

# A global force in health & hea

2014

Reckitt Benckiser Group plc ('RB') Sustainability Report Introduction

Healthier communities Better Design

Better Production

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# Introduction

RB is the global leader in consumer health and hygiene. The Company has operations in over 60 countries, with headquarters in the UK, Dubai and Amsterdam, and sales in almost 200 countries.

# What's inside?

The first section of the Sustainability Report provides a review of progress made throughout the year towards our betterbusiness strategy. The second section outlines our approach to reporting and includes more details on our sustainability performance. Further information can be found at rb.com/sustainability.

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# ⇒ Section 2

Everything you would want to know about the background to our reporting is in this final section. Our Performance and Approach 19 Approach to reporting 20 Materiality 21 Managing sustainability 23 Progress and performance 35 GRI Index

# \* **£8.8bn**

net revenue

\* **>7bn** 

products sold annually

74%

of core net revenues from Health and Hygiene

# The right values

- Achievement We don't just aim high, we strive for outperformance.
- Entrepreneurship Daring to be different, taking calculated risks.
- → Ownership Treat the Company as if it were your own.
- → Partnership Leveraging relationships for outperformance.

"RB – The global leader in consumer health and hygiene." Global claim based on RB's definition of combined Consumer Health and Hygiene Sales. Data sources: Consumer Health: OTC (Nicholas Hall); Condoms/Devices (ACNielsen); Footcare (ACNielsen – select markets only); Hygiene: RB select categories (Euromonitor).



s Better Design

Better Production

**GRI Index** 

# RB at a glance Innovating for healthier lives & happier homes.

RB is a unique global health, hygiene and home company with products across a host of fast-growing consumer segments that deliver benefits for all stakeholders.

Introduction

# Our vision

Our vision is a world where people are healthier and live better.

# Our purpose

Our purpose is to make a difference by giving people innovative solutions for healthier lives and happier homes.

# Our strategy

#### Organisation

We have organised our business around geographical Areas, subdivided into consumer clusters.

#### Powermarkets

A clear focus on our 16 Powermarkets where we see exceptional potential for growth matched with an ability to win. A significant number of these are in emerging markets.

#### Powerbrands

A substantial focus on our 19 Powerbrands in the Health, Hugiene and Home categories.

#### Margins

We focus on higher margin initiatives. This funds investments in our brands, capabilities, development and moderate margin expansion.



#### Profile

Generally over the counter (OTC) solutions in this category target relief for common ailments such as pain, fever, cold, flu, sore throat or heartburn. Living the brand promise is critical in this category as consumers seek solutions to everyday health and wellbeing issues. Sexual wellbeing products including condoms, lubricants and other aids, make up part of our health portfolio promoting safe and pleasurable sex. Footcare rounds out this category with products to address hard skin and other foot and nail conditions.







Hygiene brands help to promote both personal hygiene for good health and home hygiene to create a safe environment for families. Our range of products includes disinfectant cleaners, multipurpose and specialty cleaners, lavatory care, automatic dishwashing detergents, pest control products and depilatory products.



#### Profile

Home

Core net revenues





# Other reporting segments

#### → Food Food is run as a stand-alone business. French's is the leading mustard brand in the US.



# Portfolio

The main component in the Portfolio Brands category is the laundry and fabric softener business.

# Our organisation



Our organisation is informed by consumer clusters. Europe and North America are combined as one organisation – ENA. LAPAC and RUMEA are the two emerging market Areas we created to drive brand penetration. In 2015, we will reduce the three Areas to two: ENA and DVM (Developing Markets). This will create a simpler, more agile organisation.

#### LAPAC – 27% Core net revenues

North Asia / South East Asia / Australia & New Zealand / Latin America **ENA** – 58% Core net revenues

North America / Central Europe / Northern Europe / Southern Europe / Western Europe

RUMEA – 15% Core net revenues

Russia & CIS / Middle East, North Africa & Turkey / Sub-Saharan Africa

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**GRI Index** 

# CEO's introduction

# Sustainability at the foundation of our strategy

Introduction



Rakesh Kapoor Chief Executive

"Our purpose is to deliver innovative solutions for healthier lives and happier homes. Three years ago RB launched its purpose-led strategy to chart a course for sustainable, responsible growth."

But the world as we know it is changing at an unprecedented rate. Our sustainability challenges are global, interconnected and by all measures, intensifying. Rising temperatures, water scarcity, energy demands and changing demographics present potential challenges to the long-term success of our business, but also offer great opportunities.

Here is where companies like RB have an important role to play. We have embraced the concept of shared value where growth and responsibility go hand in hand. We call it betterbusiness.

Today, our betterbusiness strategy is at the heart of the business and plays an integral role in how we innovate and manufacture. We are focused on delivering social value through health and hygiene product innovation and education while decreasing environmental impacts and costs.

To respond to key global trends, our betterbusiness strategy with its drive toward better health and hygiene focuses on specific areas where we can make the biggest difference: water scarcity, rising temperatures and increasing energy demand, the relationship between these issues and our business operations.

First, by 2020 we will reach 200 million people to improve their health and hygiene. Since 2013, we have already reached 141 million people through brand-led health and hygiene initiatives. We are also making good progress on our ambition to "Save a Child Every Minute" through our partnership with Save the Children to stop diarrhoeal deaths in children under five. We have launched programmes in Nigeria and Pakistan with India due to commence in early 2015.

Second, we will reduce the environmental footprint of the products in our pipeline by embedding sustainability into the way we innovate, and by 2020 one-third of our net revenue will come from more sustainable products. By end 2014, 50% of our pipeline was from more sustainable innovations<sup>1</sup>. Solid steps towards our goal, but there is of course more work to be done.

Third, we will reduce our carbon footprint and water impact. Since 2012, we have decreased our manufacturing water use by 25% and energy use by 13% per unit of production. In addition, we are reducing our waste and are committed to achieving zero waste to landfill. In 2014, all of our manufacturing sites in ENA and LATAM sent zero waste to landfill and we reduced our waste per unit of production by 7% since 2012. We also remain focused on working with our suppliers to ensure environmental and social impacts are managed throughout our supply chain.

This is evidence of good progress in areas within our control, but reducing impacts from the use of our products is the real test as most carbon and water impact comes not from manufacturing or distribution, but from the use of our products. Driving long-term behaviour change will take time but needs to be pursued vigorously.

Since our baseline year of 2012, we have reduced our overall carbon footprint by 3% and water impact by 2%<sup>2</sup>. In 2014 despite our best efforts, we did see an increase in our total carbon and water impact versus 2013, which was partly due to success of our hygiene products. This creates an uncomfortable tension because on the one hand, we are improving the hygiene and health of millions of people, and on the other, we are increasing water usage as a result. In the end, we will have to balance environmental impact with social benefits.

This report aims to give you an understanding of the progress we are continuing to make towards our goals and our benchmarks for the years ahead. So while I am proud of the progress we have made, RB has and will continue to set our sights ever higher. That is our fuel, our people are inspired by our vision of a world where everyone is healthier and lives better.

#### **RAKESH KAPOOR /** Chief Executive

1 As defined by our Sustainable Innovation Calculator, see <u>page 11</u> for details. 2 Per dose of product.

# Our 2020 goals

Three challenging goals underpin our betterbusiness strategy

**200m** 

people to improve their health and hygiene

1/3

net revenue from more sustainable products

1/3

reduction in carbon footprint and water impact<sup>2</sup>



unities Better Design

Better Production

# The world is changing more rapidly than ever

Introduction

Our betterbusiness strategy responds to the complex challenge the world faces. We are focusing on where we can make the biggest difference: the need for better hygiene, water scarcity, rising temperatures and energy demand and the relationship between these issues and our business.

Our 2020 goals, outlined in more detail on page 5, are supported by activities across the three pillars of Healthier Communities, Better Design and Better Production. Together, these will enable us to maximise the positive impacts of our brands while minimising environmental impacts and costs to deliver sustainable growth.



Our three pillars

# Healthier Communities Improving health and hygiene behaviour through our brands and partnerships.

final for the set of the set o

## ⇒ Better Design

Creating products that use less water, energy and packaging, and more sustainable ingredients.

See page 10

### Better Production

Reducing our environmental footprint in production, meeting our social standards and keeping our people safe.

# The challenge is complex

Performance

<sup>•</sup> 1bn

people already live in areas of water scarcity

<sup>•</sup>2.5bn

people lack access to sanitation today

→ >2°C
projected temperature increase

due to climate change

9.6bn estimated population in 2050

# betterbusiness Healthier lives. Happier homes.

**RB** Sustainability Report 2014  $\leftarrow$   $\rightarrow$ 

**Better Design** 

**Better Production** 

# Healthier Communities

Introduction

# 2020 goal

#### Goals

- Reach over 200 million people
   Deliver hygiene, sanitation, to improve their health and hygiene.
- Remove diarrhoea as one of the top killers of children.

#### **Priorities** sexual health, and mosquito borne disease prevention programmes.

- Deliver innovative products and programmes to tackle the causes of diarrhoea and test them in key markets.
- Engaging employees.

# ⇒ Better Design

# 2020 goal

#### Goals

- One-third of net revenue (NR) from more sustainable products.
- One-third reduction in carbon footprint per dose of product.
- One-third reduction in water footprint per dose of product.
- **Priorities** 
  - 100% of product innovations assessed by our Sustainable Innovation Calculator. • 100% compliance with our
  - Restricted Substances List and committed to 100% transparency.
  - 100% responsibly sourced natural raw materials.

# Better Production

Performance

# 2020 apal

#### Goals

**Progress** 

- Keep our people safe.
- Reduce our environmental footprint in production.
- 100% compliance with RB's social standards.

#### **Priorities**

- Zero fatalities and serious accidents, continued reduction in lost work day accident rate and introduction of total recordable frequency rate metric.
- 35% reduction in water and energy, 40% reduction in greenhouse gas emissions and 10% reduction in waste. per unit of production.
- Net-zero emissions from manufacturing.
- Zero waste to landfill<sup>3</sup>.

#### **Key achievements**

- We launched "Save a Child Every Minute" pilot programmes in Pakistan and Nigeria in 2014.
- £6.5m committed to Save the Children in 2014.
- Measured the reach of our brand health and hygiene programmes for the first time.

#### Progress

Since 2013 we reached:

- 70 million people through hygiene education and sanitation programmes.
- 70 million people with sexual health messaging.
- >1 million people with malaria/ dengue prevention education programmes.

#### **Key achievements**

- 50% of our product pipeline is more sustainable as defined by our Sustainable Innovation Calculator.
- Launched European paraben removal programme (in line with our Restricted Substances List).
- Traceability to refinery for 100% of our palm volumes (excluding surfactants).

#### **Progress**

- £325m NR is from more sustainable products (4.7% total NR)<sup>2</sup>
- 3% reduction in carbon footprint per dose since 2012.
- 2% reduction in water impact per dose since 2012.
- Since 2012:

- 13% reduction in lost work day accident rate. 25% reduction in water use per unit of production. 8% reduction in greenhouse gas emissions per unit of production.

of our product pipeline is more sustainable

£325m

NR is from more sustainable products<sup>2</sup>

2 Q1–Q3, see page 11 for details.

1.2 million trees.

compliance programme.

factories sending zero waste to landfill (including hazardous and non-hazardous manufacturing waste)<sup>4</sup>

Since 2012 we have gone from four to 35 sites achieving zero waste to landfill, 74% of our factories globally.

3 Including hazardous and non-hazardous manufacturing waste.

13% reduction in energy use per unit of production.

• Net zero emissions from manufacturing from planting over

100% of third-party manufacturers included in RB's social

7% reduction in waste per unit of production.

4 As at 31 December 2014.

people reached since 2013<sup>1</sup> with health and hygiene messaging

of goal to reach 200 million people achieved

1 Total has been rounded down to account for possible double counting.

On plan. Or plan. Or plan.



# Improving health and hygiene behaviour

Healthier communities is about improving health and hygiene behaviour through our brands and partnerships.

people reached since 2013 with health and hugiene messaging e615m

Save the Children in 2014

°**£3.25**m

of this was raised by employees

See page 9

ities Better Design

**Better Production** 

GRI Index

# 2020 goal

# Reach over 200 million people to improve their health and hygiene behaviour

Introduction

#### Privifies Our health and hygiene focus areas:

Dettol/Lysol – better hygiene Durex – sexual health Harpic – hygiene and sanitation Mortein – mosquito borne disease prevention

# Approach

While our products provide innovative health and hygiene solutions for our consumers, we also believe that our brands are powerful socia weapons against infection and disease. By bringing together the health/hygiene awareness and education work of our Dettol, Lysol, Harpic, Mortein, and Durex brands, and collaborating with key stakeholders, we can make a real difference for people's lives. Through these activities, we aim to reach more than 200 million people to improve their health and hygiene behaviour by 2020.

# Initiatives

#### Dettol helps new mums

Having a new baby is an immensely rewarding time for new mums, which also comes with a tremendous responsibility of caring for their child. Protecting a new baby from illness and infection is crucial as their immune system is not yet fully developed, making them particularly vulnerable.

Dettol has over 80 years' expertise in hygiene and an enduring interest in protecting newborns from infection. Since 2013, it reached approximately 36 million new mothers around the world with hygiene education.

Dettol works with a variety of partners from governmental organisations to health care professionals to support mums and show them how small interventions can be hugely impactful and provide protection not only to their little one, but to the whole family.





For more information visit dettol.co.uk

# Progress

# → People reached

**70**m

people through hygiene education and sanitation programmes

**70**m

people with sexual health messaging

>1m

people with malaria/dengue prevention education programmes

# How do we measure reach?

Each brand programme reaches people though the medium best suited to deliver its health or hygiene message to the intended audience – from in-person demonstrations, to Facebook posts, to celebrity endorsements. For example, Dettol's programme to promote good hygiene amongst new mums delivers messages directly through face-to-face talks with health care professionals and indirectly through educational leaflets and online mums forums. In contrast, having identified online sources and peers as key sources of sexual health information amongst young people, Durex sparks peer-to-peer conversation and delivers educational content through social media.

Our methodology has been assured by Ernst & Young – see our **Basis of Preparation**.

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# Initiatives

#### Dettol Banega Swachh India

As one of India's most trusted brands, Dettol has reached over 6 million children with handwashing education in over 20,000 schools since 2006. But that is not enough for a population where over 50% have no access to a toilet and over 100,000 children die a year from diarrhoea.

Introduction

In 2014, RB India launched a nationwide movement to promote a cleaner, healthier India. The programme aims to improve hand hygiene and sanitation through a combination of behaviour change programmes and infrastructure improvements. Over the next five years, our Swachh Express bus will reach out to 2,000 villages to co-design and deliver community-based hygiene behaviour change campaigns. In 2014, it visited around 400 villages across eight states. To raise awareness, we also set a record with 1.4 million children simultaneously washing their hands on Global Handwashing Day 2014.

In order to take the message of hygiene and sanitation to an even larger audience, we have partnered with Facebook and NDTV, one of India's leading television stations. Our 12-hour nationwide Cleanathon on NDTV, reached over 12 million people on air and online. Celebrities, including campaign ambassador, Bollywood star Amitabh Bachchan, have also helped to broaden reach.

#### Durex "Someone Like Me'"

Someone Like Me is a social movement championing happier and healthier sex lives across the globe. With the majority of young people not comfortable talking about it, Durex aims to break down taboos and open up the conversation about sex. The campaign, born from the insight that teens and young adults look to the internet and friends for information about their sexual health, aims to spark conversations on social media. Since 2013, the campaign has reached approximately 70 million people through social media alone with sexual health education messaging.

In an effort to reach younger audiences, Durex also piloted a programme delivered in schools in Mexico. The pilot reached over 300,000 students with sexual health education materials in 2014 and will be rolled out globally in 2015.

I2m

people reached through 12-hour nationwide Cleanathon in India





# Outlook

We recognise that different communication mediums have varying levels of impact on health and hygiene behaviour. While we have engaged a large number of people in health and hygiene conversations through digital and social media, the real challenge will be measuring the impact of our communications. Our systems to measure the social impact of our awareness, education and ultimately behaviour change programmes are emerging and will evolve in the coming years. Introduction Healthier communities

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Performance

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# 2020 goal

# Remove diarrhoea as one of the top five killers of children



Help stop deaths
from diarrhoea
In partnership with

Save the Children

# Priorities

- Pilot an approach based on the WHO-UNICEF 7 point plan
- Test and launch new low-cost products designed to tackle the causes of diarrhoea
- Engage employees

# Approach

Our "Save a Child Every Minute" programme aims to significantly reduce the number of children under five that die from the preventable disease, diarrhoea. RB is working with Save the Children as part of a public-private partnership that will pilot and roll out a holistic, replicable, scalable approach based on the WHO-UNICEF 7 point plan to combat diarrhoea. As part of this, RB will leverage its product and behaviour change innovation capabilities.

Since a substantial portion of the funds committed to the programme are raised by employees, they are highly engaged with the partnership.

# Initiatives

RB's focus is on three of the top six countries which currently rank highest in diarrhoea deaths globally: India, Pakistan and Nigeria. In 2014, pilot programmes to prove the 7 point plan below were launched in Pakistan and Nigeria. Our focus was on developing multi-level partnerships and creating a baseline on which to measure behaviour change based on our interventions in 2015. Our third pilot programme will launch in India in 2015. It will build off the success of our existing WASH programme in India which has reached over 300,000 since 2013.

#### WHO-UNICEF 7 Point Plan



#### **Product innovation**

RB's innovation capabilities and capacity to galvanise partners, customers and employees will be key to achieving our goals. We work closely with partners inside and outside the business to create new product ideas that can help to prevent deaths from diarrhoea.

We are currently testing products that are designed to be affordable and effective when there is low water availability.

#### Employee engagement

In 2014, we raised £3.25 million through a variety of activities planned and executed by Save the Children champions and other employees around the world. For example, our celebration of Universal Children's Day saw 30 RB locations collectively raising awareness of hygiene issues as well as funds for the programme.

# The challenge

• 567,000 children die each year

from diarrhoea

Countries with the highest diarrhoea deaths globally

1 India	123,668
2 Nigeria	96,000
3 Democratic Republic of Congo	89,900
4 Afghanistan	82,100
5 Ethiopia	73,700
6 Pakistan	53,300

children die every hour from diarrhoea

# Outlook

In 2015, our priority for our "Save a Child Every Minute" programme, across our target areas will be on creating a social enterprise network to distribute these products and promote positive hygiene behaviours. RB is committed to reinvesting the profits from the sale of these products into continued product development and programmes to help stop children dying from diarrhoea.

Better Design

# Peveloping responsible priducts

Better design is about creating products that use less water, energy and packaging across their lifecycle. We also strive to use better ingredients – for consumers and for the environment. ⇒ 50% of our product pipeline is

more sustainable

<sup>•</sup>100%

of pipeline is assessed by our Sustainable Innovation Calculator \* <u>£325</u>

NR is from more sustainable products<sup>1</sup>

1 Q1-Q3, <u>see page 11</u> for detail.

RB Sustainability Report 2014  $\ \leftarrow$   $\rightarrow$ 

hities Better Design

Better Production

GRI Inc

# 2020 goal

# 1/3 net revenue from more sustainable products

Introduction

# Priorifies

100% of product innovations assessed by our Sustainable Innovation Calculator

# Approach

By 2020, we're aiming for one-third of our net revenue (NR) to come from products that are significantly more sustainable than their predecessors without compromising on performance. To deliver this, we require our product developers to innovate through a sustainability lens. Guided by our Sustainable Innovation Calculator, they measure the lifecycle impacts of ingredient and packaging alternatives in real time. A product that performs significantly better on at least one of the environmental aspects shown to the right and no worse in any others is considered more sustainable.

# Overview

In 2014, a total of £325 million (about 5%) of our total Q1-Q3 NR came from more sustainable products. With a significant portion of our NR from innovations launched over the last three years, we focused on improving the sustainability profile of our pipeline in 2014. Over 50% of our pipeline consisted of more sustainable products at year end. Since products can take a few years from concept to launch, we've laid a good foundation to meet our 2020 goal.

We're also creating a culture of sustainable innovation with clear personal development targets, rewarding innovation challenges, and our global network of Sustainability Champions. Since 2012, we've assessed over 700 product innovations with our Sustainable Innovation Calculator.

# Initiatives

#### Vanish laundry bar

Our new Vanish laundry bar, launched in Brazil, is long-lasting and helps families keep their laundry clean, and stain-free, enabling them to keep clothing for longer. With a film wrap instead of a box, it has 90% less packaging than our existing Vanish laundry bar. As a result it costs less and has lower carbon and water impacts.



# Each innovation is assessed against

- Carbon footprint
- Water impact
- Packaging
- Ingredients

← See page 24

# Progress

° **>50%** 

of our product pipeline is more sustainable

Performance

→ <u>E325m</u>

NR from more sustainable products

# Outlook

In 2015, we will focus on increasing the percentage of our pipeline that is more sustainable while also looking to improve the sustainability profile of our biggest selling products. We will also endeavour to expand our definition of a "more sustainable product" to include social metrics, building on the work done by the Roundtable for Product Social Metrics in 2014.

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## 2020 goal

# 1/3 less carbon footprint 1/3 less water impact

Introduction

### Priorities

Reducing lifecycle carbon and water impacts through product design

### Öveniew

We aim to reduce our carbon and water impact by one-third per dose by 2020. Since 2012, our carbon and water impact footprints have reduced by approximately 3% and 2% per dose. Whilst we are making good progress in some areas like packaging, reducing impacts from the consumer use of some highimpact products is proving more challenging.

In 2014, we saw an increase in our total carbon and water impact on 2013, which was partly due to growth in our bar soap and body wash categories in geographies with high carbon and water impact intensities. Since these products also account for a significant percentage of our total doses, they are having a disproportionate impact on our total footprint.

If we exclude the consumer use of these products, our total carbon and water impact reductions were both approximately 8% per dose since 2012 (and saw a decrease on 2013).

This indicates the significance of the impact of bar soap and body wash to our overall footprint. This, coupled with the fact our business is changing and we expect growth of our personal care categories, leads us to believe that we are not currently on track to meet our 2020 carbon and water goals. Moreover, the social benefit of improving hygiene from the use of these products highlights a conflict between our social and environmental ambitions.



# 30/

reduction in carbon footprint per dose since 2012

° <mark>2%</mark>

reduced water impact per dose since 2012

# Approach

We look at our carbon footprint and water impact of all of the products we sell, across their entire lifecycle – from the sourcing of raw materials, to the way they are manufactured, used and disposed of. We do this so that we can concentrate our reduction efforts in the right places. For water impact, we also apply location-specific scarcity factors to ensure we are targeting water in geographies where there is less to go around. When taking water scarcity into account, it is clear that we need to focus on reducing the amount of water required to use our products in order to reduce our total impacts.

Better Design

**Better Production** 

**GRI Index** 

# Initiatives

#### Low-water impact bathing and cleaning

Growing our Dettol brand, especially Dettol bar soap, is a key building block to achieving a vision of a world where people are healthier and live better. At the same time, consumer use of bar soap accounts for 64% and 36% of our water and carbon impacts, respectively. This is because a large amount of water and energy is required to wash.

Introduction

We've conducted a series of consumer studies to deepen our understanding of how we can continue to improve hygiene behaviour while decreasing dependence on water. This has resulted in innovations that use significantly less water than products offering similar benefits. For example, our Dettol Touch of Foam uses approximately 15% less water than conventional handwash products.

#### Collaboration to reduce water where it matters most

Finish campaigns, in conjunction with Whirlpool and local water suppliers in Brazil in 2013 and 2014, highlighted the water conservation potential of using dishwashers. These can use up to six times less water than manual dishwashing in a country where water scarcity is a very real issue. Although facing the worst drought since 1930, the average Brazilian daily water consumption is double the global average of 100 litres. In participating households, the campaigns produced a reduction in water usage of 30% through dishwasher use compared to washing up by hand. Dishwasher penetration in Brazil currently stands at 2%.

A similar study in Europe shows that the automatic dishwashing process uses less lifecycle energy than washing up by hand and consequently results in lower CO<sub>2</sub>e emissions.









# Outlook

Through our efforts to reduce our carbon and water impacts and promote better hygiene behaviours, we've gained more insights into how these sustainability issues interrelate. We know that use of bar soap and body wash is water and carbon intensive but we also know that increased use of these items helps people live healthier lives. We cannot manage these three issues in insolation as our ability to have a positive impact on one issue will inevitably impact the other. There is a clear tension between our goals to improve the hygiene of hundreds of millions of people and to reduce our total carbon and water impacts, which we will examine further in 2015.

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Performance

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# 2020 goal

# Better ingredients

# Priorifies 100% compliance with our Restricted Substances List

# 100% responsibly sourced natural raw materials

# Approach

Better Ingredients is the next step in RB's long running ingredient programme, looking at how we select, manage, use and provide information about the ingredients that we put in our products. Underpinned by our commitment to providing safe consumer products and our overarching product stewardship and social responsibilities, our aim is to maintain pace with new scientific research, or advance research in specific areas, and make ingredient decisions that will be right for our consumers.

# Initiatives

#### **Restricted Substances List**

The consumer is at the heart of everything we do and our goal is to provide safe and effective products; so, when we can, we will go above and beyond regulatory requirements in implementing our Restricted Substances List (RSL). RB has been formally monitoring and reviewing ingredients since 2001 under the umbrella of the RSL programme (formerly the Global Ingredients Guidelines). Our RSL combines regulatory, sustainability and safety requirements. Our objective is to continually improve the environmental and safety profile of our products, by systematically removing specific ingredients from product formulae and packaging/device component specifications, where alternatives exist.

In 2013, we launched a European paraben removal/restriction programme from our cosmetic products ahead of regulatory requirements. We are on track to fully implementing this initiative globally in early 2015.

#### **Responsible natural raw materials sourcing**

We believe in responsibly sourcing all of our natural raw materials. We are committed to:

- Zero deforestation
- Zero development on peatlands (of any depth)
- Zero exploitation of workers or communities
- Being transparent on our requirements and progress with implementation

Full details of our minimum requirements and responsible sourcing programmes can be found on page 32.

#### Palm oil

We are members of The Forest Trust (TFT), the international non-profit organisation working to build responsible product supply chains. Working with TFT, we have undertaken a detailed review of our physical palm oil supply chain and set public goals for responsible palm sourcing (see page 33). In 2014 we:

- achieved traceability to refinery for 100% of our palm volumes (excluding surfactants) (see page 33);
- delivered our goal to buy Green Palm certificates to cover all our palm purchases; and
- met our target to complete a pilot supplier compliance risk assessment.

In 2015, we will continue to work towards our targets. We will also be reviewing our approach on Green Palm certificate purchasing to determine how we can best use our resources to help achieve market transformation at the pace needed.

# Progress

# 100% of our palm volumes traceable to refinery<sup>1</sup>

# Global paraben removal programme to be implemented by 2015

1 Excluding surfactant

"We look forward to working further alongside RB to map the supply chain back to palm oil mills. This level of transparency will help to transform the story of RB's palm oil."

Scott Poynton TFT Founder and Executive Director



In 2015, a key priority will be taking action to reach our responsible palm sourcing goals to work with suppliers to trace palm oil back to mills and roll out compliance risk assessments across our key suppliers. We will also continue to develop our responsible sourcing compliance monitoring programmes for other key natural materials. Through our Restricted Substances List programme we will continue to review ingredients to ensure these meet our requirements, complete the global roll out of our paraben removal/restriction programme and work to ensure our other ingredients removal programmes are delivered on time. Introduction

# Better Production

# Putting people and the plaset at the heart of production

Better production is about reducing our environmental footprint, keeping our people safe and respecting the rights of the people who help make our products around the world.



→ 74%

of RB's factories have achieved zero manufacturing waste to landfill<sup>1</sup>

93%

reduction in lost work day accident rate since 2001

1 As at 31 December 2014, includes both hazardous and non-hazardous manufacturing waste.

- Net-zero emissions from manufacturing since 2006 from planting over 7 million trees
- 864,000 trees planted in 2014



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GRI

# Better Production

# Reduce our environmental footprint from manufacturing

#### 2020 targets and priorities Water

- 35% reduction in water use\*
- Meet minimum wastewater standards

#### Waste

- Zero waste to landfill<sup>1</sup>
- 10% reduction in waste\*

#### **Energy and emissions**

- 35% reduction in energy consumption\*
- 40% reduction in greenhouse gas emissions\*
- Net-zero emissions from manufacturing

\* Per unit of production and versus 2012 baseline.

# Approach

We aim to decouple growth from environmental impacts. This means making more with less; saving resources and reducing emissions even as we make more products and the business grows. As we progress on this journey, we continue to have net zero emissions from manufacturing, through our tree planting programme.

# Initiatives

#### 35% reduction in water use\*

Since 2012, we have achieved a 25% reduction per unit of production. Our factory in Mira, Italy, which produces liquid and powder products, contributed to this result by reducing water use by 75% since 2012. Introducing water recycling processes at our condom manufacturing plants in Bangpakong, Thailand and Shangma, China have delivered savings of 8% and 25% compared to 2013. In Hull, UK, an employee competition to reduce water resulted in the recovery of water from cooling towers – saving 10,000 litres per year.

#### Zero waste to landfill and 10% reduction in waste<sup>1</sup>

We are quickly making progress on both waste targets. Europe, LATAM and North America factories hit zero waste to landfill five years early. Over 74% of RB's factories have achieved zero waste to landfill<sup>2</sup> (diverting over 54,000 tonnes of hazardous and non-hazardous waste from landfill). Since 2012, we have also reduced waste per unit of production by 7% globally.

To accelerate progress and create a culture of zero waste, RB:

- created a network of waste champions and established a "Buddy-Up" programme, partnering zero waste factories with those that have not yet met the target to enable knowledge transfer;
- launched a "Race to Zero" campaign which included a series of waste events encouraging competition amongst sites to drive down waste;
- issued a global employee challenge to crowdsource waste reuse and recycling ideas;
- completed waste audits.

We have found a number of alternative revenue streams and disposal options. At our Baddi site in India, Dermi cool talcum powder waste is being used as a raw material for the production of plastic granules. At our Bangpakong site in Thailand, wastewater treatment sludge is being turned into concrete blocks used in local schools.

#### 35% reduction in energy consumption\* 40% reduction in greenhouse cas (GHG) emissions\*

Energy per unit of production fell almost 13% since 2012, with carbon emissions per unit down by nearly 8%. We continued to see results from our energy efficiency programme including a reduction in energy use of over 25% at our largest site, Nowy Dwor, since 2012. In 2014 Nowy Dwor reduced GHG emission 16% by utilising CHP heat recovery, installing LED lighting and exchange heating system from electrical to steam based.

#### Net-zero emissions from manufacturing

Since 2006, we've planted 7,014,000 native trees in Canada to offset a total of 2.4 million tonnes of  $CO_2$ . Since 2012 we've planted over 1.2 million trees; planting 864,000 in 2014.

- 1 Including both hazardous and non-hazardous waste.
- 2 As at 31 December 2014, includes both hazardous and non-hazardous manufacturing waste.

# Progress

25%

Performance

reduction in water use per unit of production since 2012

°13%

reduction in energy use per unit of production since 2012

# °1.2m

trees planted since 2012

#### $\psi$ Decoupling growth from impact



2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 Since 2000, our production has grown by 79% but total energy, emissions and water use are down. With waste tonnage previously increasing, we stepped up our effort in 2014 and reduced total waste slightly (0.2%) while production increased 5%.

3 Production, energy, GHG emissions, water and waste data from factories and warehouses only. See page 26 for details.

nities Better Design

Better Production

Performance

**GRI Index** 

# Better Production

# Health, safety and social standards

Introduction

# Priorifies

- Zero fatalities and serious accidents in all factories and continued reduction in lost work day accident rates
- 100% compliance with RB social standards

# Approach

RB is committed to preventing accidents, injuries and occupational ill health at all locations under our control. To progress against our goals we work to an Occupational Health & Safety policy, set global health & safety standards for all locations and actively promote safe behaviours, thus continually developing a culture of safety among all employees and contractors. We are also committed to ensuring minimum social and environmental standards throughout our broader supply chain – we have minimum requirements and a programme in place to monitor compliance.

# Övenview

During 2014 RB actively targeted worker participation in safety and in December over 50% of all those working on an RB site documented a proactive safety action they had taken. The continual evolution of these programmes during 2014 has helped reduce the lost work day accident rate by 13% compared to 2012 and 93% since 2001. In addition, we further extended our supply chain social and environmental compliance programme, which includes conducting independent audits of our own and suppliers' factories.

# Initiatives

#### Shangma safety week

To continue to improve safety performance, our Shangma factory in China ran a programme of events focusing on behavioural safety. Events included operator and pedestrian fork lift truck behaviours, role playing, quizzes and evacuation drills. These activities together with other safety improvements helped the site achieve 3 million man hours without a lost work day.

#### 100% compliance with RB social standards

Our Global Manufacturing Standard (GMS) for responsible production outlines the minimum labour, health & safety and environmental standards we expect all our own sites and suppliers to meet in the production of goods and services for RB. Our requirements are closely aligned with the Ethical Trade Initiative (ETI) base code and the conventions of the International Labour Organisation (ILO).

Our compliance programme requires that all RB factories, thirdparty manufacturers and selected natural raw material suppliers complete an annual self-assessment. We also conduct unannounced independent third-party social audits at higher risk sites. To date 90% of RB factories located in higher risk locations have been audited (by 2015 this will be 100%). Currently 100% of thirdparty manufacturers and selected natural raw material suppliers are included in the programme, amounting to 694 supplier sites.



# Progress

°**13**%

reduction in lost work day accident rate vs. 2012

°**93**%

reduction in lost work day accident rate vs. 2001

#### ✓ Sustained safety progress



Performance and approach

# Our performance in depth

 $\rightarrow$ 

In this section we describe our approach to reporting. You will also find all the numbers and other details of our performance.

#### Contents

- 19 Approach to reporting
- 20 Materiality
- 21 Managing sustainability
- 23 Progress and performance
- 35 GRI Index

#### → Further information

This report is part of an integrated approach to reporting total performance. Our family of reports also includes the Annual Report and Financial Statements and regularly updated information at rb.com.



#### ➔ If you have any comments or queries on this report or our sustainability performance, please contact:

Sustainability Reckitt Benckiser Group plc (RB) 103–105 Bath Road Slough, Berkshire, SL1 3UH United Kingdom

Email: sustainability@rb.com



# Performance and approach Approach to reporting

Introduction

#### Our approach to reporting

This report is a key part of our continuing communication with stakeholders on our approach to and management of sustainability issues and risks for long-term profitability. While we seek an open and transparent dialogue with stakeholders, we maintain a focus on material issues where we can make a real difference— which is an integral part of our culture and is reflected in the content of this report.

#### Audiences for this report

This report is primarily aimed at audiences that have shown most interest in our sustainability management and performance during 2014: employees, trade customers, Shareholders/investors, consumers of our products, and advocacy and campaigning organisations with an interest in the impacts of our products, operations or supply chain.

#### **Report profile**

This report is for the year ending 31 December 2014. Our 2013 Sustainability Report was published on 22 April 2014. We report annually on calendar year data.

#### **Reporting standards**

This report is our first report prepared in line with the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines. The report is 'in accordance' with the Guidelines – Core option. A GRI Content Index and Application Level Table is provided on page 35. It provides a navigational tool for those looking for specific information in relation to the GRI's G4 Guidelines and includes the indicators that we have not reported on.

In preparing this report, we referenced the criteria and principles of accountability set out in the AA1000 Assurance Standard (2008) and the AA1000 AccountAbility Principles Standard, produced by AccountAbility. We also took into account the evolution of best practice in corporate sustainability reporting.

#### **Key Performance Indicators (KPIs)**

The KPIs that we use in this report are determined by:

• The significant sustainability aspects of our operations (see page 20).

- Independent, external sources of guidance on the indicators that we should be using to measure and report on those significant sustainability aspects.
- The indicators that are most practical to use and add most value across our business and supply chain. The GRI G4 performance indicators provide some reference for selecting appropriate KPIs; as an international standard using its indicators provides compatibility with other companies. We also take account of the specific guidance on environmental KPIs for UK companies provided in the British Standard BS EN ISO 14031 (Environmental Performance Evaluation Guidelines), and the Environmental KPIs – Reporting Guidelines for UK Business (Department for Environment, Food & Rural Affairs).

#### Reporting criteria

The principles and methodologies we have used in reporting sustainability performance data for 2014 are available in our Reporting Criteria and Basis of Preparation, available at <u>rb.com</u>.

#### Assurance

Ernst & Young LLP has provided a "limited level" assurance review of selected 2014 data that cover the KPIs contained within this report. For more details, see the Independent Assurance Statement on Selected Sustainability Data on page 34 of this report.

# Sustainability performance data in this report assured by Ernst & Young LLP

	Units	2012	2013	2014
Healthier Communities (Social Metrics) People reached to improve their health and hygiene	millions		24	117
Better Design (Product Metrics)				
Total net revenue from more sustainable products (Q1-Q3)	£ millions		230	325
Total Carbon Footprint	grammes per dose	70	66	68
Total Water Impact	e-litres per dose	7.97	7.47	7.82
Better Production (Environment, Health & Safety Metric	s)			
GHG emissions from energy use in manufacturing and warehouses	tonnes C0 <sub>2</sub> e per 1,000 CU	0.0402	0.0392	0.0371
Total waste at manufacturing and warehouses	tonnes per 1,000 CU	0.0121	0.0119	0.0113
Hazardous waste at manufacturing and warehouses	tonnes per 1,000 CU	0.0016	0.0016	0.0014
Water discharges from manufacturing and warehouses	m³ per 1,000 CU	0.496	0.344	0.288
Energy use at manufacturing and warehouses	GJ per 1,000 CU	0.4704	0.4488	0.4102
Water use at manufacturing and warehouses	m³ per 1,000 CU	0.964	0.788	0.724
Lost working day accident rate	per 100,000 hrs	0.107	0.107	0.093
Employee fatalities	number	1	0	0
Severe accidents	number	1	1	2
Diversity				
Women employed - Board	% at 31 December	20	10	17
Women employed- senior management	% at 31 December	16	17	19
Women employed- global employees	% at 31 December	41	42	42
Cash Value Added	£ millions	3,478	4,019	3,970

Performance

# Performance and approach Materiality

Introduction

#### Materiality

Our approach

Following Accountability's 5-Part Materiality Test (see accountability.org) and the G4 Sustainability Reporting Guidelines Implementation Manual (see globalreporting.org), we carried out a detailed assessment of the most material sustainability issues for our business and our stakeholders (see page 21). We use the 5-Part Materiality Test to help identify the full range of sustainability issues affecting RB and its stakeholders. We update the full list of sustainability issues and revise our prioritisation annually based on RB's corporate strategy and external developments.

Sources we use as part of this process include:

- Issues identified through our existing policies and commitments and by internal stakeholders.
- Employee and stakeholder sustainability surveys.
- Reviews of key customer, non-governmental organisation (NGO), competitor, peer, regulatory and trade association sustainability concerns.
- Interviews with key partner organisations.
- A literature review to identify the key sustainability megatrends likely to affect RB.

Drawing on the methodology outlined in the GRI's G4 Implementation Manual, we then prioritised these issues, taking into account the following criteria:

a) Importance to RB, determined by:

- Risks or opportunities from an issue (including potential for long-term or short-term impact, the likely severity and business criticality of impacts).
- RB's significant economic, environmental or social impacts.

- b) Importance for stakeholders, determined by:
   1. Stakeholder perception of RB's impacts on the topic.
- Expectations regarding transparency on the topic.
   Diversity and range of stakeholders interested in the issue.

This materiality assessment process is refreshed annually and is managed by the Global Sustainability team and reviewed by our Internal Audit team.

#### Strategic sustainability priorities

The Aspects the Group has identified are common to many fast moving consumer goods (FMCG) companies with well-known brands and are essentially determined by the Group's sectors and the products the Group manufactures and sells. The Group's strategic priorities therefore remain:

- to achieve continual improvement in our overall sustainability performance, focusing on those issues where we can make a significant difference including global health and hygiene, sustainable product innovation, greenhouse gas emissions and water impact; and
- to manage our business in a socially and ethically responsible manner.

We report on the majority of these issues in this report. Where necessary, we have improvement programmes in place at Group, regional and/or local levels. We feel confident that none pose a material risk to the business in the short term.

# ightarrow Materiality matrix



Performance

# Performance and approach Managing sustainability

Introduction

#### Stakeholder engagement

We talk to stakeholders:

- As part of normal, day-to-day business.
- In connection with specific sustainability issues and programmes.
- In connection with changes in our operations.
- In the development of our sustainability reporting.

Our key stakeholder groups are:

#### Workplace

- Employees
- Employee collective representatives (e.g. workers' councils)

#### Marketplace

- Consumers (the users of our products)
- Customers (the retailers who sell our products to consumers)
- Regulators
- Shareholders and other financial stakeholders
- Suppliers
- Trade associations

#### Community

- Local communities (local to our manufacturing, R&D, office and distribution facilities)
- National and local government
- NGOs and consumer organisations
- Civil society

In 2014, key topics of importance to our stakeholders included hygiene and illness prevention, consumer behaviour change, water, greenhouse gas emissions, natural raw material sourcing, product stewardship, sustainable product innovation and human rights.

#### External partnerships

We seek to develop industry-wide solutions to shared challenges. In 2014, our work with external partners included:

- Roundtable on Sustainable Palm Oil (RSPO) promoting the growth and use of sustainable palm oil: <u>rspo.org</u>.
- TFT is the international non-profit organisation working to deliver responsible product supply chains. As a member of TFT, we are working with them to carry out a detailed review of our physical palm oil supply chain in order to improve its transparency and to take further action to ensure full compliance with our sourcing requirements: tft-forests.org.
- Forum for the Future partnership and work defining sustainability issues for consumer healthcare: forumforthefuture.org.
- A.I.S.E. (the International Association for Soaps, Detergents and Maintenance Products) in Europe, which co-ordinates the voluntary Charter for Sustainable Cleaning and the Save Energy & Water project: aise.eu.
- AIM Progress a forum of consumer goods companies assembled to enable and promote responsible sourcing practices and sustainable production systems: <u>aim-progress.com</u>.
- FRAME funding external research into alternatives to animal testing: <u>frame.org.uk</u>.
- CSPA (Consumer Speciality Products Association) Product Care: <u>cspa.org</u>.

#### Industry sustainability programmes The Sustainable Apparel Coalition (SAC)

The SAC is a trade organisation comprised of brands, retailers, manufacturers, government, and NGOs and academic experts, representing more than a third of the global apparel and footwear market. The SAC is working to reduce the environmental and social impacts of apparel and footwear products around the world. RB joined SAC with our Woolite brand in April 2013. Woolite is the first laundry brand (and so far the only one) to be a member of SAC.

#### A.I.S.E charter for sustainable cleaning

We work with A.I.S.E on a number of projects. A.I.S.E represents, among others, members of the European air freshener products industry.

The Charter is the principal expression of the detergent industry's commitment to sustainability. This voluntary initiative promotes a common industry approach to sustainable improvement and reporting, based on a lifecycle framework.

RB has been a member of the Charter since June 2005 and has contributed to the update in 2010. This major upgrade introduces Additional Sustainability Procedures for products, supplementing the existing Charter Sustainability Procedures for companies. The Charter logo on our packaging recognises our commitment and can only be used by companies committed to the Charter.

# A.I.S.E air fresheners product stewardship programme

We have committed to the A.I.S.E. Air Fresheners Product Stewardship Programme, a voluntary industry initiative established in October 2007 (aise.eu/airfresheners). Companies signing up to the programme must abide by a set of rules which go beyond legislative requirements and aim to promote best practice in the responsible manufacture, consumer communication and use of air fresheners across the EU, Iceland, Norway and Switzerland.

#### Governance

Performance

# Overview of RB's sustainability policies and positions

RB is governed by a corporate responsibility framework comprising our Code of Business Conduct plus policies, control arrangements and reporting. Policies available on rb.com, and include:

- Environmental Policy
- Occupational Health & Safety Policy.
- Global Manufacturing Standard (GMS) Policy and
- GMS Detailed Requirements (for more information, see page 31)
- Responsible Sourcing of Natural Raw Materials Policy (for more information, <u>see page 32</u>)
- Product Safety Policy
- Animal Testing Policy
- Whistleblower Policy
- Anti-Bribery Policy

#### Our environmental commitment

RB is committed to running its business in an environmentally sound and increasingly sustainable manner. We recognise that our processes and products have both direct and indirect environmental impacts and we seek to achieve continuous improvement in our environmental performance with respect to those impacts. We are committed to using energy and natural resources wisely, eliminating and minimising waste where practical, and re-using and recycling where it is sensible to do so. Our policies and programmes look beyond the activities under our direct control to the impacts of our products across the whole lifecycle.

# Performance and approach Managing sustainability continued

#### Our commitment to occupational health & safety

RB is committed to: the health, safety and welfare at work of its employees; complying with applicable health & safety legal requirements; and the continual improvement of its health & safety control arrangements and performance.

Specifically, the Group is committed to providing and maintaining:

- Control of the health & safety risks arising from work activities.
- A safe place of work with safe means of entry and exit.
- Safe plant, equipment and systems of work.
- A safe and healthy working environment.
- Arrangements for the safe use, handling, storage and transport of articles and substances.
- Necessary information, instruction, training and supervision to protect health & at work.

#### Governance structures and responsibilities

The Board of Directors is responsible for the overall stewardship of the Group, including sustainability and corporate responsibility. The Board and the CEO play a key role in setting our values and standards and have specific responsibility for these. The Executive Committee (EC) reviews and assesses how we are meeting set targets and monitors compliance against corporate sustainability policies. The Board regularly considers and takes account of the significance of sustainability matters and their potential risk to the business and the opportunities to enhance value. The Board undertakes a formal review of sustainability matters at least annually.

The CEO has specific responsibility for sustainability. As part of established management systems and appropriate remuneration incentives, senior management reports directly to the CEO on sustainability matters on a regular basis. On the EC, the EVP Category Development has operational accountability for the implementation of sustainability (bar charitable giving), in partnership with the EVP Global Supply, and supported by the rest of the EC within their respective areas and functions. In the category development organisation, the Category Group Director – Innovation & Sustainability manages the sustainability programme on a day-to-day basis. The R&D function includes the Global Regulatory Affairs (GRA) group, which is responsible for ensuring that our products meet regulatory requirements and are safe for their intended use. Our SVP Human Resources (HR) and the global HR function manage the Group's HR, employee remuneration and benefits, employment practices, organisational development, training and elements of health & safety (e.g. stress management).

#### The role of the Board

The Board regularly considers and takes account of the significance of environmental, social and governance (ESG) matters and their potential risks to the Company, including reputational risks and the opportunities to enhance value that may arise from an appropriate response. The Board undertakes a formal review of ESG matters at least annually.

The Board's Audit Committee undertakes a regular review of the arrangements for, and effectiveness of, risk management and internal controls, including ESG matters and reputational risks. The Annual Report and Financial Statements 2014 contains a report on ESG matters and reputational risk in the Strategic report, on pages 19 and 132 (from 2014 Annual Report and Financial Statements), available on rb.com.

#### **Corporate governance**

Performance

Details of our corporate governance arrangements, including Board composition, committee structure, internal control, performance evaluation and details of Non-Executive and Independent Directors and their compensation arrangements, are provided on pages 30 to 63 of our Annual Report and Financial Statements 2014, available at rb.com.

#### International standards and guidelines

We subscribe to a range of international standards and guidelines relating to sustainability and corporate responsibility, including: the United Nations (UN) Declaration of Human Rights: <u>un.org</u>, and the International Labour Organisation (ILO) eight fundamental conventions: ilo.org. The intent of these standards and guidelines, along with others such as the social accountability standard SA8000: <u>sa-intl.org</u>, are incorporated in the Company's Code of Conduct and other elements of our Corporate Responsibility Framework, such as our GMS.

Performance

# Performance and approach **Progress and performance**

Introduction

#### Our economic contribution Cash value added

Cash value added is a measure of actual monetary distribution in terms of cash. It is derived directly from the data provided in the Company's Annual Report & Accounts 2014. Our cash value added was £3,970m (2013 £4,019m), 77% of which was distributed to employees, Shareholders and governments.

Cash Valued Added (£million)	2013	2014
Shareholders	1,271	1,301
Employees	1,140	1,075
Governments	808	669
Retained in business	776	893
Capital providers	24	32
Total	4,019	3,970

**2020 TARGET:** 1/3 NR from more sustainable

PROGRESS: £325 million for Q1-Q3 2014

products

#### One-third less carbon footprint per dose by 2020

Our carbon performance is measured by our total carbon footprint per dose of product against a 2012 baseline (70.30g CO<sub>2</sub>e per dose). In 2014, our total carbon footprint was 68.22g CO<sub>2</sub>e per dose, a 3% reduction on 2012. Total carbon footprint enables robust and comprehensive calculation of greenhouse gas emissions for the "cradle-to-grave" lifecycle of RB products and this breakdown is shown on page 13. The system has been developed in general accordance with the requirements and principles of recognised international standards such as PAS 2050:2011 and the greenhouse gas protocol, and the methodology and selected data has been assured by Ernst & Young LLP.

#### One-third less water impact per dose by 2020

use footprint (litres) and total water impact footprint litre equivalents (e-litres) per dose of products against a 2012 baseline (6.97 litres per dose and 7.97 e-litres per dose respectively). In 2014, our total water use footprint was 6.54 litres per dose, a 6% reduction on 2012. Our total water impact footprint was 7.82 e-litres per dose in 2014, a 2% reduction on 2012.

Our total water use footprint and total water impact Our water performance is measured by our total water footprint enable robust and comprehensive calculation of water use and water impact for the "cradle-tograve" lifecycle of RB products. The breakdown of the water impact footprint is shown on page 13. The water use and water impact measurement methodologies have been developed in general accordance with the requirements and principles of the following recognised water accounting guidance document: The water footprint assessment manual: Setting the global standard, (Hoekstra, A.Y., Chapagain, A.K., Aldaya, M.M. and Mekonnen, M.M. 2011). Our methodology has been assured by Ernst & Young.

#### Total Carbon, Water Use and Water Impact Footprints 2014

Retained in business	//6	893											TOTAL
Capital providers	24	32	2014		Raw	Pack	Raw/Pack	Manufacturing	Logistics	Retail	Consumer use	End of life	AVERAGE
Total	4,019	3,970	DOSES 2014	billions of doses									522.67
				total (million tonnes CO <sub>2</sub> e)	4.76	4.39	9.15	0.61	0.58	0.79	23.87	0.66	35.66
Total carbon and water ( 2020 goals (using 2012 b			CARBON 2014	g/dose	9.11	8.4	17.51	1.17	1.1	1.51	45.67	1.25	68.22
We have committed to red	luce our per dose			% split	13%	12%	26%	2%	2%	2%	67%	2%	100%
footprint and per dose wat generate one-third of our 1 sustainable products.				total (m litres)	1,191,659	721,323	1,912,982	6,674	10	0	1,498,477	0	3,418,143
sustainable products.	aucts.		WATER FOOTPRINT 2014	litres/dose	2.28	1.38	3.66	0.01	0	0	2.87	0	6.54
2020 TARGET: 1/3 reduct	tion in our carbor	n		% split	35%	21%	56%	0%	0%	0%	44%	0%	100%
PROGRESS: 3% reduction since 2012 2020 TARGET: 1/3 reduction in water impact per dose PROGRESS: 2% reduction since 2012			total (m e-litres)	514,895	234,781	749,676	6,075	6	0	3,329,200	0	4,084,957	
	mpact WATER IMPACT 2014	WATER IMPACT 2014	e-litres/dose	0.99	0.45	1.43	0.01	0	0	6.37	0	7.82	
	n since 2012			% split	13%	6%	18%	0%	0%	0%	81%	0%	100%
FRUGRESS. 2 70 TEQUCTION SINCE 2012													

Note: Where lifecycle stage data do not sum to total data, this is due to rounding.

	2012 <sup>1</sup>	2013 <sup>1</sup>	2014	% change on 2012	% change on 2013
Carbon (g/dose)	70.30	66.41	68.22	-2.96	2.72
Water Use (litres/dose)	6.97	6.53	6.54	-6.14	0.09
Water Impact (e litres/dose)	7.97	7.47	7.82	-1.95	4.64

1 Restated, see 2014 Reporting Criteria.

Introduction

# One-third NR from more sustainable products in 2020

By 2020, one-third of our NR will come from "more sustainable" products as measured by our Sustainable Innovation Calculator. Our NR from more sustainable products was £325 million in Q1–Q3, equivalent to 4.7% of total NR. Our NR target will improve our ability to reduce our full lifecycle impacts by translating them into the language of our business. The sustainability team works closely with the finance function to track our net revenue from more sustainable products to help bolster the business case for sustainability. These efforts, supported by performance objectives requiring RB's brands to derive a percentage of their NR from more sustainable products, will help ensure that our biggest selling products are more sustainable.

#### **Sustainable Innovation Calculator**

We use RB's Sustainable Innovation Calculator to determine whether or not a product will be considered "more sustainable" and have its revenues count towards our NR target. The Calculator is a streamlined Life Cycle Assessment (LCA) tool that models the most important environmental impacts of products, including raw materials and consumer use. To count towards our NR target, a product innovation must score better in at least one of the following categories without scoring worse in any others:

- Carbon significant savings (>10%) in grams of CO<sub>2</sub>e per dose.
- Water a significant decrease (>10%) of water impact per dose.
- Ingredients adhere to RB's Restricted Substances List and have at least one preferred sustainability credential (Fairtrade or FSC certification, for example).
- Packaging the product must use less packaging overall or use less virgin packaging material resulting in a significant savings (>10%) in the weight of virgin packaging per dose (after subtracting any postconsumer recycled content).

The tool is also used to assess our product pipeline so we know what changes are likely to affect our total carbon and water use footprints over the coming three years as products are launched. A network of Sustainability Champions representing each category in their respective markets has been established across the globe to help embed sustainability into the product development process.

#### Our approach to product packaging

Packaging is essential to securely and safely contain our products. However, it is a very visible source of waste once the products have been used. Optimising product packaging has several environmental benefits:

- It reduces the raw materials and energy used in manufacturing the packaging.
- It reduces the size and weight of products requiring transport, cutting fuel use per item.
- It can make it easier for consumers to recycle, where facilities exist.
- It reduces the volume of waste packaging generated for consumer re-use, recycling or disposal.

We have a three-pronged approach:

- 1. Reduce packaging weight.
- Consider more sustainable materials.
   Increase recyclability.

As part of this approach, our product developers are required to measure and manage packaging quantities and types through RB's Sustainable Innovation Calculator. In order for a product to be considered more sustainable in relation to packaging and count towards our NR target it must use less packaging overall or use less virgin packaging material, resulting in significant savings (>10%) in the weight of packaging per dose (after subtracting any postconsumer recycled content).

Our main packaging materials are:

- Paper and board
- Plastics (mainly PP, HDPE and LDPE)
- Tin plate

# Product safety and ingredient removal programmes

Product safety

Our product safety policy (available at <u>rb.com</u>) ensures safety is an integral part of the product development process. It is our corporate responsibility to consumers, customers and employees to have sound ethical business practices. They are applied to all our products by our global product safety team through a global product safety programme comprising guidelines, standards and procedures and implemented throughout the product lifecycle from conception through market delivery and post launch market surveillance.

The global safety team is an integral part of our regulatory team and as such ensures products are evaluated based on their intended use and foreseeable misuse within the framework of the applicable regulatory jurisdiction. The safety team works closely with the rest of R&D (global and regional) and across all of our business functions. For example, they work with supply to ensure the appropriate raw materials are used and with category development to ensure the product is appropriately packaged and that appropriate precautions and safety language are provided on the product label.

#### **RB's Restricted Substances List**

Performance

RB has formally been monitoring and reviewing ingredients since 2001 under the umbrella of the RSL programme (formerly the Global Ingredients Guidelines) and has been carrying out a range of ingredient removal and restriction programmes outlined in our Restricted Substances List. In 2014 we evolved our global ingredient guidelines to the Restricted Substances List as it became part of a wider initiative, know as Better Ingredients. The new name better reflects this wide and cross functional initiative and it clearly defines the ingredients that our scientists cannot use as they develop new products. Our Restricted Substances List combines regulatory, sustainability and safety requirements for generic ingredient groupings, plus specific directions on the use (or the prohibition of use) of specific ingredients to direct our scientists and other employees in the development and marketing of products that meet these commitments.

RB also runs training programmes with the R&D, Regulatory and Procurement organisations on the Restricted Substances List to ensure all staff with responsibilities for selecting or approving ingredients to be used in products are fully aware of our internal policies.

Our objective is to continually improve the environmental and safety profile of our products, by systematically removing specific ingredients from product formulae and packaging/device component specifications, where alternatives exist.

Introduction

The consumer is at the heart of everything that we do and our goal is to provide safe and effective products so when we can, we will go above and beyond regulatory requirements in implementing our Restricted Substances List. The table below outlines some achievements of our Restricted Substances List<sup>1</sup>. This table shows the pro-active removal programmes that RB has delivered over the years which are only a part of the longer Restricted Substances List that RB follows.

#### Ingredients removed from global product formulas

Ingredient	Completion date	Comments
Polyethylene (PE) beads	2018	Removal
Parabens (methyl, ethyl, butyl, propyl, isoparabens)	2013 (EU) 2015 (rest of the world)	Reduction programme (excluding medically licensed products)
Chlorpyrifos	End 2009	
Boron compounds	End 2009	Removal/reduction to meet threshold levels established in the EU
PVC packaging of household products	End 2009	Health care products are excluded from this target as no viable alternatives have yet been identified for some healthcare applications
Fragrance raw materials: Non-GN Geranyl Nitrile (GN)	End 2009 End 2007	
Brominated flame retardants	End 2007	BFR with an adverse safety profile
Formaldehyde-donor preservatives Formaldehyde	End 2009 End 2006	
APEs/NPEs	End 2006	
Dichlorvos	End 2006	
Glycol ethers (monoethylene series)	End 2006	
Paradichlorobenzene (PDCB)	End 2006	

With a sizable personal care portfolio, preservatives are a key area for RB and within the Better Ingredients programme we have an experienced preservative task force.

#### Preservative task force

Our mission is to deliver high quality and safe products that delight the consumer.

A crucial area for our scientists is the development of sound products that will not maintain or allow proliferation of bacteria. Bacterial contamination in products not only poses a health threat to the user, but can substantially alter product performance and aesthetic characteristics. In order to meet this very important need, our products must be preserved. We do this with the addition of safe and effective chemical preservatives, and/or formulate in a manner that is innately hostile to bacteria. Preservatives are a highly regulated family of ingredients and RB is committed to using the safest preservative systems possible that meet or exceed all local and global requirements.

In 2013, we completed a project to remove isoparabens from our EU cosmetic portfolio and restricted the use of methyl, ethyl, propyl and butyl parabens. We are on track to fully implement this initiative globally in early 2015. Parabens are a family of chemical preservatives used across many types of consumer goods, especially in cosmetics. Whilst the preservation of our products is an important function to ensure they are safe to use, recent research has linked the use of parabens to potential health risks. As part of our Better Ingredients programme, our aim is to maintain pace with new scientific research or advance research in specific areas and make ingredient decisions that will always be safe for our consumers. A total of 64 products that previously contained parabens were reformulated, replaced or discontinued. To accomplish this task, a team of expert chemists and microbiologists researched alternative preservatives, partnered with key suppliers and helped replace the parabens with more sustainable options.

Our work continues; the team monitors new research on the safety and effectiveness of current and new preservatives, advises, recommends and qualifies better preservatives. Drawing on RB's innovation capabilities, our goal is to discover new ways to preserve our products whilst minimising the use of chemical additives.

#### **Transparency on ingredients**

Performance

Ingredient transparency continues to be an important factor as we move closer to 2020 sustainability goals. We appreciate that it is important for consumers to know what is in their products and we will continue to provide outlets where they can get this information and make informed decisions about the products that they use.

We publish lists of ingredients for our products:

- EU: rbeuroinfo.com
- North America and Canada: rbnainfo.com
- Australia: rb-msds.com.au

1 Through acquisitions the Company can periodically acquire additional products which contain ingredients which may be banned or restricted under the Restricted Substances List. Those products are then assessed to be brought in line with RB's ingredients policy.

Introduction

#### Product quality and consumer satisfaction

We are committed to consistently delivering the highest quality of products. We build in quality at the product design stage and aim to minimise quality risks across our supply chain, so we can stop quality issues before they arise.

Our Quality organisation includes global, area, regional and site-level quality assurance functions that oversee and monitor process and product quality. We regularly audit key suppliers to assure and continuously improve the quality of raw materials. components or finished products.

RB is committed to providing consumers with the highest level of quality products. To support this, the role of Consumer Relations is to relay consumer comments and complaints to the organisation to ensure continuous improvement of our products to gain the trust and lovalty of our consumers.

This consumer feedback is continually reviewed for product issue trends and used by our quality teams to help enable continuous product improvement. RB has a set of global executive reporting routines that enable us to see the level of consumer dissatisfaction compared to the level of products sold, using industry standards of measure (Complaints Per Million Sold) plus we periodically survey additional consumer satisfaction directly during or after their initial contact with our consumer relations centres when on the global system.

In 2014, our consumer complaint level decreased by 20% compared to 2013, which was also within our target range.

#### **Environment performance in manufacturing sites** • Installing solar panels to the sanitary hot water and warehouses

#### Energy use

**2020 TARGET:** 35% reduction in energy consumption (per unit of production) **PROGRESS:** 13% reduction since 2012

Since 2012, we reduced our energy consumption by 12.8% using 0.41 gigajoules (GJ) for every 1,000 consumer units (CUs) of production. Our energy and production efficiency programmes and employee behaviours are behind this improvement.

#### For example:

• A number of energy efficiency measures have been implemented across our manufacturing sites. We will continue to invest in energy efficient infrastructure and implement energy reduction measures, such as chiller replacement, conveyor switching, use of waste heat for heating, installing timers for cold air distribution while ensuring that heating, airconditioning and lighting controls are optimised. For example, upgrading lighting and heating controls, installing automatic boiler regulators and moving to more energy efficient LED lighting are examples of measures implemented across sites in Granollers. Ladenburg, Nowy Dwor and Tatabanya.

- supply at Porto Alto site.
- Encouraging behavioural change across all our sites to switch off the heating when it is not needed.

Since 2000, we have reduced energy consumption by 55% per unit of production and 20% in absolute energy used. This shows a good track record of reducing energy use and an acceleration in our progress in recent years.

#### Greenhouse gas emissions

**2020 TARGET:** 40% reduction in greenhouse gas emissions (per unit of production) PROGRESS: 8% reduction since 2012

Since 2012, we've reduced greenhouse gas emissions by 7.8% per unit of production: down to 0.387 tonnes of CO<sub>2</sub> per 1,000 CUs. Total emissions from manufacturing and warehouse facilities were 278 thousand tonnes of CO<sub>2</sub> equivalent. These emissions are generated directly on-site, through burning fossil fuels for space heating, hot water and process heating or cooling, and indirectly from our use of electricity.

#### Greenhouse gas emissions from energy use in manufacturing and warehouses have fallen by 53% per unit of production since 2000, and absolute emissions are 16% lower. We participate in the CDP Investor information disclosure: cdproject.net in 2014 we scored 100% for disclosure and level A- for performance.

As well as improvements in energy efficiency we have made further greenhouse gas savings with new technologies and fuels:

• 11 of our sites use energy from combined heat and power (CHP) plants or more sustainable energy such as biomass and solar power.

#### Group emissions

Performance

Our total emissions in 2014 from R&D were 12.051 and offices 14,231, which added to our emissions from manufacturing and warehouse facilities 277 516 comes to a total of 303,798 tonnes of CO<sub>2</sub> equivalent.



#### Other emissions

RB is not a significant user of ozone depleting substances (ODS) and, as a result, this is not a significant issue for our business. Common industrial air emissions such as sulphur and nitrous oxides (SOx and NO<sub>x</sub>) and particulates (dust) are not generally emitted from our manufacturing facilities. Where present, these emissions are below applicable legal requirements.

#### Manufacturing & warehouse energy and greenhouse gas data

Energy usage	Units	2000	2012	2013	2014	% change vs. 2013	% change vs. 2012	% change vs. 2000
Per unit production	GJ per 1000 CU	0.9166	0.4704	0.4488	0.4102	-8.6%	-12.8%	-55.2%
Absolute usage	million GJ	3.84	3.23	3.20	3.07	-4.2%	-5.0%	-20.1%
Greenhouse gas emissions	Units	2000	2012	2013	2014	% change vs. 2013	% change vs. 2012	% change vs. 2000
Per unit production	tonnes CO₂e per 1000 CU	0.0791	0.0402	0.0392	0.0371	-5.4%	-7.8%	-53.1%
Absolute emissions	thousand tonnes CO <sub>2</sub> e	331.4	276.3	280.0	277.5	-0.9%	0.4%	-16.3%

Performance

# Performance and approach **Progress and performance** continued

Introduction

#### Net zero emissions from manufacturing

2020 TARGET: Net zero emissions from manufacturing **PROGRESS:** Net zero emissions from manufacturing from planting over 1.2m trees since 2012.

We launched our tree planting programme in 2006 and since then we've been buying land, and planting trees which will become forests that will last for at least 100 years.

In that time the trees will absorb an amount of carbon dioxide equivalent to the emissions from the energy used in our manufacturing. The trees effectively offset the carbon dioxide emissions we can't vet avoid even though we constantly strive to improve energy efficiency and to use renewable energy where we can in our factories.

Since 2006, we have planted and looked after 7 million native trees. In 2014, we planted 864,000 trees and extended our total holdings for the programme to over 104km<sup>2</sup>.

We manage this land in-house rather than using an external offsetting company, which means we're responsible for making sure enough trees survive and grow, including replacing the ones that don't make it. Challenges include frost, high winds, and damage by voles and we have developed several initiatives to help In 2014, we reused/recycled 123,140m<sup>3</sup> (equivalent us manage these issues.

Our methodology for estimating the carbon that will be sequestered by the trees planted in our RB trees programme is aligned to the Intergovernmental Panel on Climate Change's (IPCC) Good Practice Guidance (GPG) for Land Use, Land-Use Change and Forestry

(LULUCF) Projects (2003). Our methodology (as at December 2012 and unchanged in 2014), used for estimating the carbon sequestered by trees planted between 2006 and 2010, and its alignment with the IPCC GPG for LULUCF Projects have been subject to independent assurance by PricewaterhouseCoopers LLP in 2013 (see rb.com/our-responsibility/trees).

#### Water management Water use

2020 TARGET: 35% in water use (per unit of production)

**PROGRESS:** 25% reduction since 2012

In 2014 we used 0.72m<sup>3</sup> of water for every 1.000 CUs of production, 24.8% less than in 2012. In 2013 we amended our 2020 target to a 35% decrease in water use per unit of production due to strong performance on this topic. The decrease in our water consumption per unit of production during 2014 was due to process improvements.

For example:

- Recovering water from cooling towers and installing product recovery system Hull (UK).
- Water recycling on dipping lines Shangma (Qingdao).
- Steam reuse for boilers Chartres (France).

of 2.3% of total water consumption) and drew water from the following sources:

- Public supply 3,247,820m<sup>3</sup>
- Private wells 1.764.264m<sup>3</sup>
- Rivers 275,817m<sup>3</sup>
- Other (including tankers) 128,140m<sup>3</sup>

Tree planting	Unit	2006	2012	2013	2014
Total trees planted (cumulative)	number of trees	45,000	5,799,000	6,150,000	7,014,000
Total emissions to be offset by programme (cumulative)	tonnes CO₂e	276,593	1,865,214	2,140,193	2,414,471
Total area acquired to date	km²				104

Since 2000, our water use has decreased by 46.6% per unit of production, and absolute water use has decreased by 4.7%. We participate in the CDP Water Disclosure initiative: cdproject.net

#### Water discharges

We have reduced water discharges by 66% per unit of production and decreased by 39% in absolute terms since 2000. In 2014, our water discharges decreased by 16.4% per unit of production. We discharged 0.29m<sup>3</sup> of water for every 1,000 CUs of production in 2014 and 2.15 million m<sup>3</sup> in total.

Of the water we used in 2014, 40% was discharged into water systems. The remaining 60% went into our products, was in liquid and solid wastes sent off site, or evaporated from cooling and process systems.

In 2014, we discharged water via the following methods:

- Sewers (treated before discharge) 1,111,818m<sup>3</sup>
- Sewers (untreated before discharge) 448,027m<sup>3</sup>
- Natural water bodies e.g. rivers (treated before discharge) - 325,395m<sup>3</sup>
- Natural water bodies e.g. rivers (untreated before discharge) - 256,141m<sup>3</sup>
- Other water discharges (Treated/Untreated) 11.006m<sup>3</sup>

						% change	% change	% change
Water use	Units	2000	2012	2013	2014	vs. 2013	vs. 2012	vs. 2000
Per unit of production	m³ per 1,000 CU	1.357	0.964	0.788	0.724	-8.1%	-24.8%	-46.6%
Absolute	million m <sup>3</sup>	5.683	6.616	5.625	5.416	-3.7%	-18.1%	-4.7%
Water discharge	Units	2000	2012	2013	2014	% change vs. 2013	% change vs. 2012	% change vs. 2000
Per unit of production	m³ per 1,000 CU	0.844	0.496	0.344	0.288	-16.4%	-42.0%	-65.9%
Absolute	million m <sup>3</sup>	3.532	3.405	2.457	2.152	-12.4%	-36.8%	-39.1%

Introduction

#### Waste management

**2020 TARGET:** Zero waste to landfill **PROGRESS:** 74% of factories achieved zero waste to landfill status (inc. hazardous and nonhazardous waste)

**2020 TARGET:** 10% reduction in waste (per unit of production) **PROGRESS:** 7% reduction since 2012

We've decreased waste per unit of production by 6.5% since 2012. We created 0.0113 tonnes of waste for every 1,000 CUs of production in 2014. Our total waste in 2014 decreased by 0.2% while our total production increased by 5%. We have reduced our total waste generation by 12% per unit of production since 2000 but the total waste volume has increased by 57%. We have reduced our total waste

Our long-term strategy is to continually reduce waste generation and improve our recycling of waste arising from our operations, especially hazardous waste, which is more difficult to recycle and dispose of. Our hazardous waste was 0.0014 tonnes per 1,000 CUs (12% of our total waste) and is disposed of in accordance with local legislative requirements. Our hazardous waste decreased by 10.3% per unit of production and 2.3% in absolute terms compared to 2012. Continual improvement of our waste management since 2000 has reduced hazardous waste generation by 36% per unit of production.

As of 31 December 2014, 74% of our manufacturing sites have achieved zero waste to landfill. Our definition for this includes all hazardous and non-hazardous manufacturing waste. In total, 35 factories no longer send waste to landfill, a significant increase since 2012 when only four sites had a zero waste to landfill status. In 2014, 12% of our total waste went to landfill (a reduction of 58% since 2012).

This was achieved by the hard work of our sites identifying alternatives to landfill for their waste streams. In addition we created a network of waste champions, partnering manufacturing sites who have achieved zero waste to landfill with those who have not to ensure knowledge sharing; we have launched "race to zero" campaign and global employee challenge to encourage innovative waste reuse and recycling ideas. Regular waste audits were rolled out to monitor progress and identify opportunities for improvement.

# Environmental and occupational safety prosecutions and fines

One of our factories was fined during 2014 for EHS issues. The fine totalled \$4,500. Actions have been taken to address the identified gaps.

#### **Significant spills**

In 2014, there were no significant spills at our manufacturing sites which had a major impact on the environment.

#### **Transportation and logistics**

We use transport contractors to move our products by road, sea, rail and sometimes air. As we do not have operational control of these companies we do not have direct control over their greenhouse gas emissions but we work with them to improve efficiency and reduce emissions.

Most of our impact is through road transportation. To reduce the environmental impact (and cost) of product transport, we are working with our transport contractors to:

- Combine our truck journeys with those of other companies, so that a truck is carrying products on both the outward and return legs of its journey, reducing 'empty' running.
- Combine 'less than a truck load' (LTL) shipments.
- Move freight off roads to rail, inland waterways and inland sea shipping.

This will increase our efficiency and reduce our total carbon footprint, contributing to our carbon reduction goals.

# Environment, Health & Safety (EHS) management systems

Performance

2020 TARGET: 100% of manufacturing sites with certified EHS management systems PROGRESS: 87% of factory sites held ISO 14001, 91% held OHSAS 18001

In 2012, we set a target for all manufacturing sites to have implemented functioning EHS management systems externally certified to ISO 14001 and OHSAS 18001 by 2020 and committed to reporting annually on our progress. As of 31 December 2014, 87% of our factory sites, where we have overall management responsibility, held ISO14001 certification and 91% held OHSAS 18001 certification. All our factory sites are currently working towards developing certified systems by the end of 2016. Our Group Health & Safety management system continues to be certified as compliant with OHSAS 18001.

Units	2000	2012	2013	2014	% change vs. 2013	% change vs. 2012	% change vs. 2000
tonnes per 1,000 CU	0.0129	0.0121	0.0119	0.0113	-4.7%	-6.5%	-12.2%
thousand tonnes	53.95	83.14	84.80	84.63	-0.2%	1.8%	56.9%
% of waste sent to Landfill	39%¹	28%	19%	12%	-39.5%	-58.2%	-70.2%
Units	2000	2012	2013	2014	% change vs. 2013	% change vs. 2012	% change vs. 2000
tonnes per 1,000 CU	0.0022	0.0016	0.0016	0.0014	-13.1%	-10.3%	-36.0%
thousand tonnes	9.10	10.65	11.43	10.41	-9.0%	-2.3%	14.3%
	tonnes per 1,000 CU thousand tonnes % of waste sent to Landfill Units tonnes per 1,000 CU thousand	tonnes per 1,000 CU0.0129thousand tonnes53.95% of waste sent to Landfill39%1Units2000tonnes per 1,000 CU0.0022thousand4000	tonnes per 1,000 CU         0.0129         0.0121           thousand tonnes         53.95         83.14           % of waste sent to Landfill         39%1         28%           Units         2000         2012           tonnes per 1,000 CU         0.0022         0.0016           thousand         5000         5000	tonnes per 1,000 CU         0.0129         0.0121         0.0119           thousand tonnes         53.95         83.14         84.80           % of waste sent to Landfill         39%1         28%         19%           Units         2000         2012         2013           tonnes per 1,000 CU         0.0022         0.0016         0.0016           thousand         53.95         53.95         53.14         53.95	tonnes per 1,000 CU       0.0129       0.0121       0.0119       0.0113         thousand tonnes       53.95       83.14       84.80       84.63         % of waste sent to Landfill       39%1       28%       19%       12%         Units       2000       2012       2013       2014         tonnes per 1,000 CU       0.0022       0.0016       0.0016       0.0014         thousand         28%       19%       12%	Units         2000         2012         2013         2014         vs. 2013           tonnes per 1,000 CU         0.0129         0.0121         0.0119         0.0113         -4.7%           thousand tonnes         53.95         83.14         84.80         84.63         -0.2%           % of waste sent to Landfill         39%1         28%         19%         12%         -39.5%           Units         2000         2012         2013         2014         % change vs. 2013           tonnes per 1,000 CU         0.0022         0.0016         0.0016         0.0014         -13.1%           thousand	Units         2000         2012         2013         2014         vs. 2013         vs. 2012           tonnes per 1,000 CU         0.0129         0.0121         0.0119         0.0113         -4.7%         -6.5%           thousand tonnes         53.95         83.14         84.80         84.63         -0.2%         1.8%           % of waste sent to Landfill         39%1         28%         19%         12%         -39.5%         -58.2%           Units         2000         2012         2013         2014         % change vs. 2012         % change vs. 2013         ************************************

Systems/Regulatory Management Systems		2009	2010	2011	2012	2013	2014
Manufacturing sites covered by ISO 14001	total	18	18	25	28	32	41
Total manufacturing sites for environment data	total	43	43	48	45	46	47
Manufacturing sites covered by ISO 14001	%	42	42	52	62	70	87
Manufacturing sites covered by OHSAS 18001	total	15	20	23	26	33	43
Total manufacturing sites for health & safety data	total	44	48	49	49	50	47
Manufacturing sites covered by OHSAS 18001	%	34	42	47	53	66	91
Internal Audits EHS function (Inc. data audits)	%	44	31	16	20.4	24	23

1 Landfill based on 2001 data

Introduction

#### **Health & Safety**

**2020 TARGET:** Continued reduction in lost work day accident rates (LWD AR) **PROGRESS:** 13% reduction since 2012

RB is committed to preventing accidents, injuries and occupational ill health at all locations under our control. To progress against our goals we work to an Occupational Health & Safety policy, set global Health & Safety standards for all locations and actively promote safe behaviours, thus continually developing a culture of safety among all employees and contractors. These measures have reduced our LWD AR to 0.093 which is a substantial improvement since 2000 and puts safety at RB in line with the industry benchmark. As safety within the organisation matures it is difficult to drive further step change using only lost work days as a metric. To this end, RB now looks at total recordable frequency rate (lost work days, restricted work cases and beyond first aid incidents) to ensure all safety incidents are investigated and improvements made. During 2014 RB actively targeted worker participation in safety and in December over 50% of all those working on an RB site documented a proactive safety action they had taken. The continual evolution of these programs during 2014 has helped reduce our LWD AR by a further 13% compared to 2012 and 93% since 2001.

Health and Safety	Units	2001	2010*	2011*	2012+	2013 <sup>+</sup>	<b>2014</b> <sup>†</sup>	% change vs. 2012	% change vs. 2001
Lost work day accident rate (LWD AR)**		1.34	0.136	0.127	0.107^^	0.107^^	0.093	-13.2%	-93.1%
Employee fatalities	number	(1)^	0	0	1	0	0		
Contractor fatalities	number	1	3	0	0	0	0		
Severe accidents***	number	8	2	0	1	1	2		

\* Assured by PWC in 2010-2011, † Assured by EY in 2012-2014, \*\* At manufacturing, warehouse and R&D sites, \*\*\* A severe accident is a permanent disability, including loss of sensory motor dexterity e.g. loss of a fingertip, ^ Suspected suicide, ^^ Restated 2012 and 2013 figures due to restatement of accident numbers at factory sites.

Employees by employment contract, type and location	Female	Male	Not declared	Total
Employment Contract				
Permanent Contract	9,963 (41%)	13,975 (58%)	149 (1%)	24,087
Fixed Term or temporary contract	223 (50%)	206 (46%)	19 (4%)	448
Employment Type				
Full time	9,987 (41%)	14,149 (58%)	168 (1%)	24,304
Part time	199 (86%)	32 (14%)	0 (0%)	231
Employment Location				
ENA	4,609 (42%)	6,205 (57%)	108 (1%)	10,922
RUMEA	1319 (41%)	1,864 (58%)	16 (1%)	3,199
LAPAC	4,008 (41%)	5,753 (59%)	43 (0%)	9,804
Other	250 (41%)	359 (59%)	1 (0%)	610
Total Employees	10,186 (42%)	14,181 (58%)	168 (0%)	24,535

No government prosecutions for employee health and safety violations were brought against RB factory, LC and R&D sites in 2014. We make some assumptions when calculating working hours (used for our LWD AR data). See Reporting Criteria at <u>rb.com</u>.

#### Our people

#### Employment

The monthly average number of people employed by the Group, including employees and contractors, during the year was:

	2013 ′000	2014 ′000
Continuing operations		
ENA	12.5	12.5
RUMEA	7.6	7.2
LAPAC	15.1	15.6
Other	1.2	1.2
Discontinued operations		
RB Pharmaceuticals	0.7	0.7
	37.1	37.2

The employment figures presented opposite are based on data for 24,535 global Group employees, which is 67% of the average number of people RB employs or contracts with globally.

As a minimum, RB complies with applicable local laws regarding minimum notice, consultation periods. RB also fully complies with all laws regulating collective bargaining and recognises the right to freedom of association. This means that, consistent with the law and with Company policy, employees shall have the right to assemble, communicate and join associations of their choice, or not. In 2014, approximately 35% of full-time employees were covered by collective bargaining agreements. Our commitment to respecting the right to freedom of association is embodied in our Global Code of Conduct, and GMS (see page 31).

#### **Remuneration and benefits**

Total remuneration changes in line with the number of employees and our remuneration policy that encourages, reinforces and rewards the delivery of outperformance.

The total remuneration paid to employees in 2014. including Directors, was £1,067m (2013: £1,132m). We seek to offer competitive remuneration that reflects both market conditions of the country in which people are based and their abilities and skills. Benefits (in addition to salaries, bonuses and long-term incentives) vary regionally and nationally and generally include items such as: pension plans; health, accident and disability insurance: medical care plans, and annual health checks. Our international transfer policy is an integral part of RB's commitment to developing globally experienced senior leaders, and support is provided to employees and their families to ensure a smooth international transition. Additional benefits help them face the challenges of moving to a foreign country, and compensate people for differences in pay and living costs.

Remuneration	Units	2012	2013	2014
Total employee remuneration	£m	1.050	1,132	1.067

#### Training and education

Performance

We have an experience-based approach to development, moving our people into new roles and geographies. We support this with appropriate development and training including leadership skills and coaching. And these are underpinned with formal training.

We provide site-level, regional, area and global training and awareness programmes on functional competencies and leadership skills. For example, around the world in 2014, our training programme provided courses in: leadership; business and organisation; people management and development, marketing, sales, finance and crisis management. Other training programmes include health & safety, environment, quality and preventative maintenance.

The Group trains and develops its senior management pipeline through formal training programmes and through a deliberate policy of training on the job. Management is international and is trained through rotation in international postings both in countries and in the Group's central functions.

Introduction

All employees globally have an annual performance development review (PDR) which assesses their skills, ability and performance against personal and business objectives and desired competencies. The PDR process is integrated with how we identify people for further growth and different or more senior roles in the future.

Succession planning is a critical management discipline and is reviewed at least annually by the Board and the Executive Committee.

#### Employee engagement

Providing an environment and culture in which employees can and want to give their best is a priority. We regularly seek feedback from employees on a variety of matters and in a variety of ways.

This includes departmental meetings, formal feedback tools and electronic surveys, which we carry out all over the world. We translate any opportunities for improvement into plans which are tracked in line with other business critical KPIs.

Although there are some significant differences in the opportunity areas, depending on location and geography, we get consistent feedback that our employees are energised by the scope of their jobs and the freedoms they have to make decisions, and impact the business.

We continue to work on encouraging a more open environment for our employees. Our Top 400 leaders are trained in this and a new global programme was launched in 2014.

#### A diverse culture

We work hard to attract, develop and retain highly capable and talented employees who can work together to produce outstanding results. We encourage diversity of nationality and international mobility among employees. This contributes to the generation of innovative ideas by applying new and different experiences and viewpoints across our business.

The Company operates within a corporate diversity and inclusion policy framework which is reviewed by the Executive Committee. The Board continues to promote diversity in its broadest sense and ensure that the Company's Top 40 executive roles, in particular, are open to fresh thinking and must include personnel from different global backgrounds who bring new ideas to the table.

The Company values its freedom to retain a group of people who, collectively, have the skills, experience and insight to achieve the Company's global vision and objectives and to achieve long-term value growth without being hindered by a gender quota which does not take cognisance of the specific situation and culture of the Company.

The Board composition was 17% female at 31 December 2014 following the appointment of Sue Shim on 1 July 2014. However, the appointment of Mary Harris and Pamela Kirby in February 2015 brought the board composition above the Davies recommended target of 25% females by 2015.

At 31 December 2014:

- 17% of the Board is female and 67% are non-UK nationals;
- 11% of the Executive Committee is female and 67% is non-UK nationals;
- 12% of the Top 40 managers is female and 65% is non-UK nationals.

All RB employees understand their personal responsibility for ensuring that diversity policies and programmes are actively pursued, implemented and maintained. The Company does not set specific targets in absolute percentage terms to deter artificiality in the process; it measures progress year on year to understand changes to gender balance.

As at 31 December 2014 42% of the Group's global employees is female; and 19% of the Group's Top 400 population is female.

A diverse company enables the business to better understand its opportunities and risks and to develop robust solutions to them. We believe that:

- Diversity is clearly much broader than gender. It incorporates diversity of race, thought, experience, skills, understanding, perspective and age and also requires implementation at all management levels.
- Successful companies sell their goods and services to customers regardless of gender, race, ethnic group or religion and a diverse workforce should reflect its customers. A diverse management is more in touch with its customers' demands and staff concerns and provides different perspectives in devising successful business strategies.
- Diversity is a matter of organisational culture largely set by example from the top. Company management that actively considers diversity is

better able to support diversity efforts in the rest of the organisation and is equipped to identify the organisation's requirements.

#### **Equal opportunity**

Performance

We employ, promote and reward people based on their skills, abilities and achievements, regardless of gender, race, age or other personal characteristics. We seek to encourage, recognise and reward our four core values of Achievement, Ownership, Entrepreneurship and Partnership. In 2014, RB had comparable hire and turnover rates for males and females.

Diversity				Units			201	2	2013	2014
Nationalities in man	agement – Bo	ard		Number	rat 31 Dece	ember	(	5	6	8
Nationalities in man	agement – Ex	ec Commi <sup>.</sup>	ttee	Number	at 31 Dece	ember		7	8	7
Nationalities in man	agement – To	p 40		Number	at 31 Dece	ember	14	4	14	13
Nationalities in man	agement – To	p 400		Number	at 31 Dece	ember	44	4	49	47
Nationalities in total	employees			Number	at 31 Dece	ember	104	4	102	103
Women employed –	Board			% at 31	December		20	C	10	17
Women employed –	Exec Commit	ttee		% at 31	December		22	2	11	11
Women employed –	Top 40			% at 31	December		16	5	14	12
Women employed –	Top 400			% at 31	December	•	16	5	17	19
Women employed –	global emplo	yees		% at 31	December	·	4	1	42	42
Employees by Age G	roup at 31 Dec	ember 201	4	Units			<30 yr:	s 30–	50 yrs	>50 yrs
Total employees				% at 31	December		25	5	63	12
Exec Committee				% at 31	December		(	)	55	45
¬Top 40				% at 31	December		(	)	65	35
¬Top 400				% at 31	December		(	)	86	14
Employee hires and turnover	Female	Male	ENA	RUMEA	LAPAC	HQ	<30 yrs	30–50 yrs	>50 yrs	Total
New hires (rate)	19%	17%	15%	36%	17%	20%	39%	13%	4%	19%
Turnover (rate)	16%	15%	16%	22%	14%	21%	20%	14%	15%	16%

The Top 400 includes the Top 40, the Top 40 includes the Executive Committee. 2014 global employee diversity data is based on data for 24,535 employees, which is 67% of the average number of people employed by the Group during 2014 (excluding RB Pharmaceuticals).

Introduction

#### Business conduct Code of conduct

Our Code of Conduct sets out the principles and ethical values we want to uphold. It is available at <u>rb.com</u>. Senior managers across the Company are required to report and sign-off on compliance with the Code every year. The Board Audit Committee monitors the findings of this certification process.

We have made our updated Code of Conduct policies and training programme available in 20 core languages to ensure that employees worldwide receive clear communication and training in this important area. All employees are required to complete the annual training on RB's Code of Conduct (which includes human rights issues). In total, over 7,300 hours were devoted to training on RB's Code of Conduct. In 2014, 83% of ENA employees, 92% of LAPAC employees and 72% of RUMEA employees completed the training. Globally, 81% of employees completed the Code of Conduct training. We regularly follow-up with our employees to ensure they have completed the required training, but staff turnover and the continuous hiring of new staff will result in rates that are less than 100% in a calendar year.

#### Whistleblower helpline

Our Whistleblower helpline is a confidential free phone number in each country, operated by an external organisation, which employees can use to report any suspected breaches of our Code of Conduct. Typical issues identified include grievances with managers and allegations of unprofessional behaviour or bullying.

All reported issues are investigated by Management or Internal Audit and appropriate action is taken. Depending on the type of issue identified, new policies may be issued, training may be provided and formal warnings may be issued. In some cases, if allegations against an employee have been proven valid by legal and HR, their contract may be terminated. This process is reported to and overseen by the Management Ethics Committee and also the Board Audit Committee.

#### Human rights

RB believes that human rights are an absolute and universal requirement and is committed to upholding 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 Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work. We are also committed to following the Organisation for Economic Co-operation and Development's (OECD's) Guidelines for Multinational Enterprises.

We recognise the important role that businesses play in society and the responsibility we have in ensuring that human rights are protected and respected. Our commitment to protecting and respecting human rights is publically disclosed through our Code of Business Conduct and our Global Manufacturing Standard for responsible production (GMS). These policies are applicable to all employees and contractors of, and suppliers of goods and services to, RB. We also encourage our suppliers to communicate our requirements within their supply chain.

RB takes any adverse human rights impacts extremely seriously and will directly engage in the remediation of any impacts identified.

We acknowledge the growing importance and complexity of the issue of human rights and are committed to continuously improving our approach using the UN Guiding Principles for Business and Human Rights.

All significant investment agreements (greater than £50m) undergo a due diligence analysis for human rights. This is conducted mainly by our manufacturing due diligence and factory visits. In rare occasions when we don't have access to factory, due diligence will be conducted by accessing publicly available information.

#### Grievance process

RB has grievance processes in place in all countries and complies with local laws. There have been a number of Grievances raising potential human rights issues reported through the Whistleblower helpline during 2014. All but one have been investigated and resolved during 2014, with the outstanding issue continuing under investigation.

#### Anti-bribery and corruption

RB employees have received formal training on the UK Bribery Act and all employees with email access are required to pass a mandatory online test covering the UK Bribery Act. This has been supported by extensive Legal and Internal Audit visits to high risk overseas operations. As part of the annual audit planning process, all of RB's locations are assessed against a number of risk factors, including bribery and corruption risks. There were no significant such incidents identified during 2014.

#### Anti-competitive behaviour

The Group is involved in a number of investigations by government authorities and has made provisions for such investigations, where appropriate. In 2014, the Group was involved in four cases in total. Where it is too early to determine the likely outcome of these matters or to make a reliable estimate, the Directors have made no provision for such potential liabilities.

#### **Responsible supply chain management** Our supply chain

Our worldwide supply chain includes thousands of businesses providing us with everything from raw materials and packaging, through logistics and warehousing, to office supplies. Some of our suppliers are large, multinational companies with substantial business and ethical conduct programmes of their own. Smaller, local companies – for example in our emerging markets areas – may not have such formal conduct programmes in place, but they can still be excellent suppliers. We do not have a formal policy on preferring locally based suppliers. Supplier selection includes quality, cost, location and compliance to our Code of Conduct and GMS for responsible production.

#### Our focus areas

Our responsible supply chain programme focuses on the following groups:

- RB owned manufacturing sites
- Third party manufacturers

- Raw material suppliers
- Packaging suppliers

Performance

These groups have been selected on the basis of the potential for sustainability risks, the proximity to our brands, importance to our business operations and spend. Our areas of focus are reviewed annually.

#### **Responsible production standards**

**Our requirements & GMS Compliance Programme** Our Global Manufacturing Standard for responsible production ("GMS") outlines the minimum labour, health & safety and environmental standards we expect all our own sites and suppliers to meet in the production of goods and services for RB. Our requirements are closely aligned with the Ethical Trade Initiative (ETI) Base code and the conventions of the International Labour Organisation (ILO). Our GMS has eight principles:

- 1. No child labour. Limitation of work by young workers.
- 2. No forced labour.
- 3. Safe and healthy working environment.
- 4. No discrimination. Equal opportunities/rights.
- 5. No harmful or inhumane treatment.
- 6. Reasonable terms and conditions of employment.
- 7. Effective communication between employees and management. Right to freedom of association.
- 8. Protection of the environment.

100% of RB's suppliers must comply with RB's GMS requirements; therefore we are integrating into our supplier contracts the need for them to comply with RB's Responsible Sourcing and Production Requirements and participate in RB's GMS Supplier Compliance programme if required.

In order to identify and mitigate the risk of GMS noncompliances in relation to labour, health & safety and environment, we have a risk-based GMS Compliance Programme for RB sites (manufacturing facilities & logistic centres) and for selected RB suppliers.

Introduction

#### **RB's GMS site compliance programme**

We require all RB Sites to complete an annual selfassessment of compliance with the GMS requirements. Additionally, we agree with internal management annually which RB Site's require an unannounced independent third party GMS compliance audit.

To date 90% of sites located in higher risk geographies have been audited and we are working closely with site and regional management to close all audit non-compliances identified within appropriate timescales. To date, no business critical issues have been identified. Typical areas for improvement relate to health & safety and working hours matters. By the end of 2015, 100% of sites located in higher risk locations will have been audited.

A key part of our site programme is improving the awareness and understanding of the GMS within our Supply function. Consequently, in 2014 we developed and launched an online interactive resource which provides site management with information on why responsible production is important, RB's GMS and GMS compliance programme and detailed information on each GMS clause and what sites need to do to comply. This resource will help improve GMS compliance within our own sites.

#### **RB's GMS supplier compliance programme**

In the interest of reducing the burden on suppliers and working collaboratively in order to improve standards within our supply chain, we manage our supplier compliance programme using the industry leading ethical information platform, Sedex. Through Sedex, suppliers are able to complete a self-assessment of compliance and upload their ethical audit reports and share these with several customers.

Currently 100% of RB's third-party manufacturers and selected natural raw material suppliers are included in the GMS Supplier Compliance Programme, amounting to 685 supplier sites.

All suppliers included in the programme are required to complete a Self-Assessment of Compliance on Sedex where they disclose what policies and practices they have in place in order to effectively manage the following within their facility:

- labour standards;
- health & safety;
- environment; and
- business integrity.

Supplier responses coupled with the inherent risk associated with their country of operation, product area and site function are used in order to assign suppliers a high, medium or low risk rating. We subsequently use the risk rating in order to determine which suppliers require a GMS compliance audit. We are committed to recognising ethical audits carried out for other customers, provided that they meet our minimum audit criteria, to help reduce the burden on suppliers. From the end of 2013 to early 2014 we required key third-party manufacturers in higher risk geographies to undergo a compliance audit (4-pillar Sedex Members Ethical Trade Audit). Throughout 2014 Global Sustainability and Procurement worked closely with these suppliers in order to facilitate the closure of non-compliances identified. No business critical issues have been identified to date. Typical noncompliances relate to health & safety, working hours and sustainability management systems. At the end of 2014, over 75% of non-compliances were closed. Due to the success of this programme we have continued to audit third-party manufacturers in higher risk geographies and by mid-2015 over 75% will have been audited.

In addition to self-assessments and audits a key part of our programme is supporting suppliers in developing their own capability to improve standards and compliance within their facility and supply chain. Consequently, in August 2014 RB participated in an AIM-Progress Responsible Sourcing Forum in Gurgaon, India. The objective of this event was to promote responsible sourcing by providing suppliers with information on FMCG company responsible sourcing programmes and demonstrating the value of these to not just FMCG companies but also themselves. Suppliers heard from speakers from RB's Procurement and Sustainability teams, in addition to a number of FMCG companies, audit firms and NGOs. This event was attended by our key Indian third-party manufacturers and members of our Indian Procurement team.

RB continues to be a member of AIM-Progress, which is a forum of leading FMCG companies that enable and promote responsible sourcing practices and sustainable production systems, while also seeking to reduce the burden for suppliers through collaboration and the harmonisation of approaches. On top of our site and supplier compliance programmes, senior and middle managers from across our R&D, Supply and Corporate Affairs functions continued to include GMS discussions, reviews and audits as part of their visits to our own and supplier sites and reported issues back to the Global Sustainability team.

Further information on our responsible production programme can be found in our Sustainability Guide for Suppliers (rb.com/sustainability).

#### **Responsible sourcing of natural raw materials**

We are committed to ensuring the natural raw materials used in our products and packaging are produced in a manner that meets or goes beyond applicable laws and regulations, respects human rights, safeguards health & safety, protects the environment, does not cause deforestation, and generally supports the contribution of business to achieving sustainable development.

We are committed to:

Performance

- Zero deforestation.
- Zero development on peatlands (of any depth).
- Zero exploitation of workers or communities.
- Being transparent on our requirements and our progress with implementation.

In 2014, we updated our Policy & Standard on the Responsible Sourcing of Natural Raw Materials. Our Policy & Standard applies to all natural raw materials used in products and product packaging that are produced by or on behalf of RB, including at both company owned/managed facilities and those facilities owned/managed/operated by suppliers, contractors and subcontractors. Our Global Sustainability team sets the standards and provides guidance on implementation. Our Supply function is responsible for implementing the Policy & Standard. The Policy & Standard can be accessed via rb.com.

#### **The key requirements for natural raw materials** They must be from sources that:

- Are managed in compliance with all applicable environmental, labour, health & safety laws and regulations and ILO Fundamental Conventions<sup>1</sup>;
- Do not contribute towards the deforestation or degradation of peatlands of any depth, primary forests<sup>2</sup> or High Conservation Value areas as defined by the HCV Network<sup>3</sup>;
- Are managed in accordance with all applicable tenure and use rights, including the respect of indigenous people's and local communities' rights;
- Are not using toxic chemicals (as listed by the Stockholm (POP) Convention)<sup>4</sup>;
- Do not use fire to prepare land for replanting and/ or waste disposal;
- Are managed in a manner that protects biodiversity and ecological processes; and
- Actively seek to utilise previously cleared and/or degraded land rather than natural forests. Plantations should optimise the use of agricultural land where appropriate, not put indirect pressure on forests through overuse of agricultural land in an area.

Any short-term exceptions to this policy must be signed off by the CEO and accompanied by a timebound plan to ensure compliance.

- 1 www.ilo.org/global/standards/introduction-to-international-labourstandards/conventions-and-recommendations/lang--en/index.htm
- 2 Primary forest is a forest ecosystem with the principal characteristics and key elements of native ecosystems such as complexity, structure, and diversity and an abundance of mature trees, relatively undisturbed by human activity. Human impacts in such forest areas have normally been limited to low levels of hunting, fishing and harvesting of forest products. Such ecosystems are also referred to as "mature", "old-growth", or "virgin" forests.
- 3 'High Conservation Value Areas' refers to the areas necessary to maintain or enhance one or more High Conservation Values (HCV), where a HCV is a biological, ecological, social or cultural value of outstanding significance or critical importance. Specific definition of the six HCV categories is provided in our standard for the Responsible Sourcing of Natural Raw Materials available on rb.com
- 4 The Stockholm Convention on Persistent Organic Pollutants lists 22 organophosphates such as DDT which signatory countries agree to cease making and using other than in specific exceptional cases. POPs can be very widely distributed by wind, they are slow to biodegrade and tend to build up in animal tissue.

#### Monitoring compliance

We include suppliers of key natural raw materials, such as those of palm oil or board, in our compliance monitoring programme. Each year we complete a risk assessment of natural raw materials purchased. These materials are assessed against a range of different criteria, such as environment and social risks, volumes and proximity to RB brands. We then carry out specific due diligence for materials highlighted as higher risk. For new acquisitions, we review natural raw materials purchased and use the criteria above to determine inclusion in our programme to ensure long term compliance.

Our compliance monitoring activities includes a range of activities such as:

- traceability and responsible sourcing compliance questionnaires;
- supplier engagement (e.g. supplier visits, meetings and assessments); and
- independent audits.

Our Sustainability Guide for Suppliers provides suppliers with details on our requirements and compliance monitoring programme (see <u>rb.com/</u> <u>sustainability</u>). We also continue to roll out detailed compliance requirements in our supplier contracts.

#### Working with our suppliers

We are dedicated to working with our suppliers to ensure responsible sourcing of natural raw materials. We understand that in some regions or countries, particularly where there are complex and informal supply chains, reliably confirming compliance may be a difficult, complicated and lengthy process. We are committed to working with our suppliers to address any issues identified and ensure plans are in place to address these. We value an open and honest approach to any instances of non-compliance, and a genuine commitment to correct those non-compliances in an appropriate time frame. We believe that working with suppliers while they address non-compliance by their own suppliers or internally may be a better long-term solution than immediately de-listing them. However, if mutually acceptable solutions cannot be reached within appropriate time scales, we may be required to suspend our business relationship until a satisfactory solution can be found.

#### Responsible palm oil sourcing

RB is committed to helping address the issues around palm oil sourcing. We fully support the goal of no deforestation or degradation of peatlands (of any depth), primary or High Carbon Stock forests, or High Conservation Value areas, associated with the cultivation of palm oil. We are a member of the Roundtable for Sustainable Palm Oil (RSPO) and are working with suppliers and others in the industry so that the world's major palm oil supplies come from sustainable sources.

Our approach has three key elements:

- 1. Engaging with suppliers to build traceability of our palm oil supply chain and ensure our responsible sourcing and production requirements are met. We are a member of TFT, the international non-profit organisation working to build responsible product supply chains. Working with TFT, we have undertaken a detailed review of our physical palm oil supply chain. As part of this work, we've achieved traceability to refinery for 100% of our palm volumes (excluding surfactants). Following on from this, our next steps are to:
  - work with palm oil suppliers to trace palm oil back to mills by end 2015;
  - roll out supplier assessments to our key palm oil suppliers by end 2015; and
  - work with TFT to define and implement next steps (including defining the timeline for full compliance) following completion of risk assessments by end 2015.
- 2. Buying RSPO Certified Sustainable Palm Oil

**(CSPO)** – We have brought Green Palm certificates to cover all our palm oil purchases for 2014. Since the inception of our responsible palm oil programme we have gained a much greater understanding of the complexities and challenges that are faced within this industry. We want to ensure that our priorities are focused on the areas that will have the greatest impact in achieving a responsible supply chain, for this reason we are currently reviewing our approach to certification to understand if this is still the most appropriate for RB.

 Advocacy – Working with TFT, RB hosted a workshop to discuss how to build palm oil traceability and deliver responsible palm oil collectively in India. We have also supported external research into approaches and opportunities to increase smallholder farmer resilience and responsible farming approaches.

# External recognition and awards CDP

We are a member of the CDP FTSE 350 Carbon Disclosure Leadership Index, with a score of 100 A–.

#### **Dow Jones Sustainability Index**

We were listed in the Dow Jones Sustainability Index and named leader of the Household Products industry. RB achieved top scores in innovation management, strategy for emerging markets, supply chain management, product stewardship and corporate citizenship and philanthropy.

#### FTSE4Good

Performance

Our performance has led to continued inclusion within the FTSE4Good Index Series. This means that RB has met stringent environmental, social and governance criteria and is positioned to capitalise on the benefits of responsible business practice.

# Global 100 Most Sustainable Corporations in the World

RB ranked seventh in the Corporate Knights Global 100 Index. RB performed particularly well against its peers in the household products industry on energy, carbon, water and waste productivity.

#### Other awards and recognition

- Asian CSR Leadership Awards- Best CSR Programme
- 2degrees Awards- Best Internal Engagement Activity
- Sustainable Leadership Awards- Finalist, Water Management Category
- RobecoSAM's 2015 Sustainability Yearbook-Industry Leader, Gold Class distinction

# Performance and approach Independent assurance on

# selected sustainability data

Introduction

#### Independent limited assurance statement to the Directors of Reckitt Benckiser Group plc

The Reckitt Benckiser plc (RB) Sustainability Report 2014 (the Report) has been prepared by the management of RB, who are responsible for the collection and presentation of the information within it. Our responsibility, in accordance with RB management's instructions, was to carry out a 'limited level' assurance review of selected 2014 data (Selected Data) contained within the Report. We do not, therefore, accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

#### What we are assuring

The Selected Data set out on page 19, that consists of.

- Environmental parameters as follows: energy use at manufacturing sites and warehouses: greenhouse gas emissions from energy use in manufacturing and warehouses; water use at manufacturing sites and warehouses; water discharges from manufacturing sites and warehouses; total waste at manufacturing sites and warehouses; and hazardous waste at manufacturing sites and warehouses.
- Social parameters as follows: nationalities and gender split of the Board, Executive Committee, 'Top 40', 'Top 400' senior management and global employees; Lost Working Day accident Frequency Rate at manufacturing, warehouse and R&D sites; numbers of fatal and severe accidents; and Cash Value Added
- Total Net Revenue from more sustainable products (for the period January 2014 to September 2014), which expresses this as a percentage of total RB revenue for the same period.
- Product metrics as follows: Total Carbon Footprint; Total Water Use Footprint (including Water Impact); and Total Net Revenue from more sustainable products (Q1-Q3 2014).
- Total people reached since 2013 with health and hygiene messaging.

#### What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with ISAE3000<sup>1</sup>. The Selected Data have been evaluated against completeness, consistency and accuracy criteria agreed with the management of RB. These criteria have been agreed to provide a basis for assessing RB's application of its Reporting Criteria and Basis of Preparation (the Reporting Criteria, available at rb.com). Our criteria are set out below:

#### Completeness

 Whether all material data sources have been included and that boundary definitions have been appropriately interpreted and applied.

#### Consistency

 Whether the RB Reporting Criteria have been consistently applied to the Selected Data.

#### Accuracy

- Whether site-level environmental and social data has been accurately collated by RB management at a Global level.
- Whether there is supporting information for the environmental and social data reported by sites to RB management at a Global level.

#### In order to form our conclusions we undertook the steps outlined below:

- 1. Interviews with management responsible for the collation and accuracy of the Selected Data
- 2. A review of the methodologies, guidance documents and processes for reporting the Selected Data
- 3. Carried out analytical procedures over the Selected Data
- 4. Reviewed the Report for the appropriate presentation of the Selected Data, including the discussion of limitations and assumptions relating to the data presented
- 1 ISAE 3000 International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

- 5. Reviewed and challenged the validation and collation processes undertaken by RB management • We have not sought evidence to support the data, in relation to the Selected Data
- 6. Carried out the following activities in relation to the environmental, health & safety data:
  - A review of RB's online collection tool for environmental, health & safety data, including testing outputs and selected conversions made within the tool
  - Reviewed underlying documentation for a sample of site level data points
- 7. Carried out the following activities in relation to Total Net Revenue (NR) from more sustainable products:
  - A review of RB's sustainable innovation calculator
  - A review of the methodology and process for identifying 'more sustainable products'
  - A review of source data being input into the calculator
  - A review of the process for aggregating NR data
  - A walkthrough of the documented process for calculating NR from more sustainable products
  - Testing of the sustainable innovation calculator tool and gathering of evidence for a limited number of products classified as 'more sustainable'
- 8. Carried out the following activities in relation to the Total Carbon and Water Footprints:
  - A review of RB's Total Carbon and Water Measurement System (TMS)
  - Reviewed assumptions made and a sample of source data being input into the TMS
- 9. Checked Cash Value Added data against information reported within RB's Annual Report and Financial Statements 2014

#### Level of assurance

Our procedures have been designed to obtain a sufficient level of evidence to provide a limited level of assurance in accordance with ISAE3000. The extent of evidence-gathering procedures performed is less than that of a reasonable assurance engagement and therefore a lower level of assurance is provided.

#### Limitations of our review

Performance

- statements or claims presented within the Report. other than those relating to the 2014 Selected Data (as set out above).
- We did not review environmental or social performance data for years prior to 2012.
- Our review did not address the accuracy of information within third party databases or examine the integrity of the finance systems used across the Group to calculate the Net Revenue figures.

#### **Our conclusions** Based on our review:

- We are not aware of any material reporting units
- which have been excluded from the scope of the Selected Data.
- Nothing has come to our attention that causes us to believe that the Reporting Criteria, as summarised in the Report, have not been consistently applied.
- Nothing has come to our attention that causes us to believe that the Selected Data has not been properly collated from the information reported by sites.
- We are not aware of any errors that would materially affect the Selected Data.

#### Independence

This is the third year that Ernst & Young LLP has provided independent assurance services in relation to RB's sustainability reporting. With the exception of this work we have provided no other services relating to RB's sustainability data collation and reporting.

#### Our assurance team

Our assurance team has been drawn from our global Climate Change and Sustainability Services network. which undertakes similar engagements to this with a number of significant UK and international businesses.

Ernst & Young LLP. London 02 April 2015



G4	General Standard Disclosure	Comment/Links	Assurance
Strategy	and analysis		
G4-1	CEO statement.	SR: CEO's introduction, page 3.	
G4-2	Description of key impacts, risks and opportunities.	SR: Materiality, <u>page 20.</u> AR: Sustainability & Risk Management, pages 132-133.	
Organisa	tional profile		
G4-3	Name of reporting organisation.	SR: <u>Front cover</u> .	
G4-4	Primary brands, products, and services.	SR: RB at a glance, <u>page 2</u> .	
G4-5	Location of the organisation's headquarters.	SR: Further information, <u>page 18</u> .	
G4-6	Countries of operation.	SR: Introduction, <u>page 1</u> .	
G4-7	Nature of ownership and legal form.	AR: Shareholder information, pages 134-135.	
G4-8	Markets served.	SR: RB at a glance, <u>page 2</u> .	
G4-9	Scale of the organisation, including employees, operations, revenues, total capitalisation and quantity of products and services.	SR: Introduction page 1 and Our people, page 29.	
G4-10	Total number of employees broken down by employment contract, type, location and gender.	SR: Our people, <u>page 29</u> .	
G4-11	Percentage of total employees covered by collective bargaining agreements.	SR: Our people, <u>page 29</u> .	
G4-12	Description of the supply chain.	SR: Our supply chain, page 31.	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	AR: Notes 26 and 27, page 114.	
G4-14	How the precautionary approach or principle is addressed by the organisation.	RB applies the precautionary approach through the consideration of sustainability matters, risks and opportunities. SR: Materiality, <u>page 20</u> . AR: Sustainability & Risk Management, page 132-133.	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes.	SR: External partnerships, page 21.	
G4-16	Memberships of associations maintained at an organisational level.	SR: Industry sustainability programmes, page 21.	
Identified	l material aspects and boundaries		
G4-17	Entities included in the Annual Report and Financial Statements.	AR: Note 1, page 76 and Principle Subsidiary Undertakings, page 123.	
G4-18	Process for defining the report content and Aspect Boundaries.	SR: Materiality, page 20. Online: Reporting criteria.	
G4-19	Material Aspects identified in the process for defining reporting content.	SR: Materiality, <u>page 20</u> .	
G4-20	Aspect Boundary within the organisation	Online: Reporting criteria.	
G4-21	Aspect Boundary outside the organisation	Online: Reporting criteria.	
G4-22	Effect of any restatements of information provided in previous reports.	Online: Reporting criteria.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Online: Reporting criteria. AR: Notes 26 and 27, page 114.	

SR: 2014 Sustainability Report

Performance

AR: 2014 Annual Report and Financial Statements

Data assured by Ernst & Young, see page 34.

Selected data assured by Ernst & Young, see page 34.

# Performance and approach Global reporting initiative G4 content index continued

Introduction

G4	General Standard Disclosure	Comment/Links	Assurance
Stakeholo	der Engagement		
G4-24	List of stakeholder groups engaged by the organisation	SR: Stakeholder engagement, page 21.	
G4-25	Basis of identification and selection of stakeholders with whom to engage.	SR: Stakeholder engagement, page 21.	
G4-26	Approach to stakeholder engagement.	SR: Stakeholder engagement, page 21.	
G4-27	Key topics and concerns raised through stakeholder engagement.	SR: Stakeholder engagement, <u>page 21</u> .	
Report Pr	ofile		
G4-28	Reporting period.	SR: Approach to reporting, page 19.	
G4-29	Date of most recent previous report.	SR: Approach to reporting, page 19.	
G4-30	Reporting cycle.	SR: Approach to reporting, page 19.	
G4-31	Contact point for questions regarding this report.	SR: Further information, page 18.	
G4-32	The 'in accordance' option the organisation has chosen, content index and assurance.	SR: Approach to reporting, page 19.	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	SR: Approach to reporting, page 19.	
Governar	nce		
G4-34	Governance structure of the organisation.	SR: Corporate governance, <u>page 22</u> .	
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body.	SR: Corporate governance, <u>page 22</u> .	
G4-36	Executive level position or positions with responsibility for economic, environmental and social topics.	SR: Corporate governance, page 23.	
G4-38	Composition of the highest governance body and its committees.	AR: Corporate governance, page 33-34.	
G4-39	Whether the Chair of the highest governance body is also an executive officer.	AR: Corporate governance, page 36.	
G4-40	Nomination and selection processes for the highest governance body and its committees.	AR: Corporate governance, page 38.	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	AR: Corporate governance, page 38.	
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organisations purpose, value or mission statements, etc.	AR: Management of sustainability, page 132-133.	
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	AR: Management of sustainability, page 133.	
G4-45	Highest governance body's role in the identification and management of impacts, risks and opportunities.	AR: Management of sustainability, page 132-133.	
G4-46	Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	AR: Management of sustainability, page 132-133.	
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.	AR: Management of sustainability, page 132-133.	
G4-51	Remuneration policies for the highest governance body and senior executives.	AR: Corporate governance, page 47-59.	

Performance

#### Data assured by Ernst & Young, see page 34.

• Selected data assured by Ernst & Young, see page 34.

# Performance and approach Global reporting initiative G4 content index continued

Introduction

G4	General Standard Disclosure			Comment/Links	Assurance
Governan	<b>e</b> continued				
G4-52	Process for determining remu remuneration.	uneration. Repo	ort whether remuneration consultants are involved in determining	AR: Corporate governance, page 47-59.	
G4-53	How stakeholders' views are of votes on remuneration po		ken into account regarding remuneration, including the results osals.	AR: Corporate governance, page 47-59.	
Ethics and	Integrity				
G4-56	Organisation's values, princip	oles, standards a	and norms of behaviour.	SR: Introduction, page 1 and Business conduct, page 31.	
G4-57	Internal and external mechai	nisms for seekir	ng advice on ethical and lawful behaviour.	SR: Business conduct, page 31.	
G4-58	Internal and external mecha	nisms for report	ing concerns about unethical or unlawful behaviour.	SR: Business conduct, <u>page 31</u> .	
Material Aspe	cts	DMA and Indicators	Indicator Detail	Comment/Link	External Assurance
Category:	Economic				
Economic P	erformance	G4-EC1	Direct economic value generated and distributed.	SR: Our economic contribution, page 23.	۲
Category:	Environmental				
Energy		G4-EN3	Energy consumption within the organisation.	SR: Energy use, <u>page 26</u> .	۲
		G4-EN5	Energy intensity.	SR: Energy use, <u>page 26</u> .	۲
		G4-EN6	Reduction of energy consumption.	SR: Energy use, <u>page 26</u> .	۲
Water		G4-EN8	Total water withdrawal by source.	SR: Water use, <u>page 27</u> .	
		G4-EN9	Water sources significantly affected by withdrawal of water.	SR: Total carbon and water impact footprints, page 23.	
		G4-EN10	Percentage and total volume of water recycled and reused.	SR: Water use, page 27.	
Emissions		G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	SR: GHG emissions, <u>page 26</u> .	۲
		G4-EN16	Energy indirect GHG emissions (scope 2).	SR: GHG emissions, page 26.	۲
		G4-EN17	Other indirect GHG emissions (scope 3).	SR: GHG emissions, page 26.	۲
		G4-EN18	GHG emissions intensity.	SR: GHG emissions, page 26.	۲
		G4-EN19	Reduction of GHG emissions.	SR: GHG emissions, page 26.	۲
		G4-EN20	Emissions of ozone-depleting substances (ODS).	SR: Other emissions, page 26.	
		G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions.	SR: Other emissions, <u>page 26</u> .	
Effluents ar	id Waste	G4-EN22	Total water discharge by quality and destination.	SR: Water discharges, page 27.	۲
		G4-EN23	Total weight of waste by type and disposal method.	SR: Waste management, page 28.	۲
		G4-EN24	Total number and volume of significant spills.	SR: Significant spills, page 28.	
		G4-EN25	Weight of weight deemed hazardous.	SR: Waste management, page 28.	۲

SR: 2014 Sustainability Report

Performance

AR: 2014 Annual Report and Financial Statements

Data assured by Ernst & Young, see page 34.

Selected data assured by Ernst & Young, see page 34.

# Performance and approach Global reporting initiative G4 content index continued

Introduction

Material Aspects	DMA and Indicators	Indicator Detail	Comment/Link	External Assurance
Category: Environmental continued				
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products.	SR: Total carbon and water impact footprints, page 23.	۲
Compliance	G4-EN29	Monetary value of significant fines.	SR: Environmental prosecutions and fines, page 28.	
Transport	G4-EN30	Significant environmental impacts of transporting products.	SR: Transportation and logistics, <u>page 28</u> . Total carbon and water impact footprints, <u>page 23</u> .	
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers screened using environmental criteria.	SR: Responsible production standards, page 31–32.	
	G4-EN33	Significant negative environmental impacts in the supply chain.	SR: Responsible sourcing of natural raw materials, page 32.	
Category: Social				
Sub Category: Labour Practices and Dec	ent Work			
Employment	G4-LA1	Total number and rates of new employee hire and employee turnover age by group, gender and region.	SR: Employee hires and turnover, page 30.	
Labour/Management Relations	G4-LA4	Minimum notice periods regarding operational changes.	SR: Employment, <u>page 29</u> .	
Occupational Health & Safety	G4-LA6	Type of injury and rates of injury, lost days, work-related fatalities, etc.	SR: Health & Safety, page 29.	۲
Training and Education	G4-LA11	Percentage of employees receiving regular performance and career development reviews.	SR: Training and education, page 30.	
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, etc.	SR: Diversity, <u>page 30</u> .	۲
Supplier Assessment for Labour Practices	G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	SR: Responsible production standards, page 31–32.	
	G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	SR: Responsible production standards, page 31–32.	
Sub Category: Human Rights				
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that including human rights screening.	SR: Human rights, <u>page 31</u> .	
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights.	SR: Business conduct, page 31.	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	SR: Responsible production standards, page 31–32.	
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated.	SR: Responsible production standards, page 31–32.	
Child Labour	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour.	SR: Responsible production standards, page 31–32.	

Contents	Introduction	Healthier communities	Better Design	Better Production	Approach	Performance	GRI Index
Performance and Global reportir G4 content ind	ng initiative					<ul> <li>SR: 2014 Sustainability Report</li> <li>AR: 2014 Annual Report and Fina</li> <li>Data assured by Ernst &amp; Your</li> <li>Selected data assured by Ernst</li> </ul>	ig, see page 34.

Material Aspects	DMA and Indicators	Indicator Detail	Comment/Link	External Assurance
Category: Social continued				
Sub Category: Human Rights continued				
Forced or Compulsory Labour	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour.	SR: Responsible production standards, page 31–32.	
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	SR: Responsible production standards, page 31–32.	
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	SR: Responsible production standards, page 31–32.	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	SR: Responsible production standards, page 31–32.	
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	SR: Grievance process, page 31.	
Sub Category: Society				
Anti-corruption	G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	SR: Business conduct, page 31.	
	G4-S04	Communication and training on anti-corruption policies and procedures.	SR: Business conduct, page 31.	
	G4-S05	Confirmed incidents of corruption and actions taken.	SR: Business conduct, page 31.	
Public Policy	G4-S06	Total value of political contributions by country and recipient/beneficiary.	AR: Political donations, page 61.	
Anti-competitive behaviour	G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	SR: Business conduct, page 31.	
Sub Category: Product Responsibility				
Customer Health & Safety	G4-PR1	Percentage of significant product and service categories for which health & safety impacts are assessed for improvement.	SR: Product safety and ingredient removal programmes, page 24.	
Product and Service Labelling	G4-PR5	Results of surveys measuring customer satisfaction.	SR: Product quality and consumer satisfaction, page 26.	

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Performance

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