

# ENABLING A FAIRER SOCIETY WITHIN OUR VALUE CHAIN

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## Modern Slavery and Human Trafficking statement 2021

Reckitt Benckiser Group plc and other relevant Group companies\* (Reckitt) slavery and human trafficking statement for the 2021 financial year, as required by section 54(1) of the Modern Slavery Act 2015, the California Transparency in Supply Chains Act of 2010 and the Australian Modern Slavery Act 2018 (Cth) in consultation with RB (Hygiene Home) Australia.

\*This statement covers all subsidiaries of Reckitt Benckiser Group plc, a full list of which is available in Reckitt's Annual Report and Financial Statements 2021, including RB (Hygiene Home) Australia Pty Ltd (ABN 58 629 549 506)



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# 2021 – BUILDING FROM FIRM FOUNDATIONS

**Our Purpose, to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world, is at the heart of our business and our strategy for sustainable growth.**

It leads us to consider people throughout our value chain, from those who grow or make all the materials we use to the millions who use our brands every day. Wherever we work, we fight to make access to the highest quality hygiene, wellness and nourishment a right not a privilege. This means improving access to our brands, improving health literacy and providing access to better health, hygiene and nourishment for many vulnerable communities. It also means playing our part in protecting people's core human rights that are at the heart of healthier lives and thriving communities. Amidst the uncertainties of the global pandemic, we have continued our work to safeguard those rights throughout our value chain, with programmes that assess and strengthen workplace standards, support sustainable livelihoods and promote better health within communities.

We are aiming to reach half the world and help people live cleaner, healthier lives while enabling a healthier planet and a fairer society. Our work to prevent modern slavery is important in enabling that fairer society. Modern slavery is absolutely contrary to who we are, to our Purpose and to the Compass that guides us, and we continue to strengthen our policies and activity to tackle it. In 2021, we updated our Sourcing for Sustainable Growth Policy to strengthen activity on forced labour and responsible recruitment with our suppliers. We worked with them through our audits and training programmes to improve employment conditions and, especially for migrant workers, provide further protection against the risks of modern slavery.

Given the systemic nature of modern slavery, collaboration and collective action remain essential to our approach. In 2021, this included work with our peers in AIM-Progress to improve employment practices of migrant workers within our Middle Eastern supply chain. Similarly, as members of the Consumer Goods Forum Human Rights Coalition, we are collectively working to end forced labour.

As modern slavery is often hidden and takes many forms, we know that we must continue to innovate our approach with new, scalable solutions that better prevent it. That's why we partnered with tech providers and peers on a new online tool that provides better visibility of the complex migrant worker supply chain. This helps target our activity to better protect workers. That innovative approach also led us to work with civil society through Oxfam's Business Advisory Service whose extensive experience helped develop a new supplier toolkit to give a greater voice to workers through robust grievance mechanisms.

We remain committed to tackling modern slavery, building greater visibility of global supply networks, creating new innovative ways of working and joining forces with others to enable change at scale. We will continue to share details of our work, our progress and the challenges we face, learning from them as we strive to enable a fairer, more inclusive society.

Signed:

**Laxman Narasimhan**  
CEO  
May 2022

This statement was approved by the Board of Directors of Reckitt Benckiser Group plc on 20 May 2022.



# RECKITT AND OUR GLOBAL VALUE CHAIN

Reckitt<sup>1</sup> is a FTSE 20, global consumer hygiene, health and nutrition company headquartered in the UK. Reckitt exists to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We believe that access to the highest quality hygiene, wellness and nourishment is a right, not a privilege. We are a diverse global team of more than 41,000 colleagues. We draw on our collective energy to meet our ambitions of purpose-led brands, a healthier planet and a fairer society.

## Reckitt at a glance

**£13.2bn**

net revenue in 2021

**FTSE 20**

company headquartered in the UK

**20m+**

products sold daily

**80+**

products now labelled as Climate Pledge Friendly on Amazon

**41,800+**

employees in offices, R&D centres, production facilities and logistics centres in more than 60 countries

**53**

Reckitt manufacturing facilities in 30 countries

**9**

R&D centres of excellence

**3,499**

direct suppliers, distribution and embellishment centres

**35,000**

indirect suppliers

<sup>1</sup> Reckitt is the trading name of the Reckitt Benckiser group of companies.

# RECKITT AND OUR GLOBAL VALUE CHAIN continued

Our Compass guides our business. At its heart is the goal of doing the right thing. Always. We put consumers and people first, seek out new opportunities, strive for excellence and join forces to win bigger and build a culture of shared success. Our Compass is fundamental to rejuvenating sustainable growth.

## OUR PURPOSE

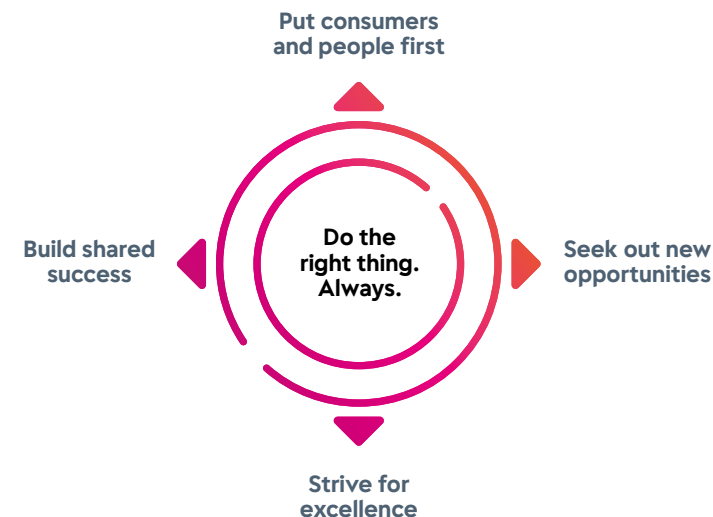
We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

## OUR FIGHT

We have a fight on our hands. A fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege.

## OUR COMPASS

Our Compass sets out the ways we guide our business. At its heart is the goal of always doing the right thing with clear principles around putting consumers and people first, seeking out new opportunities, striving for excellence and building a culture of shared success. Our Compass is an essential part of rejuvenating sustainable growth.



## OUR LEADERSHIP BEHAVIOURS

In order to deliver on our ambitions around Purpose and our business strategy, our culture enables our people to have the Freedom to Succeed and operate at their best. Our culture is embedded in our Leadership Behaviours. These behaviours set out our expectations for how every one of us at Reckitt behaves. They are deeply embedded inside our Company and are the basis for how we evaluate our leaders going forward in line with our desired culture. Reckitt leaders Own, Create, Deliver and Care.

### OWN

- Live our Purpose, Fight and Compass
- Know our business cold
- Make decisions

### DELIVER

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

### CREATE

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

### CARE

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

# RECKITT AND OUR GLOBAL VALUE CHAIN continued

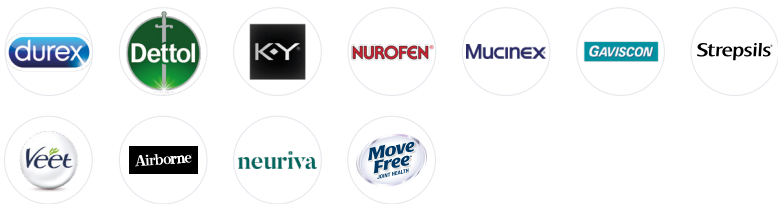
## WE ARE A CONSUMER-CENTRIC ORGANISATION WITH A FOCUSED PORTFOLIO OF TRUSTED BRANDS

We own, build and acquire high-quality, trusted brands within our chosen categories of hygiene, health and nutrition. We address environmental impacts and advance important social objectives through our brands. Every day, more than 20 million Reckitt products are bought globally.

## HYGIENE



## HEALTH

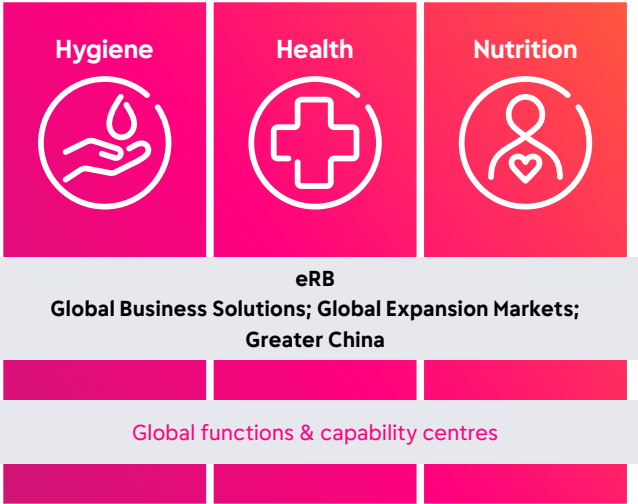


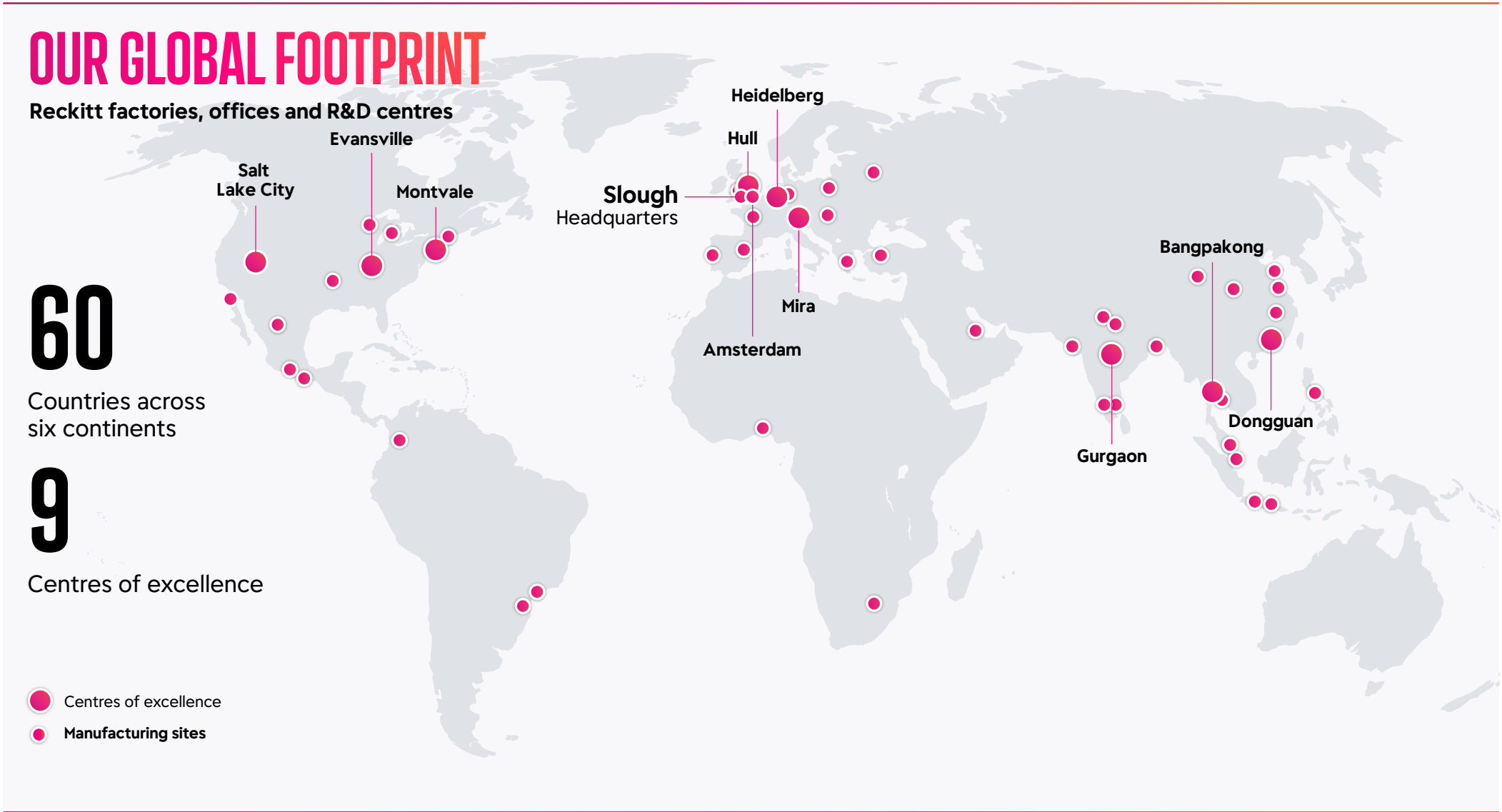
## NUTRITION



## OUR ORGANISATIONAL STRUCTURE

We are the company behind some of the world's most recognisable and trusted consumer brands in hygiene, health and nutrition. In 2020 we launched our Rejuvenating Sustainable Growth strategy, including our new Purpose, Fight and Compass. Under the new strategy our business was split into three Global Business Units (GBUs): Hygiene, Health and Nutrition. One year on, Reckitt is emerging much stronger, as a more resilient and purposeful company. We have made significant progress in building the foundations for rejuvenating sustainable growth.



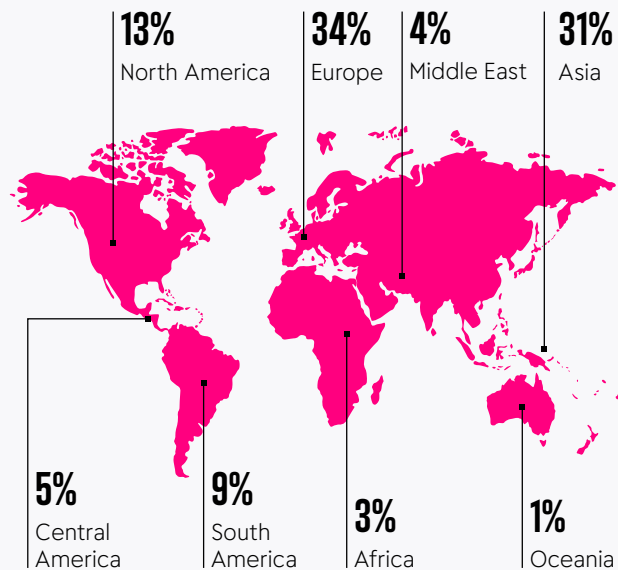


# RECKITT AND OUR GLOBAL VALUE CHAIN continued

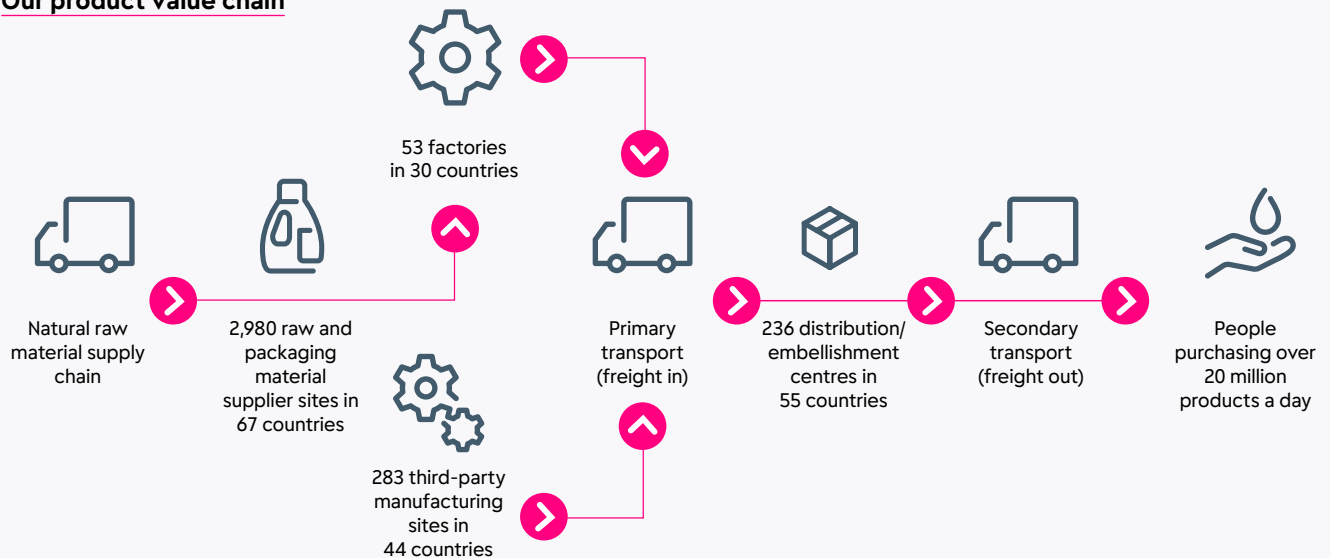
## OUR GLOBAL SUPPLY NETWORK

We have a truly global supply network comprising 53 Reckitt production facilities and 283 third-party manufacturer sites (co-packers) supporting our global business. Our 53 manufacturing facilities source a range of packaging and raw materials ranging from product packaging to household product chemicals, pharma ingredients and agricultural commodities including dairy, palm oil and latex from 2,980 supplier manufacturing sites around the world.

### Global distribution of Reckitt's manufacturing facilities, direct suppliers and third-party distribution and embellishment centres



## Our product value chain



We also have approximately 35,000 indirect suppliers providing us with financial and legal services, contractors, consultancy, facilities and maintenance, technology, marketing, sales support and logistics with a spend of just under £3.5 billion.

Some of our suppliers are large multinational companies with substantial business and ethical conduct programmes of their own, while others are smaller, local companies, and may be within emerging economies. They may not have the same degree of programmes in place but can still be excellent suppliers with reasonable controls. Our suppliers are chosen based on quality, cost, location and compliance to our policies and standards. This always includes our **Third-Party Code of Conduct** and **Sourcing for Sustainable Growth Policy and supporting standards**.

In addition to our traditional direct and indirect suppliers, all significant and relevant investment agreements undergo thorough due diligence which includes human rights. This is conducted mainly through document reviews and factory audits. On the rare occasions that access to a facility is not possible, due diligence is carried out by accessing publicly available information on the Company's human rights performance. In 2021, we strengthened our human rights due diligence process for mergers, acquisitions and joint ventures, by developing a Guidance Note in partnership with the Danish Institute for Human Rights (DIHR), for business functions to effectively embed human rights due diligence into the M&A process.



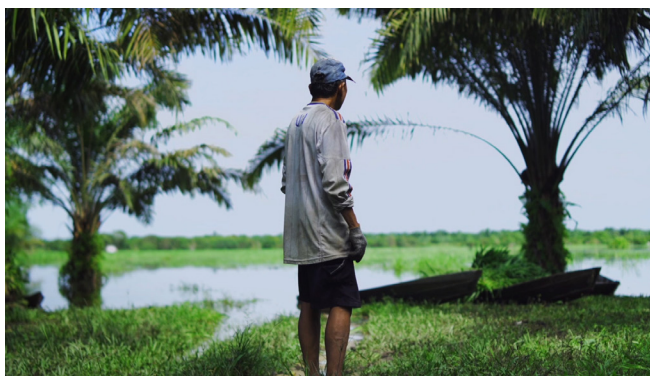
To find out more about Reckitt please see:

<https://www.reckitt.com/investors/annual-report-2021/>

# HUMAN RIGHTS AND SLAVERY RISK WITHIN OUR VALUE CHAIN

"Sadly, even today modern slavery is a very real risk across global value chains, taking various forms including slavery, human trafficking, servitude, and forced and compulsory labour. It is a complex and multi-faceted issue with a combination of factors and interrelationships at its origin. It is often hidden and that makes it hard to identify. Nevertheless, it is a crime and a violation of fundamental human rights. In line with our Compass of putting people first and doing the right thing always, we are committed to playing our part in tackling it."

**Sami Naffakh,**  
Chief Supply Officer



With Reckitt's global scale and guided by our Purpose, Fight and Compass, we take seriously our responsibility to ensure human rights are respected across our value chain. We are committed to identifying, avoiding and addressing any negative impacts on human rights, including modern slavery. If we are directly linked to adverse human rights impacts, we will use our position to enable remedy in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs).

In partnership with the **DIHR**, we identified our salient human rights impacts to focus our activity on key risks across our value chain together with the rights holders, commodities and countries most likely affected. This assessment took place in 2020 and 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 and right to collective bargaining
- 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

Modern slavery is complex and often hidden. This makes it hard to identify. The most vulnerable in the world are generally more susceptible to becoming victims of modern slavery. Many of the issues that contribute to modern slavery are constantly evolving. We aim to have a dynamic approach that understands potential risks and emerging situations. We endeavour to keep up to date with publicly available research from a range of external sources and collaborate with NGOs and peer companies to better understand risks and the best practices to address them. This approach will become ever more important as the impacts of climate change, conflict and economic migration continue to displace millions of people around the world.

We are currently focusing much of our activity on our supply networks in Malaysia and the Middle East where millions of migrant workers are employed in low-skilled jobs within the manufacturing, agricultural, logistics, construction, security and hospitality sectors. Many migrants in these sectors and countries can face exploitative employment practices that are considered forms of modern slavery. It is not uncommon to see practices such as passport retention, excessive recruitment fees, inability to resign from employment prior to a set date, contract substitution, excessive working hours, low wages and poor accommodation. While the risk is greatest where there is weak state-level governance, the issue is global, and similar aspects of modern slavery have been seen in many developed markets.

We are appalled by the ongoing war and the devastating harm being inflicted on the Ukrainian people. We hope for immediate peace. According to the UN High Commissioner for Refugees, more than four million people have now fled Ukraine for neighbouring countries. We recognise this will increase the risk of exploitation within Europe, so will monitor closely moving forward, taking appropriate action where necessary.

Through our programmes, we are working with a myriad of stakeholders in our supply network including: third-party manufacturers, distribution and embellishment centres, promotional goods suppliers, contract labour providers, transport and logistics, and raw and packaging material suppliers. This now covers 605 priority sites across the high and medium-risk locations of North and South Asia, the Middle East, Africa and Latin America. We are also engaging specific natural raw material networks in palm oil, latex, dairy, paper and board and fragrances. Further details on our activities, findings and respective actions are provided in this statement.

# OUR POLICIES AND TRAINING

At Reckitt, we believe that human rights, which include freedom from slavery and human trafficking, are an absolute and universal requirement. Our policy framework supports this.

## CODE OF CONDUCT

Our Code of Conduct outlines the principles and ethical values that Reckitt expects all employees and contractors to uphold. The Code covers key issues including corruption and bribery, discrimination, confidentiality, conflicts of interest, anti-trust, money laundering, environment, health and safety and the Speak Up service. Additionally, it outlines our commitment to respecting human rights, specifically those rights expressed in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.



See more about our Code of Conduct: <https://www.reckitt.com/media/6173/rb-code-of-conduct-fv-13may2020.pdf>

"At Reckitt, our commitment to strong governance is embedded throughout our business, from our Code of Conduct and within our regular business and Board reviews. We provide annual training and other tools to make it easier for our employees and partners to do the right thing, always."

Catheryn O'Rourke,  
SVP Group General Counsel & Company Secretary

## SOURCING FOR SUSTAINABLE GROWTH POLICY AND SUPPORTING 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 and Human Rights, Workplace Health and 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.

Our policy and standards were developed using a range of internal and external expertise provided by the DIHR, Earthworm Foundation and others, and were influenced by the UNGPs, legislative requirements such as those outlined by this Act and industry best practice.

This policy is applicable to all business partners providing goods and services to or on behalf of Reckitt. This includes third-party manufacturers, raw and packaging material suppliers, service providers, vendors, traders, agents, contractors, joint venture and distributors, including their employees' agents and other representatives.

Our six responsible sourcing principles include:

- 1. Ensuring labour and universal human rights are respected**
- 2. Providing a safe and healthy working environment**
- 3. Sourcing natural raw material responsibly**
- 4. Protecting the environment and reducing environment impact**
- 5. Using ever safer and more sustainable ingredients**
- 6. Conducting business with integrity**

## OUR LABOUR AND HUMAN RIGHTS STANDARD:



Employees are of a suitable age to work



All work is conducted voluntarily



Recruitment is conducted responsibly



All employees are treated equally with dignity and respect



All employees have the right to freedom of association



All employees have reasonable working hours and sufficient rest days



All employees receive a fair wage



Fair conditions for employees in temporary employment



All employees have access to fair remedy



Respecting land rights



Community impacts



Employee and community safety and security

# OUR POLICIES AND TRAINING continued

At the start of any commercial relationship, we communicate our requirements to suppliers and integrate the need to comply within the commercial contract. Additionally, business partners are required to communicate these requirements to their suppliers, monitoring and strengthening compliance as far as is practical.

## TRAINING

Policies alone are not sufficient. That's why we engage and train our teams at Reckitt to ensure that they are not only aware of our values and policy requirements, but also have a basic understanding of how to prevent, identify and act on issues.

- **Code of Conduct** – Every year, all employees and contractors must take our mandatory Compliance Passport training to better understand our Code of Conduct and important corporate policies. We redesigned this training in 2021, which is now composed of seven different modules:

1. **Intro to our Code of Conduct**
2. **Competition Law**
3. **Anti-Bribery and Corruption**
4. **Data Privacy**
5. **Cyber Security**
6. **Safety of Product**
7. **Human Rights**

We may make some adjustments to the frequency of some modules, but we will always have annual training. In 2021, our employee base was all assigned the annual mandatory compliance training and extensive efforts were undertaken by business leaders, ethics and compliance professionals and line managers alike to continuously drive an uptake in training completion rates.

- **Honest reflections on ethics training** – In 2021, we continued the roll-out of the Honest Reflections on Ethics training sessions. These training sessions are aimed at equipping employees with a better understanding of the trade-offs involved in taking risks and 'getting the job done' as opposed to making ethical business decisions and 'Doing the Right Thing, Always'.

To date, the ethics and compliance teams have deployed the Honest Reflections on Ethics campaign to thousands of employees worldwide and – in particular – to those operating in high-risk countries and covering positions with significant decision-making influence, such as general management and commercial functions.

- **Human rights training** – 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 and contractors. 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 2022, 31,622 (70%) of employees have completed the course and this will increase further over 2022.

# 70%

of employees have completed our human rights eLearning course as part of the all-employee annual Compliance Passport training

- We continued our quarterly briefing seminars for relevant employees updating them on our programme requirements, activities and challenges. These seminars build two-way communication, while supporting extra training and best practice sharing. We conduct half-yearly human rights training for our Quality auditors to help them better identify and report breaches when carrying out Quality audits. In 2021, we updated the site visit aide-memoire for our quality and procurement teams to help them identify poor practices during site visits. We also conducted regional town halls for specific local teams to provide an overview of the programme and regional specific issues and activity.

These channels of communication and enhanced training build greater awareness of our human rights policies and risk for our teams everywhere. In doing so, we'll also strengthen identification and remediation of modern slavery risks within our value chain.

## SPEAK UP SERVICE

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.

We know it can be hard for employees to speak out when they see behaviour contrary to our Code, so we're working hard to create an encouraging and supportive environment. Speak Up! our confidential online and freephone service, is growing in strength. This offers all Reckitt employees, contractors and third parties a trusted channel to raise concerns around violations of our Code of Conduct, local laws and regulations, or any unethical behaviour. This also includes any breaches with Reckitt's Sourcing for Sustainable Growth Policy and supporting standards, which covers slavery and human trafficking.

Reported issues are investigated and are reported to our leadership and also Corporate Responsibility, Sustainability, Ethics and Compliance Board Committee (CRSECC). The Committee provides oversight of activity, reviewing and monitoring implementation and compliance with the Company's Speak Up policy. Details of our governance approach are described in our [\*\*Sustainability Governance, Reporting and Assurance Insight\*\*](#).

In 2021, we continued to raise awareness of our confidential Speak Up service. These awareness-raising efforts and the availability of the Speak Up hotline externally led to an increase in Speak Up cases. To make sure we managed and investigated cases in a timely way, we delivered Speak Up! training for those leading investigations.

## OUR POLICIES AND TRAINING continued

In 2021, 606 concerns were raised through Speak Up! We initially earmarked 130 concerns that could potentially involve breaches of our Labour and Human Rights Standard. 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.

To find further information on our Speak Up line, the type of reports received relating to human rights and our respective actions taken please see:

- [Reckitt's Ethical Behaviour Insight](#)
- [Reckitt's Human Rights Across Our Value Chain Insight](#)



# GOVERNANCE

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.

## 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 key risks, and its status in the risk register has evolved this year from 'emerging' to 'principal'. This reflects the growing importance of sustainability and its central role in 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 Insight](#).

The Board delegates regular oversight of sustainability to a sub-committee, the 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 Finance Director 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.

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 Speak Up whistleblowing systems, alongside our social impact programme and progress on climate change and human rights. This structure of Group committees supported by business unit equivalents provides quarterly updates to the CRSECC and Board on sustainability issues and risks, notably climate change, including ongoing performance against targets to enable their ongoing 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.

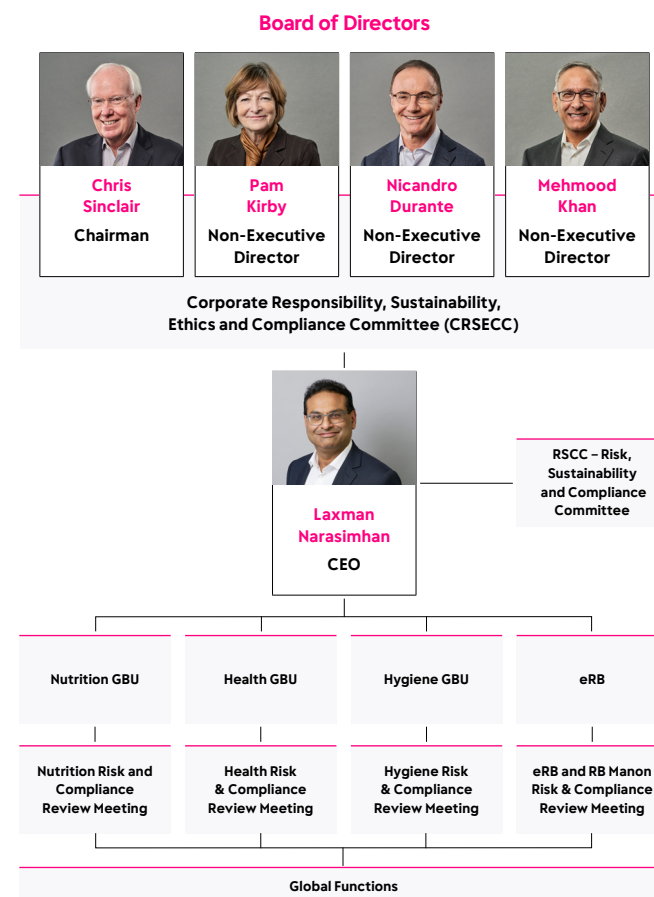
The Group Executive Committee is the owner of our Code of Business Conduct and updated Sourcing for Sustainable Growth Policy. The Head of Corporate Affairs & Chief Sustainability Officer, reporting directly to the CEO, is responsible for ensuring the policy remains current and compliance is monitored across our operations and high-risk supplier base through our compliance-monitoring programme.

We have a range of reporting channels to ensure leadership teams are aware of our human rights risks, due diligence and remediation activities. We circulate a monthly progress report to the Global Supply leadership team and quarterly updates to the RSCC, reporting supply chain risk, audit validity, improvement and remediation plans especially for sites with the most concerning findings such as modern slavery or passport retention.

## AT OPERATIONAL LEVEL

It is the responsibility of every employee within the business to ensure compliance and support our compliance programme. Any breaches of these policies can be reported to the Ethics and Compliance team or confidentially through our internal hotline service.

## Reckitt Sustainability Governance Model



# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT

## SUMMARY OF AUDITS AND ASSESSMENTS IN 2021

- **Monitoring** – we monitored 605 individual sites (third-party manufacture, distribution and embellishment centres, and high-risk raw and packaging material suppliers) and 53 Reckitt sites.
- **Self-assessment** – 100% of Reckitt facilities complete an annual self-assessment of compliance with our responsible workplace requirements on our reporting tool, Enablon. In 2021, Sedex launched a new self-assessment requiring all suppliers to update their self-assessment. Suppliers are in the process of completing this, with a short-term corresponding drop in completed SAQs from 79% to 35%. Over 2022, we will engage suppliers to increase the completion rate and have partnered with Sedex to run a series of clinics to support.
- **Audits** – 232 supplier and 15 Reckitt site audits conducted with a total of 1,757 non-conformities identified (34 in Reckitt sites and 1,723 in supplier audits).
- **Corrective actions** – 93% of suppliers and 100% of Reckitt sites audited have an approved corrective action plan in place, with 76% of Reckitt site non-conformities addressed.
- **Improvement delivered** – Supplier Audit pass rate increasing from 39% to 69% since their first audit. This reflects continuous improvement of standards, supported by both audits and supplier development activities.

# 232

supplier audits completed in 2021

# 93%

of supplier audits with approved corrective action plan in place

Businesses play a crucial role in ensuring that and their suppliers operate in a way that respects human rights and the natural environment and contributes to sustainable development.

Policies are critical to addressing risks to human rights and the environment, but they are only the foundation. To reinforce our policies and standards, we have a range of tools to enable us to proactively identify, avoid and address negative impacts on human rights, including modern slavery, and the environment across our value chain. We have three distinct but interrelated streams of activity to drive respect for human rights across our value chain and enable a more sustainable supply chain:

- **Human Rights programme** – In line with the UNGPs, we are focusing our activity on understanding the broad range of human rights impacts across our value chain and working independently through our business and brands or in partnership with others to address these impacts to create a fairer, more inclusive world.

Building from the 2019 corporate human rights gap analysis the DIHR conducted, we continued to make progress with embedding sustainability and human rights into our corporate policies and processes such as by updating and publishing our **Sourcing for Sustainable Growth Policy and supporting standards**.

In 2021, the DIHR supported us in developing a human rights due diligence process for mergers, acquisitions and joint ventures.

- **Sustainable Sourcing programme** – Our Sustainable Sourcing programme focuses on environmental and social issues within our natural raw material commodity supply chain, from our tier 1 supplier to origins. We map the origins of our high-priority natural raw materials. This targets our work with suppliers, NGO partners and wider actors to safeguard workers and communities, protect ecosystems and reduce environmental impacts. Since we set our first targets in 2012, we've made a lot of progress. In 2021, we strengthened our **natural raw material sourcing standard** to guide our decision-making and put a host of proactive programmes in place to track and reduce our impact. We recognise the need for ongoing activity, and we're working with our suppliers, partners and other stakeholders to monitor what we do, and change what we need to. Our high-priority natural raw materials are palm oil, latex, dairy, timber and natural fragrances. We're continuing to assess other raw materials too, and will widen our programme as needed.

# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT continued

We also continued to implement the **recommendations** highlighted through the **Human Rights Impact Assessment (HRIA) of our Durex and Enfa brand value chains** in Thailand conducted by the DIHR in 2019. We plan to provide a public update on our progress towards the end of 2022. Unfortunately, due to the impact of COVID-19, we have been unable to conduct a second country-level HRIA; however, we plan to conduct another in 2022.

- **Responsible Workplace and Supplier Environmental Performance programmes** – These programmes are focused on all Reckitt manufacturing facilities and higher-risk tier one suppliers, outlined earlier in this statement. The programmes aim to both ensure good labour, health and safety and environmental standards and to progressively improve performance. Our Responsible Workplace Programme has been in place for a number of years and is evolving over time.

In 2020, we wanted to increase activity with our key suppliers on their energy, water and waste performance to support them in delivering improvements and contributing to our ambition of creating a cleaner world. We therefore launched our Supplier Environmental Performance Programme in partnership with **Manufacture 2030**.

Building on the engagement from 2020, we continued to work with M2030 and our suppliers to develop performance improvement plans and create greater visibility of performance to reduce their overall carbon, water and waste footprint throughout 2021. At the end of 2021, 84% of suppliers in scope joined the initiative. We are analysing the data and will communicate reduction targets to our suppliers in 2022. We believe that we all have a role to play in combating climate change and as a result we will ensure that our suppliers continue to receive support from Reckitt and ongoing expertise and assistance from Manufacture 2030.

We recognise the complexity of human rights and environmental issues and the limitations on what we are directly able to control and influence. Accordingly, our approach to remediation focuses on stakeholder collaboration and transparency. Our preferred approach is to utilise our position to work with our supply chain to resolve issues rather than terminating business relationships. In 2021, we terminated one business relationship due to failure to meet our policy requirements; this was a last resort after a year of engagement around our standards and requirements. In other cases, we worked with suppliers to remediate, in some cases absorbing some of the costs involved. Our preferred approach of remediation ensures issues are addressed and impacted workers obtain access to remedy, which otherwise might not be the case. However, in instances where a supplier is not providing appropriate support to remedy issues, we will have no option other than to terminate our business relationship with them.

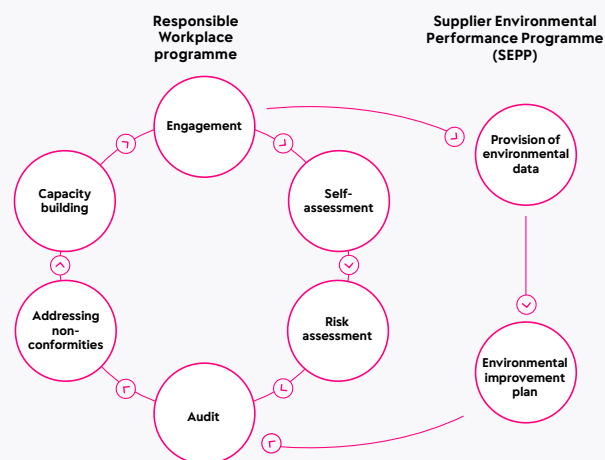
We have a dedicated Human Rights & Sustainable Supply Chain team, with regionally based resources. The team includes four regional human rights leads provided by Intertek, which works with suppliers and Reckitt teams to manage our programmes within the various regions.

Additionally, within our highest risk regions – ASEAN and South Asia, North Asia, Middle East and Africa – we have our own Regional Social and Human Rights Managers who work with our own sites, high-risk and strategic suppliers and partner with local procurement teams. This provides a collaborative approach to delivering sustained improvements. Alongside our global team, these experts lead our

programmes at a regional level, involving relevant members of our Procurement, Supply Services, Manufacturing, Human Resources, Legal and Internal Audit teams to support its delivery. Our programmes are reviewed regularly by our senior leadership team who also steer our long-term strategy and targets.

We regularly engage appropriate internal colleagues through our monthly compliance reports and quarterly town hall briefings to provide updates on our programme requirements, activities and challenges. These also include sharing best practice and success stories in a forum where additional engagement and training can be delivered. In 2021, we continued to work with the Procurement and Quality teams to embed human rights into their standard ways of working. We also continued to enhance our supply chain data reporting capabilities to increase our understanding of key human rights risks alongside supplier compliance and performance levels.

## RESPONSIBLE WORKPLACE AND SUPPLIER ENVIRONMENTAL PERFORMANCE PROGRAMMES



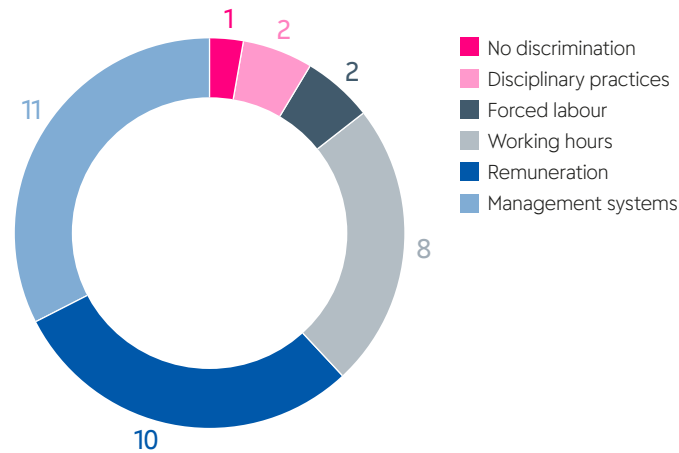
# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT continued

## RECKITT FACILITIES

All our manufacturing facilities and distribution centres are included in our Responsible Workplace programme. They complete an annual self-assessment of compliance and 2021 again saw 100% completion. High-risk sites undergo an announced audit at least every three years or sooner if merited by the latest audit result. In 2022, we plan to expand our audit activity to include key sites within North America and the UK to better understand compliance within lower risk geographies.

2021 saw audits of 15 of our factories in China, Thailand, Mexico, Colombia, India, the Philippines, Nigeria, Turkey and Pakistan. These identified 34 issues contrary to our standards which was an improvement on the previous year, despite conducting eight more audits. Similarly to 2020, these primarily related to management systems, contract worker remuneration and working hours. Site management systems need to consider on-site contract labour and service providers to ensure they consistently meet our expectations and standards. Our audits identified two issues pertaining to our no forced labour clause. One finding was identified at our factory in Pakistan, where the security provider retained original identity cards of the security guards. Written consent forms and a clear process for employees to request their identity card was in place; however, we engaged our security provider to ensure these were returned to their employees. The second finding was identified at our factory in Nigeria, where one contractor had a policy in place fining employees who lost their ID cards; however, there was no evidence that the contractor implemented this in practice. Following the audit, the contractor has removed this requirement from their policy.

Issues contrary to our standards



After each audit, the site develops a corrective and preventative action plan (CAPA) which we record in our Enablon management system. The CAPA is reviewed by the Human Rights & Sustainable Supply Chain team, with monthly reports on remediation compiled for global and regional management. 100% of sites audited in 2021 have an approved CAPA in place, with 50% of the issues raised already satisfactorily resolved. This is lower than previous years as the majority of audits were conducted in November and December when COVID-19 restrictions were eased, to enable us to conduct these in person rather than virtually. Sites with open non-compliances are working to ensure these are closed and have provided preliminary evidence to support this. We will continue to work with these sites in 2022 to satisfactorily address the issues and continue to monitor our high-risk production sites.



# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT continued

## OUR SUPPLY CHAIN

"Reckitt is committed to respecting human rights and creating a fairer, more inclusive value chain."

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

### Tier 1 suppliers

Due to the complexity and scale of our supply chain, we take a risk-based approach and focus on higher-risk supplier categories and are systematically expanding our due diligence activities over time. In 2021, we continued our work with third-party manufacturers, distribution and embellishment centres and moved into the final phase of our high-risk raw and packaging material supplier programme, adding 115 suppliers into our programme.

We require all suppliers included in our programme to complete a Sedex Self-Assessment Questionnaire (SAQ) and conduct a site-level risk assessment based on the supplying site's inherent country risk using the indicators below.

- 40% – World Bank Governance Indicators
- 15% – UN Human Development Index (HDI)
- 15% – Transparency International Corruption Index
- 15% – US State Department Human Trafficking Report
- 15% – Sustainable Development Report

These indicators help us look at the site risk but also for indicators that relate to modern slavery and human trafficking. Additionally, where one is available, the audit rating from the most recent audit is considered in this overall site risk. In 2021, we added the Sustainable Development Report risk indicator to improve the robustness of our risk assessment process. In 2022, we plan to evolve our risk assessment further to better capture human rights risks by integrating the country risk assessment tool the DIHR developed for us in 2020.

In 2021, 605 supplier sites were included in the programme. The site risk profile of these suppliers was: 42 (7%) critical, 115 (19%) high, 263 (43%) medium and 185 (31%) low risk. This is an improvement on previous years as we have seen a 19% reduction in critical and high-risk rated sites in 2021 due to our ongoing site engagement to drive improvements.

Sites assessed as critical or high risk undergo a site audit to assess compliance at least every three years. This may be sooner where the most recent audit suggests the need for more frequent follow-up. In addition, all third-party manufacturers, distribution and embellishment centres located in emerging economies are audited as part of their onboarding. At the start of 2022, we expanded this to ensure selected raw material and packaging suppliers in high-risk regions are also audited before commencing a commercial relationship.

In 2021, Sedex launched a new self-assessment requiring all suppliers to update their self-assessment, resulting in a decreased number of suppliers with a complete SAQ from 79% to 35%. We consider the self-assessment to be a useful tool in helping suppliers understand the policies and procedures to implement within their facilities and

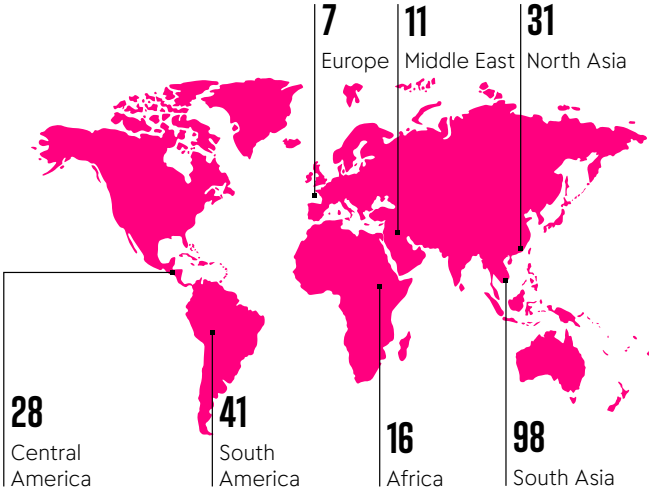
supply chain to best manage labour standards, health and safety, environmental compliance and business integrity. Over 2022, we will continue to proactively engage with suppliers to increase the completion rate and have partnered with Sedex to run a series of clinics to support.

In 2021, we audited 232 suppliers across seven regions. 79,327 workers were covered by these audits, with a gender split of 70% male and 30% female. Additionally, 10% of the employees across these sites were migrants whom we know are more vulnerable to exploitation than local workers. There was also a direct correlation between the regions with the highest percentage of migrant workers and regions where forced labour is more prevalent such as the Gulf States and parts of Asia. To mitigate the risk, we have our regional teams based in these areas continuing to partner and build the capability of suppliers.

### Audits by supplier type

Packaging material	104
Co-packer	64
Raw material	38
Distribution centre	18
Embellisher	8

### Supplier audits by region

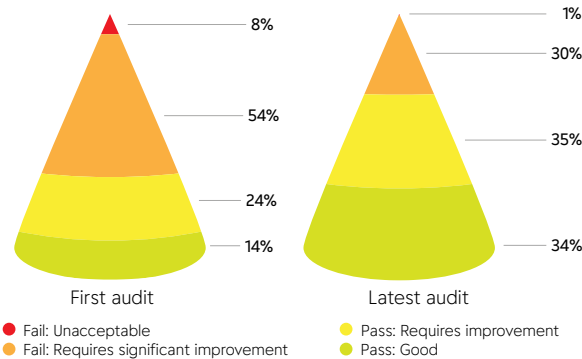


# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT continued

Our audits identified 1,723 contraventions of our standards. While a high number, we did significantly increase the number of audits in 2021 from 179 to 232. It should also be noted that the average number of findings per audit has increased from 5.15 in 2020 to 7.4 in 2021. This is because many of these audits covered raw and packaging material suppliers who had recently been added to our programme. For many, it was the first time an audit assessed 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 had a high number of findings. Whilst the number of findings was concerning, it further supports the need for us to expand our activity to identify issues and work with suppliers to drive meaningful improvement. We will continue to monitor suppliers through audits, capability building and targeted training to build understanding around these challenges and the root causes.

Of the suppliers audited in 2021, 61% (141) achieved a pass rating, a 6% decrease on 2020 due to the inclusion of raw and packaging material suppliers to the programme. Despite this, we have seen a consistent improvement in audit performance over the past few years at sites that have been audited more than once. In the first audit, only 38% of sites received a pass rating. In the most recent audit result, 69% of sites achieved a pass rating. This improvement over time is a key metric for assessing our programme's effectiveness. These improvements have been possible through a partnership approach, providing suppliers with free technical support and guidance to elevate standards. Our regionally based team play a key role in delivering this.

Improvement over time

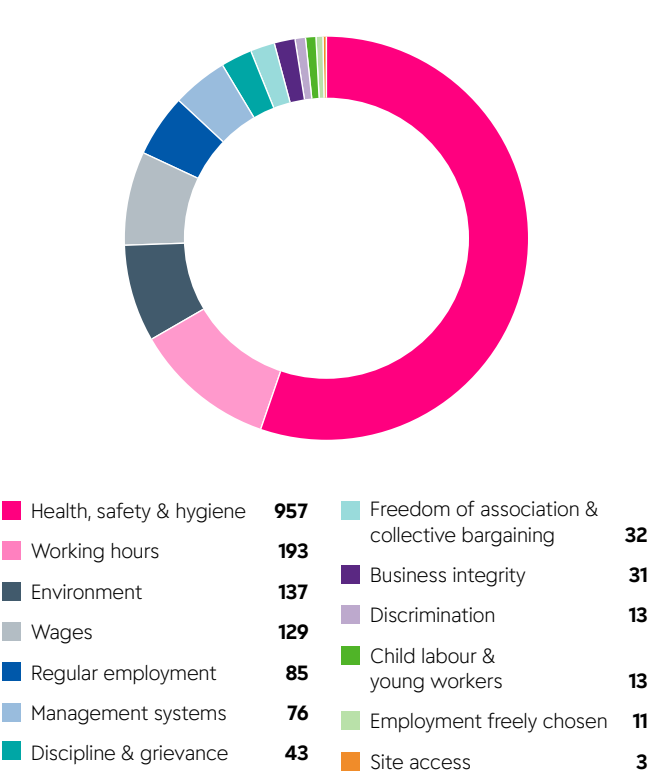


Overall, the most common areas of non-conformance concerned health and safety (56%), working hours (11%), environmental compliance (8%) and wages (7%), similar to 2020. Additionally, all four areas were identified as salient human rights issues for Reckitt in the scoping completed in 2020. We continue to partner with our suppliers to tackle the root causes of these findings and enable them to remediate in a sustainable manner. In the appendix, we have broken down these findings by our top salient human rights issues and provided details on the types of issues and severity by supplier type and geography.

We review each supplier's CAPA, providing technical support if required. 93% of CAPAs from audits conducted in 2021 are in place, with 76% of the issues raised already addressed. We are working with outstanding suppliers, monitoring progress and will re-audit to verify that actions have been completed.

The actions taken range from improving management systems, enhancing environmental practices on-site, updating policies through to improved worker training, particularly in relation to health and safety. Examples of supplier improvements include the provision of a premium rate for overtime, improved fire safety, machine guards, improved production planning to prevent excessive overtime and implementation of new shift patterns. We also continued to focus on protecting workers vulnerable to exploitation and partnered with Oxfam Business Advisory Service to define what gender diversity and inclusion data we need to collect through our supply chain activities to better understand and address barriers, and promote gender diversity and inclusion. This has led to recommendations, which we'll act on in 2022.

2021 findings



# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT continued

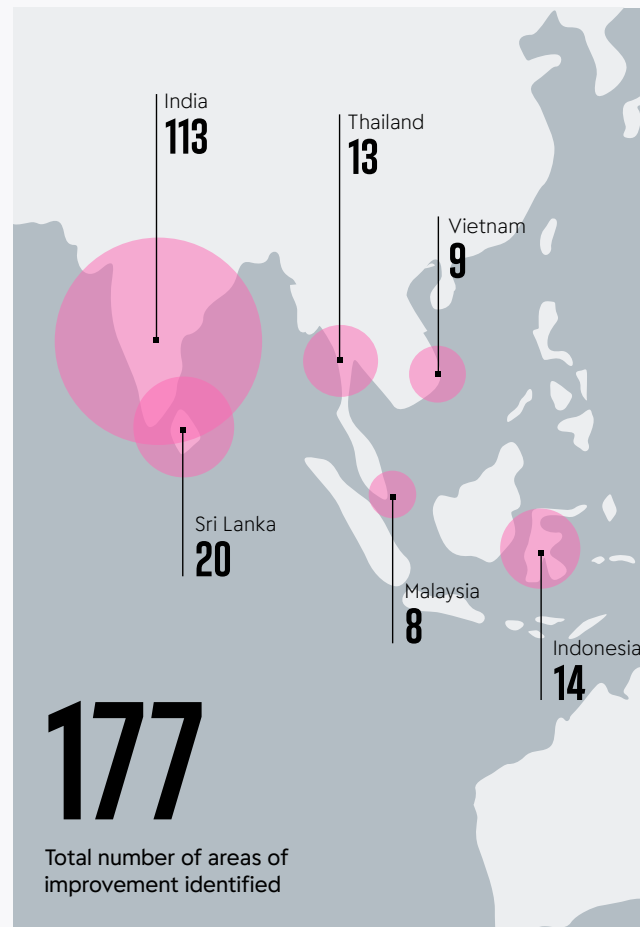
## GOING BEYOND AUDIT TO TREAT SUPPLIERS AS PARTNERS

We've noticed that auditing our suppliers' approach to human rights doesn't always lead to lasting improvement. In many cases, we've audited suppliers more than once, only to see the same issues appearing.

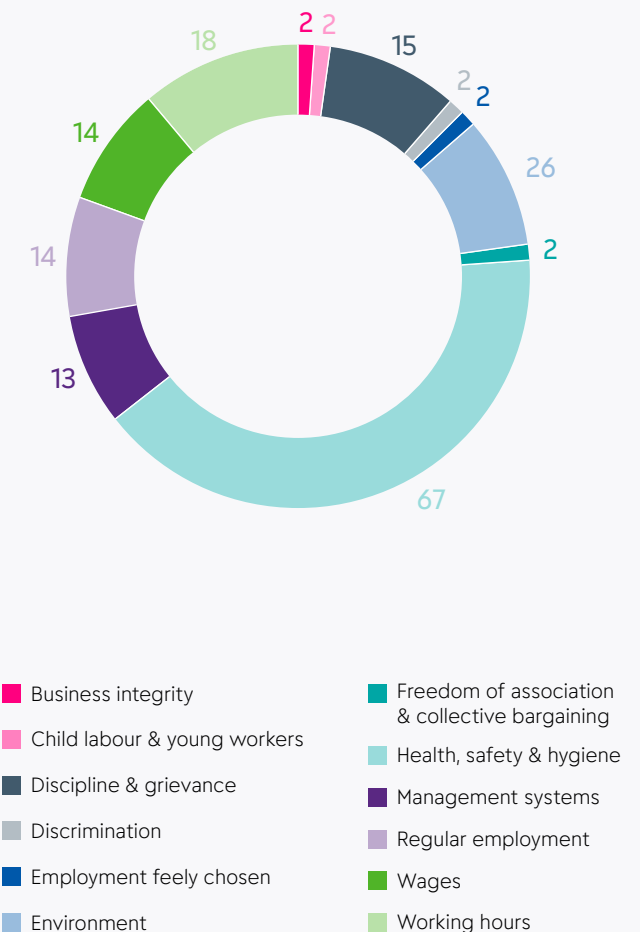
Suppliers don't always have the capabilities or resources to spot and understand the root causes of issues or grasp the changes it will take to stop them. They may take tactical action but not address root causes. They need support to strengthen their management systems, understanding and performance.

Our Capability Building Programme has been underway since 2018. It's a mixture of training workshops, site visits and regular technical guidance. In 2021, we conducted 42 in-person and virtual visits to sites, identifying 177 areas for improvement. These continued to help foster a closer, partnership-based relationship with our suppliers that delivers sustained long-term improvement that is becoming apparent from the improvement in audit ratings.

### CAPABILITY BUILDING PROGRAMME



### AREAS OF IMPROVEMENT IDENTIFIED WITH CB ACTIVITIES



# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT continued

## 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.

In 2021, 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 2022, working with suppliers to encourage them to use it and assessing the results through our existing audit activity.



### CASE STUDY

## EMBEDDING SUSTAINABILITY INTO SUPPLIER RELATIONSHIPS

Towards the end of 2020, Reckitt partnered with **Better Buying** to understand from our suppliers how they view Reckitt and our procurement practices. Whilst Reckitt has very clear human rights requirements for our suppliers, procurement practices play a pivotal role in our suppliers' ability to respect human rights. For example, if we expect suppliers to comply with working hour requirements, it is challenging for them to do this if our forecasting and planning horizons are not consistent, or we expect our suppliers to meet increased demand quickly.

Our partnership with Better Buying provided our suppliers a safe space to give Reckitt honest feedback on our procurement practices. Due to the shifting power dynamics within the supply chain, this opportunity is rarely available for suppliers as they fear they could damage the commercial relationship.

This pilot gave us an opportunity to ensure that our day-to-day procurement practices facilitate rather than hinder the delivery of our sustainably ambitions. As well as getting some valuable feedback from suppliers, many said that Reckitt was a preferred partner and a company that conducts business with integrity.

In 2021, we worked with **Ergon Associates** and our procurement teams to identify and understand 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 and enable a more resilient supply chain able to withstand social and environmental challenges.

### CASE STUDY

# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT continued

## High-risk natural raw material supply chains

We recognise that many human rights and ecosystems risks don't just exist within our tier 1 suppliers but also further upstream in our supply chain at farm level and in primary processing. These include debt bondage, child labour and damage to ecosystems, which can result in a loss of the 'services' such as water that are vital for the livelihoods and wellbeing of people in that community.

To address these challenges, we work with a range of partners to:

- understand the origins of materials;
- safeguard workers and communities;
- protect ecosystems; and
- reduce environmental impact.

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. Our aim is to ensure the long-term social and environmental sustainability of our supply chain partners and the communities they serve. In key commodities, palm oil and latex, we invest in a range of programmes that are community-centric, delivering impact for farmers, their families and communities and which support human rights.



## 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. There is also a range of persistent human rights violations that can commonly take place at palm plantations such as forced and child labour, low wages, unsafe working conditions, sexual abuse and land rights issues.

We have a multifaceted approach to addressing these issues and work in close collaboration with **Earthworm Foundation**. Our approach is centred around mapping our supply chain from direct supplier to plantation, enabling identification of risks and delivery of interventions to protect ecosystems and safeguard workers and communities. 96% of our palm oil (excluding surfactants) is traceable to mill and 67% to plantation and we publish a **list of the palm oil refineries and mills** within our supply chain annually. Our approach involves:

- **RSPO certification** - 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. 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.
- **Satellite monitoring** - Through the Earthworm/Airbus Starling platform, we deploy satellite analysis to identify deforestation within likely sourcing areas of mills within our supply chain. We highlight this to our suppliers and work with them and their suppliers to ensure palm oil is not grown on deforested areas and doesn't enter our supply chain.
- **Supply chain monitoring systems** - We work with our suppliers to ensure adequate systems are in place to monitor No-Deforestation, Peat destruction or Exploitation (NDPE) compliance in upstream supply chains. This included supporting the roll-out of the 'Tools for Transformation' (T4T) platform within one of our major suppliers. T4T is an online portal that enables suppliers to identify gaps in NDPE implementation in their supply chains through a self-assessment and provides tools to support the development of NDPE policies and procedures, action plans and reporting. Through T4T and our own supplier engagement activities, we continue to build a comprehensive picture of compliance and what further measures might be required to ensure compliance with our standards.

- **Landscape-level approaches to progress delivery of NDPE forest positive approach in production landscapes** - 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.
  - 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.
- **Industry collaboration** - We are active members of the Consumer Goods Forum's Forest Positive and Human Rights Coalitions of Action to remove deforestation and forced labour from our collective supply chains. As part of this we are engaging key palm oil suppliers to develop and deploy a human rights due diligence system from refinery to plantation.



# ACTIONS WE ARE TAKING WITHIN OUR VALUE CHAIN TO ENSURE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT continued

## ENGAGING OUR PALM OIL SUPPLIERS ON OUR NEW AMBITIONS

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 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.

### CASE STUDY

#### LATEX

Natural latex is the main ingredient in Durex condoms. It comes largely from Malaysia and Thailand, with a small amount from India.

Our assessment of human rights in our Thai latex value chain, carried out by the DIHR 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 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.

We've also 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 agroforestry, which can improve productivity and enhance ecosystems; and
- **improving living and working conditions**, for example with personal protective equipment.

We will also start to engage our Malaysian suppliers to implement Fair Rubber Association certification across their latex plantations in Malaysia in 2022.

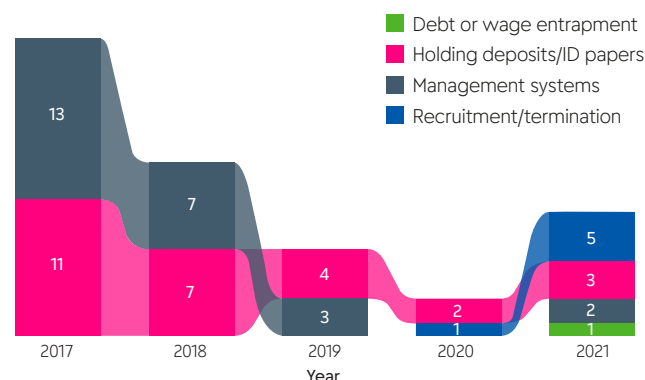


# FINDINGS RELATED TO SLAVERY OR HUMAN TRAFFICKING AND HOW WE ARE TACKLING THEM

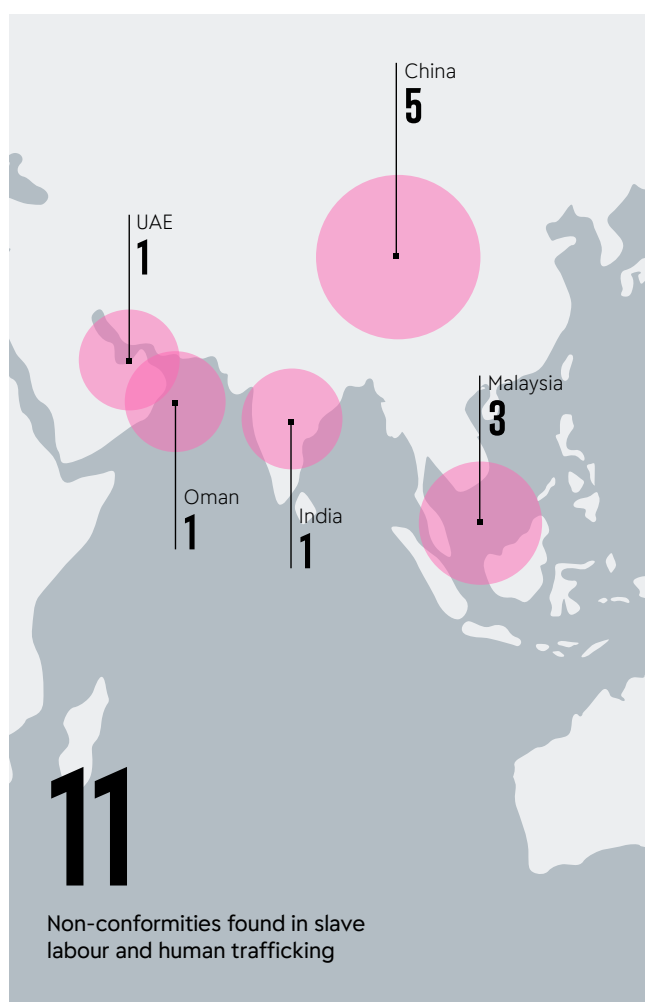
All aspects of modern slavery go against our core values and commitment to ensure human rights are respected. As a global company with a far-reaching supply chain, we have a responsibility to ensure that the human rights of people working in our value chain are respected and they are not subjected to slavery or forced labour.

In 2021, we identified 1,723 non-conformities with our Sourcing for Sustainable Growth Policy in our supply chain, 11 of which were related to forced labour and human trafficking. While one finding is one too many, it is important we identify these issues in our supply chain and take action to ensure those impacted gain access to remedy.

## Non-compliances supply chain



## NON-CONFORMITIES RELATED TO FORCED LABOUR AND HUMAN TRAFFICKING



Of the 11 findings identified:

- Five cases concerned delayed wages for employees who had resigned and left the company at suppliers in China. In the future, the suppliers will pay workers leaving on the day following their last working day rather than during the next wage payment run. Four out of five suppliers have implemented this, and we are actively working with the final supplier on their CAPA.
- Three cases related to passport retention at suppliers in Oman, Malaysia and the UAE. In these instances, passports were retained by management for safekeeping with written consent provided by employees, which is common practice across the region. Nevertheless, we are actively engaging suppliers to return passports to employees and provide accessible secure storage facilities to ensure the safety of personal documents. This means workers do not have to request access to their passports, a practice that can be abused by employers or leave workers feeling unable to ask – both mean workers lose the freedom to move as they choose. Following our involvement, the suppliers have returned passports and we will confirm this practice is maintained through another visit in 2022.
- One case related to recruitment fees in Malaysia and this stemmed from a historical audit received in 2021. We have since audited the supplier in 2022 to ensure that progress has been made and the site now has an ethical recruitment procedure in place.
- Two cases relating to weak, inadequate or erroneous management systems were identified, one at a supplier in Malaysia and another in India. For the Malaysian supplier, the addresses on work permits were the employer's rather than the migrant workers' residential addresses. This meant the correct work permits could not be obtained. For the Indian supplier, migrant workers were not aware of their employment terms and conditions as their employment contract was in a language they didn't understand.

Over the last few years our understanding of the various guises of forced labour has evolved and so has our activity to tackle them. Our initial focus was on addressing those aspects which are more visible and where we have greater ability to drive change, such as preventing passport retention, enabling freedom of movement, improving employment terms and conditions, and improving company-provided accommodation. We are now increasing our focus on systematically identifying and addressing exploitative recruitment practices within global supply chains.

# FINDINGS RELATED TO SLAVERY OR HUMAN TRAFFICKING AND HOW WE ARE TACKLING THEM

continued

## RESPONSIBLE RECRUITMENT



Exploitative recruitment practices, such as the payment of excessive recruitment fees and contract substitution, are forms of modern slavery that many migrant and vulnerable workers are subjected to. Many of these practices occur deep within the migrant labour supply chain and can be facilitated by weak state governance, corruption and wider criminality. To tackle this, we are strengthening our approach to preventing and remediating cases of exploitative recruitment practices.

- **Policies and procedures** – In 2021, we strengthened our policies and procedures concerning responsible recruitment. Our updated **Labour and Human Rights Standard** included specific requirements to ensure recruitment is conducted responsibly, including the need for recruitment fees to be borne by the employer. We developed an internal recruitment fee remediation procedure to address cases where workers have incurred recruitment fees within Reckitt's operations or supply chain. The procedure is closely aligned with Impactt's **Principles and Guidelines for the Repayment of Migrant Worker Recruitment Fees and Related Costs**.
- **Due diligence and remediation** – Through our existing audit and capability-building activities, we are increasing our engagement with suppliers on the recruitment of migrant workers and the due diligence mechanisms they have in place to ensure this is done responsibly. We are also partnering to develop innovative solutions, for example with **Diginex**, to deliver focused and scalable due diligence. Where we have identified that migrants have been subjected to unethical recruitment, we work with our suppliers to ensure workers gain access to remedy, as we have done in Malaysia.



- **Training** – We deliver training on responsible recruitment, independently and in partnership with others through AIM-Progress and the Consumer Goods Forum, to build understanding and strengthen due diligence practices of our suppliers and labour providers.
- **Wider sectoral collaboration and advocacy** – Given the systemic nature of exploitative recruitment practices, we can only deliver systematic change through wider engagement with industry, NGOs and governments. Consequently, through the Consumer Goods Forum Human Rights Coalition – Working to End Forced Labour, we are actively working with wider industry to:
  - establish and deploy human rights due-diligence systems focused on forced labour in our operations and our palm oil supply chain; and
  - support the development of responsible recruitment markets.

Given the systemic nature of these issues, we will continue our activities based on our learnings to date and leverage our membership of AIM-Progress and the Consumer Goods Forum to drive long-lasting change through advocacy and multi-stakeholder collaboration.

# FINDINGS RELATED TO SLAVERY OR HUMAN TRAFFICKING AND HOW WE ARE TACKLING THEM

continued

## PIONEERING TECHNOLOGY FOR A CLEARER VIEW OF RISKS TO MIGRANT WORKERS

To effectively tackle exploitative recruitment practices at scale, we need to increase visibility of the migrant labour supply chain and the practices within it in a cost-effective way. We partnered with Diginex and The Coca Cola Company to develop and pilot a pioneering online tool, [diginexLUMEN](#), that provides us with unprecedented insight into our 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 take targeted action to promote responsible recruitment.

In 2021, we piloted this tool at five of our suppliers in the UAE who subsequently engaged eight of their labour providers and one recruiter. These companies registered with diginexLUMEN and completed a self-assessment questionnaire focusing on their recruitment practices. In 2022, we will roll out this tool to a wider set of suppliers within the Middle East and South East Asia, increase engagement with recruitment agencies deeper within the migrant worker supply chain and, based on this analysis, strengthen responsible recruitment practices.

## DELIVERING TRAINING ON RESPONSIBLE RECRUITMENT TO IMPROVE EMPLOYMENT PRACTICES OF MIGRANT WORKERS WITHIN THE MIDDLE EAST

In 2021, we co-sponsored an online AIM-Progress workshop on responsible recruitment, in partnership with Mars, McDonald's, PepsiCo, The Coca Cola Company and Unilever. We invited 22 of our key suppliers and service providers across the Middle East to attend to enhance their understanding of:

- the drivers and growing requirements for good employment practices ;
- key elements of a responsible recruitment system ;
- what we expect from responsible employment policies and practices ;
- how good practices can improve productivity and competitiveness; and
- building and implementing an effective grievance mechanism.

Following the workshop, the training partner involved developed and shared an action plan for suppliers. This included the frameworks discussed to allow suppliers to tangibly measure and improve their recruitment practices. The suppliers are now working on their own action plans with support from the Reckitt team. We will meet with suppliers to review their progress against the action plans.

## REIMBURSEMENT OF RECRUITMENT FEES AND THE POWER OF COLLABORATION

As described in our 2020 statement, we have been working with another multinational company since 2019 to collectively tackle poor employment practices at a shared supplier in Malaysia.

Together we have successfully resolved the issues originally identified in 2018 and began repayment of USD\$800,000 of recruitment fees to workers in February 2021. An external third party is verifying this through worker interviews and reviewing documents, such as bank statements and payslips, to ensure monthly payments are being made in line with the agreed plan. We are pleased to report that planned monthly repayments were made to 100% of current workers and 95% of repatriated employees in 2021, totalling USD\$212,845. Due to local bank administrative procedures, at the origin countries, some delays were observed in achieving 100% reimbursement of repatriated employees. The remaining repatriated workers' reimbursement is currently in progress. We will continue to monitor repayments until all fees are repaid in full.

# PARTNERSHIPS AND COLLABORATION

## AIM-Progress



We're a leading member of AIM-Progress, a forum of leading 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 workstream.

## 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 – Working to End Forced Labour and Forest Positive Coalition.

## Pharmaceutical Supply Chain Initiative (PSCI)



PSCI is a group of pharmaceutical and healthcare companies that share a vision of better social, health, safety and environmental outcomes in the communities where we buy. PSCI believes that collectively members can share knowledge and expertise, across the industry, to drive complex, global change more effectively than any one organisation alone. We have joined forces to promote responsible supply chain management and better business conditions across the industry.

## Sedex



We are members of Sedex, one of the world's leading ethical trade service providers, striving to improve working conditions in global supply chains. Sedex is a collaborative platform that enables the sharing of social and environment data, including indicators related to forced labour and modern slavery, between suppliers, buyers and customers to improve responsible and sustainability business practices within global supply chains.

## Danish Institute for Human Rights (DIHR)

After three years, this partnership is coming to an end as the Institute's new strategic direction takes it 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



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.

- **Developed a toolkit to help suppliers create grievance procedures** for their workers (see case study).
- **Developed a survey to assess workers' wellbeing**, which will be piloted in 2022.
- **Defined 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.

## Earthworm Foundation (EF)



EF continues to be our main implementing partner in our latex and palm oil supply chains, as described earlier in this report.

## Manufacture 2030



Manufacture 2030 supports the delivery of our Supplier Environmental Performance Programme. We work with our suppliers and M2030 to help them reduce their environmental footprint through a series of innovative projects and behavioural changes.

# LOOKING FORWARD

Over the last few years, we have improved our understanding of our value chain human rights impacts and strengthened our work to safeguard those, leveraging our business scale.

We have focused on modern slavery, where we have strengthened our policy requirements and due diligence activities to better prevent and identify modern slavery. Where instances of modern slavery have been identified, we have acted independently or through partners to ensure those impacted gain access to remedy. This includes tackling passport retention within the Middle East and Malaysia and reimbursing recruitment fees to migrant workers in Malaysia. We recognise that modern slavery is a systemic and complex issue in many parts of global supply chains. We remain committed to identifying and addressing modern slavery in all its guises. Over the next 12 months, we will strengthen our work by:

- **Further expanding the scope of our programmes to identify and tackle modern slavery** by engaging more indirect suppliers and distributors. We are also rolling out diginexLUMEN to more suppliers within the Middle East and South East Asia to better understand the migrant worker supply chain.
- **Innovating new due diligence approaches** by developing a survey-based approach with Oxfam Business Advisory Service to assess worker wellbeing.
- **Deploying effective remediation** where we identify cases of modern slavery and transparently report our findings and actions.
- **Supporting suppliers to implement effective site-level grievance mechanisms** using the toolkit developed with Oxfam Business Advisory Service to enable grievances to be raised and effectively addressed close to source.
- **Increasing human rights training** to ensure all employees fully understand and implement our developing policy requirements, addressing value chain risks and promoting the role we have in ensuring human rights are respected.
- **Promoting sustainable livelihoods** by finalising Reckitt's approach to living wage in partnership with the Fair Wage Network.
- **Enhancing our Sustainable Sourcing activities** within our palm oil and latex supply chains to enable a healthier planet and deliver sustainable livelihoods and working conditions.
- **Ongoing collaboration and partnership** through industry associations and forums such as AIM-Progress and the CGF to promote human rights and collectively tackle systemic issues such as modern slavery.



# APPENDIX

Many of our salient human rights issues are largely found within our supply chain, with 82% of our supply chain audit findings concerning health and safety, working hours, fair wages and wage practices and protection of the environment. This appendix provides greater detail and transparency on these four salient issues, split by severity, geographic region and supplier type. We also outline the actions we are taking to tackle these issues.



## HEALTH AND SAFETY

Health and safety continues to be a consistent challenge within our supply chain accounting for 56% of all audit findings. This is most likely due to limited understanding of good health and safety management and the fact that health and safety issues are more easily identified through audits.



70% of the health and safety findings were classified as critical or high severity, covering issues such as insufficient fire exits, blocked fire escapes, locked fire exits and sites not having the required fire safety permits. 57% of findings were in the areas of fire safety, building/site maintenance and chemical safety

The majority of the findings were identified in our raw and packaging material supplier base. This is not necessarily surprising as the majority of these suppliers were newly included in our Responsible Workplace programme and have had little or no engagement in this area before. Although having the most audits, when considering the average number of findings by supplier type, it is apparent that these suppliers are less mature in health and safety than co-packers, distribution and embellishment centres who have been engaged in our programme for a number of years.

At country level, the findings are all in higher-risk regions, with the highest number of findings per audit being in India, China, Pakistan, Mexico and Thailand. This year saw the addition of Mexico due to a high number of audits in the country (28), 22 of which were raw and packaging material suppliers who were newly included into our programme.

We continue working to improve suppliers' understanding of good health and safety management through our audit and capability-building activities. In 2021, a number of suppliers attended AIM-Progress supplier training in China and PSCI supplier training in China and India, both of which focused on health and safety. We will continue to work with these suppliers going forward to build their capacity to deliver sustained improvements in health and safety management.

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# 56%

of findings in 2021 were pertaining to health and safety

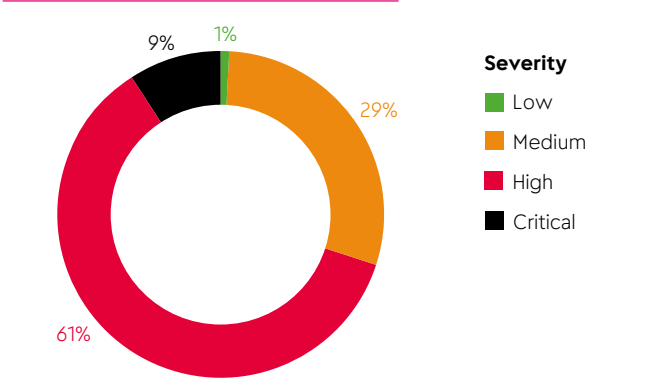
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# 57%

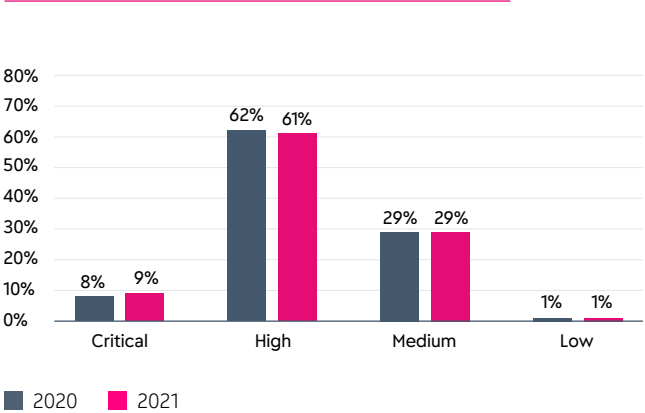
of health and safety findings pertained to fire safety, building/site maintenance and chemical safety

# HEALTH AND SAFETY

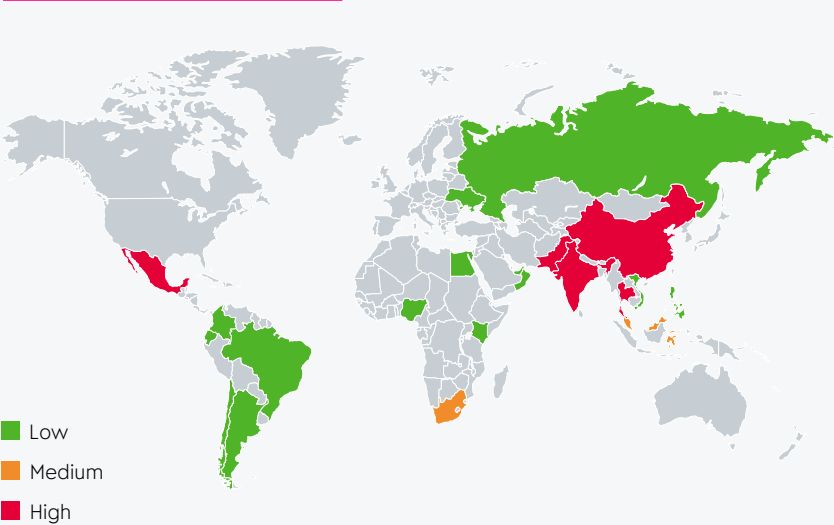
Non-compliances by severity level



Non-compliances by severity level and year



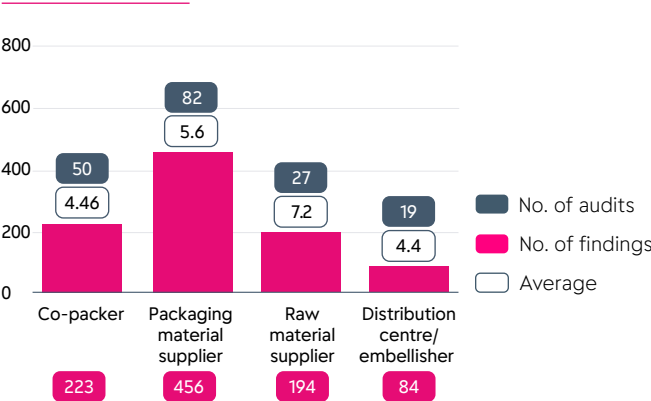
Non-compliances by country



Average

India	1.00	Bahrain	0.08
China	0.49	Philippines	0.08
Pakistan	0.38	Brazil	0.07
Mexico	0.37	Russian Fed.	0.05
Thailand	0.33	Egypt	0.04
Indonesia	0.25	Oman	0.03
South Africa	0.24	Vietnam	0.02
Malaysia	0.23	Nigeria	0.01
Argentina	0.16	Ecuador	0.00
Colombia	0.15	Kenya	0.00
UAE	0.14	Ukraine	0.00
Chile	0.09		

Average number of non-compliances by supplier type



Non-compliances by sub-category

Fire safety	321
Building/site maintenance	121
Chemicals	106
Worker health/first aid/accidents	87
Management systems	70
Machinery	58
Training & communications	57
Accommodation fire safety	36
Personal protective equipment/clothing	33
Housekeeping	22
Hygiene – canteen	16
Hygiene – toilets/bathing	16
Accommodation living conditions	12
Childcare facilities	2

# WORKING HOURS

Reasonable working hours is another salient issue and became even more challenging throughout the pandemic as supply chains were strained due to fluctuating demands, lockdowns and employee shortages due to COVID-19. There is also, frequently, weak enforcement in many countries around working hours.



Due to the nature of the findings, 100% of the findings were classified as high or critical severity. Unfortunately, 2021 saw a 7% increase in critical findings compared to 2020. Typically these were instances where employees worked for 21 consecutive days or more, or where no time records were available for review. The majority of the findings pertained to the number of overtime hours worked which were not compliant with local law or Reckitt's policy, together with insufficient rest days. Several findings noted insufficient working time records (recording start and finish times for all workers), preventing working hours from being verified.

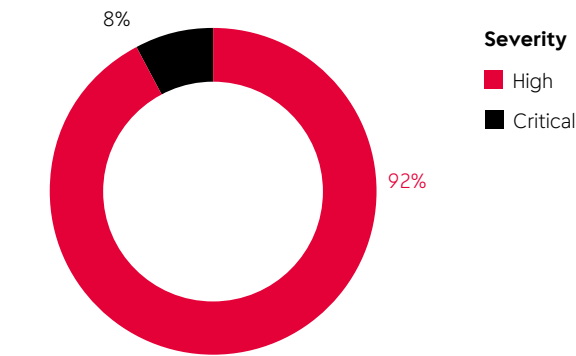
The significant majority of findings were identified in raw and packaging material suppliers which saw the highest number of audits. This is not necessarily surprising, as the majority of these suppliers were newly included in our Responsible Workplace programme and had seen little or no engagement in this area before. Although having the most audits, when considering average number of findings per audit, raw and packaging material suppliers have the highest number, closely followed by our distribution and embellishment centers. Our engagement with distribution and embellishment centres is more recent than with co-packers but we will focus on improving their capabilities and understanding of these issues in 2022 along with our raw and packaging suppliers.

At country level, three countries have significantly more findings per audit than the rest, these being China, India and Thailand. This is primarily driven by excessive working hours being the industry norm alongside limited enforcement of working hour regulations. Furthermore, in some countries such as Thailand, national working hour limits are weaker than ILO standards.

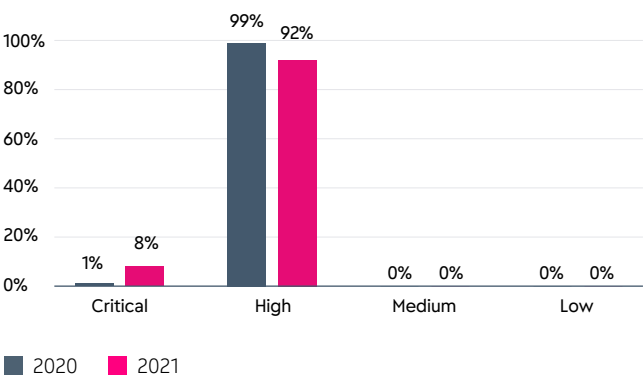
We are working to improve suppliers' understanding of compliant working hours through our audit and capability-building activities. In 2021, we invited suppliers to attend AIM-Progress supplier training in China and PSCI supplier training in China and India, both of which had focus sessions on working hours. We will continue to work with these suppliers going forward to build their capacity to deliver sustained improvements in working hours. We shall also further assess what actions we can take to ensure our procurement practices support.

# WORKING HOURS

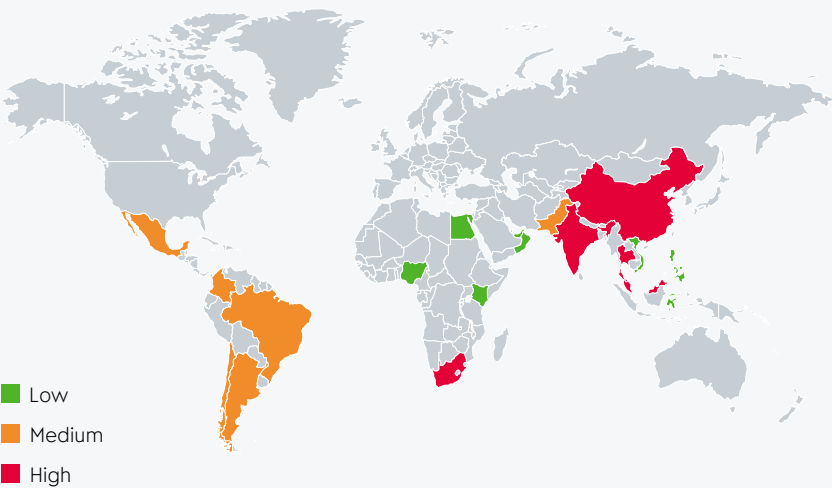
Non-compliances by severity level



Non-compliances by severity level and year



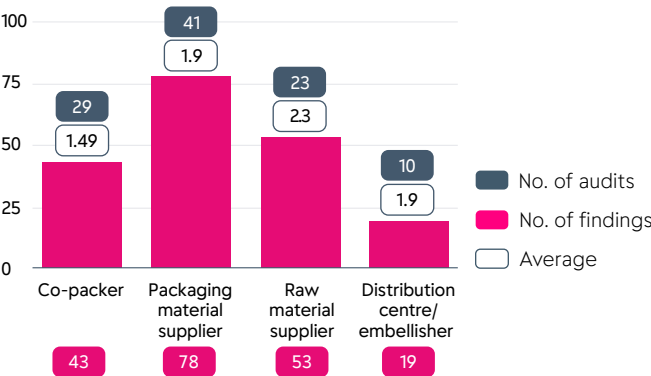
Non-compliances by country



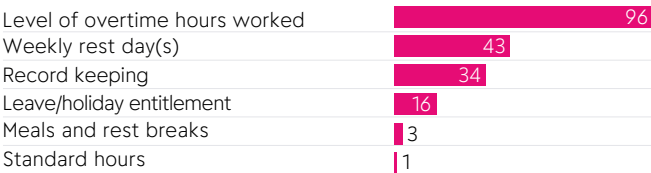
Average

China	1.00	Kenya	0.02
India	0.61	Nigeria	0.02
Thailand	0.47	Egypt	0.00
South Africa	0.25	Oman	0.00
Malaysia	0.20	Philippines	0.00
Mexico	0.18	UAE	0.00
Pakistan	0.18	Vietnam	0.00
Argentina	0.12		
Colombia	0.12		
Brazil	0.10		
Chile	0.10		
Indonesia	0.06		

Average number of non-compliances by supplier type



Non-compliances by sub-category



# FAIR WAGES AND WAGE PRACTICES

Ensuring that workers are paid fair and legal wages is paramount. There is also direct correlation between fair wages and other important areas such as working hours and quality of products.



If wages are below the living wage, then employees often work longer hours or have multiple jobs to provide for themselves and their families. This commonly results in more errors, higher employee turnover, higher onboarding and quality costs, and worse employee safety. This can occur either when the local legal minimum wage is not paid, or where the minimum wage falls below a living wage where regulation lags behind the cost of living.

From the findings on wages identified in 2021, 92% were categorised as high or critical severity, slightly down on 2020 (94%). Typical findings involved an absence of payment records, no provision for a premium rate of pay for overtime, workers not being paid on time and instances where minimum wage was not being paid. The majority of findings (66%) involved benefits including insurance, payment of minimum or industry wages and accuracy/understandable contracts. This is primarily driven by weaker enforcement of wage-related regulations, the financial burden on suppliers and limited understanding of good management practices, particularly for contract labour agencies working on supplier sites. The majority of the findings were identified in our raw and packaging material supplier base which saw the highest number of audits. This is not necessarily surprising, as the majority of suppliers are newly included in our Responsible Workplace programme and have had little or no engagement in this area before.

From the average number of findings by supplier type, it is evident that this group of suppliers is less advanced than co-packers, distribution and embellishment centres with whom we have been engaging for a number of years. India and China had the highest number of findings per audit, followed by Thailand.

We will continue to work closely with procurement teams and suppliers through our audit and capability-building activities to gradually improve standards.

# 92%

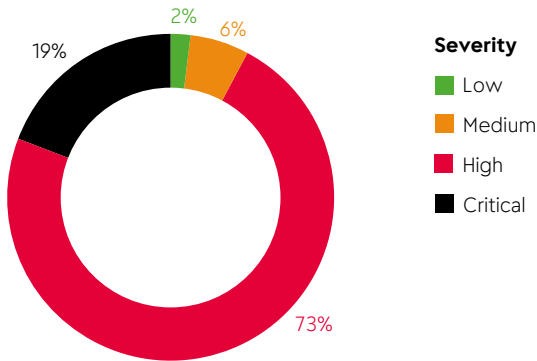
of wage related findings were critical, down from 94% in 2020

# 66%

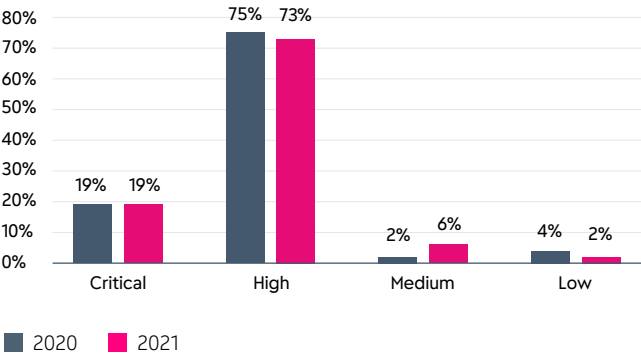
of findings concerned benefits

# FAIR WAGES AND WAGE PRACTICES

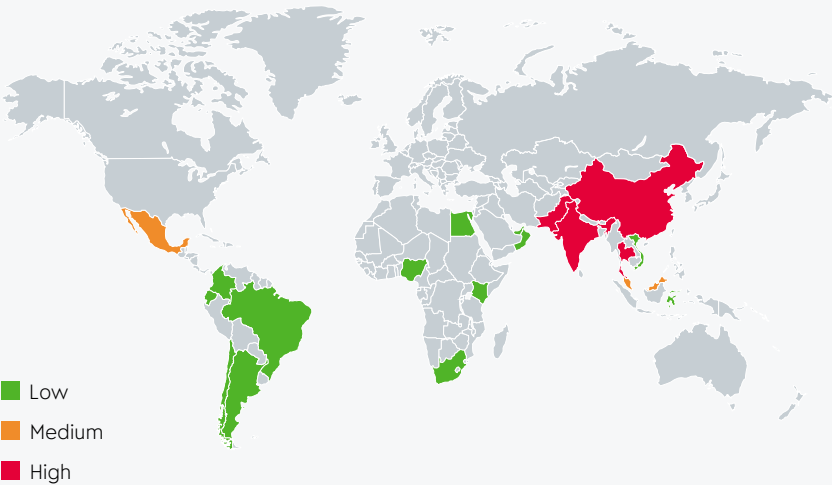
Non-compliances by severity level



Non-compliances by severity level and year



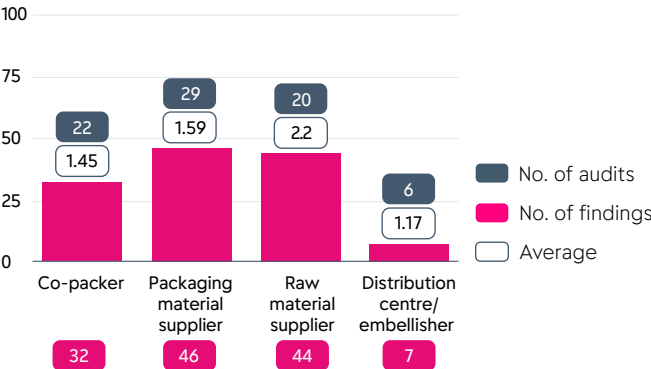
Non-compliances by country



Average

India	1.00	Vietnam	0.03
China	0.72	Bahrain	0.00
Thailand	0.44	Chile	0.00
Pakistan	0.28	Ecuador	0.00
Mexico	0.17	Egypt	0.00
Malaysia	0.11	Indonesia	0.00
Brazil	0.06	Oman	0.00
Kenya	0.06		
Philippines	0.06		
South Africa	0.06		
UAE	0.06		
Colombia	0.03		

Average number of non-compliances by supplier type



Non-compliances by sub-category

Benefits including insurance	31
Payment of minimum/industry wages	31
Accurate/understandable contracts	23
Inappropriate deductions	17
Premium rate for overtime	15
Record keeping	12

# PROTECTION OF THE ENVIRONMENT

Human rights and the environment are intrinsically connected, with a healthy, clean and safe environment being important in upholding human rights for people around the world. With increasing environmental disasters caused by global warming, more people are being impacted by climate change.



Negative impacts often disproportionately affect more vulnerable people. As a result, we are engaging our suppliers to ensure they comply with all relevant environmental legislation and improve their environmental performance to reduce their impact on the environment. Furthermore, we are proactively engaging our co-packers through Manufacture2030 to understand their energy, water and waste consumption, and supporting them to develop improvement plans through our Supplier Environmental Performance Programme. In 2021, our co-packers completed 208 environmental improvement actions.

Of the 2021 audit findings, 66% were categorised as high or critical severity. Typically, these involved inadequate storage or disposal of hazardous waste, incorrect or missing waste disposal permits, and emissions containing contaminants over legal emission limits. The majority of findings (74%) involved environmental management systems, general environmental compliance and waste management. These issues were most prevalent within India, Pakistan, China and Thailand.

When considering the average number of findings by supplier type, we saw the highest number of findings in raw material suppliers, followed by distribution, embellishment centres and co-packers. Challenges across all supplier types show that our focus on working with suppliers to improve their environmental performance is the correct one. However, further engagement and support is required.

# 208

environmental improvement actions were completed by our co-packers in 2021

# 66%

of the 2021 findings were categorised as high or critical severity

# 1,460

metric tonnes of carbon saved

# 1,737

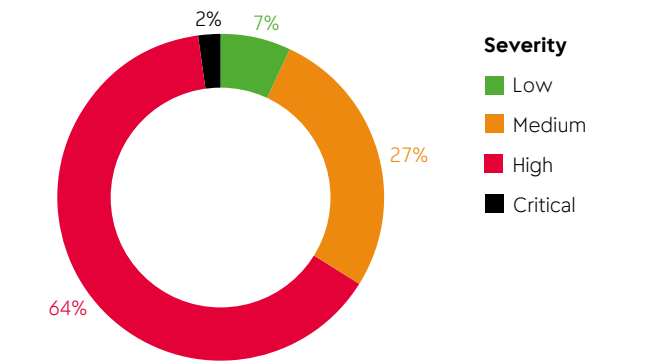
tonnes of waste savings

# 59,058

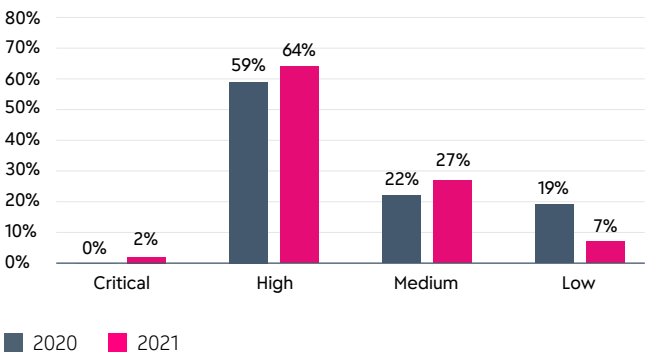
m<sup>3</sup> of water savings

# PROTECTION OF THE ENVIRONMENT

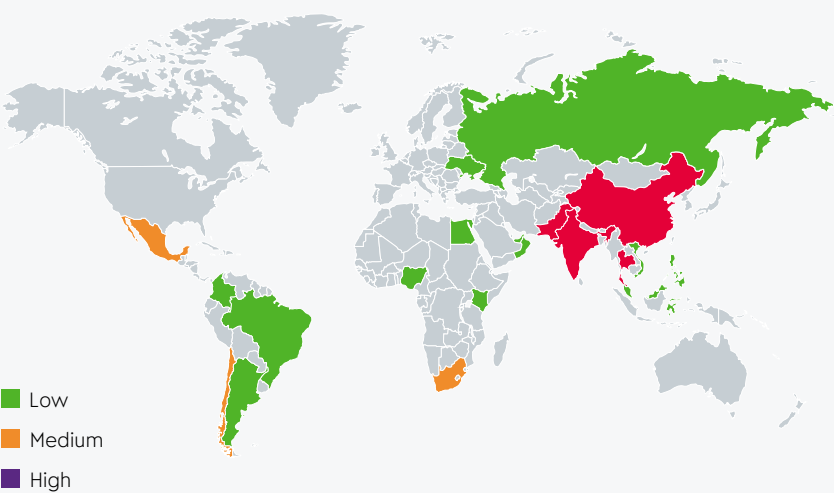
Non-compliances by severity level



Non-compliances by severity level and year



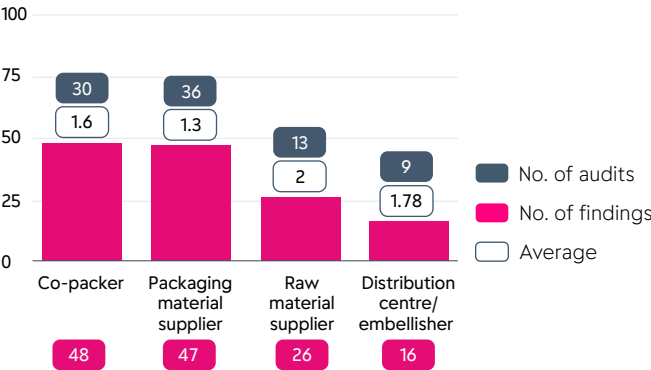
Non-compliances by country



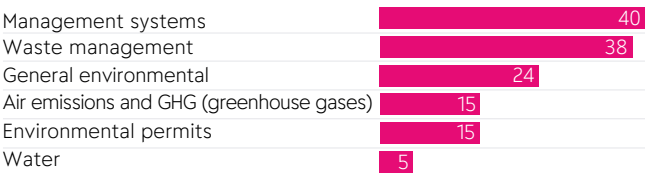
Average

India	1.00	UAE	0.04
Pakistan	0.30	Bahrain	0.02
China	0.24	Oman	0.00
Thailand	0.24	Philippines	0.00
Mexico	0.17	Russian Fed.	0.00
South Africa	0.15	Vietnam	0.00
Chile	0.11		
Colombia	0.09		
Brazil	0.07		
Malaysia	0.07		
Argentina	0.04		
Indonesia	0.04		

Average number of non-compliances by supplier type



Non-compliances by sub-category



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Globally, Reckitt Benckiser Group plc has numerous policies, processes and programmes in relation to ethics, compliance, human rights and modern slavery which cover multiple subsidiaries and related entities around the world\*. The policies, processes and programmes relating to modern slavery and human rights are implemented by Reckitt and are applied consistently across the world to serve as the basis for which its related entities operate. Furthermore, due to the nature of our global supply network, suppliers are shared across regions and the procurement teams work together. This statement has been prepared in consultation with the procurement teams that help manage our modern slavery compliance. The preparation of this statement involved stakeholders from a wide range of functions and regions within Reckitt, including Reckitt (Hygiene) Australia. It has been approved by the Board on 20 May 2022 and by the relevant reporting entities.

This document serves as a statement complying with the Modern Slavery Act Statement 2015 in the UK, the Modern Slavery Act 2018 (Cth) in Australia and the California Transparency in Supply Chains Act 2010 in the US.



**For more information  
please contact:**  
[sustainability@reckitt.com](mailto:sustainability@reckitt.com)

**[reckitt.com](https://www.reckitt.com)**