Goverance

Our Annual Report sets out our full Corporate Governance Report and statement, and you will also find information about our approach to governance on our website. Here we explain how sustainability is governed at Reckitt, and the principles that lie behind it.

At Board level

Our Board of Directors is responsible for the overall stewardship of the Company and delivery against strategy, through our executive leadership team. This includes setting our values and standards, and overseeing sustainability and corporate responsibility. They have regular discussions about the risks and opportunities for the Company and conduct a formal review at least once a year. Sustainability itself is considered one of the Company's key risks, and its status in the risk register has evolved this year from 'emerging' to 'actual'. This reflects the growing importance of sustainability and its central role in the Company's growth strategy – as it becomes a more important opportunity, so too does it become a greater risk. For details of our issues and impacts in this area, see our Focusing on what matters most insight.

The Board delegates regular oversight of sustainability to a sub-committee, the Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC). The Committee meets quarterly to review our progress against our sustainability strategy, and performance against our 2020 targets. Meetings are attended by the CEO, who has accountability for sustainability performance at executive level. He is joined at the meetings by the Finance Director and other senior executives.

At managerial level

This year we changed the managerial approach to oversight of sustainability matters to reflect the new structure of our business as one single Group with three business units. We now have a single committee for the Group as a whole, the Risk, Sustainability and Compliance Committee (RSCC), chaired by our CEO. This is supported by business unit-level committees, which report up to the RSCC and thus to CRSECC. These committees all meet and report quarterly.

The RSCC is responsible for overseeing the implementation of compliance and ethics activities across the Company, in conjunction with functional department heads, while the business unit committees are responsible for implementation within their own business unit.

This structure of Group committees supported by business unit equivalents provides quarterly updates to the CRSECC and Board on sustainability issues and risks, including ongoing performance against targets to enable their ongoing oversight of activity (see CRSECC report in our Annual Report).

We believe that high standards of corporate governance, combined with a rigorous, open approach to reporting, are central to running our business with integrity and to maintaining the trust of our stakeholders.
Within the business, our Corporate Affairs & Sustainability function leads strategy development and compliance, while programmes are implemented by our Brands, Supply Chain, R&D, and Safety, Quality, Regulatory Compliance (SQRC) teams. SQRC is responsible for the health and safety of our people, and for product safety and quality, including regulatory compliance with product standards. All functions are represented at, and have oversight from, the Group Executive.

Reporting and assurance

Publicly reporting on sustainability is fundamentally important to our ability to deliver our strategy. After all, sustainability is at the heart of our purpose-led growth strategy and so reporting on it in this detailed way through our insight papers, as well as our Annual Report, simply reflects that truth.

We therefore welcome the increasing focus of investors on environmental, social and governance (ESG) issues, and the regulators’ response to begin to emphasise through reporting requirements the relationship between ESG issues and financial performance. This is behind our move this year to join the informal working group to look at developing a Taskforce on Nature-related Financial Disclosures (TNFD). This takes a similar approach to the Task Force on Climate-related Financial Disclosures (TCFD) which has been so successful in putting climate change on the financial agenda. We also began reporting this year against certain disclosures set out by the Sustainability Accounting Standards Board (SASB).

Overall, we support moves to create a consistent set of sustainability standards for reporting, as long as they still allow companies the freedom to report meaningfully on the issues, rather than forcing them down a counter-productive ‘tickbox’ disclosure route.

Independent assurance is a key part of our approach to reporting. External scrutiny helps us improve, while reassuring our readers that the data we publish is accurate. Again this year, we engaged ERH CVS to provide independent limited assurance over certain sustainability disclosures. Their independent assurance statement can be found later in this insight paper.

Reporting channels

More and more people use smartphones and tablets to find information on a company. They expect a company’s website to have up-to-date information as well as giving access to the core reporting content. This is essential as the source of truth, given the rigour with which it is produced and assured. To summarise, our reporting channels are:

- **Annual Report:** reports our performance against our strategy, and includes disclosures against our most material sustainability issues (published in April each year).
- **Insights:** contain more detailed information about our material issues, including our reporting against the Global Reporting Initiative (GRI) and various other frameworks (published alongside the Annual Report).
- **Sustainability section of our website:** gives further details of our approach and performance, and publishes stories showing our strategy in action (updated throughout the year).
- Previous sustainability reports can be found at [https://www.reckitt.com/sustainability/policies-and-reports/](https://www.reckitt.com/sustainability/policies-and-reports/)

**Audiences**

Many stakeholders – employees, customers, shareholders/investors, consumers of our products, and advocacy and campaigning organisations – have an interest in one or more aspects of our sustainability reporting. So our aim is to give all of these stakeholders what they’re looking for, while telling a true and consistent story about our work during the year.

Read more about our stakeholders and how we engage with them in our [Focusing on what matters most insight](https://www.reckitt.com/sustainability/policies-and-reports/).

**Frameworks and standards**

In the absence of a consistent set of sustainability standards for reporting, we look particularly at frameworks that support the growing interest of investors in sustainability reporting that will meet the needs of investors, key ratings agencies and indices such as MSCI, DJSI and Sustainalytics. These are:

- UN Sustainable Development Goals (SDGs): the SDGs are a critical and growing factor for us and our stakeholders. Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world and, in this context, we fully support delivery of all the SDGs by 2030. We believe we can make the biggest impact on five of the goals: SDG 2 – zero hunger; SDG 3 – good health and wellbeing; SDG 5 – gender equality; SDG 6 – clean water and sanitation; and SDG 13 – climate action. These are closely connected to our brands and our social impact partnerships (see the Partnering for social impact insight). We also contribute to other relevant goals and refer to the SDGs throughout our sustainability reporting to highlight one of the key driving principles for our programmes.

- **Task Force on Climate-related Financial Disclosures (TCFD):** Our TCFD disclosure gives investors climate-related information and insights into how we are mitigating and adapting to climate-related risks. We have disclosed in line with the TCFD recommendations; more information on our disclosure can be found in the Climate change insight.

- **GRI:** we have prepared our 2020 sustainability reporting with reference to the GRI Standards: Core option, and have included a GRI Content Index to help those looking for specific indicators.

- **Sustainability Accounting Standards Board (SASB):** for the first time, we are referencing certain disclosures from SASB’s Household and Personal Products Standard. Our SASB index can be found on the Reckitt sustainability web page. In future we aim to report against more of SASB’s metrics, to further enhance the relationship between ESG issues and business performance.

- **AccountAbility:** we also reference the criteria and principles of accountability set out in the AA1000 Assurance Standard (2008) and the AA1000 AccountAbility Principles Standard, produced by the consultancy AccountAbility.

**Reporting profile, performance data and reporting criteria**

Our data is reported for the year to 31 December 2020.

We use KPIs that best describe the performance and impact of our operations in line with our materiality assessment. In many cases, independent external guidance, such as the GRI standards or specific standards on environmental reporting, direct us towards which indicators to use. These enable comparison with other companies. We also look for KPIs that are most practical and add most value across our business and supply chain.

All our 2020 sustainability goals are based on a 2012 baseline year unless otherwise indicated.

Our new commitments and targets have baseline years identified. For example our climate change commitments are based on 2015 emissions, while others are 2020.

The principles and methodologies we have used in reporting our sustainability performance data for 2020, along with our statement of directors’ responsibilities in preparing the information, can be found in our [Reporting Criteria and Basis of Preparation document](https://www.reckitt.com/sustainability/policies-and-reports/).
Independent Assurance Statement to Reckitt Benckiser Group plc

Reckitt Benckiser Group plc (Reckitt) engaged ERM Certification and Verification Services (ERM CVS) to provide limited assurance in relation to specified information in Reckitt Sustainability Insights 2020 (the Reports) as set out below.

Engagement summary

<table>
<thead>
<tr>
<th>Scope of our assurance engagement</th>
<th>Whether the 2020 data and reported progress as listed below marked * in Reckitt’s ‘Sustainability Insights 2020’ for year ended 31 December 2020, are fairly presented, in all material respects, with the reporting criteria</th>
</tr>
</thead>
</table>
| **Diversity and inclusion**       | - Women employed – Board (% at 31 December)  
- Women employed – senior management (% at 31 December)  
- Women employed – global employees (% at 31 December) |
| **Health, Safety and Wellbeing**  | - Continued reduction of Lost Work Day Accident Rate (LWDAR)  
- Lost Work Day Accident Rate (LWDAR) (per 100,000 hours)  
- Lost time Accidents (no.)  
- Continued reduction of Total Recordable Frequency Rate (TRFR)  
- Total Recordable Frequency Rate (TRFR) (per 100,000 hours)  
- Recordable Accidents (no.)  
- Employee fatalities (no.)  
- Contractor fatalities (no.)  
- Severe Accidents (no.) |
| **Sustainable Product Innovation**| - 1/3 of our Net Revenue to come from more sustainable products by 2020  
- Total net revenue from more sustainable products (£ million) |
| **Human Rights Across Our Value Chain** | - Supplier audits completed (no.)  
- Increase in audit pass rating from the first to most recent audit (%)  
- Management-level employees completed human rights training (%) |
| **Water**                         | - 1/3 reduction in water impact per dose  
- Total Water Impact (million e-litres)  
- Total Water Impact (million e-litres per dose)  
- 35% reduction in water use in manufacturing by 2020  
- Water Use (m3)  
- Water use per unit of production (m3 per 1,000 CU)  
- Water Discharge (m3)  
- Water discharge per unit of production (m3 per 1,000 CU) |
<table>
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<tr>
<th>Scope of our assurance engagement (continued)</th>
<th>Climate change</th>
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<tbody>
<tr>
<td></td>
<td>• 40% reduction in GHG from manufacturing by 2020</td>
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<td></td>
<td>• Scope 1 GHG emission (tonnes CO₂e)</td>
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<td></td>
<td>• Scope 2 GHG emissions (location-based) (tonnes CO₂e)</td>
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<td></td>
<td>• Energy use (GJ) (manufacturing and warehouses only)</td>
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<tr>
<td></td>
<td>• Energy use per unit of production (GJ per 1,000 CU)</td>
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<tr>
<td></td>
<td>• Scope 2 GHG emissions (market-based) (tonnes CO₂e)</td>
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<tr>
<td></td>
<td>• GHG emissions per unit of production (tCO₂e per 1,000 CU)</td>
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<tr>
<td></td>
<td>• 35% reduction in energy consumption by 2020</td>
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<tr>
<td></td>
<td>• Energy use (GJ) (manufacturing and warehouses only)</td>
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<td></td>
<td>• Energy use per unit of production (GJ per 1,000 CU)</td>
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<td></td>
<td>• 100% renewable energy by 2030</td>
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<td></td>
<td>• % renewable electricity</td>
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<td></td>
<td>• 1/3 reduction in carbon footprint per dose by 2020</td>
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<tr>
<td></td>
<td>• Total Carbon Footprint (million tonnes CO₂e) with/without IFCN</td>
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<tr>
<td></td>
<td>• Total Carbon Footprint (g dose) with/without IFCN</td>
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<tr>
<td>Reducing waste</td>
<td>• Zero waste to landfill at all factories</td>
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<tr>
<td></td>
<td>• % of sites Zero Waste to Landfill (% of manufacturing sites)</td>
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<td></td>
<td>• 30% reduction in waste</td>
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<tr>
<td></td>
<td>• Waste (tonnes) (manufacturing and warehouses only)</td>
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<td></td>
<td>• Waste per unit of production (tonnes per 1,000 CU)</td>
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<td></td>
<td>• Waste recycled/reused (% and tonnes)</td>
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<td></td>
<td>• Hazardous Waste (tonnes) (manufacturing and warehouses only)</td>
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<td></td>
<td>• Hazardous waste per unit of production (tonnes per 1,000 CU)</td>
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<tr>
<td>Partnering for Social Impact</td>
<td>• Inform 1 billion people through health and hygiene educational programmes and behaviour change communications (millions cumulative)</td>
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<td></td>
<td>• People informed through health and hygiene messaging and campaigns (millions)</td>
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</tbody>
</table>

We have also checked the sustainability information presented in Reckitt’s 2020 Annual Report to ensure consistency with the assured data.

<table>
<thead>
<tr>
<th>Reporting criteria</th>
<th>Reckitt’s own internal reporting criteria and definitions</th>
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<tbody>
<tr>
<td>Assurance standard</td>
<td>ERM CVS’S assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised)</td>
</tr>
<tr>
<td>Assurance level</td>
<td>Limited assurance.</td>
</tr>
<tr>
<td>Respective responsibilities</td>
<td>Reckitt is responsible for preparing the specified information and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary. ERM CVS’s responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</td>
</tr>
</tbody>
</table>
Ours conclusions
Based on our activities, nothing has come to our attention to indicate that the 2020 data and reported progress, as listed in “Scope of our assurance engagement” above and marked * in Reckitt’s ‘Sustainability Insights 2020’ for year ended 31 December 2020, are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities
Our objective was to assess whether the reporting of the 2020 indicators and progress is in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation).

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of sustainability and assurance specialists performed the following activities:
• Web-based and telephone interviews with relevant staff at Reckitt's corporate offices to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
• A review of the internal reporting criteria, definitions and conversion factors used;
• Conducted virtual site visits with the following six operations: Bangpakong (Thailand), Derby (UK), Evansville (US), Mira (Italy), Nijmegen (Netherlands) and Zeeland (US) where we interviewed relevant staff, reviewed site data reporting methods, checked calculations and data to source and assessed local internal quality and assurance processes;
• An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation, including further testing of data to source;
• A sample check of the input and output data of the carbon and water impact metrics;
• Further web-based and telephone year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators;
• Checking the sustainability information presented in Reckitt's 2020 Annual Report to ensure consistency with the assured data; and
• Reviewing the presentation of information in the Reports to ensure consistency with our findings.

The limitations of our engagement
The reliability of the assured data is subject to inherent uncertainties, given both the available methods for determining, calculating or estimating the underlying information and the dependence on partner organisations to provide performance information. It is important to understand our assurance conclusions in this context. We do not provide any assurance on future performance or the achievability of Reckitt's goals and targets. Where performance is expressed as a percentage change from a baseline year prior to 2018, we have placed reliance on previously reported data.

Beth Wyke
Head of Corporate Assurance 31 March 2021

ERM Certification and Verification Services, London

www.ermcvs.com; email: post@ermcvs.com

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS employees that have undertaken this engagement have provided no consultancy related services to Reckitt Benckiser Group plc in any respect.