

A RESPONSIBLE APPROACH ACROSS OUR GLOBAL VALUE CHAIN

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We have a responsibility to map, monitor and manage the impact we make across our value chain. To this end, we're developing ways of measuring every aspect to make sure we, our suppliers and their suppliers stick to our values and standards.

Our responsibilities start right at the origins of the raw materials in our products, and end only with a product's use by consumers. The starting point could be on a tiny rubber tree smallholding in Thailand producing what will eventually become latex in Durex condoms, or an Irish family-owned dairy farm which supplies milk for our Enfa infant formula. We also think about the working practices of our suppliers and business partners, and the human rights of people who work for them. That goes for our own manufacturing operations, too, and the communities around them. And it goes for the standards followed by our customers, from global retailers, to small independent stores and e-commerce networks. It also includes the way our products are distributed, used by consumers around the world and eventually disposed of.

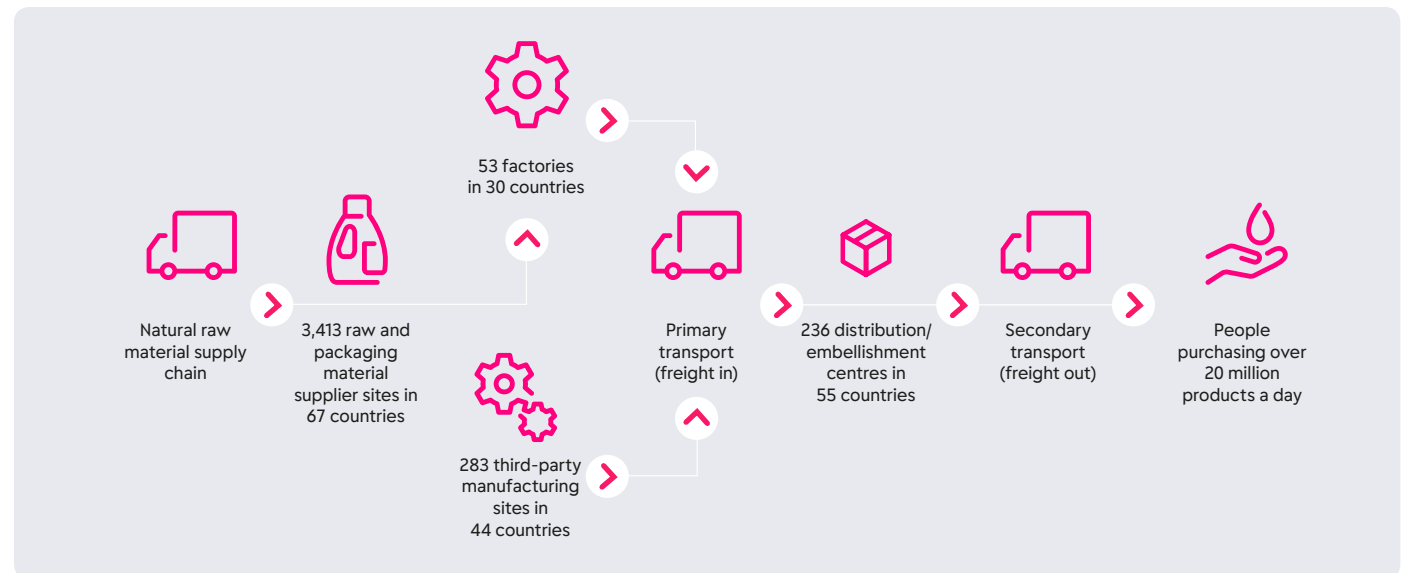
All these factors affect the environmental footprint of our products. As we design new products and packaging, we're taking them into account to reduce the carbon and water footprint while progressively making sure they reflect the need for consumers to use energy or water when they use our products. In the longer term, and even now in some cases, such as in water scarce countries, this may be critical to how well our

products fare in the marketplace and how well we service the needs of consumers around the world.

We know it's a large and complex task to measure and understand the impact our value chain has, and could have. We also know there's a lot still to do. But we know the work makes a difference to tackling global challenges like widespread biodiversity loss, climate change and the rights of some of the poorest workers in society. It also has benefits for Reckitt. This care for the value chain is more essential than ever to the long-term strength and success of our purpose-led brands. Today, everyone is paying ever closer attention to how businesses like Reckitt conduct themselves, how we contribute to tackling global issues and how we set ourselves and our brands up to be resilient and successful in the future. And how we measure up has a direct effect on our reputation and success.

Here, we lay out our global value chain and how we aim to manage it sustainably by protecting its ecosystems and the human rights of people living and working in it.

Our product value chain



A responsible approach across our global value chain continued

OUR SIX PRINCIPLES

We believe we can make a positive, long-lasting difference by focusing on:

1. Transparency and traceability
2. Safeguarding the human rights of people throughout our value chain
3. Protecting biodiversity and ecosystems
4. Reducing environmental impacts
5. Animal welfare
6. Partnerships to help deliver impact and scale

Find out more about each area in these insights: [Human rights and responsible business throughout our value chain](#), [Protecting ecosystems](#), [Product stewardship](#), [Climate](#), [Water](#), and [Social impact](#). For more on how we support our own people, see our insight: [Our people](#).

Working with our suppliers

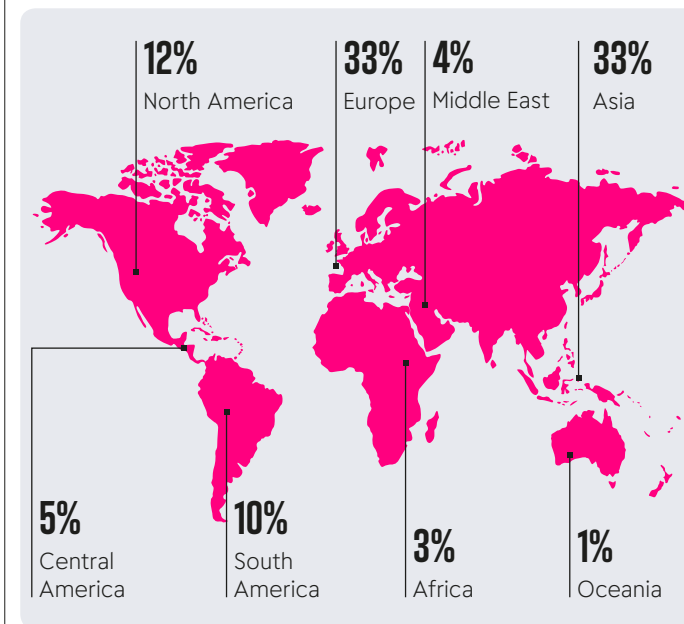
Good relationships with our suppliers are the bedrock of everything we're trying to achieve. We choose suppliers based on quality, cost, location and how they follow our policies and standards, including our [Human Rights and Responsible Business](#) and [Responsible Sourcing of Natural Raw Materials policies and standards](#). They range from large, multinational companies with their own business and ethical conduct programmes, to small local businesses, often in emerging markets, and many have good working practices despite a lack of formal programmes.

Many of our relationships with suppliers are direct. But even here, it can sometimes be hard to gauge the effect we have on natural and human ecosystems. For latex, for example, it means assessing our suppliers but also the farmers who tap the liquid latex from the rubber trees on their plantations. The success of their farms is depends on their productivity – how much latex they can tap and how much they get paid for it. World prices have been low and this create challenges for farmers at a basic level to support their families. We've been working with the farming communities through our partner, Earthworm Foundation, to help strengthen farm productivity and create more ways to strengthen livelihoods. This year we're going further by introducing our Fair Rubber commitment. This provides latex farmers in Thailand with a price premium that supports their livelihoods. It helps farmers with a more sustainable livelihood and also sustains the supply of latex we depend on. We're also working with the farmers to reinforce sustainable farming principles and even improve the quality of latex so that, in the future, they can supply more.

In other cases, where we don't work with farmers or growers directly, we must understand the origins of our ingredients. This is particularly important with fragrances, where we work with specialist developers who create fragrances using botanicals from all over the world. Whether it's Moroccan geraniums or lavender grown in southern France, we need to be sure we understand the ultimate source.

Some of the places from which we source our natural raw materials have less formal supply chains, dominated by smallholder farms. Establishing traceability here is more difficult, but it matters just as much. It also means we can help support farmers' livelihoods where we need to. We currently back smallholder farmer programmes in Malaysia, Indonesia and Thailand.

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



A responsible approach across our global value chain continued

Understanding the risks in our supply chain

We've examined our operation and our suppliers to spot the biggest risks to human rights, health and safety, and environmental and business integrity. With help from experts inside and outside our business, we've looked at factors including country of operation, the commodity supplied and the sector's profile.

Based on that, the risks we focus on most are:

- Working hours
- Fair wages
- Health, safety and environment
- Freedom from forced labour
- Freedom of association
- Gender, diversity and inclusion
- Effective grievance mechanisms
- Access to water and sanitation
- Sexual health and rights
- Access to health, hygiene and nutritional products
- Marketing practices
- Product safety
- Data privacy.

As well as these risks, we focus on particular countries and regions: Malaysia and the Middle East, which have large numbers of migrant workers; and Africa and Asia, where understanding of labour rights is less developed and enforcement is weak.

Certain kinds of suppliers represent a high risk, too, including third-party manufacturers, embellishers, distribution centres and some raw and packaging material suppliers, mainly in Latin America, the Middle East, Africa, North and South Asia. These are a priority for our programmes to audit and monitor suppliers and develop their capabilities.

To help, we keep up to date with research from external sources and work with NGOs and peers to better understand key risks and how best to deal with them.

We take a similar approach when it comes to the natural raw materials we use and the value chains they're part of. We look at risks to the ecosystems themselves, like deforestation, water scarcity and intensive farming. Also, many people live and work in these ecosystems, and depend on them. So we also consider their human rights, and those of their communities.

We currently focus on five raw materials as a priority:

- **Palm oil** – in Southeast Asia, we're working with suppliers and partners to monitor deforestation and establish which most need conservation efforts. We're also establishing traceability to the mills and plantations and safeguarding workers and ecosystems, often through partnerships.
- **Latex** – we're improving standards for plantation workers and smallholders' livelihoods in South East Asia, as well as protecting ecosystems through our partnerships such as Earthworm Foundation.
- **Dairy** – most of our dairy farming suppliers are in western Europe, Australia, New Zealand and the US. Here, we focus on animal welfare and effective environmental action through the Sustainable Dairy Partnership (SDP).
- **Natural fragrance** – working through partnerships with suppliers, we focus on traceability in informal supply chains to protect ecosystems. This can be challenging because infrastructure and support are limited.
- **Timber** – used in our paper and cardboard for packaging, timber can be from many sources. So we use internationally accepted certification schemes to combat deforestation. We also use recycled paper to reduce the amount of virgin paper from newly-cut forest plantations.

We're embedding our policies and standards with the suppliers of these priority materials. This helps make sure our business is equipped to source natural materials that will bring sustainable benefits to the whole value chain, as well as to our consumers. For more information on these raw materials, see our [Protecting ecosystems in our value chain insight](#).

When we design our products, we use our Sustainable Innovation Calculator to consider their overall environmental footprint. This means we can progressively design products to reduce their carbon and water footprints, considering each stage of the value chain, from ingredients all the way through to consumer use. Selecting different ingredients and packaging, or designing a product to be used by consumers in a different way, helps reduce the environmental footprint. This contributes to our ambition to be carbon neutral by 2040. For more information on our approach, see our [Sustainable innovation insight](#).

Listening to our stakeholders

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

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

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