



# ETHICAL BEHAVIOUR

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Reckitt Sustainability Insights 2021



# ETHICAL BEHAVIOUR

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

## OUR COMPASS



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

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

## OUR ETHICS AND COMPLIANCE PROGRAMME

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

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

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

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

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

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

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

### 2021 HIGHLIGHTS

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

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

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

#### Data privacy

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

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

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



#### Anti-bribery and corruption

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

In 2021, we also:

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

### Working with third parties

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

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

In 2021 we also:

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

### Monitoring risk

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

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



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

### Training

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

In 2021, we:

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

### Embedding a culture of compliance

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

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

### Monitoring compliance

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

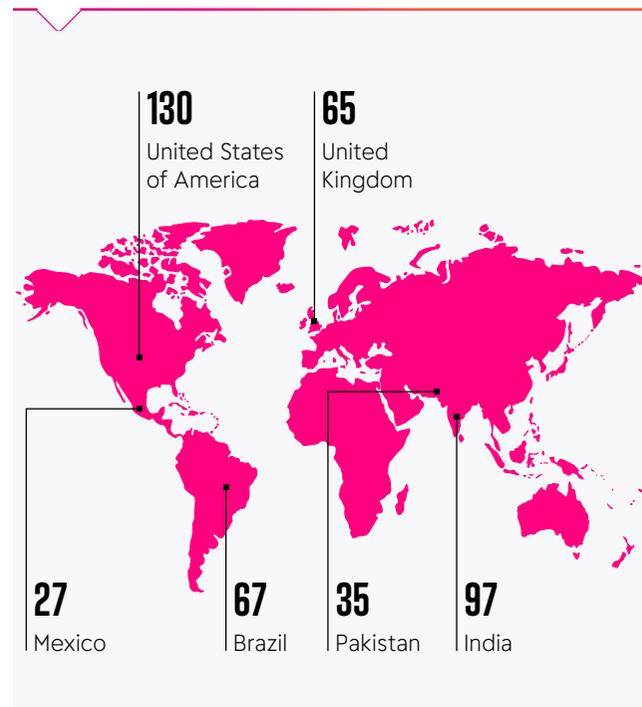
### Speak Up! service

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

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

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

### SPEAK UP! REPORTING HOTSPOTS 2021



Speak Up! Reports by Location hotspot

### REFRESHING OUR APPROACH TO RESPONSIBLE MARKETING

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

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

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

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

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

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

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

## LOOKING AHEAD TO 2022 AND BEYOND

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

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

## LISTENING TO OUR STAKEHOLDERS

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

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

Or write to:

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



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

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

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

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

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