making quality control more efficient.** Four of our quality control labs have started using new AI-based technology to schedule resources, from scientists to equipment, making testing more efficient.

**Making it easier for consumers to get in touch.** Across all three of our business units, consumers can get in touch with us in the way that suits them best, from text, chat and social media to email and even post. This makes it easier for us to gather their feedback, and with it the insights that help improve our products.

**Investing in safety assurance.** Our Global Safety Assurance function continued to grow. We plan more investments in 2022 as we develop new consumer innovations. We've invested in a new platform to aggregate and analyse product safety data more quickly, and with our nutrition business unit we have developed new safety standards to further protect against contaminants and bacteria.





CASE STUDY

## FINDING THE ROOT CAUSE

In 2021 we focused on building excellence in root cause problem solving. If a problem occurs, then how we respond to it and prevent it happening again is essential.

We formed a multidisciplinary team with participants from different functions and countries to interrogate how we 'Root Cause Problem Solve' and implement actions that prevent failures from reoccurring.

The team developed a methodology utilising proven industry techniques and created a digital tool for the

seamless application and documentation of investigations. It's accompanied by new interactive training content and guidance, centred around examples and exercises to help engage those being trained and facilitate use of the methodology.

We rolled out the training and the digital tool globally across all functions including manufacturing, safety, supply services, R&D and regulatory among others. There has since been an observable increase in the quality of root cause investigations and positive outcomes as a result.

## A HIGHER-PROFILE, MORE SENIOR TEAM

Over the past five years, we've transformed our organisational structure, giving the Safety, Quality, Regulatory and Compliance functions a more prominent and strategic position. The Safety and Regulatory functions are key members of our R&D leadership team. And our Quality function is a critical element in our Supply Chain leadership. This reflects the capabilities needed in the product innovation pipeline and R&D, and the attention to quality needed throughout the product life cycle. We have reporting lines for Safety and Quality to our Global Executive Committee and Board sub-committee. This gives strong accountability, governance and oversight, supported by an independent internal audit programme.

The global teams are led by two senior leaders, the Chief Safety Officer and Senior Vice President (SVP) Global Head of Quality. Each of our global business units (GBUs) also has three officers on their leadership teams, one each for Safety, Quality and Regulatory. Collectively, these have strengthened and continually reinforce our capabilities in these key functions, embedding them in each business unit at a high level.

## REVIEWING ALL OUR PRE-2018 PRODUCTS

To make sure we apply these strengthened approaches to all of our portfolio, not just those we develop now, we have completed a £12 million global investigation across all products first marketed before 2018. The Product Integrity Review (PIR) project, assessed and audited 23,000 stock-keeping units (SKUs) across 127 markets, split between our Health and Hygiene businesses. This gave us confidence that we were keeping our consumers safe and that we weren't at risk of safety breaches from products already in circulation. The other outcome was a deep understanding of our product portfolio and its particular quality and safety risks. This strengthens the foundations for the robust policies and procedures which support safety and quality in products launched from 2018 onwards.

### EMBEDDING A CULTURE OF SAFETY AND QUALITY

We can only keep quality high with a culture where everyone sees quality as part of their job.

Promoting this culture is part of our product safety and quality programme. Since 2018, we've run campaigns highlighting the impact that each person has on safety and quality, regardless of their role. In 2019, we celebrated our first World Quality Day. Through 2020 and 2021 we continued these campaigns and established a network of Culture of Quality champions to 'own' them. In November 2021, all of these activities were supported and reinforced by the launch of our Commitment to Quality by our CEO Laxman Narasimhan. This was accompanied by a very personal conversation on the importance of quality across the business. Our new Reckitt Quality Manual followed in December 2021.

We've also put product safety front and centre in our business practices by including a module in the mandatory training programmes for all our people. The training, part of an annual cycle which is assessed to ensure people take part, covers topics such as safety science and practices across the product life cycle; safety checks and product gateways; and the Product Safety Evaluation Report (PSER). The PSER is the most important safety document and must be in place before we can launch a product. By understanding its importance, each person can become another gatekeeper for product safety. The training also reminds every employee to report any bad product experience, whether their own or someone else's. This helps us stay alert to potential quality issues and misuse of products and take the right action to reduce risks.

### INVESTING IN NEW INFRASTRUCTURE AND SYSTEMS

Technology is an important part of transforming our approach to safety and quality.

Laboratories are a critical part of our supply chain and quality control. Three years ago, we started a Global Laboratory Excellence programme to develop faster and more reliable testing methods and make more use of digital technology. In 2021, we built on an earlier pilot of SmartQC, a technology using artificial intelligence



to schedule the resources of quality control labs, extending it to more labs. This makes the processes behind testing products smoother, cuts administration time and shortens test turnaround times at a time when supply chains are under pressure to manufacture to tight schedules. This testing during and after production helps us deliver the standards of product we expect, first time and every time. It also helps prevent waste, use less energy and reduce cost, as well as making testing more resilient.

Technology is also part of unifying consumer relations across all three of our business units, which makes us better placed to probe consumer data more deeply for trends, and act more quickly on what we find. Technology across our new consumer relations platform gives us a single data source. This helps us improve existing products and develop new ones that will meet consumers' changing needs. The US and Canada were the first markets to launch the new platform at the beginning of 2020, followed by India in April 2021, and Latin America and other regions later in the year.

### PUTTING QUALITY CENTRE-STAGE

Our Culture of Quality is an important part of what we stand for. It's part of our purpose, which is centred on protecting, healing and nurturing, and our Compass, with its commitment to 'Do the right thing. Always'. A commitment to quality is also part of behaving in an ethical, responsible way. And it's integral to our business success, as quality products make for loyal consumers.

Bringing our Culture of Quality to life is important to us, globally and locally. Our sites are spread across all regions, with a remarkable mix of cultures. Even so, through our Culture of Quality champions, we've found ways to highlight quality which work for each site, from offices and labs to factories and distribution warehouses.

In 2021, our global theme was 'I am committed to Quality', which emphasised that quality is everyone's responsibility, regardless of whether they have the word 'Quality' in their job title. Each site puts together its own engagement activities to suit the context. This year we had to be even more creative in putting together activities that would generate a feeling of community among our people as we navigated hybrid working.

Some sites held Quality months, weeks and days and the videos and photos from them created great training material as well as recognising excellence in quality performance. Critically, through a sense of fun, they also generated real engagement around the serious issue of quality.

## CELEBRATING WORLD QUALITY WEEK

Reckitt has been on a conscious journey of discovery in terms of its Culture of Quality. So World Quality Week 2021 provided the ideal opportunity to express that journey and celebrate the excellence it delivers within our organisation.

All the World Quality Week activities on our sites were led by non-quality functions, and invited everyone to focus on putting quality first, while celebrating the difference it makes. The activities ranged from the North Asian Commercial team's fully digital event, through to Bahrain's games and learning, and on-site celebrations at our Mauripur manufacturing facility.

Some took the time to train in fun and innovative ways using the power of digital gaming apps. Others centred around 'bringing the consumer in' to build a deeper understanding of what quality means to our consumers, while elsewhere participants were invited to make their own personal commitment to quality.

### CASE STUDY



### LOOKING AHEAD TO 2022 AND BEYOND

We continue to reinforce our product safety and quality activities to make sure we're resilient and innovative, as well as trusted by all our stakeholders. We'll stay focused on:

#### **Building up our capabilities and culture around quality.**

Our Quality function acts as a coach, inspiring and training the rest of the business to keep us compliant and make sure we always meet consumers' needs.

**Using technology to make our processes and technology more efficient.** This will help us better predict and anticipate issues and respond more quickly to trends.

**Simplifying processes** as we embed our new digital quality management system, particularly in managing suppliers, audits and documents. This will bring previously unconnected processes into one platform and boost efficiency in a complex supply chain that faces constant pressures.

**Increasing our consumer advocacy capabilities.** Our consumer relations tools and organisation connect with consumers all over

the world, supporting their needs, responding to their concerns and addressing their queries. This brings the voice of our consumers firmly into our quality function, giving us insights that we act on and use to develop our brands.

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

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# PRODUCT STEWARDSHIP – INGREDIENTS AND TRANSPARENCY



Being transparent about what goes into our products is essential to earning trust. It helps instil confidence in our products and brands, which is the basis of our success. That's why we work tirelessly to show our products and their ingredients are safe and sustainable. And that is the essence of product stewardship.

We ensure our ingredients are safe for people and the environment, from when we source, transport and use them for production, to when consumers use and dispose of the products. And we help consumers make informed choices with information that's clear and honest.

Consumers are more conscious than ever about health and the environment, as well as our supply chain and where our materials come from. This means that they also pay close attention to product ingredients. Transparency is vital to producing the information that consumers rely on and that helps us follow regulations. It's this information that we share on our packs and online.

Our global policies on ingredients go beyond what the law demands. Our Consumer Safety, Regulatory and Quality functions oversee how we follow them across the product lifecycle.

When it comes to ingredients, we want to anticipate regulatory and scientific developments so we can adapt well ahead of time. This is better than being reactive or leaving product changes until late in the legislative cycle. Being forward-looking helps us take change in our stride and lead our industry. And this also bolsters our reputation. Our investment in R&D helps us here, as well as speeding up innovation.

This approach is how we work to protect consumers and the environment from hazardous chemicals. It guides our product developers' choice of raw materials that are safer and more sustainable. In the process, it future-proofs our product development by giving teams information on raw materials and chemical ingredients and helping us move to raw materials with a lower environmental impact.

The way we work also helps us track emerging risks, giving early insights on critical ingredients and giving our R&D teams time to source, test and scale up viable alternatives. Just as importantly, it enables R&D to identify the safe and sustainable chemistries that matter to our customers and consumers, whether it's renewable carbon feedstocks used in Air Wick Botanica or the biodegradable active ingredients in Harpic Essentials. We also work with peers and others to build supply chains that enable us to adopt and scale up sustainable chemistries.

## OUR PERFORMANCE IN 2021

Aim	2021
65% reduction in our chemical footprint by 2030	Established 2020 baseline for reporting against progress in 2022

## 2021 HIGHLIGHTS

We look to share information about ingredients and the supply chain on every stage of products' lifecycle, and this goes for all our brands. The information appears on product packs and online, for example in the ingredient panels on Finish, Vanish and Air Wick products in the US, Europe and other markets. These show what ingredients we use and why. Our Health brands take a similar approach.

We also continue to update our ingredient transparency websites. These share information in a way that's easy to understand and cover products we sell in Europe ([www.rbeuroinfo.com](http://www.rbeuroinfo.com)) as well as the US and Canada ([www.rbnainfo.com](http://www.rbnainfo.com)). We're creating equivalents for other markets.

An important part of our product stewardship is reporting on how we handle ingredients of concern. We also support using safer and more sustainable chemicals. We've adopted a science-based approach to innovation across our business, with R&D built on nine global 'science platforms'. They produce insights and pool expertise to generate more sustainable, even safer and more effective new product innovations.

### Setting a new chemical footprint ambition

We've been using our Restricted Substances List (RSL) since 2001, and in 2021 we built on this legacy with a new chemical footprint ambition that underpins our effective management of hazardous chemicals. We define chemical footprint as net revenue from SKUs containing >0.1% (by weight) of chemicals of high concern (CoHC), as legally allowed, across all business units. Our commitment for 2030 is to reduce these chemicals by 65%. We've developed an analytical dashboard and user guide for internal stakeholders to assess the chemical footprint contribution for our whole portfolio,



or subsets of it, down to a single business unit or brand. In 2021, we calculated our 2020 baseline, which we'll use to report against our 65% target, and in 2022 we'll report progress towards our 2030 ambition.

### Recording our chemical footprint

In 2021, we took part in the Chemical Footprint Project (CFP) for the fourth year. Through this, we track our progress on managing chemicals, choosing safer alternatives and using and reducing ingredients of concern. The results are due later in 2022, but we expect to improve on our score of 81% from 2020, driven by our new corporate target on reducing our chemical footprint and building on the reduction in our chemical footprint from previous years.

### Launching products with smaller chemical footprints

In Scandinavia, we launched Vanish Zero, which is free of fragrances, dyes, chlorines and optical brighteners and uses packaging that's 45% Post-Consumer Resin (PCR). It received the region's Nordic Swan eco-label.

We also continued to remove the fragrance ingredient linal from all products and go beyond the EU's mandate not to sell products with linal from March 2022. Our target is to remove it from products in other markets by end of 2023. Linal-free versions started to replace current products in early 2021, with no negative impact on fragrance.

Other examples include:

- Lysol Simply, a bleach-free multipurpose cleaner, which uses a plant-based active system and leaves no harsh chemical residues (see case study)
- Durex Pro-pH balancing range, which is paraben-free, includes natural-origin materials and has biodegradable wipes
- Air Wick Botanica with renewable and natural fragrances
- Dettol alcohol-free hand sanitiser (a Reckitt first) in China, with bio-renewable actives (lactic acid and citric acid, sourced from cane sugar and corn, respectively) to boost effectiveness. It will roll out to other countries in 2022. It's been proven to kill 99.9% of bacteria and viruses, including COVID-19

### Improving nutrition

For us, nutrition is broader than just nourishment or energy from food consumption. Improving nutrition is the platform for progressing and improving public health, education, employment and reducing socioeconomic inequalities. To date, private sector involvement has been limited, along with its ability to engage on the broader nutrition agenda. But as public resources are stretched and funding is limited, we can play an important role leveraging the latest medical research and our expertise in nutritional science.

We've already started. In October 2020 we published our first nutritional commitment, focusing on reducing sugar in our infant and child nutrition portfolio and making lactose (naturally occurring in breastmilk) our preferred carbohydrate source. One year on, and 90% of our routine infant, follow-on and young child formulations, which collectively form our 0-36 month portfolio, are fully compliant with our sugar commitment. This places us well ahead of the March 2024 deadline. Our commitment and 2021 progress update are available at [www.reckitt.com/sustainability/purpose-led-brands/infant-and-child-nutrition](https://www.reckitt.com/sustainability/purpose-led-brands/infant-and-child-nutrition).

### WHAT IS GREEN CHEMISTRY?

Green chemistry, or sustainable chemistry, is about developing and using chemicals and materials that:

- are less toxic to health and the environment;
- have lower energy consumption and related emissions;
- have less impact on natural resources; and
- are designed to lead to less waste and more reuse or recycling of chemicals and materials across a product's lifecycle.

Products using green chemistry show improvements in at least one of these areas, without performance suffering significantly in the others. This could be in how they're produced, used or disposed of, compared to products that use chemicals and materials in similar ways.

## LYSOL SIMPLY – KILLING GERMS WITH PLANT-BASED INGREDIENTS

To stay in tune with consumers' demands for products that keep their homes clean while using fewer ingredients and harsh chemicals, Lysol set out to develop a bleach-free formulation that still keeps the brand's promise to kill germs.

Lysol used partnerships with suppliers to source plant-based raw materials and active systems. We also used our own capabilities to substantiate key claims, harnessing the skills of our R&D teams.

The new bleach-free Lysol Simply formulation uses a plant-based active ingredient, citric acid, and leaves no harsh chemical residues. The product doesn't contain phosphates and dyes, and uses a light, fresh fragrance that complies with the US Food and Drug Administration's Generally Regarded As Safe (GRAS) designation.



Combatting antibiotic resistance

We continued to support the Global Respiratory Infection Partnership (GRIP) and the Global Hygiene Council (GHC) in tackling antibiotic resistance. In 2021, with our backing, GRIP developed educational webinars for healthcare professionals discussing antibiotic resistance and how to tackle it. We've made them available on demand at [www.rbprofessional.com](http://www.rbprofessional.com).

We also supported regional workshops for pharmacists, broadcast live in multiple languages, in association with GRIP and the International Pharmaceutical Federation (FIP) around Antibiotics Awareness Week in November 2021. These are available on demand from the [International Pharmaceutical Federation](http://International Pharmaceutical Federation). The GHC also used Antibiotics Awareness Week to warn that relaxing hygiene standards after COVID-19 could exacerbate antibiotic resistance.

LOOKING TO 2022 AND BEYOND

Our commitment to transparency means giving consumers all the information they need to make informed decisions about the products they're bringing into their homes. And to do that, we look to go above and beyond legislative requirements. We understand that consumers want to know more about the products they buy. To support this, we want to be clear, honest and transparent.

The information we give helps consumers understand the benefits of our products, together with the ingredients we use and why we use them. In the case of natural raw materials, it also says where they come from. One way we do this is through the ingredient panels on packs for specific brands. We also have information online that expands on what's given on labels.

We're also strengthening our approach to ingredients to make sure we use the most resilient ones. This means finding purer, simpler ingredients wherever we can, while making sure products keep the efficacy that makes them reliable. To do this, we're updating our tools to help teams choose safe and effective alternative (SEA) substances. This involves evaluating the materials we use and working with stakeholders like the Green Chemistry & Commerce Council (GC3), who help us put emerging principles on sustainable chemistry into action.



CASE STUDY

HIGHLIGHTING  
TRANSPARENCY IN  
SWEDISH PHARMACIES

The Swedish Pharmacy Association's Vålvald ("Well chosen") label promotes sustainable pharmaceutical manufacture as well as companies and products that are transparent about their sustainability.

In 2021 we joined the Pharmaceutical Supply Chain Initiative (PSCI), which works for transparency and sustainability in the pharmaceuticals industry. Being a member is a requirement for Vålvald status.

By February 2022, all our over-the-counter products carried the Vålvald label in Swedish pharmacies and online.

MANAGING INGREDIENTS OF CONCERN AND SAFE ALTERNATIVES

We maintain a consistent global approach to minimising and eliminating substances of concern, using our Restricted Substances List (RSL). As we add ingredients to it, we start rework programmes to remove them from the portfolio. It means we've steadily reduced substances of concern since 2012, as the RSL has become a key part of product development.

The RSL evolves over time, influenced by emerging scientific insights and data, how society interprets risk and what we observe. As circumstances change, there may be fresh questions over whether current ingredients remain safe and sustainable. In 2021, we developed a list of our ingredients which are under investigation as Emerging Chemicals of High Concern (eCoHC) by customers, NGOs, academics and policy makers. These have the potential to become Chemicals of High Concern (CoHCs) in the next three to five years. As they are still under investigation, we don't ban eCoHCs and they don't contribute to our chemical footprint. But we do put them on our RSL Watchlist and share this with our innovation teams. This guides them towards using safer and more sustainable alternatives or alerts them about ongoing scientific advocacy around these ingredients. In some cases, we may also choose to proactively limit their use or restrict certain applications. This makes sure our products are resilient to future regulation.

Ingredient to remove	Completion date	Comments
Lilial	2023	Removal in progress, ahead of regulation
Triclocarban (TCC)	2019	Removal from bar soaps
Fluorosurfactants	2018	Removal
Polyethylene (PE) and Polyurethane (PU) microbeads	2018	Removal
Parabens (butyl, propyl, isoparabens)	2015 (rest of the world); 2013 (EU)	Reduction programme (excluding medically licensed products)

Our Ingredient Steering Group provides governance of our ingredients policies, including our RSL and its Watchlist. Our RSL policy defines our commitment and approach, which often means we set global limits or bans on some ingredients going further than regulations require. It also includes guidance for formulators on how to choose better alternatives, for example, for colourants and polymers.

Alongside the RSL, the Ingredient Steering Group oversees how we adopt safe and effective alternatives in new or reformulated products. This is a global, cross-functional task force to screen new and safer alternatives to use across our portfolio.

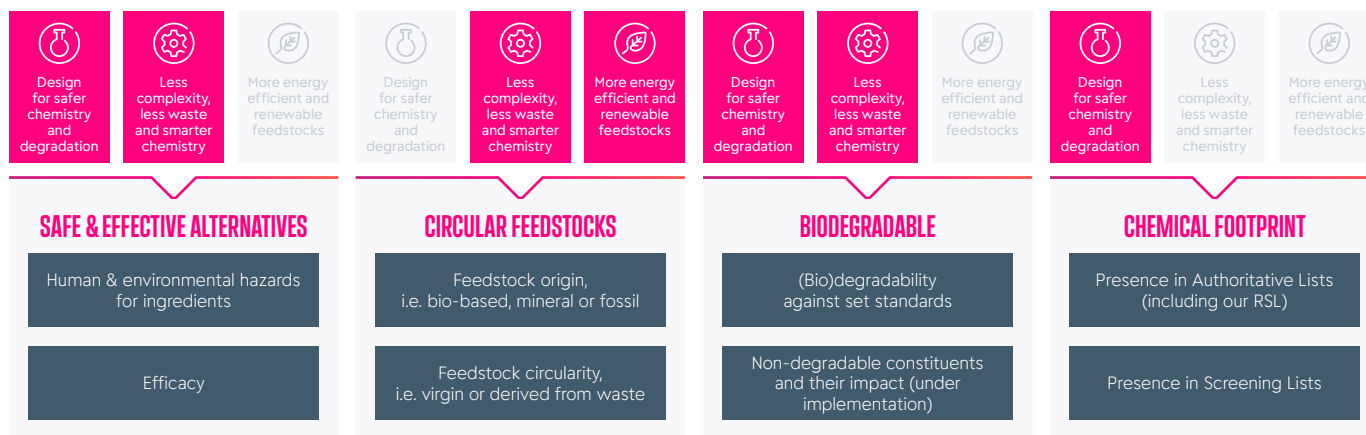
To help us develop safe products with the lowest possible environmental impact, we use the key concepts of green chemistry in product development:

- Designing safer products
- Preventing waste
- Designing for energy efficiency
- Designing for degradation, reuse or recyclability
- Designing for bio-based or renewable raw materials

We also screen and test new ingredients to make sure they're effective and safe. In doing so, we collaborate with industry groups and suppliers to make safe and effective alternatives more available.

Preservatives are one issue we're working on. We want our products to reach our consumers in the best possible condition, which is why we use preservatives to prevent microbial growth or other unwanted changes. The lack of a wide array of safe preservatives is one of the industry's current challenges, and preservatives are also under more scrutiny from consumers and regulators. This makes them a priority for developing safe and effective alternatives.

On limited occasions animal studies are required by regulations to support the safety or efficacy of certain ingredients and/or products. We are committed to minimising animal testing and using alternatives wherever possible. For further information see our new corporate policy on '[Alternatives to Animal Testing](#)' and overview on page 144 of our Annual Report 2021.



### LOOKING BEYOND THE RSL

The Restricted Substances List (RSL) is an effective way for us to stay transparent about ingredients. But we want to go further. We'll do this by going beyond responding to concerns from our industry, regulators and consumers. As much as possible, we want to set the agenda on ingredients ourselves. This means taking the initiative to understand our future priorities, rather than just responding to new regulation as it emerges. Using insights from work like our participation in the Chemical Footprint Project helps us embed this approach.

There are wider benefits. The stronger and clearer our position, the easier we make it for our partners and suppliers to support it. This approach is at the heart of our drive to look forward as much as possible to pre-empt concern and manage our response efficiently.

In 2021, we updated our eco-design tool, the Sustainable Innovation Calculator, to incorporate key aspects of green chemistry to help us choose more sustainable ingredients. The four ingredient-related criteria in the calculator include the chemical footprint metric. We don't allow our formulators to intentionally add raw materials that contain a CoHC, and the calculator marks down the presence of a CoHC as an impurity (<0.1%) or where it exceeds levels in the existing product that the new product is replacing. For more about

the Sustainable Innovation Calculator, see the [Sustainable product innovation](#) insight.

### COPING WITH COVID-19

In 2021, we've worked through the challenges posed by the pandemic by prioritising the substances that most concern scientists, regulators, the industry at large or consumers. We've also prioritised disinfection products like Lysol and Dettol, or over-the-counter pain relief products like Nurofen, as demand for them has continued to be much higher in 2021. In some cases, we had to delay phasing out ingredients so that we could keep producing much-needed antibacterial products to combat COVID-19. Despite the shifting priorities during 2021, we still plan to replace these ingredients within our planned timescales and regulatory controls, keeping to legal timelines as a minimum.

### HOW WE STAY TRANSPARENT


Our global standards for product safety and quality keep our products consistent and reliable, and in many cases they go well beyond local regulations. In 2021, it was our Consumer Safety, Regulatory and Quality teams' job to oversee how we follow these standards. For more about this, see our [Product safety and quality](#) insight.

Our Quality functions keep a close eye on the quality of processes and products from the overall global level, to regions and individual sites. They also regularly audit key suppliers. This gives us continuous improvement in our raw materials, ingredients and components that's ultimately reflected in our finished products.

Our Global Safety Assurance team evaluates the safety of new products and changes to existing ones. This is based not just on how we design them to be used by consumers, but also how they could be misused. The team monitors product safety in the market, passing on insights to product development teams. Our Consumer Safety Policy has guidelines, standards and procedures for the whole product lifecycle.

The Ingredient Steering Group oversees our approach. It includes leaders from across the R&D, Safety, Quality and Sustainability teams. They pinpoint new issues, formulate our response and coordinate any action we take, like changes to products. The group assesses priority ingredients against regulations, also bearing in mind consumer and environmental safety, sustainability and public perception, and exploring whether we can replace them with safe and effective alternatives.

Partnerships with our suppliers, customers, associations, academia and civil society support our approach, as described later in this insight.



### A NATURAL REMEDY FOR HEARTBURN AND INDIGESTION

We wanted to stay in step with our consumers by developing a Gaviscon product that provides heartburn and indigestion relief from 100% natural ingredients.

So we listened to understand what they need from a treatment that addresses their symptoms and delivers on preferences for less synthetic ingredients.

We then took on the challenge and partnered with suppliers to find new ways to relieve the symptoms of gastritis and prevent more irritation from developing.

The result is gluten-free, 100% natural tablets for heartburn and indigestion relief that start working in minutes.

CASE STUDY

### OUR APPROACH TO INGREDIENTS

We want our products to have the safest and purest ingredients, and only the ones they need, and no more. We've supported reducing hazardous chemicals and committed to this in our sustainability reporting. We committed to voluntarily banning formaldehyde in 2006, PVC packaging of household products by 2009 and polyethylene (PE) beads by 2018. We also backed the California Ingredient Disclosure Bill in 2017 by disclosing product ingredients we use in North America, and we continue to support the agenda behind the legislation.

We're in tune with our industry's awareness of chemicals of concern, and that of our consumers, NGOs and regulators. Our customers increasingly have their own RSLs that they want suppliers like us to follow. We engage closely with all these stakeholders to keep standards high and set the right shared priorities. Participation in the Chemical Footprint Project ([www.chemicalfootprint.org/](http://www.chemicalfootprint.org/)) is part of this effort. It helps us benchmark our approach to chemicals management, inventory, measurement, public disclosure and verification.

### OUR PARTNERSHIPS, INITIATIVES AND COLLABORATIONS

#### Green Chemistry & Commerce Council (GC3)

We're part of the GC3's Sustainable Chemistry Alliance, which promotes policies to speed up development of sustainable chemistry processes and products. Public policy can trigger innovation that leads to safe and effective alternative ingredients. The GC3 Sustainable Chemistry Alliance has backed the USA Sustainable Chemistry Research & Development Act, passed in 2020, which supports commercialisation, training and education on chemistry research. We're working with the GC3 Sustainable Chemistry Alliance to support its implementation: [www.greenchemistryandcommerce.org/](http://www.greenchemistryandcommerce.org/)

#### European Chemical Industry Council (CEFIC)

Our experts represent us on CEFIC's Long-range Research Initiative projects. These help to steer wider industry research efforts towards a better understanding of the potential impacts of chemicals on human health and the environment: <http://cefic-lri.org/>

### International Association for Soaps, Detergents and Maintenance Products (AISE)

In 2021, our Global Head of Regulatory Hygiene was chosen to represent AISE on behalf of the European detergent and biocide association at the European Commission high-level roundtable on the implementation of the Chemicals Strategy for Sustainability. This was one of ten seats offered to industry.

The group will support the EU executive in realising the objectives of the strategy, which include innovating for 'safe and sustainable' chemicals and 'safe and sustainable-by-design' concepts. Its primary role, led by the European Commission's Environment department, will be establishing communication and information exchange between the Commission and stakeholders to make sure the strategy is implemented effectively.

### Academic partnerships

We continue to support the Ecorisk2050 EU project to better understand the future environmental risks of chemicals:  
<https://ecorisk2050.eu/>

We're sponsoring the Natural Environment Research Council's new Centre for Doctoral Training (CDT), specialising in managing chemical risks in the environment. From 2021–22, the centre will support three intakes of 13 students.

We also co-sponsor research at the University of York in the UK on the environmental risks associated with polymers.

### EXPLAINING THE SAFETY OF OUR INGREDIENTS

Clear labelling on packs and online information are how we stay transparent about our ingredients. In 2021, 91% of our net revenue came from products where we disclose ingredient information on the pack or online. The other 9% is primarily net revenue from hygiene products we sell outside Europe and the US, where regulatory requirements are often still evolving and we're evolving labelling policy so we can give consumers more information.

We also include information about how to recycle or dispose of products, like asking consumers not to dispose of wipes by flushing. Because recycling infrastructure varies across the world, this can be a challenge, and we're looking at ways to help develop these systems.

### IMPROVING ONLINE INFORMATION FOR CONSUMERS

Websites are an efficient way to get detailed information to consumers. We've improved our US ingredients website by adding more technical details, including fragrance information, and by making it easier for consumers to search for information about popular brands. Our European website already has similar information, and we want to extend this to other markets, as well as our brand websites.

To keep consumer satisfaction high, our Consumer Relations teams around the world capture details of consumers' experience in our Global Consumer Relations database. We track their satisfaction through brand perception analysis and by tracking complaints and enquiries to our consumer helpline. Currently, we get 27.57 complaints for every million units we sell.

### PROMOTING THE BENEFITS OF OUR PRODUCTS TO CONSUMERS

Our products have health, hygiene and nutritional benefits, whether it's Nurofen offering pain relief, Dettol and Lysol protecting against germs, or Durex protecting against sexually transmitted diseases. To fulfil our purpose – to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world – we help consumers understand these benefits. This is part and parcel of sharing information about how to use our products, as well as the ingredients we use to make them and where they come from.

We also design other benefits into our products, like reduced environmental impact. This could mean making sure they produce less waste, or need less energy or water to use, for instance. Examples include Calgon, which makes washing machines more energy efficient by cutting limescale build-up, and Vanish, which makes clothes last longer by removing stains. Finish dishwasher

tablets are the most effective on the market for the 'eco' cycle setting, and dishwashers use less carbon and water than doing the washing-up by hand. For more about how we're developing more sustainable products, see our [Sustainable product innovation](#) insight.

We continue to raise awareness among consumers and healthcare professionals about the need to protect against the microbes that produce respiratory illnesses. This expertise has meant we've been ready to respond throughout the COVID-19 pandemic. An example is our continued support of the Global Respiratory Infection Partnership (GRIP). It's committed to avoiding antimicrobial resistance through antibiotic stewardship and conservancy by changing how healthcare professionals and patients deal with upper respiratory tract infections.

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

Reckitt Benckiser Group plc (Reckitt)  
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# SUSTAINABLE PRODUCT INNOVATION



Innovation is fundamental to how we develop products that meet our consumers' needs. For us, sustainability is a key pillar in the innovation process, supporting the growth and success of our brands, while reducing our impact on the planet.

Innovation is the key to our success. It's how we exploit our best ideas to develop brands that stand out and products that work so well that consumers buy them again and again. But innovation is also the key to our sustainability impact. It's how we make sure that we limit our environmental footprint while still producing highly effective, safe, compliant and high quality products.

Everyone expects us not just to be innovative, but sustainable. Governments want us to contribute to their environmental targets, customers want us to be in step with their sustainability goals and consumers want to know we're doing all we can to curb our environmental impact. Innovation helps us satisfy all these demands and progress towards our own sustainability ambitions. It also helps us contribute to a healthier planet and a fairer society with our purpose-led brands.

The result of sustainable innovation could be a pack that's easier to recycle or reuse, a simplified formulation that more effectively uses raw materials or a product that uses less energy when our consumers use it. Many kinds of expertise come together to make this possible. They include R&D specialists gathering and applying our scientific knowledge of materials and chemistry to achieve results like developing polymers to reduce the weight of our packs, or following the principles of green chemistry. We've mobilised this expertise into nine 'science platforms', exploring areas from polymers to microbiomes, that produce data and insights we can harness across our brands.

Design is also integral to sustainable innovation. Design decisions dictate how sustainable a product is at every stage of the value chain. Designers specify materials, and they decide how a product will be packaged and how consumers will use it and dispose of it. All these decisions have an impact on sustainability through the lifecycle of the product, from sourcing ingredients and manufacturing products to transporting them and managing the waste after disposal.

## OUR PERFORMANCE IN 2021

Aim	2021
50% net revenue from more sustainable products by 2030	<b>24.9%</b> <sup>†1</sup>

<sup>†</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.

<sup>1</sup> The 2021 total net revenue from more sustainable products excluding our Infant Formula and Child Nutrition (IFCN) business was 29.3%.







MAKING INFORMED DECISIONS: THE SUSTAINABLE INNOVATION CALCULATOR

To help us get these crucial decisions right, we've developed our Sustainable Innovation Calculator. This shows the effect of every choice we make on the sustainability of a product, whether we're improving something that already exists or developing something completely new. Our ambition is that every innovation we come up with is more sustainable than what it replaces.

By measuring the impact of each change before the product launches, our product developers get the information they need to let them adjust the product design. For us to report a product as 'more sustainable', it must improve significantly on the carbon, water, plastics, packaging or ingredients impacts of the benchmark it's replacing.

There are always benefits and drawbacks to innovations and we weigh the impact of our decisions carefully. For example, a natural ingredient might score well on one aspect of sustainability, but have a higher water impact than a synthetic ingredient; or plastic packaging might actually have a lower carbon footprint than a composite equivalent. The Sustainable Innovation Calculator is our guide through this thought process. It uses quantitative measures to determine whether an innovation makes a product 'more sustainable'.

This means we can assess every change to make sure it's helping our brand portfolio as a whole to become more sustainable. The calculator looks at water, carbon, plastics, packaging and ingredients. The ingredient metric stems from green chemistry principles (see our [Product stewardship](#) insight) and includes sustainability credentials like certified origins for natural raw materials.

In 2021, we revised our ingredients metric significantly, giving our product developers more tools to help us continuously improve. The calculator now encourages doing more than simply avoiding ingredients on our Restricted Substances List. Instead, it gives higher scores for using ingredients that are from circular feedstocks, that biodegrade better and that have a lower hazardous chemical footprint. This helps to future-proof our products and meet growing consumer expectations, as well as anticipate regulatory developments.

HOW THE SUSTAINABLE INNOVATION CALCULATOR SCORING WORKS

To be considered sustainable, our product innovations must score as follows:

DIAL SCORE	CARBON (g CO <sub>2</sub> e/dose)	WATER (Effective water L/dose)	PLASTICS (Reduction/%PCR/ Recyclability)	PACKAGING (Reduction/%PCR/ Recyclability)	INGREDIENTS (Based on four Green Chemistry KPIs)	OVERALL SCORE (An aggregate score of all five dials)
	≥ 10 points (≥ 10 reduction)			≥ 10 points		<b>MORE SUSTAINABLE</b> ≥ 10 points
	≥ -1.5 points to < 10 points (between 1.5% increase and 10% reduction)			> -10 points to < 10 points		<b>AS SUSTAINABLE</b> > -10 points to < 10 points
	≤ -1.5 points (≥ 1.5% increase)			≤ -10 points		<b>LESS SUSTAINABLE</b> ≤ -10 points

COMMUNICATING THE ROLE OF THE SUSTAINABLE INNOVATION CALCULATOR

We want to make sustainable innovation second nature for all our employees. We've trained people across functions to make sure they know the Sustainable Innovation Calculator's role. It's also part of wider communication of our sustainability ambitions. There have been a number of internal articles about the Sustainable Innovation Calculator which give colleagues globally more in-depth information on how it works. Our community is becoming more engaged with sustainability and keen to improve the environmental footprint of our products. We can see this change across the organisation, from creating e-commerce products with more sustainable product profiles, to our representatives working directly with customers and retail partners.



### MORE ABOUT SUSTAINABLE INNOVATION

We want consumers to trust our brands. We also want them to feel confident that our products are safe and cause no harm to the ecosystems or the people they touch. This involves a broad range of activities, which we cover in these insights:

- **Product stewardship** – the processes we follow to use safe ingredients in our products and lower our chemical footprint, as well as the transparency and labelling that help our consumers make informed decisions when they buy our brands
- **Plastics and packaging** – our work to use less packaging, use more recycled material and encourage consumers to refill or recycle our product packaging
- **Climate** – our efforts to reduce carbon emissions across our value chain
- **Water** – how we reduce the water it takes to produce and use our products
- **Our value chain** – the steps we take to make sure that we, our suppliers and their suppliers are living up to our values and standards, whether it's on human rights or safeguarding ecosystems

### PROGRESS AGAINST OUR TARGET

Although we've seen a slight drop in like-for-like performance in 2021, the sustainable innovation we've developed over the last three years gives us a strong pipeline for 2022 and good foundations for future progress. COVID-19 has caused unprecedented demand for many of our products, but we've managed to keep our labs and factories operating safely despite the pandemic, while maintaining a more sustainable portfolio of products.

Our Hygiene business has led the way on sustainable innovation over the past few years. Our Health brands have used the calculator for product innovation for the past two years and this is leading to increased revenue from more sustainable products. As a number of our health and nutrition products are licensed under medical regulation, it can take a little longer for those innovations to reach our consumers. We rolled the calculator out to our Infant Formula and Child Nutrition business, completing the groundwork for better performance in 2022 and beyond.

From 2020, amid the COVID-19 pandemic, we've seen a sharp increase in production volumes for disinfectant products and anti-bacterials, like hand sanitiser, that use a significant amount of water. So, while we made some improvements in footprint per product dose, they were offset by the higher production volumes. The improvements in product carbon and water footprints were smaller than we wanted, and we'll refocus on this as we pursue the science-based targets we've set for 2030. This includes halving our product carbon footprint.

### NET REVENUE FROM MORE SUSTAINABLE PRODUCTS<sup>1</sup>

	More sustainable net revenue (m)	% More sustainable net revenue
2013	£230	3.0
2014	£350	5.0
2015	£558	5.0
2016	£1,193	13.2
2017	£1,716	18.2
2018	£1,868	18.5
2019	£2,397	24.6
2020	£3,376	30.4
2021	£3,311 <sup>+</sup>	29.3 <sup>+</sup>
		24.9 <sup>2+</sup>

1 Excluding our Infant Formula and Child Nutrition (IFCN) business unless stated otherwise.

2 2021 including IFCN.

<sup>+</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.



### 2021 PRODUCT HIGHLIGHTS

Despite the restrictions and challenges of COVID-19, which has made us devote more resources to existing hygiene products, our new product development pipeline stayed strong, with innovations from some of our most popular brands. We aim for our sustainable innovations to improve on one or more of three aspects, which all help reduce the environmental impact of our products: better ingredients, better packaging and more effective dosing.

Our work in green chemistry, introducing products with more sustainable ingredients, continues.

### KY JELLY AND KY LIQUID: REFORMULATING TO SAFER ALTERNATIVES

In the US, KY Jelly and KY Liquid were reformulated to replace ingredients such as methyl parabens with safer alternatives. At the same time, we made packaging changes to reduce the amount of plastic packaging and improve overall recyclability.

Using our Sustainable Innovation Calculator, the changes made to KY Jelly and KY Liquid were more sustainable from a carbon, water, plastics and ingredients perspective. This means that both positively contribute to our 2030 goal of 50% net revenue from more sustainable products.

#### CASE STUDY



### AIR WICK ESSENTIAL MIST: REDUCING OUR WATER, CARBON AND PLASTIC FOOTPRINT

Air Wick's Essential Mist brings fragrances inspired by nature into the home.

Our new compact design is a great example of how we can lower the environmental impact of our products. We've reduced the weight of the device by 24% as well as achieving a 26% plastic reduction in the overall starter kit.

The new pack also has more recycled content, helping us pre-empt emerging regulation calling for more Post Consumer Resin (PCR).

Overall, this makes the product more sustainable from a carbon, water, plastic and packaging perspective, as measured by our Sustainable Innovation Calculator.

#### CASE STUDY

- In Europe, Gaviscon launched GaviNatura, a new product which provides heartburn and indigestion relief from 100% natural ingredients. In addition, packaging the new product in a glass bottle increased the overall packaging recyclability and reduced the amount of plastic packaging
- In France, we launched Harpic Essential Power toilet block with ECOCERT certified formula containing 95% ingredients of natural origin, among them bio-based surfactants and fragrance replacing synthetic ones
- In the US, Air Wick replaced its Scented Oil range for electrical plug-ins with fragrances that significantly increased the naturally derived content to over 50%

Another key way to lower our products' environmental impact is to reduce or change their packaging. This cuts the volume of raw materials for each dose of the product, along with their water and carbon impact:

- In Europe, Finish Rinse Aid has moved to a 35% Post Consumer Resin (PCR) bottle, with a sleeve that's now perforated for easy removal before consumers recycle the bottle. Finish Dishwashing gel also has a 35% PCR bottle, with a perforated sleeve currently available in Italy to be rolled out further in 2023
- In several European countries, we launched our new Strepsils Herbal range with cartons containing recycled content
- In the UK, Vanish Miracle Serum for Whites and Colours launched in a dedicated e-commerce pack, removing the need for additional packaging from e-commerce retailers



Reformulations of our products also help reduce the packaging materials and water we use, significantly cutting the weight of the products, and thereby reducing carbon emissions generated in distribution:

- In Europe, we reformulated Finish Quantum Ultimate, which has reduced its carbon footprint by over 10% and water footprint by more than 5%
- In the US, reformulating surfactants in Lysol Power Bathroom foamer, sold in a trigger bottle, delivered a reduction of over 8% in carbon impact and over 9% in water impact
- Also in the US, Airborne launched Simply C Gummies. These provide the same immunity benefit as the current product but with reduced carbon and water impact due to ingredient changes

Despite continuing to prioritise anti-bacterial and home cleaning products like Lysol and Dettol in the pandemic, we made progress in switching to more sustainable ingredients. In Brazil, we launched Veja Power Nature All-Purpose Cleaner in a trigger format with ingredients from renewable plant sources, and a biodegradable, dermatologically tested formula. The product also comes in a 50% PCR bottle with a perforated sleeve for easy removal before disposal. The launch of Dettol TruClean was another highlight, becoming the UK's Number 1 'Eco New Product Development' as recognised by a leading retailer. It combines a 100% plant-based active ingredient with a fully recyclable bottle containing up to 35% PCR.

### HOW WE MANAGE SUSTAINABLE PRODUCT INNOVATION

Our network of sustainability champions in our R&D teams work in each of our product categories to make sure sustainability is a priority in product development. When it comes to reporting, our finance and sustainability teams work together to track our net revenue from more sustainable products. This evidence helps us create the business case for sustainability and track progress towards our targets.

Engaging with our employees through events and sharing news of sustainability initiatives on our intranet is increasing awareness of environmental issues, and making the global Reckitt community more likely to put sustainability first.

### HOW WE MEASURE PROGRESS

Our Sustainable Innovation Calculator helps us see the impact of a product compared to the existing product it could replace. In this way, we see whether the new product is 'more sustainable' and so whether its revenue counts towards our 2030 target of 50% net revenue from more sustainable products.

The calculator is a streamlined Life Cycle Assessment (LCA) tool that helps us assess the water and carbon impact of products, as well as their ingredients, raw materials and packaging. Importantly, it also includes the impact of how consumers use the product. To be classed as more sustainable, the overall score of a product innovation must be equal or higher than +10 points when compared to the benchmark.

We continually update and improve the calculator to give our innovation teams more data and insight so they can make better-informed decisions. Starting in 2021, the calculator's green chemistry metric allows us to factor in the regenerative characteristics of our ingredients, such as the citric acid (sourced from corn) in Dettol's alcohol-free hand sanitiser.

### LOOKING AHEAD – OUR PERFORMANCE IN 2022 AND BEYOND

We've updated our target so that we're now aiming for 50% of our net revenue to come from more sustainable products by 2030. We're also applying the calculator to more of our products. From 2021, the products from our Infant Formula and Child Nutrition business, acquired in 2017, are included in our sustainable innovation process. This means we're now more consistent in our approach to sustainable product development across our whole portfolio, from our nutrition brands, like Enfamil infant milk formula, to our hygiene brands, like Finish, and our health brands, like Durex. While the initial push to integrate the Sustainable Innovation Calculator focused on new product innovation and our top 20 global brands, we're increasingly making it part of our smaller brands and how we make changes to existing products.

Together, these measures help steer us towards our goals of reducing product carbon and water footprints and supporting our ambition for carbon neutrality by 2040.

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

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# PLASTICS AND PACKAGING



Consumers, governments and businesses increasingly put packaging waste, and in particular plastic waste, towards the top of the list of urgent environmental issues. They're a priority for us, too, which is why we've set ourselves clear targets to reduce both plastics and packaging.

The public's scrutiny of, and concern over, plastics and packaging has increased enormously in the last few years. People want less packaging and more responsible materials, which contain recycled content, are recyclable or even reusable. Plastics and packaging are important for our customers too. For example, Walmart wants to make all packaging recyclable by 2025. Tesco has developed red-amber-green lists of packaging materials and is asking suppliers to use materials which are easier to recycle.

Governments are also acting, with regulation calling on companies like us to pay, through fees and taxes, for the plastic packaging we put on the market.

It's a challenge we welcome, as for us it's an opportunity to shrink our environmental footprint and differentiate ourselves in the process. Every manufacturer must cut back their use of materials, especially plastics. We've been working on these issues for several years, and our efforts are paying off. But we need to move from coming up with innovations towards making large-scale impact.

We must use fewer materials in our packaging. And we want the materials we do use to be recyclable, promoting a circular economy with less waste. We also want to use materials like post-consumer recycled resin (PCR), or replace plastics with paper and board from certified sources. In some cases, we're finding innovative ways to remove packaging altogether.

Our commitments and targets drive our action. Our headline targets are to:

- Use 50% less virgin plastic in our packaging by 2030
- Make 100% of our plastic packaging recyclable or reusable by 2025
- Use 25% recycled content in our plastic packaging by 2025

To succeed, we must make sustainability central to how we operate. Our Sustainable Innovation Calculator, which measures the sustainability of plastic and packaging inputs for every new product, is fundamental to every step in our product development process.

We also train our pack designers so that sustainable packaging is part of innovation from the start, not something that's added once we've

## OUR PERFORMANCE – PLASTICS

Aim	2020 <sup>1</sup>
25% recycled content in our plastic packaging by 2025	<b>3.5%</b>
Aim	2020 <sup>1</sup>
100% of plastic packaging reusable or recyclable by 2025	<b>70%*</b>
Aim	
50% less virgin plastic in our packaging by 2030 <sup>2</sup>	New target – first results will be available in mid-2022

### RECKITT'S PLASTIC PACKAGING FOOTPRINT IN 2020<sup>1</sup>

Total weight (tonnes) of all plastic packaging**	225,310 metric tonnes
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1. Performance data for 2021 will be published in mid-2022.
  2. This is a new target announced in 2021. First results will be available in mid-2022.
- \* Based on Ellen MacArthur Foundation (EMF) methodology and technical recyclability.
- \*\* Total plastic packaging weight excludes devices/gadgets/aerosol valves/adhesives/fill formula (like wipe substrate), aligned with EMF definition.

made the big decisions. This underlines how, for us, sustainability and business benefits are two sides of the same coin. A pack made with fewer or less material speeds us towards our pledge targets by cutting our environmental impact. But it often keeps cost down too, as well as giving consumers another reason to choose our products.

We track the impact of these changes on our packaging and processes by reporting them through the Ellen MacArthur Foundation's Global Commitment. We give full disclosure in our external reporting, making our targets part of our own governance processes.





PROGRESSING ON OUR PLEDGES

Definitions of recyclability are continually evolving. We use technical recyclability as a measure, for a consistent global approach. Our targets are in line with our peer group in the Fast Moving Consumer Goods (FMCG) sector, and so is our progress on recyclability. We've taken great strides in recent years to remove problematic and non-recyclable formats, and we'll continue with this as we move towards our 2025 target.

To achieve our targets, we must work with others. We're strengthening our global, cross-sector commitments by being part of the Consumer Goods Forum Coalition of Action on Plastic Waste and being part of the Ellen MacArthur Foundation's Global Commitment. We also have partnerships in particular markets, and work closely with our suppliers on finding innovative solutions.

OUR PERFORMANCE – PAPER AND BOARD

Aim

100% paper and board from certified or recycled sources, excluding third-party manufacturing sites

2021

99%

RECKITT'S PACKAGING FOOTPRINT – OTHER MAJOR PACKAGING MATERIALS (FOR PLASTIC SEE PREVIOUS PAGE)

	Total weight (metric tonnes)	Recycled and/or certified material (% of total weight)
Paper and board (2021)	232,512	99%
Metal (tinplate & aluminium) <sup>1</sup>	78,842	32%
Glass <sup>1</sup>	28,771	23%

1. 2020 data. Figures for 2021 will be published in mid-2022.



Full results for 2021 against our plastic pledge targets will be available in mid-2022. In the meantime, we've shared some of our product highlights to show how we're reducing plastic packaging, making products more recyclable and increasing recycled content. We can also report on our 2021 progress on paper and board.

PROGRESS AGAINST AIMS (NON-PLASTIC PACKAGING)

In addition to plastic, we work to measure our use of other major packaging materials. Several years ago we strengthened our review of paper and board origins which gives us confidence we are making robust progress towards our goal of 100% of paper and board to be from certified or recycled sources (excluding third-party manufacturing sites). Climbing steadily from 97% in 2019, we reached 98% in 2020 and are now at 99% so incredibly close to our ultimate goal. We aim to reach and maintain this before 2025.

We're also finding ways to tackle our use of other materials, like metal and glass, and working with suppliers to track our progress.

PROGRESS AGAINST AIMS (PLASTIC PACKAGING)

In some of our sectors, product turnover can be slow, especially in Health, where regulatory requirements mean new products can take some time to reach the market. The journey from idea to product launch can routinely take two years, in which time we have to show products are stable, safe and sustainable. Even so, work we've done since 2018 to develop our plastics pledges, and to research, test and trial our concepts has produced results in 2021, including:

Reducing plastic and packaging

- Removing the pink plastic shrink sleeve from Gaviscon Double Action glass bottles, and moving to a coated glass bottle, saved around 40 metric tonnes of plastic packaging. Gaviscon packs have also been recognised externally, winning Glass Pack of the Year at the 2021 UK Packaging Awards

Meanwhile, within our hygiene products we reduced our use of plastic packaging by over 300 tonnes in 2021 through lightweighting and re-design. This included introducing flexible refill packs for Sanpic in Colombia, where replacing the need to purchase new rigid bottles each time saves around 50% of plastic per pack. We also reduced the plastic weight of our 1 litre cleaning bottles in the UK where a small change delivered an annual plastic saving of 33 tonnes.

### A PACK THAT'S RECYCLED, RECYCLABLE AND REUSABLE

#### CASE STUDY

Veja Power Nature all-purpose cleaner, launched in Brazil, now has a concentrated capsule refill system.

It means the original trigger and bottle can be reused up to 25 times and the use of refill saves 85% of plastic. The PET bottle is recyclable and also includes 50% PCR.

A QR code guides consumers to a virtual reality page showing them how to use the refills and, just as importantly, how to dispose of the materials.

In the concentrated format, one pallet of capsules is the equivalent of 13 pallets of Veja in the trigger and bottle format, which saves on transport.



#### Making packaging more recyclable

To make our packs easier to recycle, we're swapping multi-layer laminates for mono-materials, for example in Finish dishwasher tab pouches. We're also removing contaminants like black colourant from our bottles. Durex has removed a non-recyclable valved cap and replaced the bottle material with a recyclable alternative. And we're adding perforations and messaging to bottle sleeves to help consumers remove them before recycling. This makes it easier for recycling systems to detect and sort packs in the recycling process, increasing the amount of packaging they can recycle.

In 2021, the recyclable Finish flexible pouch, initially launched in 2019, became the first recyclable pack in its category with PCR to be produced at scale.

Work like this shows how we want to move forward to 2025 and beyond. Our technical progress is encouraging, given the challenges of using and obtaining some substitutes for plastics. We're now looking to scale up these programmes across regions so that they make a bigger impact.

#### Increasing recycled content

Highlights in 2021 included:

- Preparing a project that will launch in 2022, incorporating 75% recycled plastic into the 22 million spray bottles Cillit Bang produces each year, saving 880 metric tonnes of virgin plastic
- Giving Finish Power Gel in the EU a 35% PCR bottle with sleeve perforation for easy disposal
- Using up to 35% PCR in bottles for the newly launched Dettol Tru Clean
- Adding PCR into almost a quarter of Vanish packs, using over 750 metric tonnes of recycled plastic in the process

Our work in recent years has added over 7,700 metric tonnes of PCR to our processes, and it now makes up 3.5% of plastic we use in our packaging. In 2020, we increased our use of PCR by 50% compared to the year before. But higher demand for some of our products during the COVID-19 pandemic meant we had to use more plastic as we increased production. We'll report results for 2021 in mid-2022.

#### LOOKING FOR TRANSFORMATIONAL IMPACT

For some time, we've worked to minimise our use of materials by making bottles, packs and lids smaller and taking the unnecessary air out of packaging. We're also looking for new, transformational ways to get products to consumers that work well for them, as well as reducing our environmental impact.

These include refilling and re-use. A bottle refilled with fresh product is a bottle kept out of the waste cycle, and one we don't have to use material or expend resources to replace. In the US, Lysol SMART refillable packs saved 75% plastic compared to the traditional method of buying new bottles again and again. We're working with the recycling company TerraCycle and their Loop platform, and also assessing more refill ideas across our brands.



## REUSING FINISH PACKS AGAIN AND AGAIN



Finish UK has partnered with recycling company TerraCycle's Loop programme, a sustainable packaging concept that sees empty packaging collected, cleaned and re-distributed back to the brand, which then reuses it.

In a trial with the UK supermarket Tesco that started in September 2021, ten stores are carrying Loop's brand partners – including Finish – giving consumers the option to buy familiar brands in sustainable packaging that's reused time and time again.

For the first time, Finish tabs are available in stainless steel jars, which consumers bring to return points in the store when they've finished using them.

Loop then cleans the jars for Finish to refill, ready to go back on the shelf for the next shopper.

CASE STUDY

For the next generation of products, we're investigating other ideas like:

- More effective refill solutions, reducing packaging and, in some cases, eliminating it altogether
- Using more safe-to-use concentrates to cut down on packaging materials

- Replacing a bottle of liquid product with a compressed solid alternative

The result will be that we use less plastic, transport less water and air, and therefore use less energy.

Using alternative materials is also important, whether it's substitutes for plastic, or recycled plastic or paper. And we're also investigating materials like bio-based plastics.

## FACING RECYCLING CHALLENGES

The more good-quality plastic that goes into recycling, and the better the systems for processing it, the better the supply of materials like PCR, and the more viable the cost. This is why we're also working to influence consumers to increase recycling rates globally. In the UK, for instance, only about a quarter of household plastic goes to recycling. In the US, it's only around 9%. So we're helping to improve or create recycling systems in areas where infrastructure is weak.

We were proud to join the Holy Grail 2.0 project in 2020, which is promoting an industry-wide watermark and tracing system to improve sorting processes for waste plastic and so strengthen recycling infrastructure. In 2021, we prepared some of our products by enhancing their labels with digital watermarks.

## CUTTING PACKAGING ON AMAZON WITH AIR WICK

In 2021, we launched tailored Air Wick e-commerce packs on Amazon in selected European countries for certain Freshmatic, Essential Mist and Plug-in Scented Oils starter kits and refill packs.

The packs are made of a corrugated cardboard insert and box with 70% recycled content and no plastic packaging. There is also no need for Amazon to add any extra packaging for shipment, which means less packaging used overall.

CASE STUDY

COVID-19 created new recycling challenges. High demand for disinfectants pushed up demand for materials to produce bottles – and that outstripped the supply of PCR. This increased our plastic use for these products, and we used more packaging in 2020 but couldn't increase the proportion of recycled material as much as we wanted. Recyclers collected less plastic, which undermined supplies of waste feedstock for PCR. The cost difference between virgin and recycled plastics also increased. Extra urgency to produce hygiene products and meet demand led to longer lead times on packaging trials.

We still expect to push ahead strongly in 2022, despite these short-term challenges, with efforts to back recycling infrastructure through partnerships, and to boost our own innovation pipeline. Teams are already moving forward, with ideas like refillable packs, using more PCR across many brands and cutting packaging weight. We'll also look to remove metallised material from cartons so they can be more widely recycled.

### JOINING FORCES TO MAKE A BIGGER IMPACT

We can't achieve our targets entirely through our own efforts. We're strengthening our global, cross-sector commitments through the Consumer Goods Forum Coalition of Action on Plastic Waste and working as part of the Ellen MacArthur Foundation's Global Commitment. We also have partnerships in particular countries. As well as being part of the UK Plastics Pact, we're also in the US and Canadian Plastics Pacts, a collaborative initiative to move towards a circular economy for plastics by 2025. As a founding Activator, we work with others on defining a list of problematic or unnecessary packaging and eliminating it by 2025. We also work closely with suppliers like Veolia, Dow and Mondi to find innovative solutions.

Other 2021 highlights from our partnerships include stimulating the market for recycling with global waste management services provider Veolia. Our partnership to develop PCR by turning an affordable material into a clear, clean and odourless feedstock has continued, following our work to pioneer rigid Finish containers for use with detergents. We've now launched our first Vanish packaging containing 45% PCR, making sure the iconic pink colour wasn't visibly different from virgin plastic packaging.



### LOOKING TO THE FUTURE

We're focusing on three priorities: using less plastic and packaging materials; using better materials for more recyclability; and incorporating more recycled content. Our targets take us to 2025 and 2030, but we're thinking beyond that. Our long-term ambition is to deliver our products in new ways that minimise or eliminate packaging, while still working as well as ever. Our work on refilling and reuse is an example.

By 2025, all our plastic packaging will be recyclable and we'll be using more materials like PCR. Our new Polymer Science function in our global packaging team is exploring the next generation of plastics, and finding new methods of recycling, including dissolution and chemical recycling. For now, enhancing the quality of mechanical PCR, which is the most commonly used recycling process for packaging waste today, is our priority.

### LISTENING TO OUR STAKEHOLDERS

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Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

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# HEALTHIER PLANET

Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

We recognise the threats posed by climate change, not just to our business, but to ecosystems, communities and people around the world, from changing weather patterns that exacerbate floods and droughts, to economic migration and fractured communities. We are particularly focused on the way climate change adversely affects people's health, something that is increasingly visible. We aim to protect against that in how we combat climate change ourselves and how, through our brands, we enable people to protect their own hygiene and health.

We want to be a regenerative business that adds value to society and the environment. We're combatting climate change with ambitious plans to reduce our whole carbon footprint. This means being more efficient with energy, water and materials but also looking at our indirect impacts that arise when people use our products. We are engaging with our consumers to help them to make small changes when using our products that can add up to a significant collective impact.

## INSIGHTS UNDER THIS THEME

Our sustainability insights show how we're combatting climate change and creating a healthier planet. Find out more about our initiatives through these topics:

### Climate change

Every business has a duty to address the causes and consequences of climate change. We run our operations and work across our value chain in ways that respond to the challenge.

### Water

The amount of water we use, and our consumers use, are vital measures in our overall sustainability. We're working to use less water, be more efficient with what we do use, and recycle the



water we collect on our sites. We're increasingly working in local areas to support the whole catchment area that we are part of, building more sustainable resources for everybody there.

### Reducing waste

Waste is one of the biggest challenges facing the planet. Businesses like ours have a responsibility to limit their impact and make sure their own operations and their supply chains generate as little waste as possible, whether it's from production or packaging.

### Protecting ecosystems across our value chain

Many of our products use natural raw materials, which we source through a large global network of suppliers, from large companies to smallholders. This, in turn, has an impact on local ecosystems. Find out how we monitor that impact, and manage it, in the way that we work with our suppliers and partners.

Further details of our aims and ambitions, and our progress towards them, are given within the individual insight for that issue.

## OUR AMBITIONS UNDER THIS THEME

# Carbon

neutral by 2040

# Water+

water positive in water-stressed sites by 2030

# 65%

reduction in greenhouse gas emissions from operations by 2030

# 100%

renewable energy by 2030



# CLIMATE CHANGE



Climate change is affecting both planetary and public health. Our core business helps protect people's health, and to enable that we have to help combat climate change. We have a duty to combat climate change across all we do, from sourcing our ingredients and cutting the energy we use, to designing our products and their packaging. To minimise our impact on the planet, we look to make our own operations and our whole value chain more sustainable.

Climate change is the biggest challenge facing the planet, and its urgency guides how we contribute to efforts to keep global temperature rises below 1.5°C, in line with the Paris Agreement. Climate change threatens natural and social ecosystems. Changing weather patterns undermine livelihoods, dislocate communities, and force economic migration, as well as straining infrastructure.

Combatting climate change and mitigating its effects is central to our sustainability targets, especially our ambition to achieve net zero emissions across our value chain by 2040. Also, because of the close link between the health of the planet and the health of its people, the action we take on climate change helps deliver our purpose: to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

Our work on climate encompasses our whole value chain, including our own operations and our suppliers'. It touches every stage, from when we manufacture and distribute products to when consumers use them and dispose of the packaging. The amount of energy we use, and how efficiently we use it, as well as where that energy comes from, is a crucial part of this. But so are the materials we use, and the way we design products. All have a bearing on the emissions we're responsible for. Steps we take now can have a significant effect, whether it's using more renewable energy or using less water to produce products.

## OUR PERFORMANCE IN 2021

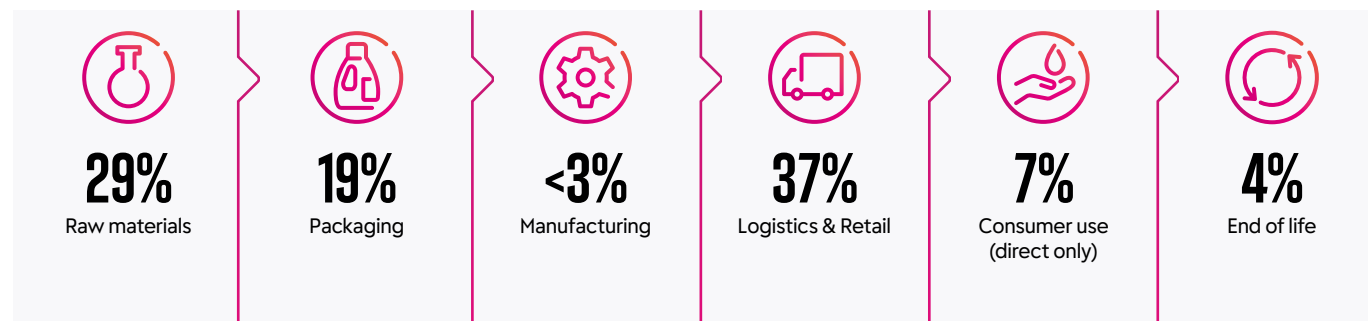
<b>Aim</b>	<b>2021</b>
65% reduction in GHG emissions in operations by 2030*	<b>66%</b> <sup>†</sup> reduction
<b>Aim</b>	<b>2021</b>
100% renewable electricity by 2030	<b>94%</b> <sup>†</sup> (100% purchased electricity in manufacturing)
<b>Aim</b>	<b>2021</b>
25% less energy in operations by 2025 * (per unit of production)	<b>6%</b> <sup>†</sup> reduction
<b>Aim</b>	<b>2021</b>
50% reduction in our product carbon footprint by 2030*	<b>22.6%</b> <sup>†</sup> increase**

\* Reduction is against a 2015 baseline.

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

\*\* Excluding indirect consumer use.

### Our carbon footprint



To reflect how important climate is to our work on sustainability, we set new science-based targets in 2021. As well as an ambition to be carbon neutral across our value chain by 2040, we've committed to two 2030 emissions targets:

- a 65% absolute reduction in the operations (Scope 1 and 2) greenhouse gas emissions which we control directly; and
- a 50% cut in our upstream and downstream value chain (Scope 3) emissions that make up the vast majority of our overall business/product carbon footprint. This includes the footprint of the ingredients we use, our suppliers, logistics and how consumers use our products and dispose of our packaging.

We've also set a target in our operations to increase energy efficiency by 25% and water efficiency by 30%, both by 2025. This action on water is equally important given the impact of climate change on water resources, and helps us to our long term goal of halving our water footprint by 2040. For more about this, see our [Water](#) insight. At the same time, we're building understanding of both the physical risks of climate change to our value chain, and risks connected to the transition to a low-carbon economy.

We've made progress in 2021. Our target to cut emissions from our operations by 65% has been our priority. In 2021 we purchased 100% of our electricity from renewable sources, resulting in 94% of our electricity being renewable. Achieving this has meant we've also

already exceeded our science based carbon emissions target, with a 66% reduction versus 2015. The challenge now is to maintain and strengthen this performance as we continue to grow in the context of an increasingly turbulent energy market.

These targets are validated by the Science Based Targets initiative. This independently assesses and approves companies' targets in line with its criteria for what's needed to keep global temperature below 1.5°C, and the Intergovernmental Panel on Climate Change's recommendations. It also ensures best practice in setting science-based targets.

We're encouraged that we've cut carbon emissions directly under our control, which come mainly from our manufacturing operations. Our mission now is to continue this as we strive for our 2040 net zero ambition. That said, greenhouse gas emissions associated with our own operations only make up 3% of our wider carbon footprint. Almost 50% is associated with our upstream supply chain, 37% is from the transport and retail of our products, and another 7% from direct consumer use of our products. Dealing with these factors is highly complex, given that they're outside our direct control. For this reason, change comes slowly and reducing our emissions in these areas is difficult. In our product carbon footprint, we have differentiated further to reflect these levels of control: where we sell the appliance, an Air Wick plug-in for example, we include the energy it uses in our consumer-use amount i.e. the 7%. This is known as the direct-use consumer phase. But if we look at a Finish

dishwasher tablet, the carbon footprint is made up of the energy we use to produce the tablets, including all the materials used, and also the electricity consumers need to run their dishwashers. The carbon footprint of that electricity, in appliances such as dishwashers or other energy such as gas for heating water, is known as the indirect-use consumer phase. This isn't included in the 7%. This approach is in line with the WRI/WBCSD Greenhouse Gas Protocol and helps us focus on things in our control.

We know we can't ignore that indirect-use phase because it can add a lot of carbon emissions depending on the energy people use at home. For example, natural gas is a fossil fuel with high carbon emissions. Electricity in the home might be generated by burning gas or even coal, and in that case is also high in carbon emission. However, electricity generated from wind turbines, solar or hydroelectric is from a renewable, low-carbon source. Governments and power supply companies are working to help reduce the carbon for domestic energy supplies, but this will take time and vary from country to country. Although this domestic energy, with its indirect-use carbon emissions, is not specifically included in our target, we still want to reduce them as much as we can. To help achieve this, we're designing our products so that when they are used they use less energy or water, for example by enabling consumers to lower the temperature on their washing machine. This means less energy is needed to power appliances at home, lowering their carbon footprint and helping combat climate change. By helping people use less energy or water, it can also contribute to lower costs at home for our consumers.

This means we must focus on how people use our products, as well as how we make them. Which, in turn, means examining everything from how we design products and packaging to the ingredients we use, and the energy and water people need to be able to use the products. This includes how we deliver the products to consumers, and how consumers then use and dispose of them or their packaging. We can reduce the overall footprint by using different ingredients, using recyclable or recycled packaging and changing product design so the product needs less water or energy to do its job. This involves working with suppliers at one end of the value chain, and with consumers and appliance manufacturers at the other. This is how we reduce emissions over time.

The close connection between climate change and water stress also matters here. Some of our biggest and fastest-growing markets, like the Middle East and India, are in water-stressed areas. We must adapt products to reflect this, even though it creates extra complexity. The impact of climate change can mean these water-stressed regions also have the most difficulties accessing hygiene and health services, which makes our products all the more important. We need to look at the context of every product, and make sure that in working to cut emissions, we still create the right outcome for our consumers and the planet.

Our value chain is made up of inter-dependent parts covering the sequence from sourcing raw materials and manufacturing products to consumers using and disposing of them. Cutting carbon emissions in one part of the chain might increase them in another. We might manufacture some of our products in a more concentrated form to reduce packaging, and so lower carbon emissions from transport. But consumers could then have to use and potentially heat more water to use the product, so losing some or all of the environmental gain. We use our Sustainable Innovation Calculator to think through these issues when we design new products or modify existing ones. For more about this, see our [Sustainable innovation](#) insight.



### PROGRESS AGAINST OUR TARGETS

In 2021, we surpassed our target to reduce greenhouse gas emissions from our manufacturing and warehousing operations, achieving a 66% reduction compared with our emissions in 2015. This was partly down to energy savings, but the most significant factor was our growing use of renewable energy: 94% of our electricity overall in 2021 was from renewable sources. And 100% of our purchased electricity around the world for our manufacturing sites was renewable. This puts us on track to achieve our RE100 commitment ahead of schedule.

An example of our growing efforts to source renewable energy is our Salt Lake City site. In 2021, our factory joined a local community-based renewable collective – the Blue Sky Renewable Program. It's the brainchild of the local Electric Power Company, Rocky Mountain Power. Their premise is simple: 'If everyone takes a small step together, the impact can be momentous'. By joining the programme, the site now runs on 100% renewable electricity and is supporting community-based renewable energy projects for local organisations.

### ENERGY CONSUMPTION

Our target is to use 25% less energy (per unit of production) in our operations by 2025, compared to 2015. In 2021 we've seen a 6% reduction overall against the 2015 baseline. This is lower than we would like and is partially down to us having to ventilate factories to combat COVID-19, and so using more energy for heating.

We're developing plans for our sites to help us continually improve how we use energy across our three business units. In 2021, higher production to meet increased demand for hygiene products increased our energy use by 0.8% over 2020. But by increasing renewable electricity and running energy efficiency programmes, like installing new automated sleep mode sensors for packaging lines at our factory in Mauripur, Pakistan, we've made up for this impact.

Other energy efficiency projects include:

### **Building sustainability into our science and innovation centre**

Our Hull Science and Innovation (S&I) Centre received Leadership in Energy and Environmental Design (LEED) Gold status in 2021.

This recognises our focus on embedding sustainability in the design of the centre, which comprises new labs and a refurbished 1920s building. It includes 1,000 sq m of solar panels which produced around 135 MWh of electricity in 2021, saving around 30 tonnes of carbon a year. The building also has condenser-type boilers, as well as reverse-cycle heat pumps for low-grade underfloor heating and cooling. Other sustainable features include a carbon monoxide sensing system, which optimises the amount of ventilation the building needs, and energy-saving features on fans and pumps.

**Optimising compressed air** At our factories in Nottingham in the UK, Mira in Italy and St Peters and Evansville in the USA we've found more efficient ways to generate, distribute and use compressed air so we use less energy. This has included installing new systems, and changing distribution design.

**Upgrading HVAC and chillers** At our facilities in Bangpakong, Thailand, Evansville, USA, Mauripur, Pakistan, Sitarganj, India and Agbara in Nigeria, we upgraded our HVAC, air handling and chiller systems, helping us regulate ventilation and temperature more efficiently.

**Reusing captured energy** In Shangma and Anhui in China, at Sitarganj in India and Evansville in the USA, we've found, and made the most of, opportunities to recover heat by capturing energy to reuse.



## WORKING TO MAKE OUR HOMETOWN CARBON NEUTRAL

We're part of a collaboration between the private, public and education sectors to make our hometown of Hull, and the Humber estuary, the first carbon neutral region in the UK. The goal is to develop an innovative economic model that helps Hull and similar cities to support a net zero future.

This is especially ambitious, as the Humber, the UK's 'energy estuary', is currently Britain's biggest CO<sub>2</sub>-emitting region. This is down to the longstanding presence of the fossil fuel industries that currently power the country.

Hull is the birthplace of Reckitt, so we were proud to open our new global R&D centre there in

2019, and to champion this new Building a Better Hull project. When we re-branded last year we wanted to celebrate our continuing investment in the region through something tangible and sustainable.

We believe the project will create a prosperous future for the city and become a blueprint for estuary economies around the world.

As well as attracting the support of global businesses like Reckitt, the project is supported by the CBI and Make UK.

We hosted a panel event on the project at the United Nations Climate Change Conference COP26.



## Energy and Greenhouse Gas (GHG) data

Energy usage	Units	2015	2020	2021 <sup>†</sup>	Change vs 2020	Change vs 2015 <sup>†</sup>
Energy use per unit of production <sup>1</sup>	GJ per tonne	1.54	1.44	1.45	+0.8%	-6% <sup>†</sup>
Absolute GHG emissions <sup>2</sup> Scope 1 & 2	tCO <sub>2</sub> e	393,004	248,793	133,636	-46%	-66% <sup>†</sup>

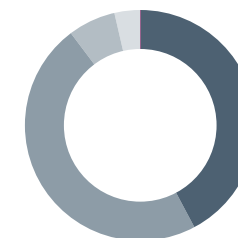
<sup>1</sup> Data is for manufacturing and warehouses unless otherwise stated.

<sup>2</sup> GHG emissions Scope 1 and 2 data is for manufacturing, warehouses, R&D and Offices and is reported in line with the WRI/WBCSD GHG protocol market-based approach.

<sup>†</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.



## Energy use in operations 2021<sup>1</sup>



Electricity (Non-renewable)	1,089 GJ
Electricity (Renewable)	1,958,298 GJ
Fuel (Non-renewable)	2,211,620 GJ
Fuel (Renewable)	308,502 GJ
Other indirect purchased energy (e.g. heat, steam or other non-renewable purchased energy)	157,225 GJ

Energy exported to the grid or sold to a third party 2,198 GJ

<sup>1</sup> All data are for manufacturing and warehouses unless otherwise stated.

Our operations use different types of energy, from traditional forms of electricity and thermal energy to renewables and landfill gas. In line with our ambition to decarbonise our operations, we continue to look for ways to improve our energy efficiency and the way we use and reuse energy in our facilities.

In 2021, our energy use per unit of production increased by 0.8% compared with 2020, because we needed more ventilation to combat COVID-19 and because we increased production of hygiene products. But our energy savings programmes in 2021 largely made up for this increase, resulting in a 6% reduction in our energy use per unit of product versus 2015. Our overall energy consumption also went down by 6.3% compared to 2020. By continuing to invest in new and more efficient equipment, as well as piloting new digital intelligence systems that help us automate energy optimisation, we're reducing energy even further.



## PRODUCT CARBON FOOTPRINT

Product carbon footprint is the only one of our four targets that includes emissions across the whole value chain (Scope 3, as well as Scope 1 and 2). As we've seen here, these emissions are hard to reduce because they happen upstream or downstream of our operations, which means we have less direct control over them. But, after focusing mostly on our own emissions, we're increasingly broadening our work to tackle emissions related to the materials we buy (upstream) and to logistics, retail and consumers' use of our products (downstream). We're also working to increase the share of our revenue that comes from more sustainable products. For more on this, see our [Sustainable innovation](#) insight.

As part of launching our new sustainability ambitions in 2021, we've updated our modelling, to fully include all of our business and reflect the timelines of our science-based targets from 2015 to 2030. This means that our 2021 data is not directly comparable to previous years.

The modifications include:

- Changing our baseline from 2012 to 2015
- Including all our Infant Formula and Child Nutrition (IFCN) business in our target, acquired from Mead Johnson
- Adjusting for the 2021 divestment of Scholl and our IFCN business in China to reflect the current corporate entity

The main change is to move from a measure of carbon intensity – carbon footprint per dose of product – to a measure of absolute carbon emissions compared to the 2015 baseline. Because of the growth of our business since then, our overall product footprint, which comprises Scope 1, 2 and 3 emissions, has risen by 22.6% compared to the 2015 baseline. For Scope 3 only, our emissions have gone up by 25.3%. Our 2030 target is to reduce it by 50%.

Over time, as our understanding of our carbon footprint grows, we progressively update our modelling. For instance, we've remodelled our Scope 3 retail impacts to update consumers' journeys to shops and also reflect the growth of e-commerce, as well as reflecting changes in how people dispose of products and packs, which has an impact on emissions.

We've also looked more closely at product design and have started work with our suppliers to shrink our products' impact up and down the value chain. At the same time, we have to make sure our products still deliver their health and hygiene benefits. Our [Product stewardship](#) insight has more on how we make our ingredients more sustainable and contribute to a circular economy that reuses more resources. Our science-based targets will help shape and guide this work.



## Greenhouse Gas (GHG) emissions across the value chain (Scopes 1-3)

Total carbon footprint (million tonnes CO <sub>2</sub> e)	Raw materials	Packaging	Manufacturing	Logistics & retail	Direct Consumer use	End of life	Total in scope	Indirect use phase i.e. in appliances that use our products
2021	3.8	2.5	0.4	4.9	0.9	0.6	13.1*	28.1
2020*	3.9	2.4	0.4	5.0	0.9	0.6	13.1	27.3
2015*	3.4	1.6	0.6	3.6	1.1	–	10.7	25.8

\* Restated since 2020 report due to changes in Scope 3 methodology and business footprint.

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

## CDP Data splits (tCO<sub>2</sub>e)

Purchased goods and services	6,010,000
Downstream transportation and distribution	3,760,000
Use of sold products (direct only)	903,000
End of life treatment of sold products	573,000
Downstream leased assets	27,000
Waste generated in operations	25,000
Upstream transportation and distribution	1,703,000
Business travel	181,000

### OTHER EMISSIONS

We're not a significant user of ozone-depleting substances (ODS), so we don't report on them here. Also, while we do emit low quantities of common industrial air emissions like sulphur and nitrous oxides (SOx and NOx) and particulates (dust), these emissions are below set regulatory limits, and are not considered material for reporting.

### LOOKING AHEAD TO 2022 AND BEYOND

We've gone beyond our 2020 greenhouse gas targets and set new ones for 2030, as part of our science-based targets. We haven't made as much progress on energy efficiency as we wanted. This is partly down to our focus on the quality of our product, and the impact of COVID-19 with the need to maximise ventilation to support the safety of our teams. But we have made significant progress in renewable electricity and reducing energy use in our factories.

Looking forward, our focus is on the highest energy-consuming processes in all of our factories, where we are optimising these to be more energy efficient. These are standard manufacturing processes like compressors or boilers. We're also looking at the type of energy we use and the form it takes in our operations. This means using more green electricity where it might replace gas, while also considering alternatives to gas such as biomass, landfill gas and even, in the longer term hydrogen. We already use landfill gas in our spray dryers at our Evansville infant formula factory. We're trying to use more of this renewable fuel option while also starting to explore other alternatives for high thermal energy.

This is part of our resetting of our priorities, with new ambitions for sustainability and a focus on people, planet and product. This is the backbone of our efforts to tackle climate change and push towards net-zero emissions across our value chain by 2040. We also want to help fight the impacts of climate change on people's health, by protecting and improving people's health and hygiene around the world. That's what's behind our efforts to improve access to water in water-stressed areas and turn them into water-positive areas by 2030.



## BOOSTING SUSTAINABILITY AT TAICANG

In 2021, we opened our new \$300m Health and Hygiene factory in Taicang, China. And sustainability is built in from the ground up, explains Project Activity Manager Gavin Zhang: "Sustainability is the most important element of all engineering work. Our engineering team have worked with all other functions to deliver an intelligent Dettol and Durex factory, managing the whole lifecycle of this landmark green scheme in Taicang."

"Sustainability is the key success criterion of Project Taicang. We considered it from the very early stage of design right through to construction. That includes incorporating solar power, energy-saving technology, water recycling and reuse programmes and more."

The site's 612 solar panels provide 200 MWh of power a year, says Gavin. "In just one month, they reduced carbon emissions by 16.5 tonnes."

### Modelling our climate risks

In 2021, we continued our partnership with Resilience and Cambridge Centre for Risk Studies (CCRS) within the Judge Business School at the University of Cambridge. We worked with the Climate Resilience analytics platform that applies the Centre for Risk Studies' research frameworks and approaches to inform our risk management and strategic decision making around climate change. The work involved engaging with internal stakeholders across Reckitt, including procurement, brands, operations, sustainability and finance teams.

Resilience profiled the relative medium-term impacts on our business of physical climate change risks and those associated with the transition to a low-carbon economy. The analysis highlighted a greater potential impact from transitional changes, and the need to focus on mitigating them across the value chain.

### Understanding the link between climate and health

Through our work with London School of Hygiene and Tropical Medicine and the EcoHealth Alliance, we've built awareness of the impact of climate change on people's health. This included publishing a paper at the United Nations Climate Change Conference COP26 that set out the risks to human health of unabated climate change and presented recommendations to address these existential threats. We continue our work to help protect people from these impacts through our efforts to strengthen health literacy and through the role of our brands which support hygiene and health directly.

Our work with Nature-Based Insetting at the University of Oxford helps us develop the foundations for nature-based solutions. These address the impact of climate change by protecting and strengthening ecosystems, including plant and tree life, by sequestering carbon in the future.

### Designing for sustainability

We'll also continue our work on making our products more sustainable by reducing our Scope 3 impacts through how we design products, the ingredients and packaging we use and how we encourage consumers to use and dispose of them. Our Sustainable Innovation Calculator considers the carbon footprint of our products and the wider Scope 3 emissions, and we're now using it to guide product innovation in our Nutrition

business alongside our Hygiene and Health activity. For more about the Sustainable Innovation Calculator, see our [Sustainable innovation](#) insight.

### Working with our suppliers

In 2021, we worked with our contract manufacturers through our Supplier Environmental Performance Programme, in partnership with Manufacture 2030. This is part of our strategy to help suppliers move from a basic level of compliance to being more proactive in reducing their environmental footprint and making significant improvements in areas like energy efficiency. These improvements could come through our site visits, but also through desktop help from Manufacture 2030, improvement projects they suggest and webinars that improve suppliers' environmental performance. In 2022, we'll work with the suppliers in the programme and help them reduce their environmental footprint. We'll also include more raw material and packaging suppliers.

### Making further progress

We'll continue to build on the following areas:

**Improving energy efficiency:** this includes refining processes and site design to use less energy, as well as action plans for sites based on energy audits and new modelling tools. These target high-energy processes, like compressed air. And we're progressively giving our global community of environmental specialists digital tools to help them share good practice quickly with the rest of the business.

**Ramping up logistics action:** we've formed a partnership on renewable energy with BP that's led to a UK pilot with logistics business Great Bear. They're using hydrogenated vegetable oil, derived from used cooking oils, in delivery vehicles. This reduces the carbon footprint of the vehicles involved by more than 90%.

We're also looking at ways to reduce emissions in our supply chain logistics and transport networks. For instance, in 2021 we saw that by sourcing milk powder for our infant formula plant in Michigan from suppliers close to home instead of in California, we could make our supply chain more resilient, reduce costs and shrink our environmental footprint. In two years, we've cut the plant's greenhouse gas emissions by 70% and lowered freight costs by 65%. Milk powder from California now goes to our site in Chihuahua, Mexico.

## SUPPORTING OUR SUPPLIERS SWITCH TO RENEWABLES

To help make our supply chain more sustainable, we've funded our contract manufacturers to apply for and buy International Renewable Energy Certificates (IREC) for their facilities. This will help them verify their use of renewable energy.

So far, we've helped seven hygiene manufacturers in India to get IREC certificates. These suppliers can reliably claim the renewable energy they procure is using zero-carbon electricity, and so reduce the portion of their carbon footprint that's associated with purchased electricity.

Some are going even further and are also looking at opportunities to generate renewables on site. In addition to purchasing 100% renewable energy, two of our contract manufacturers in India which manufacture Harpic have installed solar panels to produce 5% of their electricity, equivalent to 28,800kWh.

**Pushing ahead with solar power:** having reached our 100% target for purchased renewable electricity, we're still pushing hard to reduce the footprint of the 6% of power we generate ourselves. We've installed solar facilities at 11 of our sites, including our new R&D facility at Hull in the UK, our new manufacturing site at Taicang in China and our site in Bangpakong, Thailand, which has 1,190 panels expected to generate 904 MWh a year, saving over 400 tonnes of carbon emissions.

**Exploring alternative energy sources:** for more energy efficiency and lower emissions, we'll develop more projects like increasing our use of renewable thermal energy by installing air or ground source heat pumps, alternative fuels like biomass and gas, or using more landfill gas as we have at our Evansville sites. Longer term, this will also include options like hydrogen as that becomes more viable.

**Switching our suppliers from fossil fuel:** While we don't use coal in any of our own sites and only buy renewable electricity, in many countries coal is still common as a fuel or as the source of electricity that our suppliers use. We're working with them to switch progressively to renewable options.

### Engaging with stakeholders and raising awareness

Our Nutrition site in Singapore is among 14 businesses involved in planting one million trees in the next 10 years as part of the OneMillionTrees movement to improve Singapore's urban environment and boost climate resilience. Companies from the Biopharmaceutical Manufacturers' Advisory Council (BMAC) are teaming up with the National Parks Board. Each BMAC company leads a tree-planting ceremony to start a tree planting programme in Tuas Biomedical Park. Employees then continue the tree planting effort in the park's vicinity.

At Sitarganj and Hosur in India, our staff celebrated World Environment Day by hosting activities like tree planting, photo competitions, poster making, quizzes, and training and webinars on spill response and energy management.

At COP26, we focused attention on the impact of climate change on health. We published our paper, The Impact of Climate Change on Health: Reducing Risks and Increasing Resilience in the Era of COVID-19. Authored by the London School of Hygiene and Tropical Medicine and the EcoHealth Alliance, it demonstrated how the health of people all over the world is already suffering because of climate change.

Also at COP26, we demonstrated how people everywhere can contribute to combatting climate change in small ways that collectively make a big difference. For example, we highlighted the impact of washing hands with cool water, which is just as hygienic as warm water. If everyone in the UK did this, and avoided using the energy it takes to heat hot water, the country's annual carbon emissions would fall by 1.33m tonnes – the equivalent of taking 285,000 cars off the road.

Ahead of COP26, we hosted a series of photography, art and creative challenges to inspire change and open meaningful discussions around what it means to create a cleaner, healthier world. We joined forces with the global creative network Talenthouse to ask creators all over the world to produce images that captured moments where people had made a positive impact by creating a cleaner, healthier world. We got almost 2,000 entries from over 80 countries, with four winners featured at our COP26 exhibition stand, seen by some of the world's most important decision makers, activists and policymakers, and across our social media and digital channels. An internal version of the challenge attracted 300 photographs.

We also collaborated with Talenthouse's Untitled platform to challenge young people aged seven to 18 to submit a piece of artwork that describes how they believe we can create a cleaner, healthier world. We received a host of entries and again used these in our communications

## LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

### The Sustainability team

Reckitt Benckiser Group plc (Reckitt)  
103–105 Bath Road  
Slough  
Berkshire  
SL1 3UH  
UK



*A winning photo from our competition in partnership with Talenthouse, capturing moments where people have positively impacted our planet to create a cleaner, healthier world.*  
**Kliford Gonzales – Philippines**

# Our TCFD Statement



# OUR TCFD STATEMENT



## CLIMATE CHANGE AND OUR BUSINESS

At Reckitt we recognise the importance of climate change in our relentless pursuit of a cleaner and healthier world. From the perspective of our business and our consumers all over the world, we also recognise the increasingly clear and adverse impact that climate change is having and will have on people's health and wellbeing. Whether through new vectors of disease, increased risk, poorer hygiene through water stress and increased bacterial loads, increased ambient temperatures or different acute weather patterns to name but a few, these impacts will pose both risks and opportunities within our value chain. To that end, in our approach to deliver the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), we assess risks and opportunities within our day-to-day business operations, structure and governance activities.

This embeds our climate change response within core business activity, helping to build an effective response that mitigates risk and builds opportunity within our brands and value chain. For example, we have adopted our Sustainable Innovation Calculator (SIC) for all new product development, measuring the climate and water impact of new innovations. This is also why we strongly support climate disclosure and transparency, in our annual reporting and associated sustainability insights.

We have conducted climate-related risk and opportunities scenario analysis to consider the longer-term impacts of climate change. Since 2020 with Resilience and Cambridge Centre for Risk Studies (CCRS) within the Judge Business School at the University of Cambridge, we have developed a digital twin model of our business. This builds scenarios for low carbon transition and physical risks across our value chain, with a 5 to 20 year horizon and consistent with the emissions pathways and scenarios specified by the Intergovernmental Panel on Climate Change (IPCC).

## COMPLIANCE STATEMENT

We are pleased to confirm that we have included in this TCFD Statement for Reckitt the material climate-related financial disclosures consistent with the four recommendations and the eleven recommended disclosures set. However, as we try to align our approach to the updated TCFD additional guidance (Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures) (2021 TCFD Annex) which was released in October 2021, there are some recommendations in the 2021 TCFD Annex: All Sector Guide that we are continuing to work on and will require more time for us to fully consider. In line with the current Listing Rules requirements (as referred to in Listing Rule 9.8.6R(8)), these areas are detailed below with reference to the TCFD recommendations.

- Development of more detailed disclosures by geography or sector, in addition to the current considerations for the overall business: our current analysis often considers specific geographies for supply chain risks and sectors for market-level risks and opportunities, and we will develop these for future reporting (TCFD Strategy (a)).
- Assessment of climate related issues in terms of acquisitions or divestments, where we are developing processes to strengthen our existing compliance agenda: we will report on these in the future (TCFD Strategy (b)).
- Assessment of climate-related issues in terms of the response of consumers, to products in different ways, both in terms of risk and opportunity, and in different geographies: we have begun to assess these, considering both internal and external data and will report more on these in the next two years. Our sustainable product innovation programme does, however, already take such issues into account alongside transitions risks, within our product innovation activity (TCFD Strategy (b)).
- Assessment of climate-related issues in terms of access to capital where there is apparently limited initial impact (TCFD Strategy (b)).

- Further development of our decarbonisation roadmap alongside the initial interim milestones noted for our 2025, 2030 and 2040 targets and ambitions (TCFD Strategy (b)).
- The development, during 2022, of our internal carbon pricing approach and modelling which will inform future programmes (TCFD Strategy (b)).
- With ongoing activity, we continue to build resilience against the impacts of climate change (TCFD Strategy (c)).

We are working to implement the 2021 TCFD Annex recommendations in full over the course of 2022 and will report further on these in our next TCFD statement.



### OUR APPROACH

In 2021, we worked with Resilience and Cambridge Centre for Risk Studies (CCRS) within the Judge Business School at the University of Cambridge to assess our climate change risks and opportunities. The Climate Resilience platform applies the climate change research frameworks and approaches pioneered by Resilience and provides quantitative analytics that informs our risk management approach. Our programme involves key functional stakeholders throughout Reckitt including procurement, brands, operations, sustainability and finance teams. A series of workshops developed the platform, populating it with our data and, subsequently, reviewed the scenarios to develop mitigation.

We assess risks and opportunities in the short term (up to three years), medium term (three to six years) and long term (six to 12 years and beyond) (TCFD Strategy (a)). From a range of potential future global climate pathways, we initially assessed five different scenarios: a >4°C (global temperature rise by 2100); a 3°C scenario based on international policies in 2020-21; a 2.5°C scenario; a Paris Agreement-aligned mitigation (2°C) and a 1.5°C (global net zero by 2050 as referred to by IPCC) scenario. Each of the pathways are underpinned by the shared socioeconomic pathways (SSPs) which are widely used, including in the IPCC assessment reports. These include key narratives and projections that describe different socioeconomic outlooks with key variables that are incorporated into the models. Representative scenarios are chosen from the range of SSPs which are consistent with the defined temperature outcomes (>4°C, 3°C, 2.5°C, 2°C, 1.5°C). As we examine relevant trends, for example on consumer uptake of sustainable products and associated consumer behaviours which are not explicitly modelled in the SSPs or elsewhere, we are reviewing historical evidence, various literature sources, and behavioural models (TCFD Strategy (b)). We will report further on these in the future. In this report, to provide a spectrum of potential impacts, we focus on two of these, 3°C and 1.5°C, with details in the table following. These illustrate parameters for various impacts and opportunities based on policy frameworks for each. With the help of Resilience, our near-to medium-term analysis included piloting a cumulative 5-year view which supports our financial and operational planning (TCFD Strategy (b)).

### GOVERNANCE

Our approach to climate change risk is within the Governance framework of our core business. Our Board, supported by the Board's Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC) and Risk Committee has responsibility for oversight of our climate change strategy (TCFD Governance (a)). The strategy is delivered through our Executive Committee and management team, who review plans and progress (TCFD Governance (b)). Progress is considered routinely, as frequently as quarterly for some metrics such as operational carbon emissions, renewable electricity and energy efficiency. Reviews of progress enable further assessment of resource need and allocation within ongoing financial and operational planning activity. For more details on our Governance Framework and CRSECC, see pages 141 to 147 in our [Annual Report](#) and see our [Sustainability governance, reporting and assurance](#) insight.

Our monthly environmental reporting allows site, regional and functional teams to monitor performance (TCFD Governance (b)). This allows them to manage activity to remain on track to meet our targets while dealing with emerging issues. These monthly performance reports are shared with all relevant functional leaders. Summaries and progress are reviewed monthly at Supply Chain leadership forums and quarterly in our Business Unit and Global Business risk reviews.

For more details on how we report performance to senior leadership and the CRSECC, see our [Sustainability governance, reporting and assurance](#) insight.

We take part in external benchmarking and indices to consider our performance, and to benchmark against peers (TCFD Metrics and Targets (c)). For climate change, the most recognised is the Carbon Disclosure Project (CDP) – we've scored an A- for our climate change disclosure in the last four years. Our targets and activity have also been reviewed with [MSCI's Implied Temperature Rise](#) (ITR) rating. This aligns with the reporting recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and all greenhouse gas emissions scopes. Reckitt's current ITR rating is 1.39. Performance on these and core ratings through MSCI, Sustainalytics and within the Dow Jones Sustainability Index also forms part of our performance metrics. This informs us on the levels of confidence for investors, helping to manage climate related transition risk from that perspective (TCFD Strategy (b)).

## STRATEGY

### Risks and timelines

Our approach assesses physical and transition risks in the short term (up to three years), medium term (three to six years) and long term (six to 12 years, and beyond) (TCFD Risk Management (a)). We have assessed the near- to medium-term risk in terms of the 5-year impact on discounted future earnings value for these risks. This allows comparison of different risks, whether physical and transition, within a standard framework.

The risks within scope include:

Transition Risks	Physical Risks
Transition risks reflect trends in global policy, technology, finance, and society to support the transition towards a low-carbon economy. The following table explains the outcomes of the transition risk scenario analysis to Reckitt to 2025. We report the changing risk profile under two different climate scenarios, 3°C and 1.5°C. (TCFD Strategy (b))	Physical risks are assessed under two different time horizons, 5 years (2025) and 20 years (2040) focusing on impacts to various dimensions of the value chain from extreme temperatures, storms, water stress and flood risk. We quantified the expected change in physical risk, nominally the difference between the current (2020) and future (2025 and 2040) likelihood of extreme weather events. Physical risks were assessed as relatively low on the 5-year horizon but increase towards the 20-year time point. (TCFD Strategy (b))
Policy: Carbon Price Compliance	Upstream supply of natural raw materials. Palm oil, Latex, Dairy, Paper and Board, potentially impacted by extreme adverse weather event or climate change impacts on weather patterns affecting crops directly or via water stress or other impacts.
Market: Consumer Preference Change	Key Facility Operational Disruption & Asset Damage.
Technology: Low-Carbon Innovation	Water stress, increased temperatures, frequency of extreme adverse weather events (droughts, floods storms).
Reputation: Climate Activism & Consumer Stigmatisation	
Market: Investor Sentiment	
Liability: Climate-related litigation	

With Resilience we assessed physical risks on a 20-year horizon (to 2040) (TCFD Risk Management (a)). This informs our understanding of the long-term implications of acute and chronic physical risks to the value chain. Modelling supported assessment of the materiality of individual risks and the relative impacts of different climate risks within the time horizon.

### Scenarios within scope

The analysis considered multiple climate scenarios and their implications. It also explored the range of potential future global climate pathways defining variable extents of emissions reduction. Each of the pathways are underpinned by the shared socioeconomic pathways (SSPs) which are widely used, including in the IPCC assessment reports. These include key narratives and projections that describe different socioeconomic outlooks with key variables that are incorporated into the models. Representative scenarios are chosen from the range of SSPs which are consistent with the defined temperature outcomes. These included five scenarios: a >4°C (global temperature rise by 2100); a 3°C scenario based on international policies in 2020-21; a 2.5°C scenario; a Paris Agreement-aligned mitigation (2°C) and a 1.5°C (global net zero by 2050 as referred to by IPCC) scenario. In this report, to provide a spectrum of impacts, we focus on two of these, 3°C and 1.5°C, with details in the table following.

To enable this scenario analysis, with Resilience, we built an internal data-driven model of the business, or 'digital twin'. This captures key business information including locations, financial data, greenhouse gas emissions, and natural raw material sourcing origins. The scenario analysis enables comparisons with our business model. The assessment is currently presented for our whole business, and is not yet separated specifically by geography or sector although the digital twin allows this detail within our review. These comparisons assume no further climate mitigations and, as a result, also exclude our strategic climate action which are both abating carbon emissions, strengthening operating efficiency and developing products with lower carbon and water footprints. This both mitigates risk and creates opportunities. For example: through building more resilient supply chains at site level and within ingredient origins; product innovation to meet emerging consumer demand for more



sustainable products; and by developing products that are well placed for a low-carbon, low-water policy and physical environment (TCFD Risk Management (b)). (For more details, see our insight sheets on Climate change, Water and Sustainable product innovation).

### Organisational resilience

CCRS's Platform provides quantitative analytics to inform our risk management and decision making, applying the research frameworks and approaches pioneered by Resilience. The platform supports a cross-functional review of risks across key internal business functions including procurement, brands, operations, sustainability and finance teams, together with Resilience.

This approach will continue in 2022, further assessing key risks and looking in greater detail at the relative impacts across key brands and raw materials (TCFD Risk Management (a)). It will assess the impact of Reckitt's climate change and broader sustainability ambitions to mitigate these impacts and contribute to overall business performance. In doing so, the assessment will provide insights into the efficacy of various mitigation initiatives helping us to both prioritise ways of managing risks and also potential opportunities associated with a low-carbon transition.

The table below summarises potential impacts, in the absence of current and planned mitigation activity (TCFD Strategy (b)).



Transition Risks		3°C Current Policy	1.5°C Paris Ambition
<b>Policy: Carbon Price Compliance</b> Carbon price regulation by governments to incentivise GHG emission reduction (either directly via carbon price or emissions trading schemes, or as shadow price).	Narrative	Global effective carbon price of \$20 per ton by 2025 with participation from all major economies. Assumes that all GHG emissions are priced (either directly or indirectly).	Radical action by all global governments, global effective carbon price of \$80 per ton by 2025. Assumes that all GHG emissions are priced (either directly or indirectly).
	Impact	Depending on level of carbon price, there could be an increase in costs across the value chain.	This radical government action to support 1.5°C targets appears unlikely on a global basis and across all emissions scopes. If it were to arise, it would more likely lead to an increase in the costs of carbon emissions across the value chain.
<b>Market: Consumer Preference Change</b> Consumer preferences shift towards more sustainable (less carbon-intensive) products, with innovative competitors disrupting market demand and challenging market share.	Narrative	As above, moderate impact in terms of growth for low-carbon alternative products by consumers.	As above, significant growth in low-carbon alternative products grows as consumers aim to reduce their footprint. Opportunities to gain growing market where Reckitt's products represent the sustainable option.
	Impact	We see increasing consumer preference for more sustainable products through existing consumer insight data. More significant policy positions are likely to enhance these. Further work is underway considering a range of different data from Resilience, our own consumer research and other information, to assess potential risks and opportunities surrounding this. We will report further on this in the future.	
<b>Technology: Low-Carbon Innovation</b> Uptake rate of low-carbon technologies affects business competitiveness, costs and asset values.	Narrative	At the global level, a slow rate of adoption of low-carbon technologies, with regional differences in investment and pace of uptake. Limited reliance on fossil-fuel based energy means that there is minimal impact to the value of Reckitt's current assets.	A radical global transition to low-carbon technologies and energy systems. Major investments are required to keep pace with technological and regulatory change. There is widespread uptake and investment in low-carbon technologies to meet market demands and regulatory pressures.
	Impact	Without the current activity underway to progressively implement new and emerging technology and work with suppliers to reduce carbon and water footprints in operations, there may be minimal impact on the value of Reckitt's physical assets (incl. property, plant, and equipment). Similarly, cost increases may arise in the upstream supply chain.	Although Reckitt has limited use of fossil fuels overall, a failure to adopt emerging low-carbon technology may result in impact to physical fossil fuel-based assets at this higher level of policy impact and without current mitigation plans. Procurement costs may similarly increase as suppliers face similar increasing costs and those associated with a failure to implement technology.



Transition Risks		3°C Current Policy	1.5°C Paris Ambition
<b>Reputation: Climate Activism &amp; Consumer Stigmatisation</b> Perception of an organisation's climate impact. Consumers engage in climate activism, affecting market demand for certain brands.	Narrative	The share of consumers engaging in activism and boycotts against carbon-intensive brands grows significantly as global action to mitigate climate change remains insufficient. Companies with carbon-intensive products and services, which are not taking sufficient action to reduce emissions, are most exposed to consumer scrutiny and reputational damage.	Assumes a lower uptake of consumer activism and boycotts given the world is on track to achieve net zero by 2050. Climate laggards, with carbon-intensive products and services and/or insufficient decarbonisation plans are exposed to reputational impacts.
	Impact	Given the product sectors involved, this may have some potential to brands' reputation and loss of revenue. However in the health and hygiene sectors, and with current mitigation activity on product innovation, this is likely to be limited in the short to medium term.	Without our current net zero strategy, brands may be exposed to reputational damage and resulting loss of demand and revenue. In the health and hygiene sectors, and with current mitigation activity on product innovation, this likely to be limited in the short to medium term.
<b>Market: Investor Sentiment</b> Negative investor sentiment prompts divestment of carbon-intensive assets across markets. Systemic market change has macroeconomic impacts.	Narrative	Higher probability of a more disorderly investor response to climate change risk, with the potential for dramatic market shifts.	Higher probability of a more orderly and coordinated investor response to climate change risk, with alignment between climate regulation, financial markets and public sentiment. Divestment from carbon-intensive companies in a controlled fashion allows a smoother transition to low-carbon assets.
	Impact	In the absence of our current climate change activity, there is potential for investor sentiment-driven shifts to that impact on the cost of capital.	Sector and company carbon-intensity is recognised as a key driver of exposure to investor divestment. In the absence of current activity on climate change, weaker performance on climate metrics may result in moderate exposure to higher costs of capital.
<b>Liability: Climate-related litigation</b> Growth in prevalence and success of legal cases against corporates for their relative climate impact and resulting physical or economic damages.	Narrative	Weak policy frameworks result in litigation against greenhouse gas emitters. More litigation cases are brought against businesses that are seen to be responsible for climate change.	An increase in the number of laws and regulations results in a decrease in the number of litigation cases. Businesses comply with these rules, decreasing the probability of litigation.
	Impact	The probability of litigation and related legal costs and damages in the next five years is low relative to greenhouse gas intensive sectors.	The probability of litigation & related legal costs/damages in the next five years is relatively low.

Overall risk is primarily driven by transition risks in the short- to medium-term timeframe. The rate of global decarbonisation, and implementation of associated policy frameworks is a critical determinant of the magnitude of transition-related impacts. The most significant impacts are likely to arise from policy-driven carbon price increases which are greatest in a 1.5°C scenario. Changes in consumer preference are also likely to be greater in that scenario and our further evaluation of emerging consumer data will support both mitigation activity and opportunity development from this.

The change in expected physical risks is likely to be minor in the five-year event horizon, although climate change-induced extreme weather events are already driving physical impacts to the value chain (TCFD Strategy (b)). Over 20 years, physical risk impacts are likely to become more pronounced in a number of ways. With increased frequency, extreme weather events will disrupt direct and upstream operations, while changes to regional climates may lead to chronic changes to costs, the availability of natural raw materials, and the nature of products that are most viable in certain regions.

Although less apparent in the short term, physical risks will increasingly include a greater frequency of extreme weather events, water stress, and higher ambient temperatures which impact sites, supply networks and consumer value chains. Mitigation activity includes site location and design, including building design to mitigate temperature, adverse weather and water stress risks. Water stress is also mitigated by our water efficiency and catchment area management activity, aiming for all sites in water stressed locations to be water neutral by 2030. Site location planning in water-stressed regions already considers future water resource planning. Supply chain risks include impact on manufacturing suppliers and raw materials. Mitigation is being driven through environmental performance improvement and monitoring of raw material origins, with potential switches if needed. Our sustainable product innovation programme, supported by the Sustainable Innovation Calculator, targets products and their use by consumers. This enables design for lower carbon and water footprints in use, helping mitigate physical risks in the marketplace and meeting emerging consumer preference.

In the absence of the current activity to address aspects of climate change in terms of operations, products and value chains, the scenario analyses suggest that the collective climate change risks may present risks to Reckitt's activity. However, Reckitt's current strategy, targets, activity and progress mitigate these risks and build resilience through a variety of measures (TCFD Risk Management (b)) including:

- increased use of renewable energy with 100% RE by 2030, and maintaining current 100% RE in manufacturing from 2022 onwards;
- increased energy and water efficiency with improvements of 25% energy efficiency and 30% water by 2025;
- product innovation to reduce carbon and water footprints and adapt to potential market circumstances, with a 50% product carbon footprint reduction by 2030; and
- supplier engagement to reduce supply chain carbon footprints.

These measures are intended to strengthen operating practice, support more resilient value chains and develop products to meet emerging policy frameworks and consumer preferences. In doing so, these measures can progressively reduce carbon impacts within the 5-year time horizon and beyond. With these measures continuing, the current scenarios and associated risks are not considered material to ongoing business operations.

## RISK MANAGEMENT

Reckitt operates an integrated company-wide risk management process for financial and non-financial risks performed at the functional, business unit and corporate levels (TCFD Risk Management (a)). This comprises identification and monitoring of potential risk impacts, mapping current controls and development of management action plans to address control gaps. The Group principal and emerging risk assessment is an integral part of the integrated risk management framework, identifying the principal and emerging risks with the greatest potential to have a substantive or strategic impact to the Group. The assessment is completed annually in advance of the business unit and corporate strategic planning process, taking into consideration outcomes detailed areas specific risk assessments conducted throughout the year, e.g. climate related physical and transition risk scenario analysis. At corporate level: sustainability (including climate change) was identified as a principal risk during 2021, assessed in line with the UK Corporate Governance Code Revisions 2018 (TCFD Risk Management (c)). Further information can be found in our Risk Section of our [Annual Report](#). Additionally, though our ESG issues materiality assessment, sustainability risks are reviewed every 2-3 years in line with AccountAbility's 5-part materiality test. For further information on our materiality assessment please see our [Focusing on what matters](#) insight.

Over the past 4 years, we have conducted climate-related risk and opportunity scenario analysis which recognises the longer-term impacts of climate change. These also extend consideration of risk to 2030 and beyond. In 2018, with PwC we reviewed Reckitt's activities considering low carbon transition risk such as those arising from policy changes relating to carbon pricing, together with physical climate impacts from extreme weather events scenarios. These considered 2°C and 4°C scenarios and associated risks and opportunities analysis across our value chain.

Building from this, and to strengthen our assessment and planning activity, in 2020, we began a long-term partnership with Resilience and Cambridge Centre for Risk Studies (CCRS) within the Judge Business School at the University of Cambridge. This supports

modelling of climate risks in greater detail, helping to shape prioritisation of activity to mitigate these over the next decade. The Resilience model utilises broader 5-20 year event horizon and scenarios that are consistent with the emissions pathways and scenarios specified by the Intergovernmental Panel on Climate Change (IPCC). In addition, and within our ongoing risk management, Reckitt strengthened established sustainability metrics and indicators including those on climate change. These include our science-based targets on climate change, announced in 2020 and our Sustainability Ambitions for 2030 which were launched in March 2021. The Resilience analysis has also helped identify, assess and respond to physical risks such as more frequent weather events including flooding or droughts. These can have an impact on operational capacity within our supply chain, and extend existing corporate risk management activity on business continuity.

A range of activity is underway to mitigate such risks (TCFD Risk Management (b)). In water-stressed locations for example, alongside global programmes to improve water efficiency, we are developing a water catchment area approach. This includes using different water quality where practical and not compromising product standards. To reduce the need for abstracting water in these locations, water harvesting and local water course remediation projects have been carried out, supporting better access to and sustainability of water resources in the local area. These measures support our aim to be water-positive in all the current 19 sites in water-stressed locations by 2030, helping mitigate local water stress risks. In the case of our Hosur factory, the measures in place are being verified as equivalent to the site's annual water use. In the planning of new sites, at the outset we consider future water suppliers and activities that develop a sustainable long-term water supply to lower the risk of water stress. Complementing this catchment approach, a water scarcity study is underway to better understand how products can be developed to keep risks to water sources as low as possible. This broad approach supports resilience against water risk and develops opportunities in performance and longer-term resource pressures. For further information on how we manage water resources, please see our [Water](#) insight.

For transition risks such as the potential for commodity cost rises through low-carbon land management and international carbon pricing systems, procurement teams continually review supply chains to mitigate such impacts (TCFD Risk Management (b)). In the longer term, this may also involve the use of alternative ingredients and materials with evaluation and development through our R&D function. An increasing carbon price, whether from market dynamics or policy intervention, might similarly affect manufacturing and energy costs. Progressive improvements in energy efficiency will continue to mitigate this, alongside increasing use of renewable energy. A 25% improvement in energy efficiency is targeted by 2025, alongside the further use of renewable electricity, whether bought on or generated on site. Currently, all electricity bought for manufacturing is from renewable sources or supported by RECs with the latter being progressively switched. By 2030, all electricity will be renewable and, already, all electricity for manufacturing is renewable with non-manufacturing sites being addressed by 2025. The overall approach includes plans and targets for all sites which contribute to longer-term climate change and science-based targets, and our ambition to become carbon neutral by 2040.

In our operations, sustainability risks including climate change, flooding and water scarcity are assessed across sites through annual global asset and environmental risk reviews (TCFD Risk Management (b)). The results are reported and reviewed through our risk management framework, and established governance processes in our business unit and global risk committee, and our CRSECC Board sub-committee. For non-Reckitt sites, we work with our suppliers to help them reduce their own carbon emissions. Our partnership with Manufacture2030 helps suppliers measure and progressively reduce their emissions. In doing so, the resulting supply chain will become more resilient to the transition and physical risks from climate change, enabling performance opportunities.

At a product level, climate-related risks are identified, assessed and managed on an ongoing basis, and with a forward horizon in excess of 10 years (TCFD Risk Management (b)). For product development, a range of tools assesses climate-related factors across the product lifecycle from material sourcing to consumer use, as part of our innovation process. These provide insights into the climate-related

risks and opportunities associated for our products via our Sustainable Innovation Calculator (SIC). It scores our product innovations using quantitative metrics to establish whether an innovation makes a product 'more sustainable'. This supports our ambition for 50% of net revenue to be derived from more sustainable products by 2030 and our science-based target goal of 50% product footprint reduction by 2030, collectively enabling Reckitt's brand portfolio as a whole to become more sustainable and resilient. The calculator considers metrics including water and carbon footprint, plastics and packaging, and the ingredients. Such product innovation also provides opportunity for growth, by meeting emerging consumer demands and expectations and developing products that are well placed for emerging fiscal policy and physical environments (transition and physical risks) due to climate change. For information on our SIC and how we are developing products which are more sustainable, please see our [Sustainable product innovation](#) insight.

These measures are part of routine business planning within brand and supply chain activity. They form part of financial planning for those business functions in annual and 3-year cycles in order to manage risks and deliver against our sustainability ambitions. For example, capital allocation for environmental improvements on carbon are built into current 5-year planning and are within existing external disclosures (TCFD Risk Management (b)). Progress in these areas is reviewed routinely, as frequently as quarterly for some metrics such as operational carbon emissions, renewable electricity and energy efficiency. Reviews of progress enable further assessment of resource need and allocation within ongoing financial and operational planning activity. No additional resources to address both these climate change-related risks and opportunities are currently expected beyond existing business investments already disclosed.

### METRICS & TARGETS

Reckitt has established climate-related targets and metrics to drive performance in areas both directly controlled and across our value chain (TCFD Metrics and Targets (a)). These targets are in line with the Paris Agreement on climate change. To help reach the Paris Agreement's ambition to keep global warming to below 1.5°C, and realise our own ambition to be carbon neutral by 2040 (covering Scope 1, 2 and 3). As an interim milestone on that journey to 2040, we have set science-based targets (SBTi) for Scope 1, 2 and 3 emissions for 2030:

- Reduce absolute Scope 1 and 2 GHG emissions by 65% by 2030 from a 2015 base year
- Reduce absolute Scope 3 GHG emissions by 50% by 2030 from a 2015 base year

Supporting these goals is a reaffirmed commitment to RE100 and increasing use of renewable electricity to 100% by 2030. Within our roadmap on climate change, it is accompanied by ongoing activity to improve energy efficiency by 25% by 2025. This activity is initially focused on the highest energy-consuming processes in manufacturing sites. Further steps will also include progressive energy switching for sites using natural gas within combined heat and power (CHP) units or boilers (TCFD Risk Management (b)). This may involve electrification, use of alternative fuels such as biomass, or the adoption of new technology such as ground or air-source heat pumps. The choice of different options is based on current and projected site needs, especially for thermal energy. In some cases, such as our Evansville site, alternatives to natural gas are already in place. Evansville uses landfill gas, alongside natural gas, and the potential to increase that through gas cleaning or other technology is also being considered.

Through a combination of these measures, and increased use of renewable electricity in manufacturing, there has been a significant reduction in carbon emissions. Environmental performance indicators for carbon emissions, energy and water use are reported to supply chain teams on a monthly basis and to business unit and global level risk reviews on a quarterly basis. This enables prompt

review of performance and actions to strengthen performance within the ongoing annual and 3-year plans. Details of Scope 1, 2, and 3 emissions are contained in our [Annual Report](#) (page 73) and in this Climate change insight (TCFD Metrics and Targets (b)).

At the end of 2021, all electricity purchased for use in our manufacturing sites is from renewable sources (TCFD Metrics and Targets (c)). Together with a 7% improvement in energy efficiency and changes in our footprint through our Chinese operations, this contributes to an overall 66% reduction in greenhouse gas emissions against our 2015 baseline. This delivers on our science-based target for Scope 1 and 2 operations, ahead of schedule. We recognise that this progress will have to be sustained together with further measures to continue reducing our carbon footprint. In the short-term, we will continue to strengthen supplies of renewable electricity, further develop on-site generation through solar and other options, and continue to drive energy efficiency. For the medium to longer term, switching from natural gas to renewable fuels and developing renewable thermal energy options are a priority (TCFD Risk Management (b)).

For further information and details of activity on our climate-related metrics and targets please see our Climate change insight (earlier in this document), [Water](#) insight, [Product innovation](#) insight and our [Annual Report](#) (page 73) (TCFD Metrics and Targets (b)).

Beyond climate-related metrics, performance is also assessed against other transition risks (TCFD Metrics and Targets (c)) including:

- Monitoring of emerging policy and regulatory frameworks, together with financial tracking of fiscal policy requirements on taxation informs our planning activity and response to address transition risks from climate related policy. This contributes towards business planning, for example on the development of climate response activity within supply chain and product innovation.

- Damage to assets and the frequency of such events arising from extreme weather and other, potentially climate change related events, are reviewed through our risk management and business continuity programmes, and connect into financial programmes on insurance.
- Investor ratings performance through the Dow Jones Sustainability Index, MSCI and Sustainalytics ratings and CDP performance provides ongoing insights into investor sentiment. Dialogue with investors provides further routine consideration of sentiment relating to our climate change activity.
- Our materiality review and routine sentiment review considers civil society and consumer organisation sentiment. Consumer responses to our brands are captured in our product quality activity, through our sales data and in broader consumer insight research at brand and sector level. Collectively this helps us respond to consumer sentiment on climate change and provides input to our product innovation programme. More details on our materiality assessment and how we engage with our broad range of stakeholders are within our [Focusing on what matters](#) insight.
- Litigation is tracked functionally and within our business units and markets. It is reviewed via our corporate risk programme, with quarterly reviews at business unit and global levels, including oversight from a specific Board sub-committee. Litigation relating to climate change will inform progress in managing transition risk. More details on our risk management approach are within our [Sustainability governance, reporting and assurance](#) insight.

# WATER



Every day we sell 20 million products. We use water to make these products, and our customers often need water when they use them. That's why water is such a critical part of enabling our purpose, our ambitions and our sustainability goals. We're looking at our impact across the whole water footprint, from sourcing, to manufacturing and consumer use, and in communities where we work.

Across the world, millions of people live in areas where water is scarce, or unsafe to drink. With climate change, these numbers will rise. Companies like ours have a duty to find ways to reduce their water consumption. This isn't just good for the planet and its people, but also makes our business more resilient.

Monitoring how we use water in all parts of our operations is vital. But we must also look closely at the water people need when consuming our products, whether it's Harpic toilet cleaner or Enfamil infant formula. Since 2012 we've been focusing on these two measures in our value chain as we push to reduce our impact on water.

In the communities where we work, we also help people get better access to clean water and sanitation. And through our products, we support efforts to ease the problems of water-stressed areas in support of UN Sustainable Development Goal 6, which calls for clean water and sanitation for all.

Though the water consumed in manufacturing makes up less than 1% of our products' footprint, we've substantially reduced water usage in our operations in recent years to help the communities we operate in have an abundant supply of water. Many of our individual sites have met their water reduction goals, and treated wastewater more effectively, with some sites now discharging no industrial wastewater effluent. For some the task is more challenging. While increased demand for our hygiene products due to COVID-19 led to higher production, it also required us to keep our facilities safe and clean for staff. That's meant our water use per unit of production has increased compared to before the pandemic; however through additional water saving initiatives our overall water use per unit of product has been kept to a 3% reduction vs 2015.

As we focus on water in the complete lifecycle of our products, we know there's still much we can do. We're continuing with our efforts to help our consumers cut their water use. Initiatives include reformulating our products using ingredients that need less water to be effective, and showing consumers how to save water when using

## OUR PERFORMANCE IN 2021

Aim	2021
30% reduction in water use in our operations by 2025*	<b>3%</b> <sup>†</sup> reduction
Aim	2021
Water positive in our water-stressed sites by 2030	<b>1</b> out of 19
Aim	2021
50% reduction in product water footprint by 2040*	<b>14.6%</b> <sup>†</sup> increase

\* Reduction is against a 2015 baseline.

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

our brands. One example is our global campaign to change consumer behaviour, 'Skip the rinse', which aims to raise awareness and inform people who use our Finish product that they don't need to rinse dishes before loading the dishwasher. See more details in our #Skiptherinse case study further on.

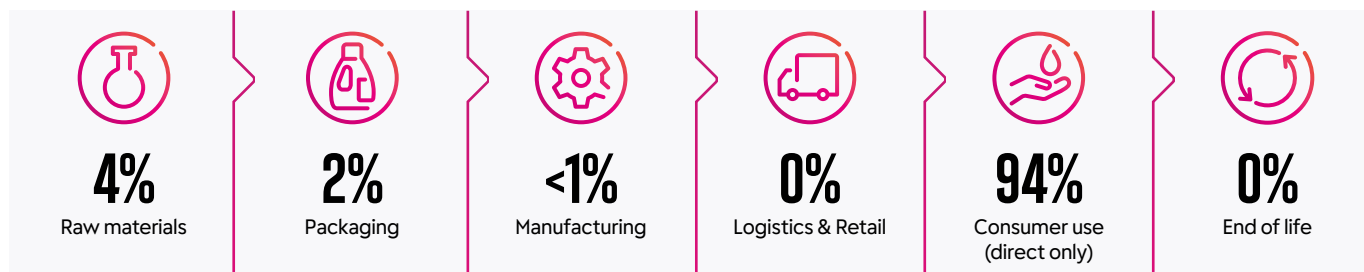
We're also looking further into the future. Supporting our sustainability ambitions and commitment to the UN's Sustainable Development Goals (SDGs), we aim to be 'water positive in regions of water stress where we operate' – enabling greater access to more water in the environments where we operate than we use – by 2030.





Cases of water stress – where water availability is insufficient for local needs – are becoming more common because of climate change, and this is an important area for us. We have 19 sites located in regions where water scarcity has been highlighted as a potential risk, and we're focused on reducing water impact in these communities. But we can't do it alone. We need to collaborate with, and learn from, others. That's why we've joined forces with the Water Resilience Coalition, an industry-driven group that seeks to put global water stress at the top of the corporate agenda, and its parent organisation, the CEO Water Mandate. Endorsed by almost 200 companies, the CEO Water Mandate aims to address global water challenges through corporate water stewardship, in partnership with the United Nations, governments, civil society organisations and other stakeholders.

## Our water footprint



## MANAGING OUR WATER RESOURCES

We operate under a Group certification for ISO 14001, with all sites independently certified in 2021, except one site in Wanamingo, in the United States, which we acquired in 2021 and is scheduled for certification in 2022. Our sites must also meet our Global Water Management standard. This goes beyond compliance, requiring all sites to reduce their water impact, supporting our sustainability ambitions. All sites have a water management plan, reviewed at least every three years.

We recognise the increasing effect of antimicrobial resistance and the interactions of pharmaceuticals in the environment. That's why we're developing our wastewater treatment programmes, and controls in our factories, to mitigate this in our operations.

We've made progress on reusing and recycling water at several of our sites. Some, including Hosur, Mysore and Irungattukottai in India, have achieved zero liquid discharges. This is an approach we can expand, particularly in water-stressed locations. Reprocessing, recycling and reusing water in different ways, as well as stopping any liquid effluent discharge, optimises our water use and reduces the strain on local water sources.

## Saving and reusing water

The Sitarganj site in India is one of Reckitt's largest water users. By working with our R&D experts, and rethinking the production process, the Sitarganj team has achieved substantial water savings. Previously, products manufactured there included, by volume, between 60 and 80% de-mineralised water – raw water treated by reverse osmosis. This method improved the water quality but wasted nearly a third of it. So much waste didn't make sense, especially since R&D studies had shown that we could produce certain products using soft water rather than de-mineralised water. After switching to soft water, the site has significantly reduced overall water consumption and wastewater, while maintaining the products' high quality.

Meanwhile, in Nottingham, in the UK, where we produce Strepsils, the drive to reduce water and waste keeps delivering success. Simply by reassessing and removing a maintenance step that previously involved using, flushing and replenishing large volumes of fresh purified water every month, the team saved 140 tonnes of water a year without compromising on performance, safety or quality.

Our product water footprint is also an important consideration during product development. We use our Sustainable Innovation Calculator (SIC) to target reducing our water use. Our R&D teams use the SIC to check if new products are more sustainable than existing ones, against water, carbon, packaging and chemical footprint criteria. For further details see our [Sustainable product innovation](#) insight.



Hosur – catchment programmes for water positivity and long term resources.

### Aiming for water positivity

We set ourselves a bold target of becoming water positive in water-stressed areas by 2030. This ambition will involve testing a range of methods and evolving our approach as we progress.

To this aim, we're developing water catchment area programmes at key sites. At our Hosur site in India, we've invested in rainwater harvesting and helped reinstate local water courses. The site now has sufficient externally validated projects to cover its water use. Those projects will be maintained in the future, to maintain this coverage. We will also encourage other businesses in the catchment area to adopt a similar approach, supporting long term water resources for the whole community.

We'll continue to review how we can reduce water consumption at our manufacturing sites, new ways to recycle more water and opportunities to replenish the water catchments we operate in focusing on key water-stressed areas.

### Understanding our impact

We have 19 facilities in potentially water-stressed regions, and we have more to do to understand how we can mitigate risks by working in our sites' water catchment areas. This has already led to initiatives like water harvesting, which captures rainwater so we can reuse it, or return it to agriculture. Since 2020, we've worked with Resilience and the Cambridge Centre for Risk Studies (CCRS) within the Judge Business School at the University of Cambridge to assess our climate change risks and opportunities in the areas where we operate, and inform our strategic decision making. We assessed physical risks (such as water stress) over five years (2025) and 20 years (2040), focusing on impacts throughout the value chain.

For more information, see our [Climate change](#) insight including our TCFD disclosure. Water withdrawal in stressed areas in 2021 was 1,744,422 m<sup>3</sup> and water consumption was 1,260,617 m<sup>3</sup> (21% of our total withdrawals and 49% of total consumption).

## WWF PARTNERSHIP TO HELP COMMUNITIES IN PAKISTAN

In 2022, we'll begin working with WWF-Pakistan and government organisations, such as the Pakistan Council of Research in Water Resources, to replenish and conserve water resources in Karachi within Sindh province, an area where we operate. Our funding will help WWF implement its nature-based solutions, including installing household rainwater harvesting systems, the restoration of wetlands, and the filtration and reuse of wastewater.

Not only will this help preserve the quality and quantity of water in this area, it will also provide new sources of safe drinking water to the community. The work aims to replenish around 14,000m<sup>3</sup> of water a year, while also demonstrating good water stewardship practice. This is part of our global partnership with WWF which has a focus on freshwater. In addition to the project in Pakistan we are also protecting and saving 2,100kms of the Ganges and Tapajos river basins in India and Brazil.

### HOW WE PERFORMED IN 2021 – THE DATA IN DETAIL

We measure and report on the water we use in our operations, our water impact by product, and the wastewater we discharge by destination and volume. All our reporting is against a 2015 baseline. We were pleased to keep our leadership status for water stewardship in the Carbon Disclosure Project (CDP). In 2021, we kept our A- score for water security, which we've maintained since 2019.

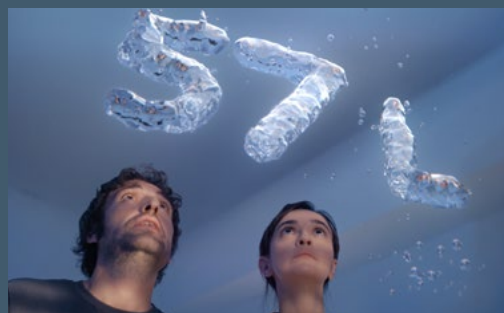
In 2021 we didn't incur any fines or prosecutions for environmental breaches or pollution.

Despite the COVID-19 pandemic, our teams continued to monitor our water performance virtually, through virtual site assessments, meetings, workshops and town halls. For example, in the EU during our regular EHS and Engineering team meetings we hosted a virtual refresher session on site drainage, and pollution protection and prevention as part of our ongoing knowledge transfer sessions. We also introduced new water efficiency measures and product innovations.

When it comes to water across the full value chain of our products, we recognised that it is no longer enough to reduce the water intensity of our products. So in March 2021, as part of the launch of our new sustainability ambitions, we set a new goal of 50% absolute reduction of our water use footprint on products. This water use footprint increased by 14.6% versus our 2015 baseline. This is less than business growth during the same time period but we know we need to do more. We also recognise that with an increasing move to bio-based and renewable resources, our water footprint may increase, especially in the areas of raw materials and packaging. However, we are committed to driving down this footprint over time. Since 2012, our focus has been mostly on the water we use in manufacturing, and how efficient we are with it. But we're now focusing more on product footprints and we've strengthened our Sustainable Innovation Calculator to help our product developers.

## #SKIPHERINSE WITH FINISH, A SIMPLE BEHAVIOUR CHANGE THAT SAVES WATER

To raise awareness of water scarcity, our brand Finish encourages people to embrace a simple behaviour #SkiptheRinse when loading the dishwasher. Pre-rinsing dishes uses up to 57 litres of water per load – wasted water



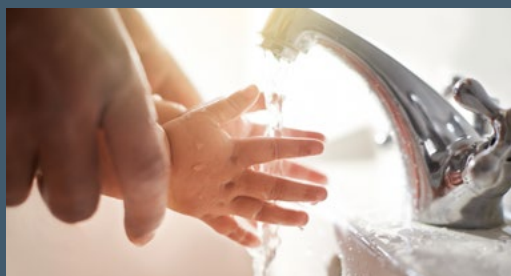
with Finish, because the product is so effective at removing dirt. #SkiptheRinse is a global campaign and, along with our partnerships with National Geographic, WWF, Love Water UK and the Nature Conservancy, it's reached more than 350 million people to encourage them to turn off the tap before loading the dishwasher. In the US alone, #SkiptheRinse has driven pledges to save 20 million gallons of water.

In Turkey #SkiptheRinse has been a major success in raising awareness of water conservation. In a country expected to be water-poor by 2030, we wanted to show the true value of a resource many people take for granted. Working with the Turkish Industrial Development Bank, we created the Finish Water Index. Each week, data including water reserves, forecasts and agricultural, domestic and industrial consumption goes into a formula to generate a single, easy-to-understand figure reflecting the overall picture for water availability in the country.

If the Index is below 70, the country is water-poor; above 100 and it's water abundant. The Index was launched at the stock exchange, and widely reported in the media alongside other common financial indicators, like currency rates and the gold price. On launch, the Finish Water Index was the number one trending topic on Twitter in Turkey, and the conversation around water more than doubled. The Index now reaches 25 million people a month. As a result, six million households have stopped pre-rinsing, resulting in a saving of 24 million tons of water – and counting...

## PROMOTING BEHAVIOUR CHANGE IN THE UK

In the UK, analysis by the Climate Change Committee, a group of experts that advises the government, showed that while 87% of emissions reductions between 2009 and 2019 didn't need behavioural change, more than half of those needed between 2020 and 2035 *will* depend on people changing their habits.



We used our brand Dettol to show that we can encourage UK consumers to adopt more pro-environmental behaviours and have a positive impact on changing UK consumers' understanding and intended actions. Our study found that, on average, people in the UK wash their hands 10 times a day. And while four out of five think it's effective to wash their hands with soap and hot water, only one in five think soap and cold water have the same result. But the US Centres for Disease Control and Prevention says washing your hands with cold water and soap is just as hygienic as hot water with soap. Its environmental impact is very different, though. In the UK alone, heating water for hand washing produces roughly the same carbon emissions as 285,000 cars in a year. So encouraging behaviour change in this area can make a real impact.

### CASE STUDY

## OUR FOCUS FOR 2022 AND BEYOND

We've set targets which focus our efforts in all parts of our work to limit our water impact:

1. Be water positive in water-stressed regions by 2030.
2. Reduce products' water footprint by 50% by 2040 versus 2015.
3. Reduce water in our operations by 30% by 2025 versus 2015.

We're working harder to understand the impact of our products all through their lifecycle. To date, we've focused mainly on manufacturing, but we know we must also take the wider view. This means finding ways to reduce our water impact at each step, from design and manufacture, to ingredients and materials, and finally use and disposal by consumers.

## PRODUCT WATER FOOTPRINT

Product water use:	2021						2021	2015 (baseline)	2020
	Raw Material	Packaging	Manufacturing	Logistics & Retail	Consumer Use	End of life	Total	Total	Total
Million litres	55,000	29,300	9,100	0	1,454,800	0	1,548,400 <sup>†</sup>	1,351,100	1,560,200
% split	4%	2%	<1%	0	94%	0	100		

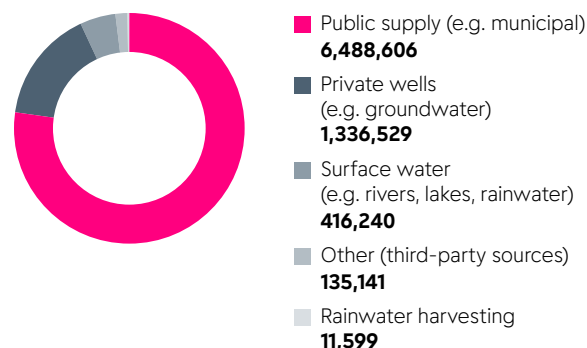
Figures in the above tables have been rounded for presentation purposes.

<sup>†</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.

## HOW WE USE WATER IN OUR OPERATIONS

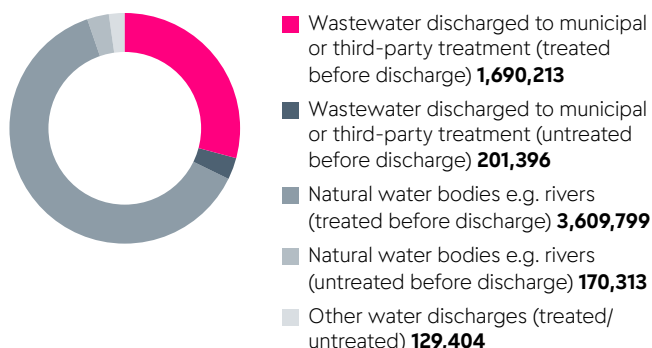
Our operations use water from a number of different sources, depending on the local area. Since 2015, we've reduced our water use by 3% (per unit of production) globally. A factor in this was greater efficiency in the way we use water in production, for example through cooling tower operations or during routine cleaning, while maintaining the same standards of hygiene.

### Total water use (withdrawals) in our operations in 2021 in m³<sup>†</sup>



This year, our total water withdrawals were 8,388,114 m³, a decrease in absolute terms of 4% compared with the previous year. We recycled and reused 241,977 m³, a reduction of 6% since 2020 in line with our reduction in total water withdrawals during the same period.

### Wastewater discharge by destination/volume<sup>†</sup>



## WASTEWATER DISCHARGE

Total wastewater discharge this year was 6.6% lower than 2020, in line with our water savings and production patterns.

### WASTEWATER DISCHARGES – QUALITY

	Units	2016	2017	2018	2019	2020	2021
Direct chemical oxygen demand	metric tonnes	1,421	1,517	1,338	1,856	3,218	2,167

## LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

**The Sustainability team**  
 Reckitt Benckiser Group plc (Reckitt)  
 103–105 Bath Road  
 Slough  
 Berkshire  
 SL1 3UH  
 UK

### WATER USE – MANUFACTURING AND WAREHOUSE OPERATIONS

Metric	Units	2015	2020	2021 <sup>†</sup>	Change vs 2020	Change vs 2015
Water use per unit of production	m³ per tonne of product	2.7	2.55	2.63	+2.9%	–3%
Water discharge per unit of production	m³ per tonne of product	1.72	1.81	1.82	+0.4%	+6%

<sup>†</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.



# REDUCING WASTE



We've nearly fulfilled our ambition to send no waste to landfill from our sites. But we're also reusing and recycling waste, as well as looking to produce as little of it as we can. This helps combat climate change as well as shrinking our waste footprint.

Businesses like ours have a responsibility to curb the waste we produce, while doing so also saves money. We have to make sure that our own operations and our supply chains generate as little waste as possible, whether in production or packaging. And we have to see that, where we do generate waste, we reuse and recycle as much of it as possible, or dispose of it responsibly. By doing this, we help to tackle one of the planet's most urgent environmental challenges. Waste can contribute to Greenhouse Gas (GHG) emissions through landfill sites which, if not well managed, can also pollute soil and water. Transporting waste also generates GHG emissions. But by recycling or reusing waste, or even capturing gas from landfill sites, we can counter this impact by reducing the need to use new, virgin materials and using a source of low carbon energy. And by avoiding waste altogether we can make an even bigger contribution to slowing climate change, resource use and reducing pollution.

Waste can occur across our whole value chain, from when we source and process ingredients to when consumers use our products and dispose of them and their packs. Our manufacturing processes are where we have most control over this. Minimising waste here is the right thing to do, and makes business sense: less waste means more efficiency and cost-effectiveness. We've had considerable success here in recent years. In 2013, 48% of our sites sent zero waste to landfill. In 2021, it was 96%, as we continued both to reduce waste and to recycle and reprocess it, or find better disposal options, like turning it into energy. Our work to avoid waste altogether means we've reduced it by 14% since 2015.

This effort shrinks our waste footprint and helps to tackle climate change. A more efficient manufacturing process uses materials optimally, creates less waste and uses less energy, which means lower emissions. For any waste we do produce, being able to use it to produce energy, through biogas or biomass generation, for instance, again reduces our carbon footprint because we rely less on higher-carbon, non-renewable sources like gas.

## OUR PERFORMANCE IN 2021

Aim	2021
25% reduction in waste from manufacturing	14% <sup>†</sup> reduction in waste per unit of production vs 2015
Aim	2021
100% zero waste to landfill	96% <sup>†</sup>

<sup>†</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.

Less waste to landfill also means less carbon dioxide and methane being created as waste degrades. Both methane and carbon dioxide released like this adds to climate change. Avoiding waste altogether, or reprocessing or recycling it, is important here. So is helping people to recycle packaging by designing it in ways that make this possible, as well as promoting recycling through our brands. Our [Plastics and packaging](#) insight has more information on this.

In 2021, we continued to develop and track the impact of initiatives to cut waste in our manufacturing sites, and we're now very close to our target of zero waste to landfill. Two US sites plan to be back in step with this commitment by the end of 2022 after the closure of their local waste management firms, which meant that they couldn't dispose of their waste in more environmentally friendly ways. In the meantime, we're progressively reducing waste in manufacturing. In 2021, our Zeeland site in the US, which produces Enfa infant formula, reduced waste by just over 341.8 tonnes, or about 8% compared with the previous year.



### WASTE IN OUR MANUFACTURING AND WAREHOUSE OPERATIONS

	Units	2015	2020	2021*	Change vs 2020*	Change vs 2015*
Waste per unit of production <sup>2</sup>	kg per tonne	30.2	29.1	25.9	-10.9%	-14%
% of sites with zero waste to landfill <sup>1</sup>	% of manufacturing sites	n/a	96	96	n/a	n/a
Hazardous waste per unit of production <sup>2</sup>	kg per tonne	7	3.7	4	+9.3%	-38%

1 Includes zero waste to landfill status of our Nutrition sites, acquired in 2017.

2 Our Sustainability Ambitions and targets for waste now reflect a base year of 2015.

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

### MANAGING WASTE FROM OUR OPERATIONS

Our manufacturing sites tackle waste management in various ways. Our Global Waste Management Standard covers every aspect of waste management, from legal compliance and risk management to operational controls, strengthening our activity and tracking performance. Sites report every month on the types and quantities of waste as well as how all waste is disposed of. Our Global Environmental Team analyse progress and investigate significant variations with sites, providing support and guidance to improve performance. All sites are audited internally and externally at regular intervals. An annual Self-Assessment assesses compliance with the waste management standards, while detailed site audits look at legal compliance, risk management and environmental performance of the site in reducing waste. This includes checking proper disposal of all waste, including hazardous waste. In 2021, where COVID-19 disrupted travel and site visits, we were not deterred and instead implemented virtual audits to keep the programme on track.

Our manufacturing sites are part of our global ISO 14001 environmental management certification. This, as well as our company waste standards, means sites allocate adequate resources, develop measures and controls to reduce waste and manage disposal. The standards encourage recycling and reprocessing of waste, with each site's environmental specialists identifying the best ways to do this locally.

### WASTE FROM MANUFACTURING AND WAREHOUSE OPERATIONS BY TYPE AND DISPOSAL METHOD

	Units	2020	2021
Total waste generated	metric tonnes	99,885	82,771 <sup>†</sup>
Total waste recycled, reused	metric tonnes	71,027	55,261
% waste recycled		71%	67%
Total waste disposed (landfill)	metric tonnes	5,365	5,793

### GOING BEYOND REGULATIONS

We follow local and national regulations on waste management. In those places where local regulations allow a lower standard than our Reckitt standards and best practices, the regulations dictate the minimum performance of our manufacturing site and we aim to go beyond them where we can. We set clear targets and objectives for people involved in waste management, and our approach, embodied in our Global Waste Management Standard, is to progress through what we call a waste hierarchy: preventing waste is the best outcome. Where we do generate waste, we aim to minimise it, or reuse or recycle materials. Recovering energy from waste is next in the hierarchy, with disposal the last resort.

At our Anhui factory in China, which produces Dettol, sludge from the wastewater treatment plant is being recycled and used to manufacture fertiliser. This helps the site go above and beyond legal compliance, increases our recycling by turning the waste into a useable material and also helps us with our zero waste to landfill policy. Similar, at our Tuas infant formula site in Singapore, the team has been working on waste reduction initiatives, like changing drying and packing processes. They've cut waste by 66% and saved the equivalent of more than £150,000 a year.

Our site in Bangpakong, Thailand, which manufactures Durex condoms, used to send over 700 tonnes of latex waste to waste management companies for incineration each year. Now this waste latex is being upcycled to produce flip-flops, with the first batch donated to a local school.

We're working to cut waste in our supply chain by monitoring site waste, promoting waste reduction and urging suppliers to use more recyclable and reusable materials. As part of this, we work with them to improve waste data reporting, which is the key to tracking and improving waste efficiency.

### Overcoming challenges

Keeping waste to a minimum is about more than making production processes as efficient as possible. Changes in manufacturing equipment, quality control, consumer preferences or labelling can all lead to unused or obsolete stock. By planning well and working with consumers to anticipate how their preferences might change, we look to avoid issues like this, so cutting waste at our manufacturing sites.

Another challenge is the high cost of alternatives to landfill in some regions. Repurposing waste or turning it into new material or energy are preferable to landfill. But they can be expensive because of the extra costs for recycling, transporting and storing the material. Also, facilities could be further away than landfills, increasing transport costs. We continue to look for ways to manage and dispose of waste that are both environmentally friendly and cost-effective, as well as moving us up the waste hierarchy.

### MAKING RE-USE AND RECYCLING EASIER

Through our design and material choices, we're aiming to make our plastic packaging reusable or recyclable as well as increasing its recycled content. For example, we're swapping multi-layer laminates for mono-materials which are easier to recycle and removing black colourant from our bottles. Through processes such as lightweighting or offering refill packs we can also reduce the amount of material used within packaging. For more details on all of these, see our [Plastics and packaging](#) insight.

In the UK, our Finish brand has partnered with TerraCycle's Loop programme, a sustainable packaging concept that collects empty packaging, cleans it and brings it back to the brand to reuse. In a trial with the UK supermarket Tesco from September 2021, ten stores are stocking Loop's brand partners – including Finish. For the first time, Finish tabs are available in stainless steel jars, with collection points for customers to bring empty ones back. Loop then cleans the jars for Finish to refill, ready to go back on the shelf for the next shopper.



Flip-flops made from Durex latex waste





### CASE STUDY

## FINDING A NEW FUTURE FOR WASTE MATERIALS

Waste recycling is about getting extra value for resources by using them again and again – the circular economy. At Makati in the Philippines, we categorise waste based on its type, but also the way we handle it:

**Non-recyclable, non-hazardous waste**, like hairnets, shoe covers, rubber gloves, foils and other residual waste is segregated at site so it can be collected and is converted to produce useable refuse-derived fuel (RDF).

**Recyclable wastes**, like paper and plastic are sold to

a recycling company. If a recycling option isn't available, then the waste is incinerated to create energy.

**Waste powder** is distributed and reused by a local pig farm for use as animal feeds, and to produce biogas.

**Hazardous waste** like used oil, solvent-based chemicals, broken lightbulbs and other contaminated materials are also segregated on site and collected so they can be used to generate energy through pyrolysis at a government-accredited treatment facility.

## RECOVERING, REUSING AND REPURPOSING MATERIALS

We rework and reuse materials to avoid waste altogether where we can, though our overriding aim is to maintain the safety and quality of our products. In São Paulo, Brazil, the team at our nutrition site is repurposing the cardboard sheets suppliers use to transport cans to the site. They've collected nearly 40 tonnes of cardboard, which a local manufacturer turns into more than 80,000 boxes a year, which our team use to send out various products by post.

At Tatabanya in Hungary, our hygiene products factory uses two types of glass crystals and beads. By developing a separation and washing process, the team have saved 86% of scrap materials by recovering and reworking them, saving the equivalent of nearly £48,000.

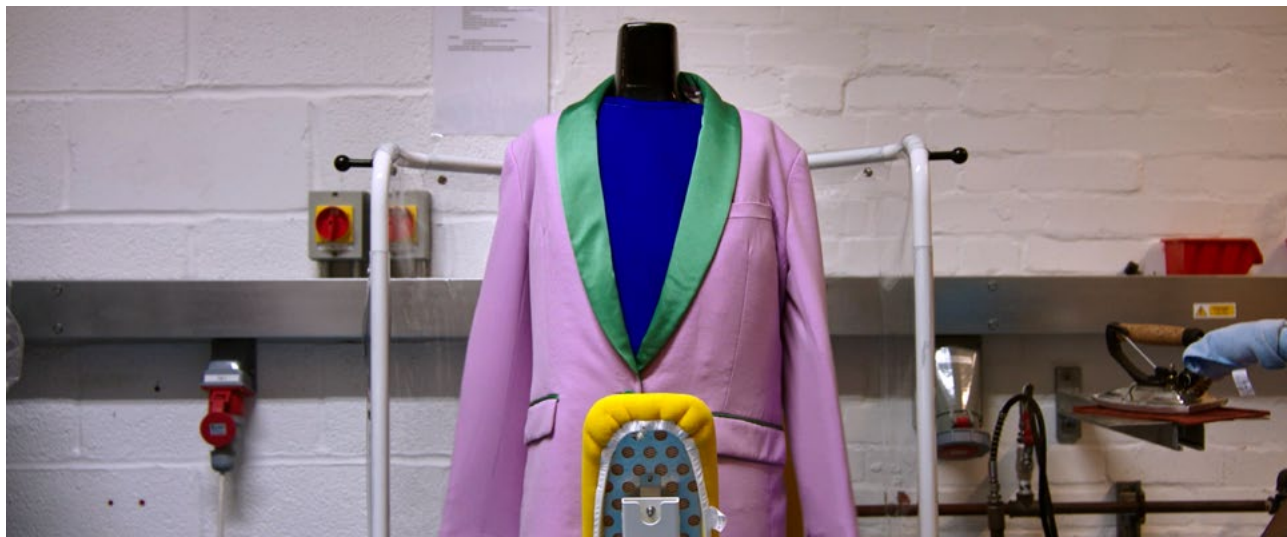
## LOOKING AHEAD – OUR FOCUS FOR 2022 AND BEYOND

In 2020, we announced new targets for 2025 and beyond. We're aiming to reduce waste from manufacturing and warehouses by 25% by 2025. We'll continue to build on the 14% reduction on 2015 levels that we achieved in 2021.

Productivity, for us, is about eliminating waste and making our processes more effective or doing more with less. That goes hand in hand with sustainability. This is why our sustainability and productivity teams work together to find new ways of increasing productivity by using fewer resources and reducing environmental impact.

We'll carry on looking for better ways to avoid, reduce, reuse or recycle our waste. For instance, by following 'green chemistry' principles, we're starting to identify more recycled ingredients for our products. For more on this, see our [Product stewardship](#) insight.

Our brands are involved too, encouraging consumers to behave in ways that avoid waste. An example is the partnership between Vanish and Amazon. See our case study for more details.



### CASE STUDY

## CURBING FASHION WASTE

Enough items of clothing exist today around the globe to dress the next six generations. Meanwhile, global estimates suggest 92 million tonnes of textiles go to waste each year.

These are just two startling facts revealed in a new Amazon documentary, *Generation Rewear*, which highlights how much waste fashion generates – and how our Vanish brand is responding.

The Vanish team has formed partnerships to bring about change, hosted events to raise awareness and created

campaigns that inspire consumers to give their clothes many lives, not just dispose of them.

Vanish's mission is to help clothes live longer by promoting behaviour that makes fashion more sustainable. As part of this, we've launched a three-part series on Amazon UK and [YouTube](#) to highlight the pitfalls of fast fashion and follow three of the UK's brightest young designers as they reveal how they're rethinking their approach to the industry.

## LISTENING TO OUR STAKEHOLDERS

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Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

### The Sustainability team

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103–105 Bath Road  
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Berkshire  
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UK



# PROTECTING ECOSYSTEMS IN OUR VALUE CHAIN



Natural raw materials are part of most of our products. They come from a global network of suppliers, from large companies to small farmers, which means we have an impact on natural and human ecosystems. It's up to us to monitor, manage and protect these with our suppliers and partners.

Natural raw materials are in around seven out of ten Reckitt products, including packaging. Whether it's milk in our Enfa infant formula, palm oil in surfactants that are part of detergents, or latex in Durex condoms, raw materials are a huge part of our value chain. They come from direct and indirect suppliers who include large companies, farms, plantations and smallholdings. We might not buy the materials in their raw form, but we're still responsible for their sustainability, as are our suppliers.

By mapping the journey our materials take, we can plot our impact on natural and human ecosystems. This is how we can tackle challenges like loss of biodiversity and threats to livelihoods and human rights in our supply chain.

Our sustainable sourcing programme helps protect and regenerate the ecosystems we're part of and which produce the ingredients that matter to us. That helps these ecosystems become more resilient, supporting natural resources and strengthening biodiversity.


Working with suppliers and farmers also contributes to potential nature-based solutions to combat climate change. And it helps make a positive social impact for the communities that ecosystems support. In turn, this work means we identify and mitigate nature-related financial risks, responding to the Taskforce on Nature-related Financial Disclosures (TNFD), as well as questions from our investor stakeholders.

Ecosystems and biodiversity are also significant for our customers and consumers. We work with our peers and customers to help protect ecosystems, through the Consumer Goods Forum's Forest Positive coalition, for example, which helps to protect forest ecosystems through landscape programmes. For our consumers, responsibly sourced natural ingredients that don't harm ecosystems are increasingly important. Our work to use more certified sustainable palm oil, and Fair Trade latex through the Fair Rubber Association, among other programmes, demonstrates our commitment not just to protect ecosystems but progressively strengthen them.

## OUR PERFORMANCE IN 2021

Aim	2021
100% of paper and board to be from certified or recycled sources	99%
 See <b>Plastics and packaging insight</b> for additional details regarding paper and board.	

Aim	2021
Palm oil traceability for suppliers globally (excluding surfactants)	96% to mill 67% to plantation
 See <b>Palm Oil section</b> in this insight for further explanation of palm oil targets and progress.	

Aim	2021
80% of the palm oil used in our products will be RSPO-certified by 2023	29%
 See <b>Palm Oil section</b> in this insight for further explanation of palm oil targets and progress.	



### HIGHLIGHTS IN 2021

We've made progress since setting our first targets in 2012. But when we launched our new sustainability ambitions in March 2021, we recognised that we needed not just to protect key ecosystems, but better measure our impact and find ways to improve biodiversity and ecosystems more broadly.

This means we've taken several important steps in 2021:

**Understanding and mitigating our impact** – we've started a new partnership with the Nature Based Insetting team at the University of Oxford, which focuses on key value chains and the ecosystems they touch, and aims to create measurable interventions to limit impact on ecosystems.

**Strengthening our policy and standards** – we've redeveloped and relaunched our [Sourcing for Sustainable Growth policy](#) and Natural Raw Materials (NRM) Sourcing Standard, which sets out our priority natural raw materials, our six guiding principles for sourcing them, and the requirements for meeting the principles.

**Reviewing our approach to palm oil and latex** – we've made new commitments on palm oil sourcing. By the end of 2023, all the palm oil we buy as an ingredient (for instance in soap noodles and fat blends), which makes up 80% of all the palm oil in our products, will be RSPO-certified using a combination of physically segregated oil and RSPO credits. For latex, we confirmed our commitment to pay a price premium for the latex supplied to us through the Fair Rubber Association (FRA). Also, we enhanced our programme with Earthworm Foundation to provide smallholder farmers in Thailand with training on sustainable farming practices, ecosystem management and income diversification to increase supply chain resilience and protect farmers livelihoods.

### Guarding against deforestation

Our partnership with Earthworm continued to monitor suppliers to prevent instances of deforestation in our palm oil supply chain. We do this through Starling, a platform provided by Airbus and Earthworm Foundation that uses satellites to understand the impact of our supply chains on deforestation. Satellite imagery from the system shows how land use changes over time, highlights at-risk areas and how close mills in our supply network are to them. It also helps to predict deforestation patterns so we can work with suppliers to eliminate deforestation.

We support Earthworm's landscape-level programmes to aid social and environmental transformation across landscapes in Indonesia and Malaysia where we source palm oil from. This aims to help farmers adopt regenerative agricultural practices, making them more resilient and improving working conditions and labour standards for vulnerable workers, as well as restoring and regenerating forests. The outcomes include suppliers being better equipped to implement commitments to No Deforestation, No Peat and No Exploitation (NDPE) and support smallholders in their networks. The programmes also build sustainable livelihoods with communities, improving living standards and making it less likely that farms will expand into forests.

### Making ecosystems more resilient

Our Fair Rubber commitment means farmers and tappers who we source latex from in Thailand will start to receive a Fair Trade premium in 2022. We will also start to engage our Malaysian supplier to implement Fair Rubber Association certification across their latex plantations in Malaysia starting in 2022. Training from Earthworm Foundation embeds sustainable farming practices that improve yield, leads to better-managed ecosystems (agroforestry) and income diversification to increase the resilience of smallholder latex farmers in Thailand.

Our work with the Nature-based Insetting team at the University of Oxford will, among other things, create nature-based solutions in our most vulnerable and significant value chains – palm oil, latex and specific fragrances. Bringing together key partners including fragrance houses and Earthworm Foundation, we aim to evaluate

ecosystem impacts and progressively identify ways to address them while also mitigating climate change.

We also continued to participate in the Sustainable Dairy Partnership and are part of a new workstream to find an efficient way for farmers and other suppliers to report on their carbon impact.

Where we can, we practice nature conservation at our own sites. At Nowy Dwor in Poland, we established four beehives with help from Poland's League of Nature Conservation in 2020. They've since produced 20 litres of honey and the project is using blockchain to protect the digital value of the honey.



### OUR PRODUCT INSIGHTS

We want consumers to trust our brands and feel confident that our products are safe and cause no harm to the ecosystems or the people they touch during their lifecycle. Product stewardship is ultimately about the overall integrity of our products, which combines several aspects of responsible business. We cover this topic in several insights:

- **Product stewardship** – ingredients and transparency: the processes we follow to consistently innovate and produce safe, environmentally friendly products, and our work on ingredient labelling to help our consumers make informed decisions when buying them
- Protecting ecosystems across our value chain (this insight): the steps we take to safeguard the natural environment our ingredients come from
- **Plastics and packaging**: how we work to use less material, cut down on virgin material, and use recycled and recyclable components in our packaging
- **Product safety and quality**: how we maintain and control the safety of our products to safeguard our consumers and the environment, and how we consistently achieve the same standards of quality when manufacturing those products around the world

### LOOKING AHEAD TO 2022 AND BEYOND

Our Nature-based solutions activity extends our work to protect and strengthen ecosystems. Our aim in 2022 and 2023 is to complete the evaluation of our impacts, and develop measurable ways to reduce the risk to biodiversity and strengthen ecosystems in our most important value chains.

By 2030, our ambition is to implement interventions in all key natural raw material value chains that create demonstrable improvements in biodiversity and support the regeneration of local ecosystems. We'll add more detail to this ambition as our programmes develop and support our work to achieve the future recommendations of the TNFD.

### HOW WE PROTECT ECOSYSTEMS

Our new **Sourcing for Sustainable Growth policy** sets out how we're working to create a more responsible and sustainable supply chain.

Through it, we aim to make our supply chain more resilient and give confidence to the millions of people who buy our brands that the products they use are brought to them in ways that respect the environment, human rights and safety. Four standards sit underneath this policy, including our **Natural Raw Materials Sourcing Standard**. Our detailed standards set out what we expect for the natural raw materials (NRM) we use in our products, and strengthen our approaches to:

- **Understanding the origins of materials** – business partners should know the geographical locations and ownership of producers and processors in their NRM supply chains and be able to monitor compliance against this Standard. This information must be accessible to Reckitt and, preferably, publicly available
- **Safeguarding workers and communities** – worker exploitation, discrimination and exposure to harm should not occur in our supply chain. Business partners must take action to prevent this in their supply chains, in line with our Labour and Human Rights Standard and particularly with respect to the vulnerable groups highlighted in it



- **Protecting ecosystems** – important and protected natural areas and species must not be harmed by the production or processing of NRMs used by business partners or by expanding production or processing areas. Business partners should monitor and address any risk of harm to these areas
- **Reducing environmental impacts** – business partners should monitor and promote reductions in Greenhouse Gas (GHG) emissions, water use, energy consumption and waste in their NRM supply chains
- **Animal welfare** – some NRMs are derived from products of animal origin produced under human control (e.g., cows producing milk used in our infant nutrition products). We expect business partners to make sure that the 'five freedoms' of animal welfare are adhered to with animal-derived NRMs in our supply chains
- **Partnerships** – business partners should work collaboratively with a range of stakeholders including (but not limited to) peers, customers, NGOs, government agencies and technical experts to improve the depth of supply chain compliance with this standard

We look at emerging good practice and work with partners to help us assess the sustainability risk of our natural raw materials. We focus on the impact we make through the material we use, and how vulnerable the material itself is. Currently, we look mostly at palm oil, latex, dairy, natural raw materials for fragrances, krill and the timber used in our paper and cardboard. Our approach to managing each is different because each has its own circumstances, ecosystem and human rights issues.

We're making our policy and standards part of how our suppliers work. This helps us make sure our natural materials bring sustainable benefits to the whole value chain and consumers. For more on human rights, see our [Human rights](#) insight.



## OXFORD UNIVERSITY – BUILDING NATURE-BASED SOLUTIONS INTO SUPPLY CHAINS

We're working with Oxford University social venture Nature Based Insetting (NBI) to apply the latest scientific research to set evidence-based targets for mitigating the impact of our supply chain on climate change, biodiversity and society.

The programme started with a report on qualitative impacts ahead of the United Nations Climate Change Conference COP26 in November 2021. We're developing a plan to protect, restore and manage ecosystems in supply chains including palm oil, latex and fragrances.

From the framework developed with NBI, we're able to measure the biodiversity impacts on the local ecosystems in key value chains. That means, as we develop new ways of working with suppliers and farmers, we can measure the positive impact we create. This might be through different farming methods, alternative crop management and fertilisers, or perhaps different crops as well.

We'll evaluate potential interventions in 2022 and take them forward with suppliers, alongside or as part of collective landscape approaches.

### PALM OIL

Palm oil uses less land and produces a higher yield of oil than similar crops, for a lower cost. It's also highly versatile. But large areas of forest and peatland have been converted to cultivate it, which has destroyed the landscapes and biodiversity they support.

We're a relatively small user of palm oil, but we still have a role in cutting this impact. We're working to see that palm oil and its derivatives used in our products are certified and traceable. We want over 80% of the palm oil used in our products to be RSPO certified in 2023 using a combination of physically segregated oil and RSPO Credits where availability of certified, segregated oils is not possible. At the end of 2021, 28.9% of the palm oil used in our products is RSPO certified and we are on track to achieve this target in 2023. The palm oil used in our fats blends in nutrition is 76% segregated certified and the palm oil derivatives used in soap is now 30.8% certified.

Beyond these targets, we're working with our ingredients suppliers who may also use derivatives of palm oil to produce complex chemical ingredients. These constitute the remaining 20% of our overall palm oil volume, and are produced through a long and complex value chain. For this reason, it will take longer to fully certify these sources, though our ambition is to complete this by 2026. We're working with the Action for Sustainable Derivatives (ASD) programme, where buyers of palm oil derivatives collaborate to improve traceability and strengthen standards in the supply chain.

ASD also helps us understand palm oil origins for our surfactant raw materials. Work by ASD in 2021 showed we have traceability to 69% of refineries, 66% of mills and 35% of plantations in our surfactant supply chain. Collective traceability figures for a group of member companies are actually higher and show the benefit of collaboration.

In 2022 we'll continue our involvement in ASD and look to take part in other activities it runs to improve sustainability in the derivatives supply chain.

### Balancing production, conservation and livelihoods

Through our partnership with Earthworm Foundation, we support programmes in three palm oil landscapes in our supply chain, Riau and Aceh in Indonesia and Sabah in Malaysia.

These programmes aim to build a resilient landscape by balancing production, forest conservation, sustainable livelihoods and good social and labour practices at scale. Together, these programmes cover 21% of the palm oil mills in our supply chain.

Despite the continued challenges of COVID-19, highlights across these programmes include:

- In Aceh, two villages agreed to protect 8,060 hectares of forest area outside concessions as part of village land use plans, with the support of the local government and Earthworm Foundation



## ENGAGING OUR PALM OIL SUPPLIERS ON OUR NEW AMBITIONS

### CASE STUDY

In 2021, we published our new commitments to improve the sustainability of our palm oil supply chain. As we mostly procure processed derivatives of palm oil, traceability and monitoring remains a challenge given the scale of palm oil production landscapes and the amount of processing.

We can only deliver tangible improvement through partnership with our suppliers, peers and the wider industry. Our Chief Procurement Officer hosted a town hall with all our palm oil suppliers to set out our new commitments and our aim to develop plans for each supplier in 2022 to increase NDPE monitoring. We hope this more tailored approach, supported by our wider industry action through the Consumer Goods Forum, will drive progress.





- In Riau, 603 farmers owning 1,104 hectares of oil palm plantations joined a smallholder replanting programme that will improve their livelihoods, with 231 of the farmers receiving replanting funds of around USD\$1 million
- In Sabah, a Children Risk Assessment Framework (CRAF) pilot was conducted together with an oil palm company across two plantations where 486 children currently live. The CRAF addresses critical issues that affect children living on-site.

### LATEX

Natural latex is the main ingredient in Durex condoms. It comes largely from Malaysia and Thailand, with a small amount from India. Rubber trees take up to seven years to mature, and plantations can be vulnerable to disease. To combat this, our suppliers use different clonal varieties of rubber trees so that any disease affecting one variety doesn't spread to others in the plantation.

The challenges of rubber farming include supply chain resilience and deforestation. Consequently, we engage our supply chain to identify which farms and plantations produce the latex we source.

Some have up to 100 years of carefully managed history, though all are well established and aren't in areas where deforestation is a risk. By working closely with our suppliers, we manage the risks that they face and find better ways to support longer-term supply and better standards for workers.

### Managing human rights risks

Our assessment of human rights in our Thai latex value chain, carried out with the Danish Institute for Human Rights in 2019, found several risks. They include exploitation of migrant workers, challenges to the community's land rights or poor livelihoods for smallholders.

Livelihoods are linked to the global price for natural rubber, which is in turn depends heavily on the price of the synthetic rubber used in much larger quantities for products like car tyres.

We've worked with our latex suppliers to make sure they meet our Labour and Human Rights Standard. Our Fair Rubber commitment will give latex tappers in Thailand a Fair Trade premium from 2022 to enhance their livelihoods, which helps us secure our supply of latex. The premium also helps communities living and working on rubber plantations in Malaysia, helping us deliver on our commitment to support human rights across our supply chain.

In Thailand, we've continued to work with Earthworm to improve smallholder latex farmers' livelihoods, which helps make the supply network more resilient. This means:

- **boosting farmers' and households' income** from latex and other sources, like livestock-raising;
- **encouraging regenerative agriculture practices** like agro-forestry, which can improve productivity and enhance ecosystems; and
- **improving living and working conditions**, for example with personal protective equipment.

### DAIRY

We've continued our partnership with the Sustainable Agriculture Initiative's Sustainable Dairy Partnership (SDP). This is a group of suppliers and industry peers working to make the dairy industry more sustainable through a consistent approach to the commercial relationship between dairy buyers and processors. Members take responsibility for challenges like Greenhouse Gas (GHG) production, human rights, deforestation and animal welfare.

Highlights in 2021 included:

- launching an online platform for suppliers to report their progress to buyers against the 11 Dairy Sustainability Framework criteria including GHG emissions, use of soil nutrients and biodiversity;
- taking part in work focused on soy feed that contributes to a supply chain free from land conversion or deforestation; and
- joining a new workstream on carbon data collection between suppliers and buyers to improve GHG reporting.

### PAPER AND BOARD

Three out of four Reckitt products use paper and cardboard packaging. We use a small amount compared to some sectors, but we still want ours to come from sustainable sources. In 2012, we said that by 2020 all our supplies should either be recycled or approved by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). We're now applying stronger measures for better traceability and data. Our paper traceability is now up to 99% and we still expect to reach our goal for 100% of our paper and board to be from certified or recycled sources by 2025 or before.

For primary packaging, like product cartons, we usually combine virgin paper from certified origins with recycled paper. For the boxes used to transport products, we also use the highest practical percentage of recycled cardboard.

### KRILL

We use krill in MegaRed oil supplements. Krill oil is good for human health but also supports the Antarctic food chain and is part of a protected ecosystem that includes penguins, seals and whales.

Environmental NGOs want to see more marine-protected areas in the Antarctic. They also want fishing companies to safeguard the marine ecosystem by treating regulations as a baseline and working to exceed them. To keep our krill sustainable, we work with our supplier, Aker BioMarine, because of their:

- **third-party verification** – their Antarctic fisheries are certified by the Marine Stewardship Council (MSC);
- **engagement with the Antarctic scientific community** – Aker BioMarine works with the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), the body that regulates krill fishing and decides on conservation measures;
- **network of stakeholders** – our suppliers' decision to back a network of ocean sanctuaries in the Antarctic was important in strengthening political momentum to protect sensitive Antarctic waters; and
- **united industry approach** – Aker BioMarine was involved in creating the ARK group, which includes 85% of krill fishing companies. ARK has worked with the CCAMLR and others to develop a sustainable fishing approach that includes a voluntary agreement to restrict fishing in the buffer zones that protect penguin colonies in the breeding season.

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

Reckitt Benckiser Group plc (Reckitt)  
103–105 Bath Road  
Slough  
Berkshire  
SL1 3UH  
UK

# FAIRER SOCIETY

We believe in a fairer, more inclusive and diverse society, which we can enable as an employer and in our value chain. We focus on our employees, partners in our supply chain and our consumers.

We are nearly 40,000 people of over 120 different nationalities. We operate in 60 countries that span six continents. It's up to us to work together to embrace our diversity and ensure all feel included in everything we do. We must also create a sense of belonging within the company, make better connections with the global community we serve, and do the right thing, always.

## INSIGHTS UNDER THIS THEME

Our sustainability insights show how we're helping to create a fairer society, both within our business and in the communities we work in and around. Find out more about our initiatives through these topics:

### Our people

Our success depends on how we create the space and opportunities for our people to make a difference and do the right thing, always.

### Inclusion

Being diverse and inclusive isn't optional or an add-on for us. We're making it integral to the way we think and act.

### Health, safety and wellbeing

Health and safety means much more than reducing workplace accidents and employee illnesses. It's also about safeguarding and enhancing our people's wellbeing.



### Human rights across our value chain

Our brands, operations and business relationships touch millions of people around the world. We want to make sure their human rights are respected, from their working conditions to their access to health, nutrition and hygiene products.

### Social impact

Social impact lies at the heart of our fight to ensure access to the highest quality hygiene, wellness and nourishment is a right and not a privilege. We're developing strong partnerships to empower people and invest in communities where we can make a difference.

Further details of our aims and ambitions, and our progress towards them, are given within the individual insight for that issue.

## OUR AMBITIONS UNDER THIS THEME

# Inclusive

culture that treats everyone fairly and equally

# Diverse

A team that reflects and represents the diverse places where we work and the people we serve

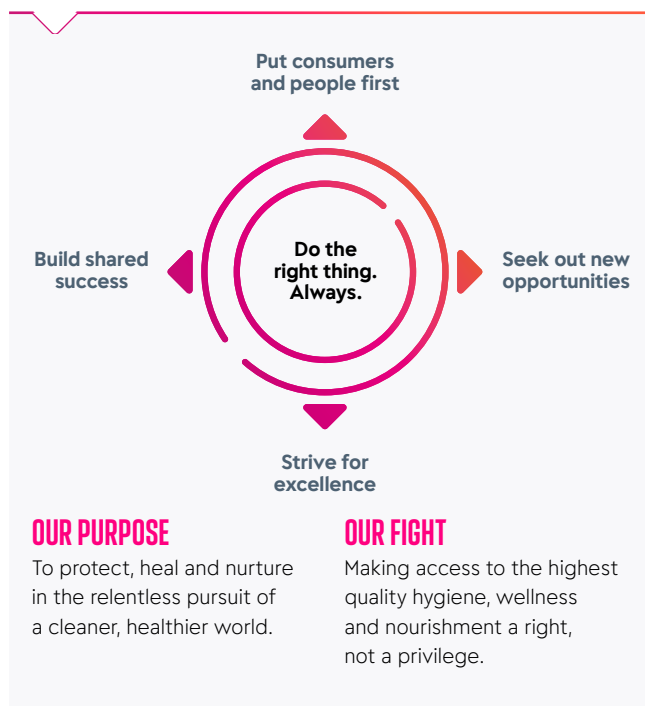
# 50-50

gender-balanced management at all levels by 2030

# OUR PEOPLE

Our business is all about people. We're united in our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We aim to create the space and the opportunities to help our people make a difference, and do the right thing, always.

## OUR COMPASS



## EMPOWERING OUR COLLEAGUES TO MAKE A DIFFERENCE

Our people represent all ages, backgrounds, identities and beliefs. We come from more than 120 nations. This diversity is a tremendous source of strength, enriching our thinking and our actions. We embrace this strength by promoting an inclusive culture where everyone is heard, every voice matters and everyone contributes.

We speak directly, but with respect, and foster transparent conversations between colleagues. And we actively try to find out what people are thinking, whether through in-depth conversations or group-wide surveys. Most importantly, we act on what we hear.

We continue to offer support to employees affected by the pandemic, including local assistance programmes, global webinars and learning resources, and podcasts with senior leaders sharing their advice. We again briefly paused our global operations in December with an extra day's holiday so that our people could rest and recover after another stressful year.

We've continued to play an important strategic role in the fight to stop the spread of COVID-19. This wouldn't have been possible without the inspirational efforts of our nearly 40,000 diverse and talented people across the world, doing their best in the most challenging circumstances.

Our priority has been to keep our frontline people safe so they could meet consumers' needs and safely produce essential supplies to fight the spread of COVID-19, such as our disinfectants, Dettol and Lysol. But we've never lost sight of the values that are so important to our business and our people. We believe a good business reflects not simply the world we live in, but the best version of the world we live in, in all its diversity.

This year, we built on our 2020 work to place inclusion at the heart of our culture. We established grassroots networks of underrepresented people with shared characteristics or life experiences in our Employee Resource Groups, helping people support each other and share the challenges they face with the wider business. We included extra diversity questions in our all-employee survey and held a number of global Stronger Together sessions to raise awareness of and discuss key issues.

### 2021 HIGHLIGHTS

In 2021, our people again faced challenges as the pandemic endured. While we kept our frontline operations running, and focused on growing the business, we also strengthened and supported our teams across the world.

- **Employee Resource Groups (ERGs)** – our global ERGs all made progress in their respective areas with a focus on gender balance, the LGBTQ+ community, and race and ethnicity. We also created a Global Disability Working Group in 2021, which will become our fourth global ERG. See more in our [Inclusion](#) insight
- **Board listening sessions** – in September 2021, the Board conducted formal listening sessions with a range of employees to discuss topics such as inclusion, consumer focus, innovation and R&D, business transformation and sustainability. See our [Inclusion](#) insight for more details
- **Leadership behaviours** – we rolled out our new leadership behaviours with the Global Executive Committee, clearly setting out our expectations of leaders at Reckitt and reinforcing our culture shifts. More than 600 leaders took part in our programme to embed and embody the behaviours of Own, Create, Deliver and Care
- **Engagement surveys** – in our annual all-employee engagement survey in June 2021, 73% of our people agreed they would 'recommend Reckitt as a great place to work'. 75% described feeling a positive impact through our strengthened leadership behaviours. See more on the results below
- **Workforce Disclosure Initiative** – we were placed in the top quartile of more than 170 Workforce Disclosure Initiative companies for transparency on sharing information on pay, contract types, diversity and supply chains with a score of 85%, compared with the 74% industry average
- **Gender pay gap reporting** – our extended gender pay gap reporting included 10 markets in 2021 that covered almost 70% of our global employees

### Our leadership behaviours

#### OWN

- Live our purpose, fight and compass
- Know our business cold
- Make decisions

#### CARE

- Actively listen, learn and include
- Speak direct with respect
- Act to unleash potential

#### CREATE

- Spot opportunities
- Innovate, iterate and scale
- Relentlessly build better

#### DELIVER

- Focus on what matters
- Move boldly and at pace
- Join forces to win bigger

### Leadership behaviours

Leadership is crucial to realising our cultural ambitions and achieving strong and sustainable performance. We've defined leadership behaviours that capture the uniqueness of Reckitt, capitalise on our strengths and challenge us to do better. At Reckitt we Own, Create, Deliver and Care. These behaviours are for everyone and are a key part of our annual performance reviews for all employees.

We grow leaders who know their business and own their decisions, while living our purpose. 'Create' reminds us to relentlessly look for better results and seek out new opportunities that put people and consumers first. 'Care' is having concern for our colleagues and the world around us. We speak directly with respect, actively involving, including and listening to other voices, and being ready to learn from others.

'Deliver' encapsulates our commitment to getting things done. At Reckitt we act boldly and fast. Getting results and joining forces to achieve goals is more important than personal kudos.

We're reinforcing these behaviours through our leadership development curriculum, all-employee survey and personal development tools. In the first half of 2021, all our senior leaders worldwide took part in the leadership behaviours roll-out programme. With feedback from their teams, they are evaluated against these measures in their annual performance reviews.

We'll keep focusing on behaviours as we work to embed authentic, purposeful, inclusive and high-performing leadership at all levels of the business.

### WORKING DURING COVID

We've all had to adapt our ways of working in the last two years. While we've made progress, we know we need to remain thoughtful and vigilant with COVID-19. Supporting our teams and their wellbeing remains a priority. Our people have started to return to the office, and we're being flexible to support them to do so safely and keep abreast of emerging local issues.

We helped our people navigate the changing workplace in several ways. They included:

- **Our updated 'Navigating our New Normal' book** shared guidelines to keep all our employees safe, whether in the factory, office or home working. We've stuck with the five guiding principles that we established in 2020 – putting our people first; locally led decisions to reopen; a phased and gradual return to the workplace; mutual accountability through involving our employees in the decision to return; and protecting our frontline. See more in our [Health, safety and wellbeing](#) insight
- **Employee Assistance Programmes (EAP)** in each country offer all employees confidential, anonymous, impartial advice on topics from mental health to financial challenges via web resources, as well as telephone support from professional advisors. See our [Health, safety and wellbeing](#) insight for more
- **Remote working hub**, offering comprehensive support on working from home, sharing resources on team engagement, team meetings and time management
- **Wellbeing hub**, bringing together our resources to support our people's physical and mental wellbeing, including practical advice, tools and education for all





### Communication

Internal communication and engagement are always essential, but the challenging working environment of the last two years emphasised their importance. Our senior leaders encourage communication as a way to help build connections among our people, and to help them understand our strategy and direction. It also helped us understand our people's concerns.

Our CEO sets the tone. Virtual global Town Halls include a Q&A section live-streamed to more than 9,000 employees each time. He posts regular updates on strategy and progress, and hosts multi-level groups, virtual chats and focus groups. Our Stronger Together conversation series involves team members from all over the world.

We also communicate with our people through Rubi, our intranet, and publish a fortnightly internal newsletter. We have more than 970,000 followers on LinkedIn, an important platform for sharing news and topics of interest – and recruiting people. We're also active on Facebook, where we have 97,000 followers, with 20,000 on Twitter and 11,500 on Instagram.

## RECOGNISING EXCEPTIONAL WORK

We acknowledge and recognise the achievements of our people through our global awards programmes. The Compass awards consider achievements at a team or department level and also company-wide. They reward work that exemplifies our purpose and values, every day.

The Global Compass Awards winners this year included the SICO condom brand team in Mexico, the country with the world's highest rate of teenage pregnancy. SICO's

'Protect Mexico' campaign, launched with a local NGO that works with vulnerable communities, created an educational programme for teenagers across the country. With its retail partners, the team also donated more than 1 million condoms. The Productivity team in Marketing won the Strive for Excellence category for delivering nearly £150m in savings by bringing in new agencies and marketing tools. Our Chief Executive Officer also chose the winners of two special CEO awards: the Corporate Brand team, for managing our rebranding to Reckitt, and the Global Inclusion team and Employee Resource Group leads, for their work on inclusion.

In 2020 we launched the Sir James Reckitt award to celebrate the work of truly exceptional teams. This year's winner was the Corporate Affairs & Sustainability team, for embedding sustainability across the company. The team also successfully applied for Reckitt to be the official hygiene partner of the 2021 United Nations Climate Change Conference (COP26) in Glasgow, and helped deliver a safe and hygienic event.



## SETTING GLOBAL STANDARDS

We give our people the freedom to succeed and we celebrate our entrepreneurial culture, but always within a clear framework. We have expectations and policies that set global standards across our organisation. You can read more about these in our Code of Conduct, and in our [Health, safety and wellbeing](#), and [Inclusion](#) insights.

Our commitment to respecting the right to freedom of association is embodied in our global [Code of Business Conduct](#), and [Policy on Human Rights and Responsible Business](#). We comply with all global and local laws regulating collective bargaining and we recognise the right to freedom of association. This means that, in line with the law and company policy, employees have the right to assemble, communicate and join associations of their choice, or not. As of 31 December 2021, 23% of our employees were represented by an independent trade union or covered by collective bargaining agreements.

## Our global workforce

**Employment ratios** (excluding contingent workers)  
% at 31 December 2021<sup>1</sup>

	Corporate	eRB & Greater China	Health	Hygiene	Nutrition
Board	100%				
Executive Committee	73%	0	9%	9%	9%
Group leadership team <sup>2</sup>	22%	8%	30%	27%	14%
Senior management team <sup>2</sup>	15%	5%	30%	30%	21%
Global employees <sup>2</sup>	4%	7%	28%	35%	27%

- 1 2021 global employed data for women and nationalities is based on data for 37,321 global Group employees, which is 44% of the average number of people employed by the Group during 2021. Data excludes our prior Infant Formula and Child Nutrition (IFCN) China business.  
2 Numbers do not equal to 100% due to rounding.

## Hires and employee turnover<sup>1</sup>

	Gender (excluding contingent workers)				Business Area (excluding contingent workers)					Age (excluding contingent workers)				Contract type		
	Total	Women	Men	Not recorded	Corporate	eRB & Greater China	Health	Hygiene	Nutrition	<30 yrs	30–50 yrs	>50 yrs	Not disclosed	Permanent	Temporary	Contingent workers
Reckitt employees (total number)	37,321	16,364	20,944	13	1,458	2,451	10,480	12,968	9,964	8,026	23,990	5,300	5	35,977	1,344	7,235
New hires (total number)	6,339	2,998	3,330	11	297	473	1,650	2,293	1,626	2,900	3,093	341	5	5,339	1,000	3,822
New hires (rate) %	17%	18%	16%	85%	20%	19%	16%	18%	16%	36%	13%	6%	100%	15%	74%	53%
Total employee turnover (total number)	6,962	3,169	3,781	12	198	518	1,872	2,424	1,950	2,427	3,751	778	6	5,872	1,090	4,594
Total employee turnover (rate) %	19%	19%	18%	92%	14%	21%	18%	19%	20%	30%	16%	15%	120%	16%	81%	63%
Voluntary leavers	4,132	1,885	2,237	10	131	391	1,144	1,363	1,103	1,388	2,309	432	3	3,877	255	0
Percentage of voluntary leavers %	11%	12%	11%	77%	9%	16%	11%	11%	11%	17%	10%	8%	60%	11%	19%	NA
Involuntary leavers	1,794	840	954	0	42	75	490	689	498	698	911	183	2	1,147	647	0
Percentage of involuntary leavers %	5%	5%	5%	0%	3%	3%	5%	5%	5%	9%	4%	3%	40%	3%	48%	NA

## REWARD AND RECOGNITION

### Benefits

We offer a range of benefits. Some, such as pension and medical care plans, annual health checks, and health, accident and disability insurance, provide important stability for employees and their families. We also offer life insurance for all our global employees. Other benefits, such as bonuses and long-term incentives, are linked to performance, as are salaries. Benefits vary depending on location and we review them regularly to make sure they're locally competitive. For example, we offer a pension scheme to more than 80% of our global employees. Exceptions might happen in local markets where there's a state pension or where employers don't commonly offer pensions. Our global parental leave policy provides 26 weeks' paid and 26 weeks' unpaid maternity leave, and four weeks' paid and four weeks' unpaid paternity leave. 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.

We cascade our rewards and benefits consistently throughout the organisation, aligning incentives and rewards with developing our culture. This year, our Board also reviewed our salary structures, incentives and benefits, taking into account the views of our management and other employees. We also communicated to the wider workforce details of how executive pay is set, giving employees the opportunity to ask any questions on these topics.

In March 2021 we launched our global wellbeing programmes for leaders at all levels in partnership with Hints and Tatum, 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. These attracted over 3,000 participants each time.

### Salary and bonus

Throughout the organisation, we pay our employees based on performance. We reward on-target performance with total cash (i.e. salary plus bonus), but offer a high proportion of variable pay to encourage outstanding performance and creation of shareholder value. We pay employees in relation to their role and location, taking

account of internal pay equity, pay ranges and external market benchmarks.

- Line managers decide salary increases based on factors like individual performance and local market practice. We also consider local factors such as inflation
- We operate our Annual Performance Plan across the organisation, covering more than 16,000 employees. Bonus payouts are based on our financial performance, with all employees incentivised on net revenue and a profit measure, which varies based on role. Also, some roles have a third measure related to net working capital or innovation
- We also have local bonus plans, for example for employees in sales and factories

For more details on how we pay our executives, see the 2021 Annual Report. For details on gender pay, see the [Inclusion](#) insight and our [Gender Pay](#) report.

### Living wage (UK)

We've been paying the living wage in the UK for a number of years and have been formally recognised as a living wage employer by the Living Wage Foundation since 2020. We commit to pay employees and contractors a wage that's over the minimum wage and also recognises the actual cost of living in the UK.

### Sustainable livelihoods

We are also developing activity on sustainable livelihoods within our supply network, considering how rates of pay compare to the local costs of living. We are focusing first on places where there is perhaps greatest risk of workers not receiving a sustainable livelihood for the work they do. While typically this is not the case for our own Reckitt teams, in some countries where we may also use local contractors for temporary work, we wanted to check this wasn't the case. We assessed pay for contractors in manufacturing sites in India and Thailand, comparing pay with the local cost of living and internationally recognised living wage frameworks. Reassuringly, people were paid above the local cost of living. We'll assess other countries in the same way but are also looking at how we can strengthen the opportunities for contracted workers

as well, for example where jobs become more routine, bringing them into our Reckitt team. In some cases, automation will change the nature of our workforce, too.

### Share ownership

Our award-winning, all-employee share plan fosters a culture of ownership among our people. It gives them the chance to save over a three-year period to buy Reckitt shares at a 20% discount to the share price at the start of this period. They can save anything from £10 to £500 and the scheme is risk-free, as people can take back the amount they've saved at any time. Around 50% of Reckitt employees globally take part in one of the three share plans on offer. Over the last three-year period (2019–2021), more than 6,900 employees saved a total of £36 million to buy Reckitt shares, making a gain of around 10% (based on the average closing price in Q4 2021 of £59.84).

### Developing our people

We need our people to have the right skills, capability and knowledge to perform at their best every day. Continuous development and coaching conversations happen throughout the year, with all employees having a formal annual performance review of personal and business objectives. It's also a chance to talk to their managers about their career ambitions. We use these reviews to help identify future leaders and fill around 52% of open positions internally.

We believe in helping our people grow and develop through experience, moving colleagues to new roles and markets. With global mobility more restricted during lockdowns, we make sure people moving with Reckitt's international transfer policy travel only when it's safe. To support their moves, we offer benefits like international healthcare, international pension, school fees, tax return support and home leave.

Our digital learning platform, launched in 2018, continued to play an important role enabling our people to access remote learning programmes, including the global supply, sales and marketing academies that we launched in 2021. Employees also accessed training on topics including unconscious bias, crisis management, digital skills and health and safety. Our people took part in 403,675 hours of training during the year, an average of 6.28 hours each.



### Supporting young people to live our purpose

Established eight years ago, the Reckitt Global Challenge has become an important graduate engagement tool, especially in markets such as India. It challenges university students to come up with a business idea, based on a Reckitt product, that shows performance, profitability and is rooted in a social purpose. In 2020, the competition attracted hundreds of entries from 32 countries. In 2021, due to COVID-19, it was limited to India. More than 3,000 students from 13 of the country's top universities and business schools participated. Teams of students were mentored by our brand managers and asked to present ideas that contribute to positive social change.

Since 2014, we've supported One Young World (OYW), where 18,000 young leaders from across the globe discuss big social, environmental and human challenges. This year, 24 of our people from 13 markets took part in the virtual summit, learning from top speakers and experts, and exchanging solutions to the world's most pressing issues. Three Reckitt delegates also took part in the OYW Action Accelerator, a programme that supports delegates to harness the power of the private sector for social impact.

### Supporting and enhancing our colleagues' wellbeing

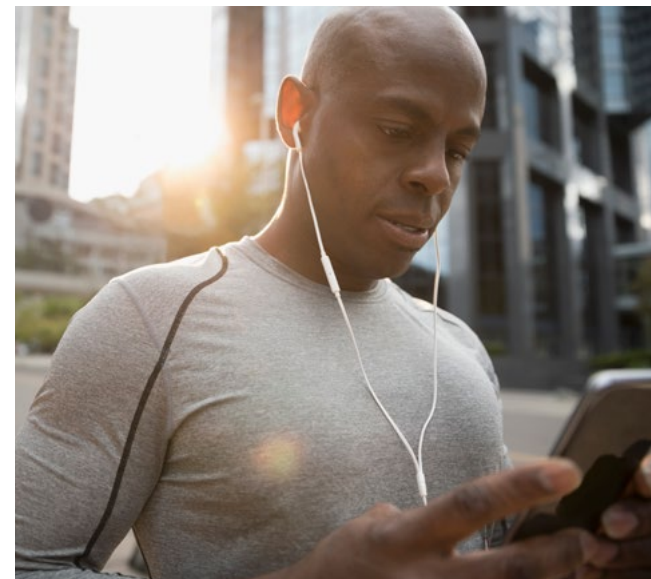
With COVID-19 putting unprecedented strain on people's mental health, our employees' wellbeing is more important than ever. This year, we focused on two main goals. We wanted to give all our people the mental and physical resources to thrive, by building awareness and resilience through self-care and education. We also sought to make our leaders as resilient as possible, to help them sustain performance, individually and collectively.

To help achieve this, we teamed up with Tignum and Hintsu, global leaders in wellbeing and high-performance coaching, and Heart on My Sleeve, a not-for-profit organisation that focuses on mental health. Together, we delivered bespoke wellbeing resources, including 1:1 and group performance coaching, training, social learning events and access to help through digital apps. We also hosted a series of global conversations on mental health, attended by more than 10,000 colleagues. For more details, see our [Health, safety and wellbeing](#) insight.

### Listening to our people

We conducted an all-employee survey in June 2021 using the LinkedIn survey tool, Glint. We included the same questions as in 2020, to enable year-on-year comparisons, and added some new ones, for example on whether our leaders are living our leadership behaviours (see 'Moving forward together' on pages 46 to 49 in our [Annual Report](#) for more). We also asked for optional demographic information in seven key markets to inform our inclusion strategy.

Nearly three quarters of our employees responded to the survey, leaving 25,000 comments. Around 73% of our people agreed they would 'recommend Reckitt as a great place to work'. More than eight in 10 people said they're personally committed to making access to the highest quality hygiene, wellness and nourishment a right, not a privilege. Overall, our people are proud to work for us, identify strongly with our culture of achievement, and appreciate our investments in wellbeing and sustainable high performance. Our leaders are seen to be performing well, especially when it comes to decisiveness, purpose and speaking directly with respect.



The survey also highlighted areas for improvement. For example, while our people support our push for inclusivity, they want more equal opportunities for development and better recognition of their efforts.

We also regularly check in with our employees through town hall meetings and our intranet. And we hold forums, focus groups and listening sessions with leaders. Through our Freedom Forum, our internal platform for ideas that launched in 2020, we asked for ideas to help us achieve our 2030 sustainability ambitions, and received nearly 300 suggestions.

Our confidential online and freephone service, Speak Up!, is a safe, trusted channel for employees to raise concerns about violations of our policies and any unethical behaviour. For more information, see our [Ethical behaviour](#) insight.

## SUPPORTING OUR PEOPLE DURING INDIA'S SECOND COVID WAVE

In April 2021, the second wave of COVID-19 swept through India, putting immense strain on our 2,916 employees and their families. Our India team acted quickly to provide support, including:

- Granting emergency leave to COVID-19 caregivers
- More than 150 employees joined Emergency Response Groups managed by human resources staff. These groups worked relentlessly to provide accurate and potentially life-saving information about the availability of hospital beds, emergency medical supplies and equipment
- Providing more than 10,000 vaccinations for our people and their families
- Offering mental health sessions to all employees

### CASE STUDY

## LOOKING AHEAD – FOCUS FOR 2022 AND BEYOND

The pandemic has highlighted the desire for smarter, more flexible working. With our Future of Work programme, we're continuously making improvements, and building hybrid working practices where we work effectively. This means using our offices optimally, so that in face-to-face meetings we create ideas and activity, collaborate to be more effective, coach people to strengthen performance and development, and connect with others to build and maintain the relationships that help us deliver our goals. As we balance these hybrid ways of working, we're always trying to make sure that any new methods enhance our wellbeing and culture. We've done good work, but there's much more to do.

Our Employee Resource Groups and Stronger Together conversations are solid foundations to improve our diversity and inclusion. We'll keep striving to make our culture more inclusive, and to measure our progress better. Becoming a more diverse and inclusive organisation is central to our goal of doing the right thing, always.

## LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

**The Sustainability team**  
Reckitt Benckiser Group plc (Reckitt)  
103–105 Bath Road  
Slough  
Berkshire  
SL1 3UH  
UK



# INCLUSION

We believe in always doing the right thing, for everyone – our people, our consumers, our partners, and the wider global community. Diversity and inclusion are integral to the way we think and act, and core to who we are.



## A DIVERSE, INCLUSIVE CULTURE

We are nearly 40,000 people with over 120 different nationalities. We operate in 60 countries in six continents. By embracing our diversity, we help build a more inclusive world.

We're creating an environment where all our people feel able to be themselves, learn, grow and realise their potential. We have a more positive impact in the world when we represent and reflect the diversity of our consumers and communities.

We're making progress on our cultural transformation to support our pursuit of a cleaner, healthier planet. Our focus on, and investments in, inclusion, wellbeing and leadership are inspiring and equipping our people to do this.

Our inclusion strategy focuses on six areas. The work we're doing on leadership, people and policy helps make sure we're building an inclusive culture internally. Externally, by putting inclusion at the heart of our approach to procurement, brands and partnerships, we align what we do with who we are.



## OUR PERFORMANCE IN 2021

### Aim

Gender balance at all management levels<sup>1</sup> by 2030

### 2021

**49%**

(29%<sup>+</sup> female senior managers in our global workforce)

<sup>1</sup> 'All management levels' are Manager level roles and above (excluding Board members).

<sup>+</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.

## EVOLVING OUR CULTURE

We're evolving our culture to reflect our purpose and customer focus. At the same time, we're assessing how best to enable and deliver exceptional business performance and adapting to the changing social priorities caused by COVID-19.

The cultural change underway at Reckitt builds on our best qualities. We've always been known for our dynamic culture, united by a shared sense of ownership and a drive for action and achievement. People take responsibility for making things happen. Our focus on delivery and innovation is combined with a strong sense of purpose and responsibility – we're making a real difference in the world.

We take care of each other and recognise we all have a part to play in making access to the highest quality hygiene, wellness and nutrition a right, not a privilege. An inclusive, dynamic and collaborative culture is at the heart of our strategic transformation.

### 2021 HIGHLIGHTS

- Reckitt scored 95 out of 100 on the Human Rights Campaign Foundation's Corporate Equality Index (CEI) 2022 in the US. A 30 point increase on the previous year. The CEI measures corporate policies and practices related to LGBTQ+ workplace equality
- Almost 90% of our most senior leaders undertook conscious inclusion learning

## CONSCIOUS INCLUSION

In 2021, we launched an ambitious programme to promote the benefits of conscious inclusion, which we define as being aware of unconscious bias and consciously choosing to include others.

We started with our leaders, highlighting to them the importance of leading inclusively, and their role in creating a more inclusive culture. Almost 90% of our senior leaders have attended these sessions, which included tips and tools for more conscious behaviour.

We then extended the programme across the company, using online learning and team discussions, to encourage all our people to recognise their responsibility for creating an 'everyone' culture. In 2022, we'll continue the programme and embed this philosophy in our leadership curriculum.

### CASE STUDY

- More than 120 women participated in Accelerate, our tailored leadership development programme for future women leaders, in 2021. Since 2016, over 570 women have benefited from the programme

### THE GLOBAL INCLUSION BOARD

Leaders have a powerful role in changing culture. In 2020, we launched the Global Inclusion Board, a cross-functional team of global senior leaders chaired by our CEO, Laxman Narasimhan. Our global Employee Resource Groups (ERGs) cover Women, the LGBTQ+ community, Race & Ethnicity and Disability. These four ERGs are represented on the Inclusion Board, along with all functions and regions. This enables the Board to make inclusive, informed decisions based on our people's needs.

Our Inclusion Board drives our inclusion agenda and is accountable for:

- Strategic delivery
- Governance
- Monitoring, reporting and communicating progress

### LISTENING AND LEARNING

Our inclusion strategy focuses on six areas – leadership, people, policies, brands, procurement and partnerships.

#### Senior-level focus and sponsorship

We want all our leaders to be confident and accountable in their support of our inclusion aims – leading change, developing trust, building capability and taking action locally. We support this through our Conscious Inclusion learning sessions and leadership behaviours. We expect leaders in each market to establish and run a Local Inclusion Board.

#### Building an inclusive culture

We want everyone at Reckitt to feel included. To achieve this, we engage and interact on the issues that matter to our people, using tools such as our Stronger Together conversations, which drive awareness and better understanding, and our Conscious Inclusion learning programme, and by promoting our Employee Resource Groups (ERGs).

### Continuous improvement of our policies to improve inclusion

Our policies define our approach, so it's essential they always take diversity and inclusion into account. From recruitment, learning and promotion opportunities, to celebrating religious holidays and parental leave, our policies must work for everyone. We review them regularly and have built an 'inclusive-by-design' approach into all new and refreshed policies. Our Global ERGs are actively involved in this.

### Using our brands to encourage a more inclusive world

Our iconic brands, such as Durex, Dettol and Finish have served billions of people around the world for generations. Through these and other brands we are committed to making sure under-represented communities have access to the highest quality nutrition, health and cleaning products.

### Supporting suppliers from diverse and minority communities

We seek to promote small businesses, and those with owners from diverse and minority communities. We also want to buy from suppliers that share our commitment to a fairer, more inclusive society.

In 2021, we established a task force to define what supplier diversity means to us, and how to achieve it. We are focusing on three areas: reviewing our spend with certified diverse and/or minority businesses; building partnerships with diverse suppliers; and collaborating with our peers to advocate for systemic change to enable a fairer, more inclusive society across global supply chains.

### Building selective partnerships

We want to form partnerships with organisations who share our beliefs and principles, to learn from them and improve our thinking and actions around inclusion. We also want to use the partnerships to raise global awareness of our commitment to these issues.

## ADVANCING INCLUSION IN LATIN AMERICA



In Latin America, our journey towards diversity and inclusion gathered pace in 2021. Around 250 of our leaders and teams joined in discussions and workshops about bias and micro-messaging, and we hosted more than 10 Stronger Together talks.

In Mexico, we were recognised as the best workplace for LGBTQ+ employees. Our Employee Resource Groups were drivers of change. Also in Mexico, Women@Reckitt held talks on maternity, empowerment and masculinity, while in Brazil it partnered with Mulher 360, a leading women's group promoting economic empowerment. Our Race & Ethnicity group raised awareness of the vast inequalities still suffered by afro-Brazilians, while the LGBTQ+ group promoted Pride Month, with activities including a drag show in Brazil.

We're also proud of how we advanced inclusion through our launch of the graduate programme in Brazil and Mexico. More than 17,000 professionals took part, with 15 graduates hired. Of these, 60% were black, around half women, and a quarter LGBTQ+. Most came from outside the consumer goods industry. These graduates will be the future pipeline of talent for Reckitt in Latin America, and they should provide more diversity to our leadership.

### CASE STUDY

## STRONGER TOGETHER

Since its launch in 2020, our global Stronger Together conversation series has created opportunities to share inspiring and challenging stories from our colleagues across the world. Sometimes tough to hear, they allow us to understand each other better, increase awareness and foster inclusivity.

We ran seven live global events in 2021, reaching almost 30,000 people, with more watching later on demand. Invited guests and colleagues shared their experiences, often deeply personal. Many more people told their stories, with vulnerability and courage, in local Stronger Together conversations.

These conversations have helped build trust at all levels of the company, and form part of our strategy to drive a more inclusive culture through storytelling and education. They help us all consider how different experiences affect people's life chances.

Opening up the conversation to all employees also helps raise awareness of our work on inclusion, helping embed it in our workplace culture.

## EMPLOYEE RESOURCE GROUPS

### Women@Reckitt

This group focuses on advancing women and promoting gender balance at Reckitt. It provides opportunities for women to meet, collaborate and discuss the key issues that affect them, as well as providing expertise and insight. During the COVID-19 pandemic, the group made sure our women felt supported.

### LGBTQ+@Reckitt

This group provides a space to connect and offers support and resources for Reckitt's LGBTQ+ community to express their true selves at work. It holds forums to discuss relevant topics, such as what needs to change in society and at work to empower this community. In February 2021, the group launched LGBTQ+ History Month, including an educational session with members of the transgender community. This helped the wider Reckitt community understand why the use of pronouns is important, and explained some of the terms and language associated with LGBTQ+.

### Race&Ethnicity@Reckitt

This group encourages conversations about race and ethnicity, based on authentic experiences. It promotes corporate actions that create a healthy environment where employees of all races and ethnicities can thrive, and maximise their contributions to, and value within, the organisation. It also seeks to make sure that we celebrate diversity, achieve equity for underrepresented groups, and weave inclusion into our corporate DNA.

### Disability@Reckitt

In 2021, we created a Reckitt Global Disability Working Group made up of people who have a disability or care for someone who has a disability and their allies. The group organised educational and awareness events for the International Day of Persons with Disabilities, and is being launched as a fourth global ERG in 2022.

## DIVERSITY ACROSS RECKITT EMPLOYEES: NATIONALITY AND GENDER

	2020	2021
Nationalities in management – Executive Committee	8	7
Nationalities in management – Group leadership team	17	14
Nationalities in management – senior management team	50	49 <sup>1</sup>
Nationalities of global employees	129	124
Nationalities – Group Board	5	6
Women – Group Board	42%	42%
Women employed – all management levels	n/a	49%
Women employed – Executive Committee	17%	9%*
Women employed – Group leadership team	19%	19%*
Women employed – senior management team	30%	29%*
Women employed – global employees	44%	44%*
Women in junior management positions	53%	54%
Women in revenue generating positions	49%	42%
Women in STEM-related positions	35%	53%

The senior management team includes the Group leadership team (GLT), which itself includes the Executive Committee.

All management levels are Manager level roles and above, excluding Board members.

2021 global employed data for women and nationalities is based on data for 37,321 global Group employees (excluding contingent workers), which is 44% of the number of people employed by the Group as of 31 December 2021.

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

<sup>1</sup> Within our senior management team, our main 3 nationalities are British 25%, American 13% and Indian 12%.

## Nationality across Reckitt employees 2021



## PROGRESS ON GENDER BALANCE IN 2021

Improving gender balance at all levels is critical for us. To achieve this, we're building inclusion into the core of our hiring process, leadership development and succession planning. We also offer access to mentoring, and targeted leadership programmes for women at early and mid-career stages.

Nearly half of our employees are women, but they're under-represented at higher levels. Though we're making progress in this area, we still have some way to go. Currently, 29% of global senior management team roles are held by women. This has increased significantly from 19% in 2015. By 2030 we want this to be 50% at all levels of management. Our Group Board consists of five women and seven men, so women make up 42% of our Board, the same as in 2020.

### Closing the gender pay gap

Gender balance and equality are crucial for us as an organisation, and society as a whole. As a UK-based group, we're required by law to publish information relating to the gender pay gap. Through more transparency, and voluntarily reporting gender pay for more markets, we'll encourage others to do the same. We now report in 10 of our main markets, covering almost 70% of our people.

A summary of our gender pay statistics:

- 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 in the UK was -6.1% at median and 5.1% at mean

The table below sets out our additional voluntary disclosure for our other largest markets (data as of April 2021):

	2021 Gender pay gap <sup>1</sup>	
	Mean difference	Median difference
Brazil	-4.1%	-28.9%
China	13.3%	10.1% <sup>2</sup>
India <sup>3</sup>	-68.3%	-186.1%
Indonesia	14.2%	9.2%
Mexico	-4.8%	-43.0%
Poland	1.5%	-0.6%
Russia	12.9%	5.7%
Thailand	29.9%	15.6%
US	-2.3%	-15.2%

1 A negative number represents a gender pay gap in favour of women.

2 Includes Infant Formula and Child Nutrition (IFCN) Greater China business. The median difference excluding IFCN Greater China is 5.2% as of April 2021.

3 In India, 99% of our employees in manufacturing are male. This has resulted in a significant median pay gap in favour of females.

For more data and information on our diversity and inclusion initiatives, see our [gender pay gap report](#).

### GLOBAL PARENTAL LEAVE AND BENEFITS

We want our people to be excited about starting or extending their families without worrying about their role at work, or uncertainty about parental leave. In 2015, we were one of the pioneers of a global 16-week fully paid maternity leave policy. In 2019 we increased this to 26 weeks. We also offer four weeks of fully paid paternal leave with the option of four more weeks of unpaid leave. Parental leave arrangements apply to everyone, including those having a child through adoption or surrogacy. For returning parents, we encourage everyone (subject to local law) to join a Stay in Touch programme. We also encourage them and their line managers to join learning sessions to support their return.

### LOOKING AHEAD – 2022 AND BEYOND

Three important actions will help improve our progress in diversity and inclusion in the future:

- We'll continue to listen to all our people through channels like our Employee Resource Groups, Local Inclusion Boards and global employee engagement surveys. This will help us better understand what matters to our people, as well as providing a focus on inclusion. We continue to use these global insights to frame what we think and do
- We'll keep communicating our thoughts, concerns and progress on diversity and inclusion regularly with our people, through our senior leaders and global initiatives like Stronger Together
- We'll continue to ask more questions and collect data so we can measure our progress on inclusion. We're launching a global workforce data collation programme in 2022 in some of our larger markets to help understand better how our people identify, and what their lived experiences are. We'll also keep tracking progress on our goal of gender balance at all management levels by 2030

### LISTENING TO OUR STAKEHOLDERS

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

## SUPPORTING WORKING MOTHERS IN PAKISTAN

In Pakistan, the Local Inclusion Board and Women@Reckitt employee resource group have worked hard to promote changes that support working mothers.

Women employees are allowed to employ childcare, or use daycare facilities, at the company's expense, until their children turn three. They also benefit from flexible working patterns when they return to work, and have access to a 'mom mentor' and nursing rooms – mostly novel concepts in Pakistan.

We plan to open a daycare facility in the office in 2022. We've also held regular surveys and training sessions about what women need to succeed at Reckitt. These initiatives have had a clear impact: in the last three years, twice as many mothers have returned to work after childbirth than previously. To further encourage gender equality, we also launched an all-gender bathroom in the office, a first in the corporate world in Pakistan.

CASE STUDY

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

Reckitt Benckiser Group plc (Reckitt)  
103–105 Bath Road, Slough, Berkshire, SL1 3UH, UK



# HEALTH, SAFETY AND WELLBEING



We are a diverse global team of nearly 40,000 colleagues. That means we must set the highest standards of health, safety and wellbeing to look after everyone who works for and with us, both full and part-time employees, contractors and visitors.

## OUR APPROACH TO HEALTH, SAFETY AND WELLBEING

Health and safety is about more than reducing workplace accidents and illnesses for our people. It also means safeguarding and boosting their wellbeing. And with responsibility at the heart of our purpose to protect, heal and nurture for a cleaner and healthier world, our people's mental health and wellness is a key priority for us. This is not just about our own employees either. Health and safety is central to our work on human rights in our value chain, and to our ambition for a fairer society.

We want all our colleagues around the world to experience the same high standards of health, safety and wellbeing that at least meet and preferably exceed local, national or regional minimums. Health and safety hazards vary depending on the roles people do or where they work from; an office, factory, R&D laboratory, warehouse or somewhere else, including travelling on business to visit customers for example. Our global standards aim to take account of all of these.

We're continuously strengthening our duty of care to our people. By investing in technology to improve how we report, manage and solve health, safety and wellbeing issues. And by embedding our processes to deepen our people's understanding and awareness of the precautions they need to take. We train our employees and give them the tools they need to improve their health and safety at work. This has become even more important during the COVID-19 pandemic, with more people working away from their usual place of work. We've responded with tools, seminars, advice and awareness-raising around remote working, healthy living and wellbeing practices.

Our global employee health and safety team offers guidance, advice and technical support to all functions in the business. Through our specific health and safety and employee wellbeing programmes (see our [People](#) insight) we seek to safeguard and develop our teams around the world.

## OUR PERFORMANCE IN 2021

<b>Aim</b>	<b>2021</b>
Continued reduction of lost work day accident rate (LWDAR)	<b>57%</b> <sup>†</sup> reduction in LWDAR since 2012
<b>Aim</b>	<b>2021</b>
Continued reduction of total recordable frequency rate (TRFR)	<b>68%</b> <sup>†</sup> reduction in TRFR since 2013
<b>Aim</b>	<b>2021</b>
Continued reduction of Occupational illness frequency rate (OIFR)	<b>0.01</b> <sup>†*</sup> is our base year rate for OIFR
<b>Aim</b>	<b>2021</b>
All manufacturing sites to be covered by Group certification to ISO 45001	<b>98%</b> <sup>**</sup>

Note: All accident reporting KPIs are based on 100,000 hours worked.

<sup>†</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.

<sup>\*</sup> 5 occupational health cases were reported in 2021.

<sup>\*\*</sup> All our manufacturing sites were covered by Group certification to ISO 45001 with the exception of one site newly acquired in 2021.

## HEALTH AND SAFETY PERFORMANCE

Our health and safety performance has improved year on year, despite the challenges of the COVID-19 pandemic. We've been able to stay connected with our sites virtually, which has helped us to keep focused on employees' health and safety. This meant that in 2021 we had our lowest number of working days lost to work-related accidents for five years.

At the same time, we recognise that we have more work to do, and we'll continue engaging with our employees to improve our programmes.

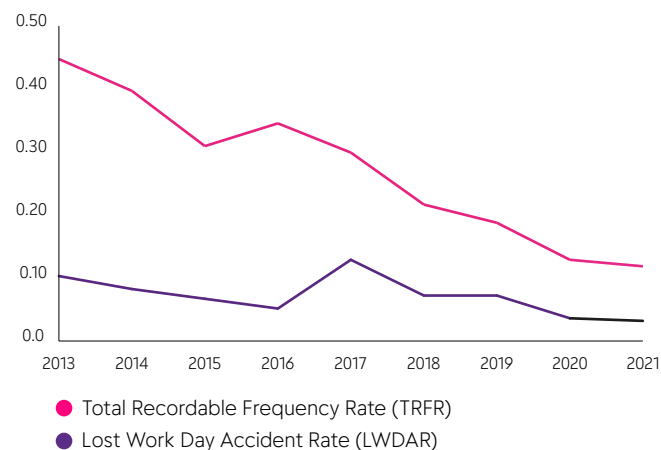
Year	TRFR	LWDAR	Total recordable accidents	Actual lost work day accidents
2020	0.14	0.050	132	47
2021*	0.13	0.046	121	42

It's important to apply consistent health and safety standards across Reckitt. We use the globally recognised safety certification ISO 45001 to audit our manufacturing sites, as it complements our health and safety internal audit programme and governance processes. This has seen us evolving our standards from OHSAS 18001 to ISO 45001 in places where we were not already using the latter standard.

In 2021, all our manufacturing sites were covered by group ISO certification, apart from our recently acquired nutrition site at Wanamingo in the US, which is working towards accreditation. This means that 98% of our manufacturing facilities achieved certification, up from 96% in 2020.

## Health and safety performance over time

### Reckitt accident performance



Metric	Units	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>	2018 <sup>3</sup>	2019 <sup>3</sup>	2020 <sup>3</sup>	2021*	Change vs 2012
Lost workday accident rate (LWDAR) <sup>4</sup>	per 100,000 hours	0.107	0.107	0.093	0.080	0.084	0.121	0.084	0.076	0.050	0.046	57%†
Employee fatalities	Number	1	0	0	1	2	0	1	0	0	0	–
Contractor fatalities	Number	0	0	0	0	0	0	1	0	0	0	–
Severe accidents <sup>5</sup>	Number	1	1	2	3	1	2	4	3	0	0	–

1. Assured by EY in 2012 to 2015.

2. Assured by PwC in 2016 and 2017.

3. Assured by ERM CVS in 2018 to 2020.

4. At manufacturing, warehouse and R&D commercial sites, resulting in at least one day of lost time, per 100,000 hours worked. LWDAR 2018 to 2021 also includes organised travel.

5. A severe accident is a permanent disability, including loss of sensory motor dexterity.

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

### HIGHLIGHTS IN 2021

#### Health and safety

Production stayed higher than pre-pandemic levels as we continued to meet increased demand across our portfolio of products. In this situation, it's been even more important to build on the foundations of our standards, manage health and safety risks and seek to improve.

Highlights include:

- **Releasing a global health and safety action tracker**, accessed through our SharePoint site. It helps our Environmental Health and Safety (EHS) teams keep track of audit actions and continuously improve and monitor each site's performance
- **Introducing a theme of the month.** Each gives employees detailed guidance, training tips, visuals, checklists and safety information. The themes included safe use of hand tools, lifting equipment, manual handling, working at height, risk assessment, health and safety leadership and occupational health
- **Helping to update national safety guidance.** Our global aerosol R&D team are helping the British Aerosol Manufacturers Association (BAMA) to revise its guidance on aerosol safety in the laboratory. BAMA is globally recognised for high standards in safety, good manufacturing practice and environmental issues
- **Launching a national safety week in India** aimed at getting employees, contractors and their families more involved in health and safety activities and ultimately make it part of culture and lifestyle
- **Offering COVID vaccinations to employees and their families at our Tatabánya site in Hungary.** We also marked World Safety Day with a quiz for staff and offered them breast screening, vitamins and health monitoring services
- **Celebrating awards for staff at our hygiene manufacturing site at Nowy Dwór in Poland.** One was from the country's largest blood donation organisation recognising employees for promoting the value of giving blood. The other was for factory first-responders, who received Ministry of Health medals for adapting their methods to stay COVID-19-safe



- **Developing a safety culture.** Our UTT hygiene manufacturing site at Sitarganj in India has been given an award by the Confederation of Indian Industry. It recognised the site for developing a grassroots safety culture through its management of COVID-19, a digital behaviour safety observation programme and a health and safety induction kiosk for all visitors to the site

#### Wellbeing

Helping our employees to be their best more of the time means they perform better and feel better about life in general.

Highlights in 2021 include launching a social wellbeing platform enabled by an app, HeiaHeia, connecting thousands of our employees across countries. We piloted this in India, Mexico, North America and the UK and are making it available to all employees in 2022. Nearly 4,000 people are now using the platform to access wellbeing tracking, exercise, nutrition and sleep tips, and a community support function. So far, we've seen over 50,000 social posts with people sharing their achievements and tips.

### RESPONDING TO A CHANGING COVID-19 SITUATION

Throughout the pandemic, we have regularly responded to scientific developments and the understanding of COVID-19 and have updated our COVID-19 working guidance, originally launched in March 2020. Using our 'Navigating Our New Normal' guidance alongside local and national laws and guidance, we made sure we operated all our facilities as safely as possible while maintaining our business performance.

### USING TECHNOLOGY FOR BETTER INSIGHTS

We've upgraded Enablon, our EHS reporting system, to help us:

- Better analyse data as part of tracking our health and safety performance
- Access customisable dashboards to let teams tackle the most relevant areas for employees in their business area or region

We also introduced a new health and safety metric, occupational illness frequency rate (OIFR). This helps us track occupational health performance, with 2021 as the baseline year.

### BOOSTING AWARENESS OF HEALTH AND SAFETY

Technology and data gathering is only part of how we stay ahead of the health and safety challenge. We must also carry on making sure our employees are engaged, mindful and knowledgeable about health and safety. Despite COVID-19, in 2021 we did this by:

- **Running virtual training through town halls and webinars.** We also released new eLearning modules to make sure the pandemic didn't stall our progress
- **Launching a global accident investigation programme** in the form of virtual training sessions for all manufacturing teams
- **Creating a global health and safety team SharePoint site**, for easy access to information including town hall videos and eLearning. Materials like standards, procedures and guidance

make this online portal a one-stop shop for everyone in the business to find out about health and safety. Each region also has its own portal for more specific information and news

- **Welcoming graduates to the safety team for six-month placements** as part of our three-year UK graduate scheme. This is part of how we embed safety in other functions as the graduates move into their permanent roles after completing the scheme. Since 2019 we have had three graduates work in the team as part of their placements

### BOOSTING AWARENESS OF WELLBEING

Through our global wellbeing programme, we raise our people's awareness of their own health and wellbeing and equip them with tools to support them on their journeys.

Through our global wellbeing hub individuals and markets can draw on global resources to support themselves and their people, as well as local initiatives that may be developed to respond to specific local needs. Some examples from 2021:

- **Creating a 'Navigating crisis' pack** to help employees in India, Pakistan and Mexico through the second wave of COVID-19. We engaged with the markets and country leads to understand their people's specific needs. Then we partnered with our global wellbeing team and our wellbeing partner Hintsia to create the pack. It's made up of easy-to-access videos, resources and guides to help people, leaders and the organisation as a whole to understand and manage the crisis in a very human way
- **Enhancing our wellbeing hub** incorporating hundreds of resources. These include online tools, guides, videos and more available for all employees, along with 28 specific resource packs, from sleep to sustainable high-performance leadership
- **New Mental Health partnership.** In October 2021 we announced our global partnership with the not-for-profit organisation Heart on My Sleeve. They offer practical guidance and resources for people who need help, as well as their colleagues, supporters



and the organisation at large. This helps to improve our wellbeing and help us care for others at work and at home

### Equipping our leaders

In 2021, we launched global wellbeing programmes to leaders at every level of the organisation, focusing on how they can take care of their own wellbeing while also building an environment which takes care of our people in a high-performance culture.

The Global Executive Committee and their teams led from the front, going through a programme on leading sustainable performance, with wellbeing and cognitive capacity as the main focus.

More than 50% of our broader senior management team (c.300 leaders) and over 1,100 of our people managers opted to participate in a similar programme which included knowledge-based webinars, sharing of best practices and individual and group coaching.

## SUPPORTING MENTAL HEALTH

The COVID-19 pandemic has put an unprecedented strain on people's mental health across the globe.

We've responded with a series of global conversations focused on mental health. These powerful sessions focused on our people telling their own personal stories. They were developed by and delivered with our partners Heart on My Sleeve, a global not-for-profit organisation specialising in mental health, and Hintsia, a global leader in human high-performance coaching.

More than 10,000 employees came to the three live sessions. All employees have access to the recordings and the option to follow up with a guided curriculum online, either individually or in groups.

### MANAGING HEALTH AND SAFETY

We develop our health and safety management systems in line with our [Occupational Health and Safety Policy](#), global standards, Code of Business Conduct and location-specific guidance. And we regularly review and revise our global standards. In 2021 we added new or updated standards on asbestos, hot works, incident investigation, electrical safety, lifting equipment, excavator safety, scaffolding use and mobile platforms.

Our site health and safety systems and processes are independently verified during the ISO 45001 audit programme. They are also internally verified by our global health and safety team, as part of our global health and safety audit programme.

All our locations complete an annual health and safety assessment to make sure they're in line with our global standards. Our global health and safety team then verifies the site's self-assessment. This is used together with our corporate health and safety audit programme, to determine how frequently the site needs auditing. Each site undergoes an internal audit at least once every three years. Our sites carry out any improvements the audits generate, with the support of our global health and safety team.

Despite COVID-19, we carried out remote assessments of our manufacturing facilities virtually using video conferencing, to make sure we stayed connected with our higher risk sites during the pandemic.



### BOOSTING WELLBEING

As part of the continued evolution of our wellbeing propositions and support, we piloted a social wellbeing platform (HeiaHeia) in partnership with Hints Performance. The objective was to establish a 'wellbeing community' that would be self-sustaining and nurturing of all employees, regardless of their level or role in the organisation. In six months, we engaged nearly 3,500 active members. Users could use the platform to log exercise and wellness activities (such as walking meetings and active health breaks) as well as to support and share with others. During the pilot period, we registered over 40,000 exercises, 172,000 entries and over 500 million steps. Users reported feelings of increased engagement, support, fulfilment and belonging, with Mexico registering over 50,000 'cheers' of support alone. We will scale up the platform globally in 2022.

#### Listening to our people

We conducted our annual all-employee survey in June 2021. There was strong engagement globally. Over 74% responded giving some 25,000 comments. As inspired by our purpose, fight and compass: 85% of respondents are personally committed to making access to the highest quality hygiene, wellness and nourishment a right, not a privilege. They are proud to work in the company and identify strongly with our culture of achievement. There is also strong

appreciation for the company's investments in wellbeing and sustainable high performance. For more about Glint and how we listen to employees, see the [Our people](#) insight.

#### Supporting mental health

We have Employee Assistance Programmes (EAPs) in every country to support anyone struggling with mental health. In some markets such as the UK we also support people who need more help from a qualified line manager or HR colleague known as mental health first aiders. The mental health section on our intranet also has local mental health training for line managers and HR.

#### Supporting our people with policies and benefits

We support our employees' wellbeing through our working policies and parental leave. The pandemic has underlined that people want smarter, more flexible working practices. We're constantly looking at this in the spirit of continuous improvement, as well as monitoring how flexible working affects wellbeing and our culture.

Similarly, we recognise that some benefits matter less in a pandemic, though they're important in the long term and can help employees' wellbeing. Our benefits include parental leave, an employee assistance programme, an employee share plan, health insurance (where the state doesn't provide it) and a policy to help people when they move internationally. (For more about our benefits and policies, see the [Our people](#) insight.)

#### Work-life balance

Working from home continues to bring different challenges for different groups. Working parents have had to home-school children or look after babies and toddlers with no childcare, while others living alone have faced different strains through being distanced from friends, family and colleagues.

In 2021, to thank our employees for their hard work during the COVID-19 pandemic, we again gave them an extra day of leave.

This year, we've run global webcasts on topics including mental health, cutting stress and 'winning your day'. The webcasts attracted live audiences of between 3,000 and 5,000. This has translated into higher traffic to our online employee wellbeing hub, with a mental health podcast driving nearly 2,000 unique uses within a week.



### OUR FOCUS FOR 2022 AND BEYOND

Predicting what the world will look like after the global pandemic is difficult. Our Compass and accompanying five guiding principles will continue to shape our approach for when employees fully return to work in the office, and for protecting frontline staff in our manufacturing facilities.

#### Health and safety

We'll continue our work to understand incidents more deeply by improving our health and safety processes. Technology plays a vital role here. We'll continue our move away from physical audit forms and towards using mobiles and tablets to make ourselves more efficient and also to use data better.

Technology like virtual site mapping and virtual reality will improve how we report and analyse incidents, predict risks more accurately and boost business performance. The better we become at understanding why incidents happen and pinpointing trends or patterns, the more effectively we can adapt our working practices for an even safer environment.

We're also exploring the factory of the future, and how new machinery can make the manufacturing environment not just safer but also more pleasant to support wellbeing.

#### Wellbeing

Enhancing our people's wellbeing enhances our business performance. Making a success of this means engaging compellingly with our people, so that the right habits and behaviour become part of how we live and work every day, whether it's how we run meetings or how leaders manage their teams. Our focus for the coming years will be on integrating the right wellbeing habits into our culture.

As scientific understanding of mental health and wellbeing improves, we'll use data and our own direct experience to improve the way we create and manage our physical and remote working environments. We'll also use technology like automation and AI to reduce the burden on people in the workplace.



### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

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UK

# PARTNERING FOR SOCIAL IMPACT

Social impact lies at the heart of our fight to ensure access to the highest quality hygiene, wellness and nourishment is a right and not a privilege. We develop strong partnerships to empower people and invest in communities where we can make the most difference.

Enabling a fairer society is a pillar of our sustainability ambitions – we know healthy people help shape a healthy world – and we see it as a big part of how we improve livelihoods. This starts with our brands and our products that are bought by 20 million consumers every day. They help people in ways that can seem small, such as clean hands, better hygiene, nutritious meals and safe sex, but add up to a life-changing difference.

This is just the start of our impact, though. Through our brands, campaigns and programmes, we're using our influence to create more sustainable supply networks, and using our voice to change behaviour, to move towards a more sustainable way of living.

Our sustainability ambitions are backed by meaningful, and measurable, targets. Since 2013, we've worked towards our target of informing one billion people by 2025 through educational messaging. In 2021, we reached an additional 439 million. This means that we've dramatically overdelivered, and have informed an aggregated total of 1.8 billion people.

In 2020, we reset our ambitions. We want to engage two billion people in a meaningful way through our partnerships, programmes and campaigns. We plan to get there in several ways:

1. By working with people directly through our impact programmes on the ground, which aim to improve the lives of the most in need
2. By connecting with the people who use our purpose-led brands, and creating impacts through how they use our products, influencing people's behaviour through our communications and with campaigns that align with each brand's purpose and fight
3. By partnering through our value chain to improve the conditions for those that supply us with the ingredients and materials we need for our business and our brands

This is a big ambition, and we will continue to build our capacity for both engaging with people around the world and measuring the impact we have through our engagements.



## OUR PERFORMANCE IN 2021

### Aim

Inform 1 billion people through health and hygiene educational programmes and behaviour change communications

2021

**1.8bn**<sup>†</sup>  
since 2013

<sup>†</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance](#) insight.



For more information on Reckitt's Social impact investment please see our in-depth [2021 Social Impact Report](#).



## EMPOWERING WOMEN THROUGH MICROFINANCE

Since 2019 we've worked with Water.org, a global non-profit organisation that uses affordable finance to increase women's access to safe water and sanitation. Our funding has enabled Water.org to provide more than 177,000 loans, worth £36 million, to women in India, Indonesia and Kenya. These easily accessible loans, with affordable interest rates and long repayment periods, help women build or improve their own toilets, sinks and wells. Besides the health and security benefits, women who have clean water and private sanitation have more time to go to school and to work.

Our investment is self-sustaining. The banks that provide the loans make profits on them, and since

99% are repaid, that money can be lent to other women. In August 2021 we extended our partnership with Water.org, to offer loans to even more women, helping to secure better access to clean water and sanitation.

To better understand and measure our impact on women through microfinance, we commissioned a study from the Grameen Foundation, an organisation renowned for its expertise in this area. It found that in India, families spend more than 75 minutes a day collecting water, with women doing most of that work. Their main concerns were safety and dignity, especially those relying on communal services or open defecation. A follow up study is planned for late 2022.

### CASE STUDY

## HIGHLIGHTS IN 2021

Our detailed social impact investment report gives the highlights of our Fight for access fund for 2021, which include:

- meeting our goal of investing the equivalent of 1% adjusted net profit in social impact programmes over three years ahead of schedule
- investing more than £38 million in money, time donated and products
- distributing 24 million products to worthy groups both locally, in the countries our teams work in, and internationally through global organisations which include our crisis partner, the Red Cross
- having a positive impact on four times more people than in 2020

While these have certainly created impact to help the people they reach, we know there is always more that could be done. We continue to strive for greater impact, so that we can help improve livelihoods and contribute to enabling a fairer society.

## LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

### The Sustainability team

Reckitt Benckiser Group plc (Reckitt)  
103-105 Bath Road  
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# A RESPONSIBLE APPROACH ACROSS OUR GLOBAL VALUE CHAIN

It's up to us to make sure we, our suppliers and their suppliers limit the impact we have across our value chain by sticking to our values and standards. To do it, we're developing ways to map, measure and manage every part of that impact, too.

Our responsibilities begin with the raw materials in our products, and end only after consumers use those products and their packaging, and dispose of them. Our supply network spans small farms in China and Brazil providing the cloves or oranges we use in fragrances, Malaysian rubber plantations where the trees give us latex for condoms, and dairy farms in the American mid-west, where the milk for our Enfa infant formula comes from.

We also look at the working practices of our suppliers and business partners, and the human rights of people who work for them. That also goes for our own manufacturing operations and the communities around them. We focus, too, on the standards our customers follow, from global retailers to small independent stores and e-commerce networks. And we look at the way we distribute our products, how consumers around the world use them, and what happens after they're disposed of.

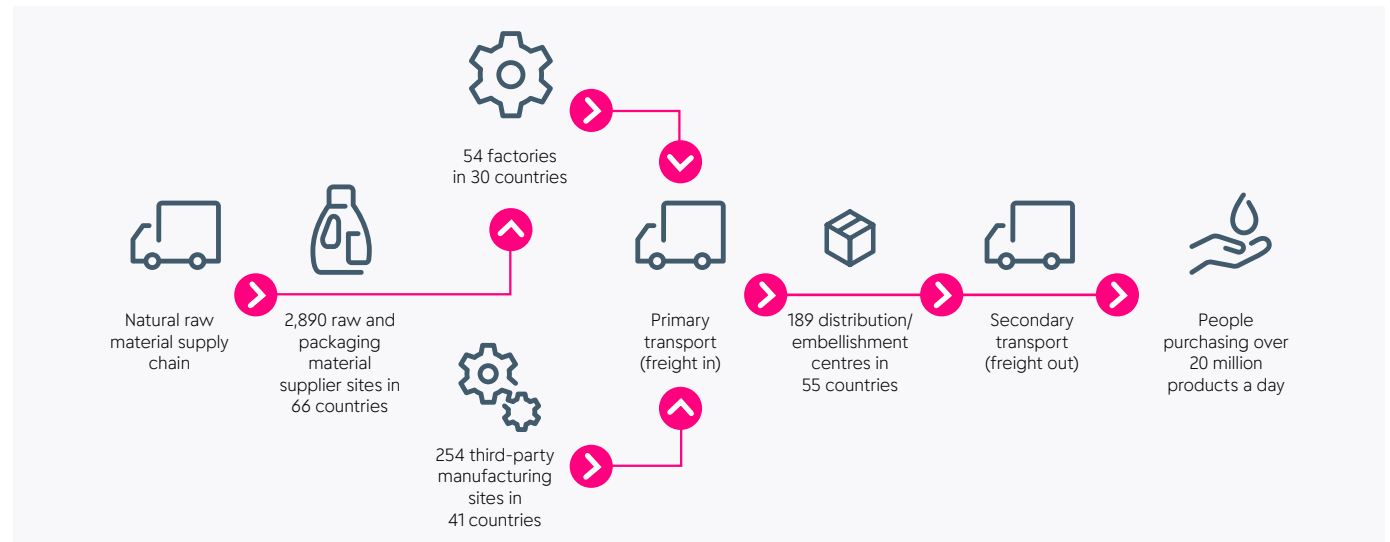
These factors combine to create the environmental footprint of our products. We take them into account when we design products and

packaging, aiming to reduce their carbon, chemical and water footprint, including the energy or water consumers might need to be able to use the product. This is becoming increasingly important to how we meet people's needs, especially in countries where water is, or will become, scarce.

Measuring and understanding our total impact, and how it changes over time, is a large and complex task. But by tackling it, we contribute to meeting challenges like climate change, biodiversity loss and risks to the rights of workers. This also helps our purpose-led brands. Interest has never been higher in how businesses like ours behave. This includes what we do to tackle global issues and how we make ourselves and our brands sustainable, as well as resilient and successful. How well we identify our impacts and mitigate them has a direct effect on our reputation and success.

This insight sets out our global value chain and how we work to manage it sustainably by protecting its ecosystems, and the human rights of people who live and work in it.

## Our product supply chain



OUR SIX RESPONSIBLE SOURCING PRINCIPLES

We want to make a lasting, positive difference by:

1. Ensuring labour and universal human rights are respected
2. Providing a safe and healthy work environment
3. Sourcing natural raw materials responsibly
4. Protecting the environment and reducing our environmental impact
5. Using ever safer and more sustainable ingredients
6. Conducting business with honesty and integrity

The principles set out our overall expectations for responsible sourcing. Each is supported by a technical standard or policy describing how we want business partners to put that principle into practice. There's more information on our Sourcing for Sustainable Growth policy [here](#).

Find out more about each area in these insights:

[Human rights across our value chain](#), [Protecting ecosystems in our value chain](#), [Product stewardship – ingredients and transparency](#), [Climate change](#), [Water](#), and [Social impact](#).

For more on how we support our own people, see [Our people](#) insight.

WORKING WITH SUPPLIERS

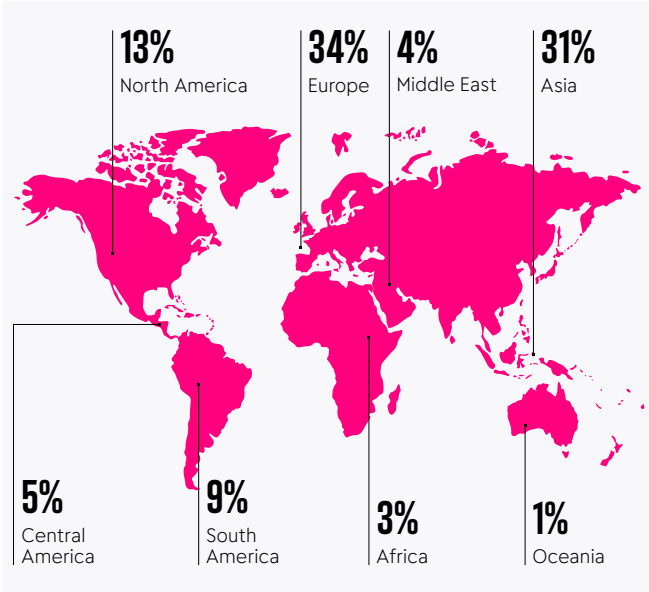
Good relationships with our suppliers are crucial to monitoring and managing the environmental and social impact of what is a very complex value chain. We choose them not just for what they offer in terms of quality, cost and location, but also how they follow our policies and standards, including our [Sourcing for Sustainable Growth policy](#) and its supporting standards. Our suppliers might be large multinational companies with their own business and ethical conduct programmes, or small local businesses in emerging markets. Many follow good working practices even if they don't have formal programmes.

We work with many suppliers directly. But even here, it can be hard to see fully the effect we have on natural and human ecosystems. For latex, for example, we have to assess not just our suppliers but also the farmers who tap the liquid latex from the rubber trees on their plantations. The success of their farms depends on how much latex they can tap and how much they're paid for it. If world prices are low, they could find it tough to support their families. This is why we work with farming communities through our partnership with Earthworm Foundation to help make farms more productive and find ways to boost livelihoods.

In 2021 we went further with our Fair Rubber commitment. Through this, latex farmers in Thailand get a price premium. Farmers get a more sustainable livelihood, which supports the supply of latex we depend on. We also work with farmers to embed sustainable farming principles and even improve the quality of latex so that, in the future, they can supply more.

Where we don't work with farmers or growers directly, we must still understand the origins of our ingredients. This is particularly so with fragrances, where we work with specialist developers who create fragrances using botanicals from all over the world. Whether it's Moroccan geraniums or lavender grown in southern France, we need to know the ultimate source.

Global distribution of Reckitt's manufacturing facilities, direct suppliers and third-party distribution and embellishment centres



Some of the places our natural raw materials come from have less formal supply chains, dominated by smallholder farms. It's harder to establish traceability here, but it's just as important. And we can also help support farmers' livelihoods where we need to. We currently back programmes for smallholder farmers in Malaysia, Indonesia and Thailand.



### UNDERSTANDING THE RISKS IN OUR SUPPLY CHAIN

With our partners the Danish Institute for Human Rights, we identified our salient human rights issues. This is helping us focus on areas at most risk through our activities and relationships across our value chain. Our assessment took into consideration a range of resources including internal supply chain audit data, external resources and risk assessments. It was supported by discussions with internal and external stakeholders, including NGOs, customers, investors and peers. Our salient issues are:

- Working hours
- Fair wages
- Health, safety and environment
- Freedom from forced labour
- Freedom of association
- Gender, diversity and inclusion
- Effective grievance mechanisms
- Access to water and sanitation
- Sexual health and rights
- Access to health, hygiene and nutritional products
- Marketing practices
- Product safety
- Data privacy

We also focus on particular countries and regions: Malaysia and the Middle East, which have large numbers of migrant workers; and Africa and Asia, where understanding of labour rights is less developed and enforcement is weak.

Certain kinds of suppliers represent a high risk, too. They include distribution centres, third-party manufacturers, and some raw material and packaging material suppliers, mainly in the Middle East, Africa, Latin America, and North and South Asia. This risk can stem from a number of factors, such as dependence on informal labour forces, a lack of local legislation or limited enforcement of that legislation. Because of this higher risk, we've made it a priority to audit and monitor suppliers in those regions and develop their standards and capabilities.



To support this effort, we keep up to date with external research and work with NGOs and peers to better understand risks and how to deal with them effectively.

We take a similar approach with our natural raw materials and their value chains. We look at risks to ecosystems, like deforestation, water scarcity and intensive farming. We also look at the people and communities who live in, work in and rely on these ecosystems.

We currently prioritise five raw materials:

- **Palm oil** – in Southeast Asia, we work with suppliers and partners to monitor deforestation and establish where conservation is needed most. We're also strengthening traceability to the mills and plantations, and safeguarding workers and ecosystems, often through partnerships

## A responsible approach across our global value chain continued

- **Latex** – we work to improve standards for plantation workers and smallholders' livelihoods in Southeast Asia, as well as protecting ecosystems through our partnerships with the Fair Rubber Association and Earthworm Foundation
- **Dairy** – we focus on animal welfare and effective environmental action, working with our suppliers in the US, New Zealand, Ireland and Argentina through the Sustainable Dairy Partnership (SDP)
- **Natural fragrances** – we work with suppliers through partnerships that focus on protecting ecosystems through traceability in supply chains
- **Timber** – we use internationally accepted certification schemes to combat deforestation. We also use recycled paper to reduce the amount of virgin paper from newly cut forest plantations

We're working with the suppliers of these materials to make sure they follow our policies and standards. This puts us in a position to source natural materials that bring sustainable benefits to the whole value chain, and ultimately to our consumers. For more information on these raw materials, see our [Protecting ecosystems in our value chain](#) insight.

### BUILDING SUSTAINABILITY INTO DESIGN

When we design products, we use our Sustainable Innovation Calculator to consider their overall environmental footprint. This means we can design products to reduce their carbon and water footprints by looking at each stage of the value chain, from ingredients to consumer use. The ingredients and packaging we specify, or the form a product comes in, all have a part to play in reducing its environmental footprint. Everything we do here contributes to our ambition to be carbon neutral by 2040. For more information on our approach, see our [Sustainable product innovation](#) insight.

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

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# HUMAN RIGHTS ACROSS OUR VALUE CHAIN



Protecting the rights of people in our global value chain is a fundamental part of who we are. It goes to the heart of our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. Our 2030 sustainability ambitions commit us to supporting sustainable livelihoods and working conditions. Safeguarding and positively contributing to human rights is fundamental to this.

Our global value chain includes people who work directly for us, or for our suppliers. They might supply goods or services, or they might farm the raw materials we use. It also includes the communities we work alongside and the consumers who use our products.

We have to identify the impact on human rights across our value chain, put right any problems where we can and work with others to make change happen.

Some of this is about good working conditions and labour practices. Charging workers recruitment fees and demanding they give up their passports can't be part of our supply chain, so we work to stamp out these practices where we see them. Most of our attention has been on sectors and regions where the potential threat to human rights is greatest. As we've put audit and engagement programmes into action, we've been able to broaden them to cover a growing number of lower-risk suppliers. We're also including more of our indirect supply chain, whether haulage and shipping or contract labour and promotional goods.

By working to understand the socio-economic forces in our supply chain and how they shape how people behave, we can act in a way that sustains livelihoods and keeps our supply chain resilient. This is the right thing to do, but it also makes business sense. Support for a smallholder protects the quality of our raw materials. Keeping working hours within reasonable limits, and keeping wages fair, maintains productivity and quality. It also keeps downtime low.

Our fight to make access to the highest quality hygiene, wellness and nourishment a right, not a privilege, reflects our broad view of human rights. We've appointed regional human rights managers covering Africa, Asia and the Middle East. And since refreshing our human rights eLearning in December 2021, 70% of our employees have completed it. We want knowledge of these issues to become a routine part of how we think and work.

The issues in our human rights work are often complex and cultural. The exploitation and discrimination that vulnerable groups like children, women and migrant workers face can be part of deep-rooted employment practices and business behaviour, which, in certain parts of the world, are not unlawful. As such, they can't be put right by single organisations and instant measures. So we join



forces with partners, NGOs and governments, as well as our suppliers, to look for practical solutions that produce sustainable change.

Despite the ongoing impact of COVID-19 on global supply chains and our ability to physically engage with people, 2021 was a year of further progress and innovation. We continued to engage suppliers through virtual audits and activities to build their capabilities, and we restarted in-person visits to sites where we could. We updated our supplier sustainability policy and standards, and enhanced our activity around modern slavery through activities with AIM-Progress, The Consumer Goods Forum, Diginex and The Coca-Cola Company. And we partnered with Oxfam Business Advisory Service to develop and pilot new people-centric approaches to identifying and addressing potential human rights issues before they become more serious.

There's more about how we manage our global value chain in our [Responsible approach across our global value chain](#) insight and our [Protecting ecosystems in our value chain](#) insight. And, find out about how we support our employees in [Our people](#) and [Inclusion](#) insights.



### HIGHLIGHTS IN 2021

#### Overhauling our policies and standards

Our work in human rights starts with clear policies and standards. In 2021, we overhauled our policies and standards on human rights and responsible sourcing of natural raw materials by bringing them into one: our **Sourcing for Sustainable Growth policy**. It's backed by technical standards covering Labour & Human Rights, Workplace Health & Safety, Environmental Protection and Natural Raw Materials Sourcing. This update puts us in step with the highest standards in our industry, as well as capturing the scope of our current supply chain sustainability activities and 2030 ambitions. It was also the result of engaging with partners including Oxfam Business Advisory Service, the Danish Institute for Human Rights and Earthworm Foundation.

#### Auditing our suppliers

We audited 232 suppliers in 2021, with around 61% achieving a 'pass' rating. This is lower than the 67% pass rate achieved in 2020 due to the expansion of our audit programme to a further 115 raw and packaging material suppliers. For some of them, this was the first time they had undergone an ethical audit to assess their on-site labour, health and safety, and environmental practices. This might be because they are a small and so less visible part of global value chains, or potentially because local regulatory frameworks are limited or not routinely inspected. Consequently, many of these suppliers don't have mature sustainability processes and we will support them to build these as we move forward.

#### Looking beyond audit

Audits are an important way of spotting and monitoring human rights issues in our value chain, but they're not the only tool at our disposal. We've continued to explore and develop 'beyond audit' approaches to help us track supply chain conditions effectively. In 2021, we partnered with the Oxfam Business Advisory Service to develop and pilot innovative approaches to improving our suppliers' grievance processes and monitoring workers' wellbeing. This lets us have a more proactive, people-centred approach to spotting

potential issues and dealing with them before they become more serious. We are piloting these approaches at third-party manufacturers across China, India, Pakistan, Spain and Sri Lanka, and will look to roll them out more widely in future.

#### Updating our eLearning

Since 2017, all management-level employees have had to take our eLearning programme on human rights. But, as the human rights agenda evolves, so does our understanding and activity. In 2021 we refreshed this training, and broadened it to cover all employees. This will help them better understand human rights and the role of business in respecting them, as well as our salient human rights issues and what we're doing to make sure people's rights are respected across our value chain. The training includes tools, knowledge and advice to recognise and report breaches of human rights. We launched the refreshed eLearning in December 2021 as part of our all-employee annual compliance passport training. As of March, 31,622 (70%) of employees have completed the course and this will increase further over 2022.

#### Embedding human rights into our business

Building from the 2019 corporate human rights gap analysis the Danish Institute for Human Rights (DIHR) conducted, we continued to make progress with embedding sustainability and human rights into our corporate policies and processes.

In 2021, the DIHR supported us in developing a human rights due-diligence process for mergers, acquisitions and joint ventures. We also reviewed our procurement practices to see where we can better embed sustainability into our sourcing and wider procurement transformation strategy. This review, by Ergon Associates, provided recommendations around identifying and understanding supply chain sustainability risks, assessing supplier sustainability on par with other commercial indicators, and increasing internal training, communication and supplier engagement. We are now developing a roadmap to implement these recommendations, which will enable us to create a far more resilient supply chain able to withstand social and environmental challenges.

#### Tackling modern slavery

Modern slavery is endemic in global supply chains, making it one of our most salient human rights issues. Building on the good progress we've made in the Middle East and Malaysia, we partnered with Diginex and The Coca-Cola Company to develop and pilot a pioneering online tool, diginexLUMEN, that gives us a clearer view of the migrant worker supply chain and its recruitment practices. This lets us spot potential issues with forced or bonded labour and act early.

We also co-sponsored online AIM-Progress training on responsible recruitment, in partnership with Mars, McDonalds, PepsiCo, The Coca-Cola Company and Unilever. We invited our key suppliers and service providers in the Middle East to workshops to understand how to make responsible recruitment and employment practices more prevalent. This training will form the foundation of our engagement with suppliers in the region as we work collectively to tackle modern slavery.

#### Promoting sustainable livelihoods

Sustainable livelihoods, with fair pay for the work that is done, are a vital part of a stable, sustainable supply chain, as well as a key component of human rights. We've been paying a living wage to all employees and on-site contractors in the UK for some years, and were formally accredited as a UK Living Wage Employer in 2020.

The idea of a living wage that benefits workers, society and business by going beyond the legal minimum is attracting increasing support. We're exploring how to extend this to other countries. In 2021, we worked with the Fair Wage Network to develop a Sustainable Livelihood Framework, with living wage as a key component. It frames household income and local cost of living to establish if employees and contractors across our operations have a sustainable livelihood. We're now piloting the approach in selected factories in Thailand and India.

## PIONEERING TECHNOLOGY FOR A CLEARER VIEW OF RISKS TO MIGRANT WORKERS

We know migrant workers face many challenges when looking for work around the world. We've taken action to prevent them being at risk of modern slavery through recruitment-related debts along with poor employment and living conditions tantamount to forced labour.

We're continuing to improve visibility of migrant labour in global supply chains, and look at better ways of recruiting people to prevent these risks. To enhance our understanding of these issues, we've partnered with Diginex, an impact technology business which specialises

in transparency in supply chains. It's developing an online tool to give businesses insight into their suppliers' risks around exploitation and forced labour. The tool offers a governance and screening procedure, multilingual worker voice surveys, algorithm-based risk scoring and reports that enable us to act.

We piloted this tool with all our key suppliers in the United Arab Emirates, a country where migrant workers are widely used and where we have addressed problems in the past. We will be looking to use it more widely during 2022.

### CASE STUDY



In the coming years, we'll also focus on:

- **Looking beyond audit** – finding more proactive, forward-looking ways to identify and address potential human rights impacts before they materialise, so we don't rely only on audits
- **Harnessing technology** – using data and technology like blockchain and digitising records to get a clearer view of the supply chain, pinpoint risks and monitor them
- **Collaborating even more with stakeholders** – working with peers, suppliers, NGOs and governments to drive systemic change, particularly for endemic issues like modern slavery

In doing so, we will continue to:

- Embed the UN Guiding Principles on Business and Human Rights into our business, implementing the recommendations from the DIHR's corporate gap analysis
- Conduct human rights impact assessments for the 10 highest risk markets by 2030
- Tackle our salient human rights issues
- Train 100% of our employees on human rights by 2025

### Our human rights due diligence process

As well as our traditional direct and indirect suppliers, we carry out due diligence on human rights issues for all significant investment agreements (over £50 million). We conduct this mainly through our manufacturing due diligence and factory visits. On the rare occasions that we can't access a facility, we carry out due diligence by accessing publicly available information on the Company's human rights performance.

### OUR FOCUS FOR 2022 AND BEYOND

We're increasingly focusing on how we partner with suppliers to drive lasting improvements in environmental and social standards in factories and further upstream in their supply chain. We have been engaging suppliers to improve their environmental performance through our partnership with Manufacture 2030. For more about this, see our [Climate change](#) insight.

We're also emphasising increased and better communication and engagement, with training to embed sustainability into core business practices.

In 2022, we'll continue to act on what we learned from the [2020 study of human rights impacts of our Durex and Enfa value chains in Thailand](#). We want to carry out similar studies in other key markets between now and 2030.





### OUR PARTNERSHIPS

To solve human rights issues, we can't just work on our own, or even just with suppliers. We must also work alongside our extended supplier network, government, industry, NGOs and other stakeholders. This helps develop the insight and tools we need to clarify issues and tackle them.

#### Danish Institute for Human Rights – building our understanding

After three years, this partnership is coming to an end as the Institute's new strategic direction takes them away from working with individual businesses. The relationship has significantly enhanced our understanding of, and activity on, human rights. Some of the key outcomes include:

- **Carrying out a corporate-level analysis of our human rights performance in 2019**, which led to 35 recommendations, ranging from making human rights part of our policies and procedures to defining our position on issues like contract labour management, procurement practices and working conditions
- **Conducting our first country-level human rights impact assessment**, looking at our value chains in Thailand for Durex condoms and Enfa baby formula
- **Developing a country risk assessment tool** that provides us with visibility of human rights risks relevant to our business and enables us to take appropriate action

- **Identifying our salient human rights impacts**, and updating our supplier sustainability policies and human rights eLearning
- **Developing a human rights due diligence process** for mergers, acquisitions and joint ventures

We've come a long way and have a clear plan to continue to evolve our approach. In 2022, we'll be looking to identify another partner who can support us on the next phase of our journey.

#### Oxfam Business Advisory Service – promoting equality and welfare

We work with Oxfam to develop ways to make sure human rights are properly respected across our value chain. We've focused on issues including gender equality and workers' welfare.

In 2021, we worked together to:

- **Develop a toolkit to help suppliers create grievance procedures** for their workers (see case study)
- **Develop a survey to assess workers' wellbeing**, which will be piloted in 2022
- **Define gender diversity and inclusion data to collect within our supply chain** to address barriers and promote gender diversity and inclusion – this has led to recommendations from Oxfam, which we'll act on in 2022

## HELPING SUPPLIERS IMPLEMENT EFFECTIVE GRIEVANCE MECHANISMS

The UN Guiding Principles on Business and Human Rights focus on the need for businesses to implement effective grievance mechanisms. But there's very limited practical guidance on how to do it.

We partnered with Oxfam Business Advisory Service and created a practical toolkit for suppliers to develop and implement site-level grievance mechanisms. This helps empower workers and communities to speak up and have their concerns acknowledged and addressed.

We piloted this with three of our third-party manufacturers in China, India and Pakistan.

Engaging workers was central to the design and ultimate success of the grievance mechanism, with one supplier

saying, "it was eye opening that speaking to employees can give you very valuable feedback, if you give them the right forum to share ideas." We did encounter sensitivities around the word 'grievance' from both management and workers; however, as one supplier put it, you shouldn't "be scared of the word grievance, move away from it and release workers to talk about their experience at work. It's about how well you want to know your workforce".

Building on the learnings from the pilot, we plan to publish the toolkit in early 2022, working with suppliers to encourage them to use it and assessing the results through our existing audit activity.



### Our other partnerships

**AIM-Progress** – we're a leading member of AIM-Progress, a forum of Fast-Moving Consumer Goods (FMCG) manufacturers and common suppliers working to enable and promote responsible sourcing practices and sustainable supply chains. It is a global initiative supported and sponsored by AIM, the European Brands Association in Europe. The goal of AIM-Progress is to positively impact people's lives and ensure respect for human rights, while delivering value to members and their supply chains. Reckitt is on the leadership team and co-chairs the Capacity Building work stream.

**Consumer Goods Forum (CGF)** – being part of the CGF helps us work with other leading brands, manufacturers and retailers committed to social and environmental sustainability. In turn, this helps us boost our collective impact through safe, resilient and sustainable value chains. In 2021 we continued to support the CGF's Human Rights Coalition of Action – Working to End Forced Labour by:

- implementing Human Rights Due Diligence (HRDD) systems focused on forced labour in our own operations and our palm oil supply chain;
- supporting Responsible Recruitment markets; and
- supporting a focused movement with all relevant stakeholders to jointly expedite the elimination of forced labour.

### WORKING WITH INDIRECT SUPPLIERS

Like many businesses, many of our sustainability activities over the last few years have been focused on suppliers producing our branded products, or suppliers of raw and packaging materials used by our factories. As our understanding and activity matures, we're now also able to explore how to engage our suppliers of services, 'indirect suppliers', on sustainability. In 2021, we worked with our Procurement team to review all our indirect supplier categories to identify the risks and opportunities for each. These suppliers provide a very diverse set of services and there's no one-size-fits-all solution. So, we've prioritised categories based on risk and are defining sustainability strategies for each, which we'll look to implement in 2022. The priority categories will be: point of sale and promotional goods, freight/logistics, labour providers and fleet management.

### HOW CLIMATE CHANGE AFFECTS OUR WORK

Human rights and the environment are inextricably linked, with many human rights such as the right to health and water not being enjoyed without a safe, clean and healthy environment.

Our work to combat climate change and support better access to water and sanitation through our programmes such as Banega Swachh India (see our [Social impact](#) insight) promoting hygiene, or our emerging water stewardship catchment area programmes can help this (see our [Water](#) insight). Our Fight for Access targets this too, with its aim to make access to the highest quality hygiene, wellness and nourishment a right not a privilege everywhere in the world. We're also calling for all public health strategies to take account of climate change to support this need (see our [Climate change](#) insight).

### OUR FIVE-STAGE COMPLIANCE MONITORING PROGRAMME

Our compliance monitoring programme helps us identify and address any human rights shortfalls in our business and value chain. It's run by a team including four regional experts in China, South Asia, Africa and the Middle East, who work with our suppliers, sites and procurement teams.

The programme has five stages:

1. **Engagement** – we communicate our requirements and expectations to all Reckitt facilities and suppliers. For our suppliers, this is at the start of any commercial relationships and is integrated into the commercial contract.
2. **Self-assessment** – for suppliers, this is completed on Sedex and builds awareness, and gives suppliers access to eLearning and training resources to improve their practices. Teams at all our facilities have to complete an annual self-assessment of compliance.
3. **Site risk assessment** – we assess all our facilities on the inherent risk associated with their country, product area, sector profile and function as well as risks associated with their management controls. We couple these assessments with previous audit ratings, which reflect the strength, or otherwise, of management controls, and which we consider in assigning a site a risk rating. We also assess suppliers' sites in a similar way, considering the supplier's inherent risk and, if applicable, the latest audit rating.
4. **Auditing and addressing non-conformities** – we audit critical and high-risk sites at least once every three years, through our own teams or external specialist support. After the audit, sites have to complete a time-bound Corrective Action Plan, which our Human Rights team reviews before we accept it. We give support to sites if they need it, and follow up on Action Plans to make sure standards are improved when needed.
5. **Training** – engagement and training build people's understanding of issues, help them put things right and can help prevent the issues arising at all. This can happen through on-site or online capacity building visits, as well as sharing resources and good practice. We also co-sponsor supplier events, which builds up the capability of our suppliers in key regions.

For more details of our monitoring programme, see our [Modern Slavery Report](#).



### REPORTS FROM OUR SPEAK UP! SERVICE

We have grievance processes in all countries, in line with local laws. In 2021, 606 concerns were raised through Speak Up!, our whistleblowing channel. For more details about Speak Up!, see our [Ethical behaviour](#) insight.

We initially earmarked 130 concerns that could potentially involve breaches of our Human Rights policy. As of 6 January 2022, we'd closed 81 of these cases after internal investigations, with 41 cases partially or fully substantiated. Of the 41 cases:

- 2.5% related to disciplinary practices
- 73% related to discrimination and harassment, including sexual, moral or verbal harassment, favouritism, or gender and race discrimination
- 2.5% related to working hours, pay and pay disputes
- 22% related to health and safety (mostly working conditions)

Action taken ranged from training and changes to policies or procedures, to disciplinary action up to and including dismissal. Forty nine cases are still pending closure.

### LISTENING TO OUR STAKEHOLDERS

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

Email us at [sustainability@reckitt.com](mailto:sustainability@reckitt.com)

Or write to:

#### The Sustainability team

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