

STRATEGIC IMPERATIVES:  
GROW BRANDS AND INNOVATE

# FOCUS ON: INNOVATION

Innovation is a key engine for growth at Reckitt. We develop superior solutions grounded in science that delight consumers and extend our categories. Our expanded knowledge base and strengthened innovation pipeline are unlocking new opportunities for sustainable growth.

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ANGELA NAEF  
CHIEF R&D OFFICER

Our innovative culture is at the heart of everything we do. In the face of unprecedented challenges to our business, we developed and scaled cutting-edge solutions to continue serving our customers and consumers.



## STRATEGIC IMPERATIVES CONTINUED

**Strategic innovation benefits the business**

Innovation is a key source of our competitive advantage. It ensures our product portfolio meets consumers' evolving needs in a changing world.

Innovation helps drive the growth agenda by delivering smart solutions and superior, more sustainable products. We identify opportunities through consumer research and customer feedback, and by understanding key market and scientific trends. A strengthened innovation pipeline is creating opportunities for future sustainable growth in our brands.

**Embedding sustainability**

Sustainability is a key consideration. We want every product change we make, whether it's a minor incremental improvement or major new launch, to have a positive impact on sustainability. All innovation projects are assessed against sustainability criteria using our Sustainable Innovation Calculator. This rates products' carbon, water, plastics, packaging and ingredients performance and scores our extended producer responsibility risk.

**Our Sustainability Innovation Calculator**

Data output for illustration purposes only.

**CARBON**

5.39 pts

**PLASTICS**

5.00 pts

**INGREDIENTS**

5.91 pts

**WATER**

20.3 pts

**PACKAGING**

3.10 pts

**An integrated approach**

An innovation mindset is rooted in our culture. We conduct scientific research and tap into expertise, both internally and outside the company, to grow our knowledge base. We apply that knowledge by sharing best practice and working together to build smarter solutions.

Our innovation process combines teams and individuals around the world, integrating people and processes as specialists in different competency areas.

We connect competencies and capabilities at the right times and places to solve problems faster. In 2022, when another manufacturer temporarily shut a major infant formula factory in the US, we sourced additional supplies from production facilities outside of the US, which meant we had to collaborate closely with authorities to accelerate regulatory approval to allow distribution in US markets.

And when the war in Ukraine disrupted the supply of sunflower oil, a key ingredient for infant formula products, we moved quickly to get regulatory approval to reformulate in case it was needed. Using our science, knowledge and external advocacy strengths, we work together to anticipate and solve these kinds of problems, making us a more agile and responsive organisation.

We deploy our regulatory and medical capabilities to open up new markets and create new, differentiated claims. We also look at trending new categories and growth opportunities beyond our current product portfolio to ensure our innovation pipeline is sufficiently varied and disruptive.

**CASE STUDY**

## A MORE SUSTAINABLE SOLUTION WITH VANISH MULTI-POWER TABS

The 2022 UK launch of Vanish multi-power tabs improved the product's sustainability and efficacy. The new format packaging, designed for online buyers, delivers a standard dose in tablet form. The tabs have been reformulated with better ingredients and improved regenerative, biodegradable and chemical footprint scores. This 30-tab product package saves carbon and water usage as well as reducing pack and plastics weights on a per-dose basis.



## STRATEGIC IMPERATIVES CONTINUED

## Science platforms

Interconnected, foundational disciplines

Polymer  
science

Microbiome

Allergy  
and immunityDigestive  
healthSensory  
enrichmentSurface  
chemistryGrowth  
and cognition

Entomology

Smart  
release

We continue to invest in science and we protect our science-based innovation through patent filings and enforcement. Our international patent filings rose by 17% in 2022.

## Consumer-centric analysis

Innovation at Reckitt is built on understanding in detail what consumers really want. We collect human insight through our sales teams, supply chain partners, customers and consumers. Our sensory and consumer science labs combine that feedback with behavioural analytics.

We use that knowledge to create impactful products that solve specific consumer problems. We succeed with solutions that satisfy the consumer's overall experience. This is key to how we deliver ownable product differentiation. Our recently launched Durex PU 001 and Durex PU 003 condoms are great examples.

## Building depth with science platforms

Our science platforms are independent of our individual brands, they yield insights that can create value across multiple brands and products. They are springboards to sustainable growth. We conduct in-depth research in nine interconnected foundational disciplines. This unearths scientific and technological discoveries with implications in multiple brands and categories. Some are technical, near-term solutions; others have long-term implications.

Through our science platforms we are expanding knowledge and constructing a robust, forward-looking innovation pipeline that focuses on real differentiation, future growth pathways and sustainable outcomes.



## CASE STUDY

DUREX: POLYURETHANE  
CONDOMS

We had identified a consumer need for a soft, comfortable experience. Our investment in deep science expertise, including work from the polymer science platform and coordinated R&D leadership, paid dividends.

We launched our first polyurethane condom, the Durex PU 001, in 2021 to meet that consumer need. Since then, we have continued to deepen our understanding of PU chemistry to enable the design of improved products. In 2022, we introduced the 003, for an even softer, more comfortable experience. The 003's size and fit attributes make it almost imperceptible to the wearer and less interruptive to the moment.



## Partnering for competitive advantage

Good science is founded on fundamental knowledge, research, collective discovery and a broad range of experiences and partners. We regularly participate at conferences and events and engage on topical issues in our specialist areas of expertise, supported by our partners from industry and academia.

Growing academic engagement with our scientific research is improving understanding of digestive health. In 2022, for example, we published five peer-reviewed publications in digestive health and presented our work with external partners at three global congresses, which contested the widespread view that heartburn and indigestion are caused by too much acid and proposed that healthcare professionals should instead treat reflux as a mechanical event. This has led to the inclusion of Gaviscon on four new treatment guidelines in Europe and Developing Markets due to growing academic awareness and engagement with our body of data that is driving a better understanding of digestive health.

Innovation can come from anywhere: we cultivate our innovation culture as a key value creator. We issue regular innovation-led challenges to encourage colleagues to share great ideas. We encourage and incentivise entrepreneurial thinking.

We engage externally, including through our online innovation hub, IGNITE with Reckitt, which launched in 2022. IGNITE invites external partners to work with us on specific challenges to accelerate our approach to solving and scaling up science and technology-driven solutions. The IGNITE platform has triggered enquiries and submissions from a wide range of partners, including small-scale start-ups, academics and companies from around the globe.



## STRATEGIC IMPERATIVES CONTINUED



**CHRIS HOUSMEKERIDES**  
SVP R&D, HYGIENE

The launch of the Auto-Dishwashing category's first recyclable paper-based pouch, with 75% less plastic is a significant step on our sustainability journey.



These challenges and partnerships contribute to our short-term product development. The longer-term picture is also promising. Broadening our science and knowledge base and investing in capabilities has built a foundational platform for future disruptive and transformative solutions.

We join forces with experts, peer companies and trusted partners to progress the best ideas. Over the last three years, we have been working with flexible packaging leader Mondi as our innovation partner to develop more sustainable packaging for Finish. In November 2022, paper-based, recyclable Finish Ultimate Stand-Up pouches were piloted at French Carrefour stores. Finish is leading the way on plastic reduction. This paper-based packaging is the first of its kind in this product category.

Science-based research is accelerating our development by building knowledge with applications across our portfolio.

When consumer research revealed a preference in India for a more viscous Harpic product, we teamed up with a leading manufacturer of measuring instruments in the field of rheology to develop our understanding of the brand's rheological performance. This led to the launch in India of a modified Harpic formulation with 20% more viscosity that flows slower and cleans tough stains better. The knowledge gained about the flow behaviour of acid-based thickening systems from the Harpic rheology investigation has applications for many of our products.



### A flourishing and dynamic pipeline

Our innovation pipeline is balanced to deliver multi-year growth for Reckitt. We focus on making the right strategic choices to maximise our return and deliver a robust, balanced pipeline for the future.

Several factors influence our strategic choices, including whether there are margin-accretive top-line growth opportunities, consumer needs and demand, the investment required, the likelihood of technical and commercial success, as well as non-financial elements, like IP potential, the regulatory environment and sustainability. Our strategic pipeline actions need to balance the short-, medium- and long-term value to Reckitt.

We also balance the type of innovation we undertake by combining core, adjacent and disruptive innovation projects in our portfolio. We assess their different risk profiles, timings and resource requirements against the potential opportunity and value they can generate.

Balancing our innovation pipeline allows us to protect existing products and grow our categories and consumer base whilst also developing novel, technologically differentiated products that satisfy unmet consumer needs.

Investment is prioritised against initiatives driving growth. Our pipeline continues to increase year on year. In 2022, we met our investment and pipeline targets. Looking further ahead, we aim to grow the innovation-led contribution to net revenue every year. We will continue to launch at pace whilst also pursuing longer-term projects focused on future growth.