

# PRODUCT SAFETY AND QUALITY

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**We are serious about our role of guardian to our consumers and the environment. We want consumers to trust us to make the right decisions, and to do all we can to keep them safe. And we want them to be consistently delighted by the quality and effectiveness of our products. Over the past four years, we have been on a journey to transform our approach to product safety and quality to ensure our standards are consistently high.**

## Safety and quality across the product life cycle

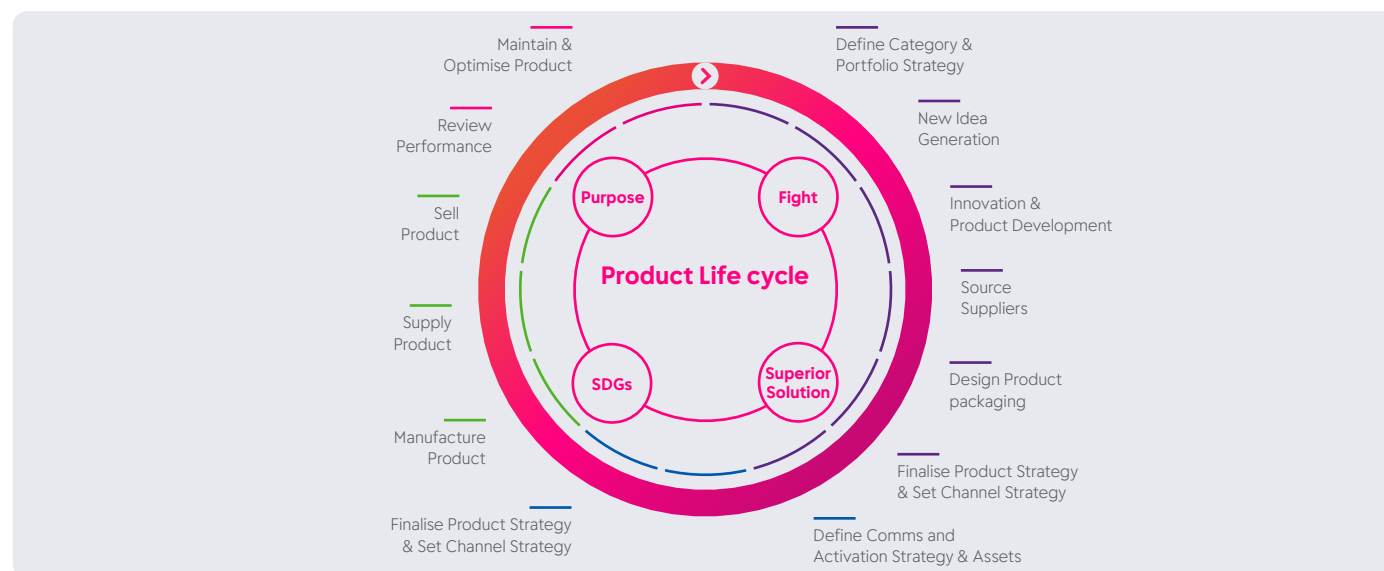
Looking across the whole of a product's life cycle means our approach must cover every aspect of a product's life from design to disposal, and be both proactive and reactive around any risk that can emerge. We design with a holistic approach to protect our consumers and our planet, and then we closely monitor consumer feedback to immediately identify and address any potential risks – and to continuously improve our products and services.

We produce hundreds of products across multiple categories; each one brings a unique set of challenges and potential risks which we manage in order to ensure consumer safety and consistent product quality. We continuously re-evaluate risks, benefits, and the approach we take based on emerging research from our own R&D labs and external sources. We have robust policies and procedures that are applied in every market, in every factory and with every supplier, to maintain not just regulatory requirements but also the higher standards we set for ourselves.

Our approach is made up of 6 distinct stages:

1. Concept and product design – how we identify new product innovations and ways to better meet the needs of consumers
2. Marketing and communications – how we engage with customers and consumers to help their use of our products and gain their feedback about them
3. Manufacture and distribute – our production processes and how we get our brands into people's homes
4. Consumer feedback and recall – listening to what consumers have to say and, if needed, getting products returned to us or our customers
5. Obsolescence and disposal – how we dispose of products that may no longer be at their optimum, either because of age or because we've developed a better alternative
6. Review and optimise – how we continuously consider product quality and safety, across each of the stages of a product's life cycle and develop our approach to continuously improve standards

## Our product life cycle



## Product safety and quality continued

### Our commitment to product safety and quality

We have two key policies: product safety, and our quality commitment. These are underpinned by a raft of supporting policies which identify more specific standards, for example for products, ingredients and ways of working. Together, they comprise our quality manual which covers the entire product life cycle. They are available on our digital quality management system which helps us to track our activity from training our people to monitoring product safety and quality through the supply chain, allowing us to be both agile and comprehensive in how we assess risk.

Our products go through rigorous safety and quality gateways throughout their design and in our manufacturing processes. This makes sure that they consistently meet our safety and quality standards. We also spend a lot of time crafting our information and labelling so that information is simple and accessible in every language and culture.

We do our best to anticipate all the ways a consumer may use our products but sometimes they surprise us. This is something we are always aware of given the potential risks in misusing some products such as household bleach. One example is when a YouTuber created an instructional video on how to make slime for children using an Air Wick refill. Since the product was not designed for use directly on the skin, this presented significant health risks. We made every effort to remove all copies of the video, but social media is pervasive and unfortunately they continue to pop up. We continue to be vigilant and respond to this and any similar issues as they crop up.

### Our 2020 performance

This year, the COVID-19 pandemic really put our four-year safety and quality journey to the test. Across the business, safety and quality functions had to oversee sudden and five-fold increases in manufacturing volume. We were able to maintain production at our sites with the support of our site-based teams who, recognising the impact that our brands had in protecting consumers, certainly went more than the extra mile. We worked with governments to maintain our production and to keep supply chains open. For example, the Chinese government helped us maintain Dettol production at our site near Wuhan, the epicentre of the pandemic, which was essential given the importance of sanitising agents in combatting the virus. We met demand in several ways, opening extra factory lines, repurposing others, and bringing on board a host of new suppliers. But to do this meant carrying out strict risk assessment processes, auditing and validation. These changes had to be made at speed and with no room for error, while working remotely for the most part. We're pleased to say that our teams rose to the occasion, enabling us to bring on the extra capacity safely, and with no loss of quality.

Our safety scientists and physicians also played vital roles in responding to various medical challenges during the pandemic. An article in France raised concerns over the use of ibuprofen and its interaction with COVID-19. Given our close involvement with ibuprofen through our Nurofen brand and as the marketing authorisation holder, Reckitt teams carried out diligent research to provide quick and scientifically supported evidence of its safety. They also demonstrated ibuprofen's usefulness in managing various COVID-19 symptoms.

- We have continued to build resilience and excellence, in product safety and quality, with a total investment of £95 million over the past four years. This will continue in 2021.
- We passed 100% of our external quality audits and recorded 100% implementation of our Culture of Quality action plans across our manufacturing sites. We celebrate these as tangible outcomes of our continuous improvement mindset and employee engagement programmes.
- We ran our first 'Safe and sustainable products' week to raise employee awareness throughout each part of our business.

- We began to incorporate big data and artificial intelligence into our processes by launching new digital technology in our two trial sites: Nottingham and Nijmegen.
- We launched an omnichannel platform to enhance the consumer experience and increase engagement, particularly through social media, making it easier for consumers to contact us and provide feedback.
- We grew the headcount of our Global Safety Assurance function by 40%. Further investments are planned in 2021 and 2022 to broaden our capabilities as we look to develop new consumer innovations. We invested in a new platform that also helps us aggregate and analyse product safety data more rapidly, and with our nutrition business unit we have developed new safety standards to further protect against contaminants and bacteria.
- Putting consumers first is fundamental to our business and we strive to do the right thing always. Last year, with an abundance of caution we recalled a single batch of one of our local brands. There was low consumer and business impact as the issue only impacted one batch of one product in one market. Our concerns were addressed and we consider the matter fully resolved.



## Product safety and quality continued

### Transforming Reckitt into a trusted, resilient, innovative organisation

These programmes mark our ongoing commitment to product safety and quality, building consistent delivery of high standards.

#### A higher profile, more senior team

We started by transforming our organisational structure, giving the Safety, Quality, Regulatory and Compliance function a more prominent and strategic position. The Safety and Regulatory functions are key members of our R&D leadership team. Our Quality function is a critical element in our Supply Chain leadership. This reflects the necessary functional delivery and capabilities within both the product innovation pipeline from R&D, and the delivery of consistent quality, end-to-end, throughout the full life cycle. In both cases there are Global Executive Committee and Board sub-committee reporting lines to ensure strong accountability, governance and oversight, supported by an independent internal audit programme.

We also expanded the global team with 1,000s of additional people, including two key senior leadership roles, Chief Safety Officer and Senior Vice President (SVP) Global Head of Quality. Each of our global business units (GBUs) now also has three officers on their leadership teams, one each for Safety, Quality, and Regulatory. Collectively, these further strengthen our capabilities in these key functions, and embed leadership of the functions within each business unit.

#### Reviewing all our pre-2018 products

Also in 2016, we started a £12 million global investigation across all products first marketed before 2018. The Product Integrity Review (PIR) project, which is now coming to a close, assessed and audited 23,000 stock-keeping units (SKUs) across 127 markets, split between the Health and Hygiene GBUs. First and foremost, this gave us the confidence that we were keeping our consumers safe and that we were not at risk of any further safety breaches from products already in circulation. The other outcome was a deep understanding of our product portfolio and its particular quality and safety risks. This laid the foundation for developing a suite of robust policies and procedures, carefully tailored to our business.

#### Embedding a culture of safety and quality

Our next step was to run a campaign to embed a culture of safety and quality across Reckitt. This quality culture begins with our Compass which reinforces doing the right thing always. This has been at the heart of Reckitt's new strategy to rejuvenate growth and is a constant driver of our product safety and quality programme. In 2018, we ran the 'I am responsible' quality campaign spearheaded by our CEO, Laxman Narasimhan, highlighting the impact that each person has on safety and quality. In 2019, we held our first World Quality Day, led by the

executive team, signalling the importance of the ethos. Shortly afterwards, we relaunched our company purpose, which is centred on protecting, healing and nurturing. To achieve our purpose, our products must be both safe and of high quality. You can read more about our campaigns to develop our Reckitt Culture of Quality in the case study section at the end of the insight.

We've also put product safety front and centre in our business practices, by including a module in the mandatory training programmes for all our people. The training covers things like safety science and practices across the product life cycle; safety checks and product gateways; and the Product Safety Evaluation Report (PSER). The PSER is the most important safety document and must be in place before a product can be commercially launched. By understanding the importance of the PSER, each person in the company can become another gatekeeper for product safety. The training also reminds every employee to report any adverse experience that they learn about, whether through their own use or from others which that they come across in their communities. This helps us stay alert to potential quality issues and misuse of products so we can take appropriate action.

#### Investing in new infrastructure and systems

The last part of our transformation journey is our investment in new infrastructure and systems.

Laboratories are critical part of our supply chain and quality control. Three years ago we started a global Laboratory Excellence program to improve resilience, which focussed on developing faster and more reliable testing methods, and on building a digital roadmap for our laboratories. In 2020, we began using a digital Laboratory Scheduling tool called SmartQC. Through SmartQC, we were able to make a 'digital twin' of our labs and processes, populate it with our data and use the programme to find efficiencies. Over time, the software helps us to; use equipment better, to reduce the risk of off-spec outputs, to produce at a faster pace and to act quickly when problems occur. It's a great example of how we can use big data and artificial intelligence to drive compliance, efficiency and resilience.

Until this year, consumer relations were managed across several interfaces, leaving them fragmented and siloed. While effective individually, we wanted to be able to interrogate the data more widely, considering different channels such as digital more consistently, so that we were better able to identify trends and act on them. By using technology – our new, omni-channel platform – to produce a single, combined data source, and by adding more social media capabilities, our consumers will have easier and wider access to us using the channel they want. This helps us improve our service and better understand the needs



## BUILDING A CULTURE OF QUALITY IN RECKITT

Our Culture of Quality is an important part of the global company ethos. Bringing it to life is important throughout the company, globally and locally. We find ways of doing this that work for each site, from offices and labs to factories and distribution warehouses. Our sites are also spread across all regions, with a remarkable mix of cultures. While there is a global framework, to embed our quality culture we have to respond locally. Each site puts together its own employee engagement activities to suit the context. This year we had to be even more creative in putting together activities that would generate a feeling of community between our people, many of whom were joining online and had spent much of the year in lockdown.



### CASE STUDY

## A FILMMAKER FOR A DAY

Like all sites, our Salt Lake City team had to come up with something creative for World Quality Day to bring together teams on site and those working from home. So the R&D, Ops, Quality, and Technical teams got together to make short film about our product life cycle and how quality is built into design and manufacture, right through to consumer use.

To make it real for people, they chose a product which we'd reformulated to combat supply-chain issues caused by COVID-19. Airborne Effervescent is a vitamin supplement for strengthening immune systems, so we were very pleased not only to be able to continue our production, but we also managed to increase our output. The film was used as the basis for the day's engagement activities with socially distanced challenges onsite and interactive quizzes online.



of our consumers. This helps us to develop existing products and create new ones that will meet consumers' changing needs. The US and Canada were the first markets to launch the new platform at the beginning of 2020, with India in April 2021, while Latin America and other regions will follow later in the year.

### Looking ahead – 2021 and beyond

Looking ahead we continue to strengthen our product safety and quality activities, and ensure Reckitt is a trusted, resilient and innovative organisation. We will be focusing on three key areas:

- Continuing to reinforce capabilities & Culture of Quality. Our quality function acts as a coach, inspires, and trains the rest of the organisation to ensure compliance and that consumer needs are always met.
- Leveraging technology and data to make our processes stronger and more efficient. This will help us become predictive, anticipating issues and reacting quickly to trends.
- Building on our consumer advocacy capabilities. Our consumer relations tools and organisation connects with consumers all over the world, supporting their needs, responding to concerns and addressing their queries. This brings the voice of the consumer firmly into our quality function, providing insights that we act on and develop our brands from. In doing so, the consumer relations team is a powerful advocate for consumers.

### Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing 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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