

CHAIRMAN'S STATEMENT



We remain committed to promoting the long-term sustainable success of the company and engaging with and understanding the needs of our shareholders and all stakeholders.

Chris Sinclair
Chairman

On behalf of the Board, I am pleased to present the company's Corporate Governance Report for the financial year ended 31 December 2020.

The Board's governance and way of working adapted and evolved to meet the challenges of COVID-19 in 2020. In January and February 2020 the Board met in person to review and endorse the new strategy laid out by new CEO Laxman Narasimhan in February 2020, and to review our response to the evolving COVID-19 pandemic which at that time was primarily affecting China. Since February, all of the Board's meetings have been virtual and the pandemic has become a significant global problem in which Reckitt's products play an important role in terms of sanitation and disinfection. In 2020, the Board and its Committees spent considerable time to understand the impact of the pandemic on our business and on our workforce, many of whom continued to work in our factories around the world but many of whom have also been working from home for many months. The Board spent considerable time on how we managed the various risks relating to COVID-19 and ensured business continuity and the continued availability of key products, as well as potential opportunities and implications of the pandemic for the future.

Following reports from the Audit Committee, around the time of publication of last year's Annual Report in April 2020, and throughout the financial year under review, the Board considered and monitored the financial impact of COVID-19 on the business and reviewed scenario planning, assessed the Group's liquidity and ability to continue as a going concern and considered COVID-19 specific risks. We determined that the Group remained in a strong financial position. The Audit Committee Report commencing on page 119 sets out further details.

The impact of COVID-19 has reinforced the importance of a number of the UK Corporate Governance Code 2018 (the Code) principles and provisions – the importance of effective leadership, of the Group having a strong and clear purpose and values, and these being cohesive with the Group's desired culture.

In February 2020, we announced our Rejuvenating Sustainable Growth strategy, including our new purpose, fight and compass, which went live on 1 July 2020. We announced under our new strategy that our business would be split into three Global Business Units: Health, Hygiene and Nutrition. The COVID-19 pandemic has validated key elements of our new strategy. For example, Hygiene is a foundation of Health; our new purpose, fight and compass have been timely and are relevant; we see digital as a key area of growth; and our transformation programmes will help to position us to meet our business objectives. Our strategic priorities include driving business performance, engaging with our workforce and other stakeholders and managing potential risks, including those arising from numerous workstreams running concurrently under our transformation programmes. More details on our new strategy can be found in the Strategic Report on pages 18 to 23.

Stakeholder engagement

Under section 172 of the Companies Act 2006, Directors must act in good faith and in a way that would be likely to promote the success of the company for the benefit of its shareholders. In its decision-making, the Board considers wider stakeholder interests. The Group's key stakeholders include its employees, shareholders, customers, partners, suppliers and the communities in which we operate. Templates for Board papers were prepared to ensure the impact on stakeholders was factored into any strategic decisions that required its approval.

Full details of stakeholder engagement activities undertaken during the year can be found in our section 172 statement on pages 58 to 61.

Long-term focus

The Board continues to pursue policies and reinvest resources so as to safeguard the long-term health of Reckitt. It believes that this is best achieved through a holistic approach that pursues sustainable rewards for shareholders, while also addressing social needs and meeting environmental obligations. A number of workstreams are under way as part of our multi-year transformation programme to rejuvenate Reckitt by establishing consistent performance, building revenue momentum and achieving sustained outperformance.

The Board is responsible for good stewardship of the company to protect shareholders' long-term interests and ensure its social and environmental obligations are fulfilled. In part, through the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee, it is working to integrate sound governance principles in business decision-making as it moves from a narrower risk and safety-led approach to a broader one that aligns environment and sustainability issues with performance and purpose. Further details can be found in the CRSEC Committee Report commencing on page 128.

Culture and values

Our culture and values define the way that Reckitt does business. Our Code of Conduct reinforces our principles of business conduct and is communicated to all employees each year with mandatory training. Our values underpin our Code of Conduct and were further enhanced in early 2020 with our renewed purpose, fight and compass, as described on pages 10 and 11. We also launched our refreshed Global Code of Conduct during the year, translated into 25 languages, which provides clear guidance on Reckitt's procedures and practices. Our Global Code of Conduct sets out the level of conduct expected from all Reckitt employees, contractors, outsourced personnel and joint ventures and the Board of Directors, as accountable, ethical and compliant owners of our Health, Hygiene and Nutrition Global Business Units. Further detail on our culture and values can be found in our section 172 statement on pages 58 to 61.

Board and succession planning

As we announced last year, Adrian Hennah, previously Chief Financial Officer (CFO), retired from the Board and his role as CFO on 9 April 2020. On the same date, his successor, Jeff Carr – a Reckitt alumnus – was appointed to the Board and to the role of CFO. To ensure a seamless transition and handover to Jeff, Adrian remained with the company until his retirement date of 21 October 2020. Upon joining Reckitt, Jeff also became a member of our Group Executive Committee. We were delighted to welcome Jeff to the Board and

back to Reckitt. The Board is confident that Jeff is making a positive contribution to the business in his role as CFO and he is playing a key role in Reckitt's strategic transformation.

After 10 years with Reckitt, Warren Tucker retired from the Board and Audit Committee at the conclusion of the company's AGM on 12 May 2020. On behalf of the Board, I would like to thank Warren for his valued service and strong commitment to Reckitt, and wish him well for the future.

As part of the ongoing refreshment of the Board, and following an extensive search and thorough recruitment process, we appointed Margherita Della Valle on 1 July 2020 as a new Non-Executive Director and as a member of the Audit Committee. Margherita's appointment brings valuable insight, relevant financial and sectoral expertise and challenge to the Board and to the Audit Committee. I am pleased to welcome Margherita to the Board.

In December 2020, we announced that Olivier Bohuon would join Reckitt as a Non-Executive Director and member of the Remuneration Committee, in January 2021. He is a successful leader, with many years of experience as CEO of a large global company. Olivier has deep experience in healthcare products and markets and we are confident that he will bring great insight to the Board.

Further details on the Board and Group Executive Committee's succession plans, including the recruitment process and selection criteria, can be found in the Nomination Committee Report, commencing on page 113. Biographies of the members of our Board and Group Executive Committee can be found on pages 94 to 101.

The Board undertakes an annual review of its own and its Committees' performance and effectiveness. This year, we engaged Lintstock Ltd to facilitate an external evaluation of our performance and I am pleased to report that the evaluation concluded that the Board, its Committees and individual Directors were performing effectively. Further details on the Board evaluation outcomes and actions can be found on page 110.

Code compliance and other reporting requirements

The Board considers compliance with the Code of utmost importance. Any instances of non-compliance are only allowed through the authority of the Board if it can be shown that the spirit of the Code and good corporate governance within the company generally continues.

The Corporate Governance Report outlines the company's governance processes and the application of the principles and provisions under the Code and is on pages 102 to 112. The company has complied with the Code throughout the year ended 31 December 2020.

The Board also gives due consideration to future legislative or regulatory changes

and takes a proactive approach to ensuring preparedness for any changes required to practices, policies or procedures. As an example, potential legislative changes expected following the Kingman and Brydon reviews into the audit industry and the anticipated Department for Business, Energy & Industrial Strategy (BEIS) consultation, which will likely impact internal controls and financial reporting, are already being given consideration by the Audit Committee. Further information can be found in the Audit Committee Report, starting on page 119.

Whilst our Annual General Meetings (AGM) are normally held as physical meetings with shareholders encouraged to attend, owing to COVID-19, for our 2020 AGM we recommended that shareholders refrained from attending the AGM in person, in line with instructions from the UK government. Our 2020 AGM was held as a closed meeting, with a virtual webcast which shareholders were able to view live online. At the time of publication, we anticipate this year's AGM will follow the same format as last year's AGM. Shareholders and their proxies should vote by proxy in advance of the meeting. Questions can be submitted in advance of the AGM or by using the online facility during the meeting, and shareholders can view the AGM via a live virtual webcast. At this year's AGM, we will be proposing an additional special resolution to adopt amended Articles of Association of the company, allowing us to hold a hybrid AGM going forward. Further details are set out in the Notice of AGM.

I am extremely proud of the Board and all our Reckitt colleagues for their continued commitment to creating value for our shareholders and for contributing to the good governance and stewardship of our business, on behalf of all our stakeholders.

Chris Sinclair

Chairman

Reckitt Benckiser Group plc
15 March 2021

CORPORATE GOVERNANCE REPORT CONTINUED

UK Corporate Governance Code 2018

The company is premium listed on the London Stock Exchange (LSE) and this Statement is prepared with reference to the Financial Reporting Council's (FRC) UK Corporate Governance Code 2018 (the Code) in effect for the financial periods beginning on or after 1 January 2019, which can be found on the FRC's website at www.frc.org.uk, and the Disclosure Guidance and Transparency Rules requirements to provide a corporate governance statement. The Code sets out the framework of governance for premium listed companies within the UK, emphasising the value of good corporate governance to long-term sustainable success. It sets out governance practices in relation to Board leadership, purpose and culture; division of responsibilities on the Board; Board composition and effectiveness; procedures for audit, risk and internal control; and remuneration practices and policies.

We are pleased to report that we have complied with the provisions of the Code. This Report sets out how the company has applied the Principles of the Code throughout the year ended 31 December 2020 and as at the date of this Report.

Board leadership and company purpose

Key areas of Board focus in 2020

Board meetings are structured in an open atmosphere conducive to challenge and debate. Agendas are tailored to the requirements of the business and agreed in advance by the Chairman and CEO with the support of the General Counsel & Company Secretary. Five regularly scheduled meetings are held each year; four of these meetings this year were held via videoconference, as permitted by the company's Articles of Association, owing to the restrictions imposed by the COVID-19 pandemic. The formal meetings in September each year are strategy sessions which are normally held overseas, to allow the Board to immerse itself in the Group's operations, to visit local sites and meet the local workforce. Owing to COVID-19, the September 2020 strategy sessions were held via videoconference. Additional meetings, which are normally held either in person, by phone or consist of written resolutions, are held throughout the year to consider topics that may arise outside the formal standing agenda.

The Board receives operating and financial reports from the CEO and CFO on strategic and business developments as well as financial performance and forecasts at each meeting. Detailed presentations are also made by non-Board members on material matters to the Group.

In addition, the Chairs of the Audit, Remuneration, CRSEC and Nomination Committees update the Board on the proceedings of those meetings, including key topics and areas of concern.

At the conclusion of every scheduled Board meeting, the Chairman holds a session with the other Non-Executive Directors, without the Executive Directors present, providing further opportunity for the Non-Executive Directors to assess the performance of the Executive Directors and help drive future agenda items. Details of each Director's attendance at Board meetings can be found on page 106.

The Board uses its meetings as a way of discharging its responsibilities set out in section 172 of the Companies Act 2006 and considers the various stakeholder groups when making decisions to promote the success of the company as a whole.

The following areas formed substantial areas of focus for the Board in the year:

| | Key stakeholder groups considered |
|--|---|
| Strategy and planning | |
| Group budgets, forecasts and key performance targets, including assumptions, scenarios and projections | Shareholders, Customers, Employees, Government and industry associations |
| Potential mergers and acquisitions | Shareholders, Customers, Employees, Partners |
| Group debt and funding arrangements, including issuance of bonds | Shareholders, Customers, Employees, Government and industry associations |
| Reckitt strategic reviews, including COVID-19 impact at Group and Global Business Unit level, functional reviews of certain business areas and status updates on transformation programmes | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Approval of interim and final dividend payments | Shareholders, Employees |
| Review of performance of Global Business Units | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Review of Reckitt's sustainability strategy in light of the new Group strategy | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Risk management and internal control | |
| Review of Reckitt's principal risks and internal controls, emerging risks and the Group's risk register | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Consideration and approval of the Viability Statement | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Updates on the company's response to and the impact of COVID-19 on the business, including focus on supply and consumer demand, the workforce and risk management | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Review and approval of the Group's Treasury Policy | Employees, Government and industry associations |
| Results and Financial Statements | |
| Annual Report and Financial Statements including compliance with reporting requirements | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Review of going concern and liquidity considerations arising from the COVID-19 pandemic | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Results and presentations to analysts | Shareholders, Customers |
| Leadership and governance | |
| Board and Committee evaluation and effectiveness | Shareholders, Employees |
| Director and senior management succession planning, including the appointment of a new CFO and Non-Executive Directors | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Relations with shareholders and stakeholders, including Board and employee engagement sessions | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Review (and approval, where appropriate) of governance matters, such as the Board Matters Reserved, Committee Terms of Reference, Directors' conflicts of interest and compliance with the UK Corporate Governance Code 2018 and best practice | Shareholders, Employees |
| Other | |
| Confirmation of arrangements for the company's AGM, given the restrictions arising from COVID-19 | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Approval of Modern Slavery Act statement | Shareholders, Customers, Employees, Partners, Communities, Government and industry associations |
| Pensions | Employees |

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Colour key

- Communities
- Customers
- Shareholders
- Government and industry associations
- Consumers
- Employees
- Partners

CORPORATE GOVERNANCE REPORT CONTINUED

Board attendance at scheduled meetings

In 2020, there were five scheduled Board meetings, plus eight additional Board meetings relating to various matters, including ongoing reviews of the company's strategy and holistic reviews of the impact of COVID-19 on the Group and its business including supply, finance (including reporting and going concern), the workforce, risk management and strategy. Following the conclusion of each scheduled Board meeting, the Chairman holds a session with the other Non-Executive Directors, without the Executive Directors present. There were four scheduled and two additional Audit Committee meetings, four scheduled and two additional Remuneration Committee meetings, four scheduled and three additional Nomination Committee meetings and four scheduled meetings of the CRSEC Committee.

The table sets out the attendance by individual Directors at the scheduled Board and individual Committee meetings which each Director was eligible to attend. Directors who were not members of individual Board Committees were also invited to attend one or more meetings of those Committees during the year. Where a Director is unavoidably absent from a Board or Board Committee meeting, they still receive and review the papers for the meeting and typically provide verbal or written input ahead of the meeting, usually through the Chairman of the Board or the Chair of the relevant Board Committee, so that their views are considered at the meeting. Given the nature of the business to be conducted, some of the additional Board meetings are convened at short notice, which can make it difficult for some Directors to attend due to prior commitments and their home locations.

Board attendance at scheduled meetings

| | Board | Audit Committee | Remuneration Committee | CRSEC Committee | Nomination Committee |
|-------------------------------------|--------|-----------------|------------------------|-----------------|----------------------|
| Andrew Bonfield | 5 of 5 | 4 of 4 | – | – | 3 of 3 |
| Jeff Carr ¹ | 4 of 4 | – | – | – | – |
| Margherita Della Valle ² | 2 of 3 | 0 of 2 | – | – | – |
| Nicandro Durante | 5 of 5 | – | 4 of 4 | 4 of 4 | 3 of 3 |
| Mary Harris | 5 of 5 | – | 4 of 4 | – | 3 of 3 |
| Adrian Hennah ³ | 1 of 1 | – | – | – | – |
| Mehmood Khan | 5 of 5 | – | – | 4 of 4 | – |
| Pam Kirby | 5 of 5 | 4 of 4 | – | 4 of 4 | 3 of 3 |
| Sara Mathew | 5 of 5 | 4 of 4 | – | – | – |
| Laxman Narasimhan | 5 of 5 | – | – | – | 3 of 3 |
| Chris Sinclair | 5 of 5 | – | 4 of 4 | 4 of 4 | 3 of 3 |
| Elane Stock | 5 of 5 | – | 4 of 4 | – | – |
| Warren Tucker ⁴ | 2 of 2 | 2 of 2 | – | – | – |

1. Appointed to the Board on 9 April 2020

2. Appointed to the Board and Audit Committee on 1 July 2020. Margherita was unable to attend one Board meeting and two Audit Committee meetings owing to prior commitments entered into before joining the Reckitt Board

3. Retired from the Board on 9 April 2020

4. Retired from the Board and Audit Committee on 12 May 2020

Division of responsibilities

Board roles and responsibilities

To ensure the Board performs effectively, there is a clear division of responsibilities, set out in writing and agreed by the Board, between the leadership of the Board and executive leadership of the business. The key roles have been defined in greater detail below.

The Chairman

- Leading the Board and taking responsibility for the Board's overall effectiveness in directing the company.
- Upholding the highest standards of integrity and ethical leadership, leading by example and promoting a culture of openness and debate, based on mutual respect, both in and outside the Boardroom and in line with our purpose, values, strategy and culture.
- Chairing Board, Nomination Committee and shareholder meetings and setting Board agendas.
- Encouraging constructive challenge and facilitating effective communication between the Board, management, shareholders and wider stakeholders, whilst promoting a culture of openness and constructive debate.
- Ensuring an appropriate balance is maintained between the interests of shareholders and other stakeholders.
- Leading the annual performance evaluation process for the Board and its Committees and addressing any subsequent actions.
- Promoting the highest standards of corporate governance.
- Ensuring Directors receive accurate, timely and clear information.
- Ensuring there are appropriate induction and development programmes for all Board members.
- Ensuring the long-term sustainability of the company.

The Chief Executive Officer

- Principally responsible for the day-to-day management of Reckitt, in line with the strategic, financial and operational objectives set by the Board.
- Chair of the Group Executive Committee, consisting of the CEO, the CFO and senior management executives, who together are responsible for execution of the company's strategy and achieving its commercial aims.
- Effective development and implementation of strategy and commercial objectives as agreed by the Board.
- Managing Reckitt's risk profile and establishing effective internal controls.
- Ensuring there are effective communication flows to the Board and the Chairman, and that they are regularly updated on key matters, including progress on delivering strategic objectives.
- Regularly reviewing the organisation structure, developing an executive team and planning for succession.
- Providing clear leadership to promote the desired culture, values and behaviours to inspire and support the company's workforce.
- Ensuring the long-term sustainability of the business.

The Senior Independent Director

- Acting as a sounding board for the Chairman on Board-related matters.
- Acting as an intermediary for other Directors as necessary.
- Evaluating the Chairman's performance on an annual basis.
- Chairing meetings in the absence of the Chairman.
- Being available to shareholders and stakeholders to address any of their concerns, which they have been unable to resolve through normal channels.
- Leading the search and appointment process for a new Chairman, if necessary.

The Chief Financial Officer

- Supporting the CEO in developing and implementing the company's strategy.
- Leading the global finance function, developing key talent and planning for succession.
- Responsible for establishing and maintaining adequate internal controls over financial reporting and for the preparation and integrity of financial reporting.
- Ensuring the Board receives accurate, timely and clear information in respect of the Group's financial performance and position.
- Developing and recommending the long-term strategic and financial plan.

The Non-Executive Directors

- Providing independent input into Board decisions through constructive challenge and debate, strategic guidance and specialist advice.
- Setting/approving the company's long-term strategic, financial and operational goals.
- Examining the day-to-day management of the business against the performance targets and objectives set, ensuring that management is held to account.
- Reviewing financial information and ensuring it is complete, accurate and transparent.
- Ensuring there are effective systems of internal control and risk management and that these are continually monitored and reviewed.
- Setting appropriate levels of remuneration for Executive Directors and ensuring performance targets are closely aligned with shareholder interests.
- Development of succession planning and the appointment and removal of senior management.

The Company Secretary

- Providing advice and support to the Chairman and all Directors.
- Advising and keeping the Board up to date on all relevant legal and governance requirements and ensuring the company is compliant.
- Ensuring the Board receives high-quality, timely information in advance of Board meetings to ensure effective discussion.
- Facilitating the induction programme for all Board members.
- Ensuring there are policies and processes in place to help the Board function efficiently and effectively.



A full description of the roles and responsibilities of the Chairman, Chief Executive Officer and Senior Independent Director can be found in the Corporate Governance section of our website: www.reckitt.com

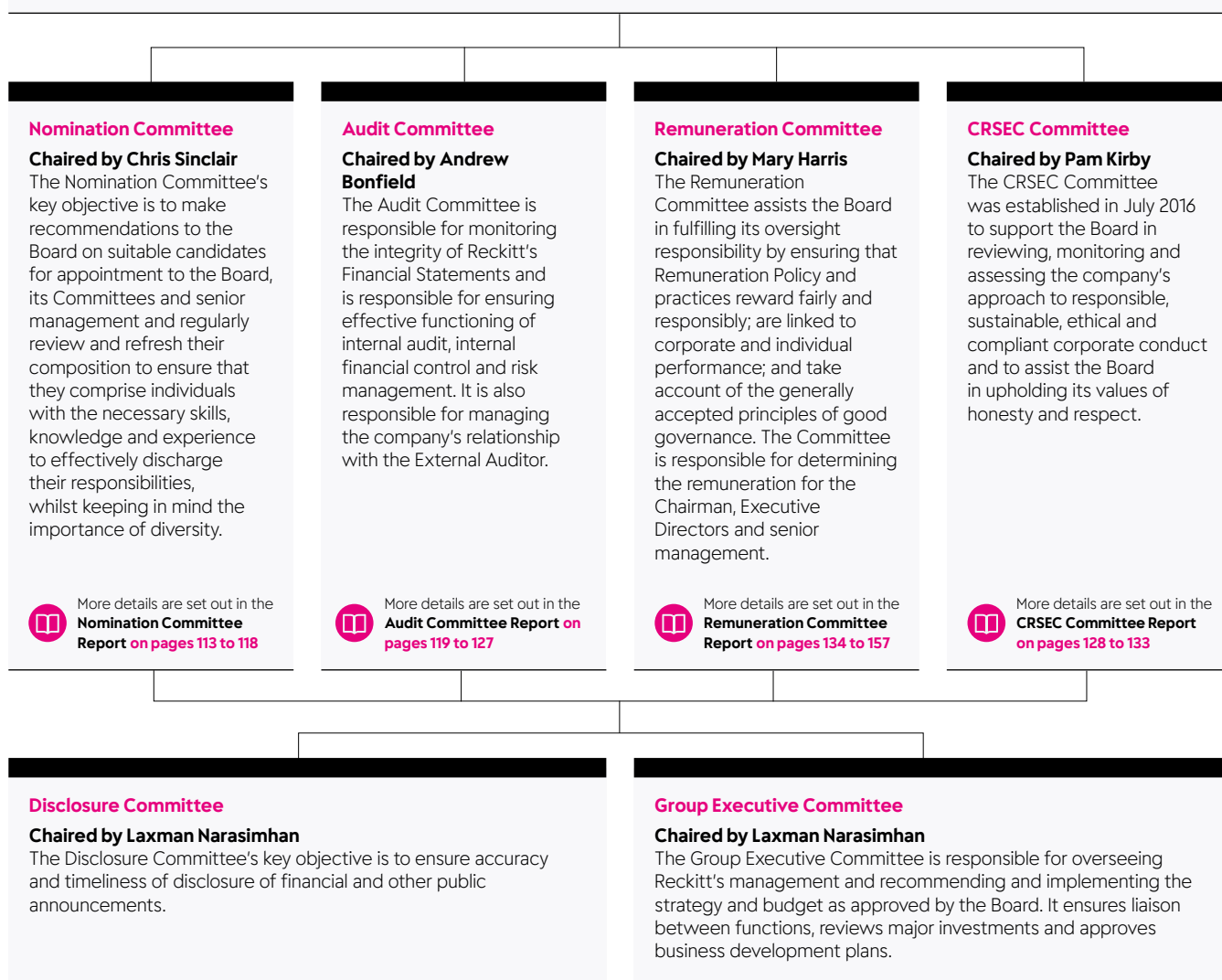
CORPORATE GOVERNANCE REPORT CONTINUED

Our governance framework

The Board has established four Board Committees to assist in the execution of its responsibilities. These are the Nomination Committee, Audit Committee, Remuneration Committee and CRSEC Committee. Each Committee operates under terms of reference approved by the Board. The terms of reference are reviewed regularly, the last review taking place in November 2020, and can be found on the company's website, www.reckitt.com. The current Committee membership of each Director is shown on pages 95 to 98. There are also two supporting management committees: the Disclosure Committee and the Group Executive Committee.

Board

The Board is responsible for the overall leadership of the Group and for promoting its long-term success whilst focusing on its governance with the highest regard to the principles of the Code.



Board responsibilities

The Board is responsible for the effective leadership of the Group and for promoting its long-term sustainable success, generating value for shareholders and contributing to wider society, whilst focusing on governance with the highest regard to the principles of the Code. The Board provides leadership by setting the company's purpose, strategy and values, monitoring our culture and ensuring alignment with purpose, strategy and values, and overseeing implementation by management. All Directors must act with integrity, lead by example and promote the company's culture and values. The Board also ensures there are appropriate processes in place to manage risk, including the company's risk appetite and monitors the company's financial and operational performance against objectives.

The Board consists of a balance of Executive and Non-Executive Directors who together have collective accountability to Reckitt's shareholders and stakeholders as well as responsibility for the overriding strategic, financial and operational objectives and direction of Reckitt. It is the Board's responsibility to ensure there are effective engagement methods in place with its stakeholders. Further information on the Board's engagement activities can be found in the section 172 statement set out on pages 58 to 61.

The Board manages the overall leadership of the Group with reference to its formal Schedule of Matters Reserved for the Board. This schedule is reviewed annually, with the last review undertaken in November 2020, and broadly covers:

- matters which are legally required to be considered or decided by the Board, such as approval of Reckitt's Annual Report and Financial Statements, declaration of dividends and appointment of new Directors;
- matters recommended by the Code to be considered by the Board, such as terms of reference for the Board and its Committees, review of internal controls and risk management;
- compliance with regulations governing UK publicly listed companies, such as the UK Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules; and
- matters relating to developments in, or changes to, the Group's strategic direction, material corporate or financial transactions.

The full Schedule of Matters Reserved for the Board is available at www.reckitt.com/investors/corporate-governance.

The principal activities undertaken by the Board are set out over the following pages. A summary overview is set out in the table on Board focus areas in 2020 on page 105.

Managing conflicts of interest

Directors have a duty under the Companies Act 2006 (CA 2006) to avoid interests, direct or indirect, which might conflict with the interests of the Group. Under the terms of the company's Articles of Association, such conflicts can be authorised by the Board. Procedures are in place to manage and, where appropriate, approve such conflicts. Any authorisations granted by the Board are recorded by the Company Secretary in a Register of Conflicts, together with the date on which the conflict was authorised. Any conflicts authorised during the year are reviewed annually by the Board. In addition, each Director certifies on an annual basis that the information contained in the Register of Conflicts is correct.

The company indemnifies the Directors and Officers of the company and any Group subsidiary to the extent permitted by CA 2006 and the Listing Rules in respect of the legal defence costs for claims against them and third-party liabilities. The indemnity would not provide cover for a Director or Officer if that individual was found to have acted fraudulently or dishonestly. Additionally, Directors' and Officers' liability insurance cover was maintained throughout the year at the company's expense.

Managing time commitment and 'overboarding'

On appointment, Non-Executive Directors are made aware and are required to confirm that they will allocate sufficient time to their role to discharge their responsibilities effectively. They are also required to seek agreement from the Chairman before taking on additional commitments, and to declare any actual or potential conflicts of interest. Non-Executive Directors are engaged under the terms of a letter of appointment. Initial terms of appointment are for three years with one month's notice, with all Directors standing for election or re-election at every AGM. The Board has examined the length of service of each Director and considers that the Chairman and each Non-Executive Director standing for re-election or election at this year's AGM is independent. The Board considers all Non-Executive Directors who served during the year to be independent.

The Nomination Committee has principal responsibility delegated to it for making recommendations to the Board on new appointments and the composition of the Board and its Committees. The Board and each Director is confident that each Director individually has the expertise and relevant experience required to perform the role of a Director of a listed company and to contribute effectively to the Board and Committees to which they are appointed. The company recognises the developmental advantages of an external non-executive role on a non-competitor board and Executive Directors are permitted to seek such a role, provided that they do not take on more than one non-executive directorship in, or become the Chairman of, a FTSE 100 company.

Jeff Carr is currently a Non-Executive Director of Kingfisher plc.

We acknowledge that Sara Mathew sits on three external Boards, one of which being a chair position for a listed US company. The Nomination Committee has assessed and is satisfied that Sara is able to dedicate sufficient time to her role and will continue to monitor her time devoted to the position to ensure this remains appropriate.

The 2020 evaluation of the Board's performance during the year concluded that the Chairman and all Non-Executive Directors continue to devote sufficient time to carrying out their duties to the company. Each Director standing for election or re-election has individually provided assurances that they remain committed to their roles and can dedicate sufficient time to perform their duties. Accordingly, the Board recommends that shareholders vote in favour of the resolutions to re-elect or elect the Directors put forward for re-election or election at the 2021 AGM.

Board support

The Company Secretary is responsible for organising Board meetings, as well as collating any papers for the Board to review and consider. Board and Committee papers are accessible to all Directors through a secure and confidential electronic document storage facility. This facility is maintained by Reckitt's Secretariat function and additionally holds other information which the Chairman, the CEO or the Company Secretary may deem useful to the Directors, such as press releases and pertinent company information.

All of the Directors have individual access to advice from the Company Secretary and a procedure exists for Directors to take independent professional advice at the company's expense in furtherance of their duties.

Composition, succession and evaluation

Board composition and succession planning

The Board regularly reviews its composition to determine whether it has the right mix of skills, experience, diversity and background, to effectively perform its duties. The Board also reviews senior management positions to ensure a proper breadth of talent is developed. Appointments are subject to a formal, rigorous and transparent procedure and are based on merit and objective criteria, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. Details of our commitment to inclusion and diversity at Board and senior management level can be found on page 118 of the Nomination Committee Report. The Board has appointed Directors from a wide variety of business backgrounds to provide it with a strong balance of skills and experience relevant to the company's sector. The Board is comprised of the Chairman and a majority of Non-Executive Directors who, together with the Executive Directors, help maintain a solid, collective understanding of the company and its day-to-day business.

In accordance with the Code, every Director submits him or herself for election or re-election (as appropriate) at every AGM.

More details about the current Board members can be found on pages 94 to 98. An overview of succession planning activities during the year can be found in the Nomination Committee Report on pages 113 to 118.

CORPORATE GOVERNANCE REPORT CONTINUED

Evaluation of the Board

The Board undertakes an annual review of its own and its Committees' performance and effectiveness, with a formal externally facilitated evaluation of the Board conducted at least every three years. An externally facilitated evaluation took place in 2019, conducted by MWM Consulting Limited, as reported in last year's Annual Report. This year, we engaged Lintstock Ltd (Lintstock) to facilitate a 3-year Board Development Programme, starting with a survey-driven review in 2020. The process consisted of an online questionnaire sent to all Directors, covering the performance of the Board, its Committees and the Chairman. The review also addressed issues such as Director performance, and the perception of the Board by management, the recent changes in the management team and the Board and wider organisation's response to the challenges presented by COVID-19. Lintstock is independent of and has no other links with the company or its Directors in connection with the evaluation.

The key topics featured in the questionnaire included: Board composition and diversity; stakeholder oversight; Board dynamics and support; management and focus of meetings; COVID-19 case study; strategic oversight; risk management and internal control; succession planning and HR management; and priorities for change.

A report, with action points and recommendations for the Board to consider, was distributed to Directors and the results of the evaluation were subsequently discussed by the Board at its November meeting.

In addition, the Chairman's performance was considered by the Senior Independent Director with input from his fellow Non-Executive Directors and discussed following the November Board meeting without the Chairman present. The discussion concluded that the Chairman continued to devote sufficient time to his role, and continued to lead the Board constructively, demonstrating objective judgement, and encouraging a culture of openness and debate.

Principal outcomes of the Board evaluation

Board composition and diversity

- Board composition was rated highly by respondents but room for improvement was noted. Board composition, including diversity, is being addressed through the Nomination Committee. Identifying skills and experience gaps and focusing succession planning on key Board roles would be key.

Succession planning and HR management

- The value of increased Board engagement with the new leadership team was emphasised. Increased Board oversight of talent management was identified as an area of opportunity.

Stakeholder oversight

- Stakeholder oversight was rated highly overall and significant improvement noted. The Board is keen to broaden its understanding of and involvement with consumers and customers. This is partly being addressed through the Board engagement work Mary Harris is leading in her role as Designated Non-Executive Director for engagement with the company's workforce and also through focused reporting to the Board on consumers and customers. The importance of maintaining visibility of culture was emphasised.

Strategic oversight

- Clarity of the current strategy, testing and development of strategy scored highly, as did the Board's understanding of key Reckitt markets. Technological developments and opportunities, understanding competitor performance and focusing on IFCN, China and people and talent were identified as a key focus areas for the Board in the next 3-5 years.

Board dynamics and support

- Non-Executive Directors' engagement with management scored positively. Ensuring the Board's oversight remains sufficiently strategic is important.
- The Board continues to work towards crisper materials and shorter presentations, leaving more time for discussion at meetings.
- Training should receive greater focus, including regular governance training.

Management and focus of meetings

- The management of meetings was rated highly, including remote meetings which had been used for most of 2020. It was important to ensure time spent at meetings was balanced between topics, and a greater external focus could be valuable.

Risk management and internal controls

- Although rated as a strength, the Board's oversight of risk appetite and mitigation could receive deeper review. The Board, supported by the Audit Committee, is reviewing a number of risk management processes.

COVID-19

- The Board's effectiveness in adjusting its prioritisation and focus in response to COVID-19 was rated highly, as was the quality of Reckitt's communications during the pandemic.

The 2020 review of the Board's performance and that of its Committees concluded that the Board, its Committees and individual Directors were performing effectively. The Board was observed to have a good mix of skills, sector-relevant experience, knowledge and diversity and the length of tenure of the Board as a whole was deemed appropriate. Board members worked well together to achieve objectives, with a sufficient degree of support and challenge provided by Directors. As part of the strategy we launched in February 2020, we believe that by valuing and embracing our differences – at all levels of the business and also as individual members of society – we are 'stronger together'. This drives our compass. We can only truly live our purpose and win our fight if the differences of all of our people are celebrated, as diversity and inclusion is a business need as much as it is a social need.

All individual Directors were considered to be contributing effectively. The value of Non-Executive Director only and Executive only sessions was highlighted. The key priorities for the Board over the coming year will be talent and succession planning, engagement with management, risk management and strategy. The Board has reviewed the recommendations of the evaluation and is taking steps to address these. The principal outcomes of the review will be reviewed and reassessed as part of the Board's 2021 evaluation.

Audit, risk and internal control

Risk management

The Audit Committee supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's financial reporting (including the Annual Report and Financial Statements), internal controls and overall risk management process and the relationship with the External Auditor. The Audit Committee makes recommendations to the Board in relation to approval of the Annual Report and Financial Statements. More information on the role of the Audit Committee can be found in the Audit Committee Report, from pages 119 to 127.

The Board has ultimate responsibility for preparing the Annual Report and Financial Statements. Reckitt has implemented robust internal controls to safeguard the integrity of both the Group and its subsidiary Financial Statements and ensures that adequate verification processes are in place to enable it to confirm that the Group's Financial Statements present a fair, balanced and understandable assessment of Reckitt's position and prospects, in line with the Code's requirements. The Board considers that the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable and provide sufficient information for shareholders to be able to assess the company's position, performance, business model and strategy.

Reckitt's finance function, headed by the CFO, has implemented a number of policies, processes and controls to enable the company to review and fully comply with changes in accounting standards, financial regulations and recognised practices. These processes are kept under review on an ongoing basis. Multiple teams including consolidation and financial accounting, together with technical support, ensure both internal and external developments are reviewed and responded to. The Group also maintains a Finance Manual setting out the required standards of financial reporting and approvals across the Group and its operating units, including a structured process for the appraisal and authorisation of any material capital projects.

The basis for the preparation of the Group Financial Statements is set out on page 179 under Accounting Policies.

The company's External Auditor's Report, setting out its work and reporting responsibilities, can be found on pages 162 to 173. The terms, areas of responsibility and scope of the External Auditor's work are agreed by the Audit Committee and set out in the External Auditor's engagement letter.

More information on the Group's principal and emerging risks and strategy for growth and achieving targeted goals is detailed in the Strategic Report, which can be found on pages 80 to 92.

The Viability Statement can be found on page 93.

The Statement of Directors' Responsibilities on page 161 details the going concern statement as required by the Listing Rules and the Code and the Directors' responsibility for the Financial Statements, for disclosing relevant audit information to the External Auditor and for ensuring that the Annual Report is fair, balanced and understandable.

Risk appetite

The Board has overall responsibility for compliance with the Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. It oversees the internal controls established, and monitors their effectiveness, in managing and mitigating significant risks. The sectors and environment within which Reckitt operates are dynamic and fast moving, and in some areas highly regulated, and the controls are continually kept under review to minimise the potential exposure to risk. The system is designed to assess and manage, rather than eliminate, risks to Reckitt's business objectives, and the Board relies on these controls insofar as they are able to provide reasonable, but not absolute, assurance against material misstatement or loss. The Group's principal and emerging risks and mitigating factors are detailed on pages 80 to 92.

As part of its risk control, Reckitt regularly evaluates its risks to achieving objectives, and the likelihood of such risks materialising and determining the ability of the Group to cope with the circumstances should they occur. In doing so, we are inherently considering our risk appetite through the actions that can be taken, controls that can be implemented and processes that can be followed to reduce the chances of risk events taking place, mitigating the potential impact and ensuring that the cost of doing so is proportionate to the benefit gained.

Internal control

Internal control processes are implemented through clearly defined roles and responsibilities, supported by clear policies and procedures, delegated to the executive team and senior management.

Reckitt operates three strands in monitoring internal control systems and managing risk:

- Management ensures that the controls, policies and procedures are followed in dealing with risks in day-to-day business. Such risks are mitigated at source with controls embedded into the relevant systems and processes. Supervisory controls either at management level or through delegation ensure appropriate checks and verifications take place, with any failures dealt with promptly and awareness raised in order to review gaps in existing controls. Throughout Reckitt, a key responsibility for any line manager is to ensure the achievement of business objectives with appropriate risk management and internal control systems.
- Each function and Global Business Unit has its own management which acts as a second line of oversight and verification. This level sets the local level policies and procedures, specific to its own business environment, subject to Group policy and authorisation. They further act in a supervisory capacity over the lower level management implementation of controls. The financial performance of each function and Global Business Unit is monitored against pre-approved budgets and set against forecasts, developed higher up the management chain, and ultimately overseen by the executive management and the Board.
- The third strand is provided through independent review by the Internal Audit team, who challenge the information and assurances provided by the first two strands. This review ultimately gets reported back to the Board, via the Audit Committee, with action taken to address matters identified. More details on the Audit Committee and its activities can be found on pages 119 to 127. The Group's compliance controls further include operating an independent and anonymous 'Speak Up' whistleblowing hotline, annual management reviews and providing training specific to individual needs within the business. The Board is also provided with reports on the effectiveness of these controls to ensure full oversight of the business.

Reckitt is committed to maintaining strong internal controls and further enhancing these. Further information on internal control activities during the year can be found on page 124 of the Audit Committee Report. Functional and operational management meet to discuss performance measured against strategic aims and goals, with risks and risk controls incorporated into the discussions. During the year, the Directors undertook a robust assessment of the principal and emerging risks facing the company, including those that could threaten Reckitt's business model, future performance, solvency and liquidity. Each principal and emerging risk is overseen by the Board, or a designated Committee of the Board, and is subject to formal deep dive reviews as appropriate at Board, Group Executive Committee and Global Business Unit meetings.

More detail on the Group's principal strategic risks and uncertainties can be found in the Strategic Report on pages 01 to 93.

The CRSEC Committee focuses on the company's corporate social responsibilities, environmental and sustainability issues and overall ethical conduct and regulatory compliance. Further details of the work of the Committee can be found in the report of the CRSEC Committee Chair from page 128.

The Audit Committee focuses on maintaining the integrity of financial reporting, reviewing and challenging management on the robustness of internal controls and risk management systems, and providing oversight and reassurance to the Board on risk management processes and control procedures, with support from the External Auditor. Further details of the work of the Committee can be found in the Audit Committee Report from page 119.

The Board confirms that reviews and monitoring of the appropriateness and effectiveness of the system of internal control and risk management throughout the financial year and up to the date of approval of the Annual Report and Financial Statements have been satisfactorily completed with no significant failings or weaknesses identified.

Governance

Annual General Meeting and shareholder voting

The Board views the AGM as a valuable opportunity to meet with its private shareholders, giving them an opportunity to put questions to the Chairman, the Chairs of the Committees and the Board. Whilst our AGMs are normally held as physical meetings with shareholders encouraged to attend, owing to COVID-19, for our AGM in 2020 we recommended that shareholders refrained from attending the AGM in person, in line with instructions from the UK government. Our 2020 AGM was held as a closed meeting, with a virtual webcast which shareholders were able to view live online.

All shareholders can vote on the resolutions put to the meeting. In line with good governance, voting is by way of poll, providing one vote for each share held. Results of the poll are released to the LSE and published on the Group's website shortly after conclusion of the AGM.

The Investment Association (IA) has launched a public register of FTSE All-Share companies which have received votes of 20% or more against any shareholder resolution, or which withdrew a resolution prior to a shareholder vote, along with company statements of actions taken following the vote. At our AGM in May 2020, all resolutions were passed and no resolution had a vote of 20% or more against it.

At the time of publication, we anticipate this year's AGM will follow the same format as last year's AGM. Shareholders and their proxies should vote by proxy in advance of the meeting. Questions can be submitted in advance of the AGM or by using the online facility during the meeting, and shareholders can view the AGM via a live virtual webcast. At this year's AGM, we will be proposing an additional special resolution to adopt amended Articles of Association of the company, allowing us to hold a hybrid AGM going forward. Further details are set out in the Notice of Annual General Meeting.

Website

The Investor Relations section of the Reckitt website provides the Board with an additional method of communicating to shareholders. As well as the latest regulatory disclosures, copies of the latest and previous years' Annual Reports, latest share price information and copies of previous investor presentations and key calendar dates are available. The page can be found at www.reckitt.com/investors

Shareholders can also access information on all our sustainability activities, our Modern Slavery Statement, our Gender Pay Gap Report and associated policies on the Reckitt website at www.reckitt.com/sustainability

NOMINATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Nomination Committee Report for the financial year ended 31 December 2020.

The Committee plays an important role to ensure that the composition of the Board is appropriate for the company to achieve its strategic goals. During the year, the Committee's primary focus was to ensure that the Board and Group Executive Committee had the appropriate balance of skills, experience and composition to successfully implement our Rejuvenating Sustainable Growth strategy. This year, we have considerably improved gender diversity at Board level, whilst at Group Executive Committee level we recognise there is more work to be done to improve female representation within senior management roles.

There were changes to the membership of the Board and our Group Executive Committee during the year. A critical achievement of the CEO during 2020, with the support and oversight of the Committee, was the refreshment of our Group Executive Committee, which saw the creation of new leadership roles and appointment of new members. Notable highlights at Board level included the onboarding of our new Chief Financial Officer, Jeff Carr; and the appointment and induction of two new Non-Executive Directors, Margherita Della Valle and Olivier Bohuon. This year meetings of the Committee took place virtually due to the COVID-19 pandemic. During a challenging year, I am pleased with the continued progress by the Committee and I am grateful to my fellow Directors for their support and dedication.

Board changes during the year

As we announced last year, Adrian Hennah, previously Chief Financial Officer (CFO), retired from the Board and his role as CFO on 9 April 2020. On the same date, his successor, Jeff Carr – a Reckitt alumnus – was appointed to the Board and to the role of CFO. To ensure a seamless transition and handover to Jeff, Adrian remained with the company until his retirement date of 21 October 2020. Upon his appointment, Jeff also became a member of our Group Executive Committee. The Committee are delighted to welcome Jeff to the Board and back to Reckitt. We are confident Jeff is making a positive contribution to the business in his role as CFO and is playing a key role in Reckitt's strategic transformation.

Further Director changes were also announced during the year. At the conclusion of the 2020 AGM, Warren Tucker stood down from the Board and as a member of the Audit Committee after ten years of service as a Non-Executive Director. On behalf of the Board, I would like to extend our gratitude to Warren for his excellent service and wish him well in his future endeavours.

On 1 July 2020, as part of the ongoing refreshment of the Board, we were pleased to announce the appointment of Margherita Della Valle to the Board as a Non-Executive Director and member of the Audit Committee. Margherita is currently Chief Financial Officer and Executive Director of Vodafone Group Plc, a role she has held since 2018. Margherita brings to the Board extensive experience of financial markets and digital technologies, of doing business in both developed and developing markets, combined with deep financial experience. I am pleased to welcome Margherita to the Board.

In December 2020, following an extensive search and thorough recruitment process, we announced that Olivier Bohuon would join Reckitt as a Non-Executive Director and member of the Remuneration Committee, in January 2021. Olivier is a successful leader, with many years of experience as CEO of a large global company. Olivier has deep experience in healthcare products and markets, bringing great insight to the Board.



“

We were pleased with the successful onboarding of our new Chief Financial Officer during the year, together with the refreshment of our Group Executive Committee which saw the creation of new leadership roles and appointments, further enhancing our leadership and strategic capabilities.

Chris Sinclair
Chair of the Nomination Committee

NOMINATION COMMITTEE REPORT CONTINUED

Refreshment of our Group Executive Committee (GEC)

Our GEC has seen several changes during the year to support our strategic priorities, improve top-level leadership and add valuable skills and experience to the Committee. The launch of Reckitt's new strategy in 2020 saw the business organised into three focused Global Business Units – Health, Hygiene and Nutrition – to enable greater category focus and growth. At the time of the strategy launch it was recognised that China and e-commerce present major opportunities for Reckitt and its focus has been enhanced across the three Global Business Units. The new structure was supported by the creation of new leadership roles for Harold van den Broek, Kris Licht and Aditya Sehgal, as Presidents of Hygiene, Health and Nutrition. Kris Licht was also appointed as Chief Customer Officer for the Group, and Aditya Sehgal as lead for eRB & Greater China.

During the year there were a number of membership changes to our GEC. As previously announced last year, Gurveen Singh, Chief Human Resources Officer, stepped down as a GEC member in March 2020 and retired from Reckitt in June 2020. We express our gratitude and thanks to Gurveen for her commitment to Reckitt. In March 2020, Ranjay Radhakrishnan joined Reckitt, taking on the role as Chief Human Resources Officer and a GEC member. Ranjay is an experienced HR leader having spent his career in a range of senior leadership roles in the UK and globally. Ranjay has already added great value to the HR function during a challenging year and we are pleased to welcome him to the GEC.

In addition, we welcomed Jeff Carr, Chief Financial Officer, as a member of the GEC in April 2020. We were also delighted to announce in April 2020 the promotions of Zephania Jordan, SQRC Officer and Miguel Veiga-Pestana, Head of Corporate Affairs & Chief Sustainability Officer as members of the GEC, adding valuable insight, leadership and representation at GEC level in the fields of regulatory compliance, communications, external affairs and sustainability. At the end of the year, regretfully, Zephania Jordan, indicated her intention to leave Reckitt in 2021 to move back to her home country, Australia. Zephania stepped down as a GEC member on 1 January 2021. On behalf of the Committee and the Board I would like to express our gratitude to Zephania, for her dedication and commitment to Reckitt.

We were pleased to make further new appointments to the GEC during the year. In July 2020, Sami Naffakh, a Reckitt alumnus, joined Reckitt as Chief Supply Officer and a member of the GEC. In August 2020, Volker Kuhn joined Reckitt as Chief Transformation Officer and a member of the GEC, taking over the role from Kris Licht, with responsibility for driving productivity, new business solutions, strategy and further growth opportunities. In September 2020, we further advanced our commitment towards Reckitt's R&D function by welcoming Angela Naef to Reckitt as Chief R&D Officer and as a member of the GEC. Angela's role is essential in elevating our Research & Development Strategy and capabilities, our continued investment in science and further enhancing science partnerships, all of which are core drivers of our Reckitt transformation. The Committee is delighted to have these new GEC members with us and are confident they will make a great contribution to Reckitt.

In October 2020 we announced that Filippo Catalano would join Reckitt as a GEC member in a newly created role as Chief Information & Digitisation Officer, effective 1 April 2021. We are confident that the role and representation of this seat on the GEC will strengthen the direction, vision and leadership of our IT and Digital Function and contribute to the growth of Reckitt. We look forward to welcoming Filippo to Reckitt.

In March 2021 we announced that Harold van den Broek would be leaving Reckitt on 31 May 2021. We would like to thank Harold for his outstanding contribution to the business and wish him well in his future endeavours. At the same time, we announced that Volker Kuhn, Chief Transformation Officer would assume the role of President Hygiene on 1 May 2021, following a smooth transition of responsibilities from Harold.

Committee priorities for 2021

- Succession planning for Board members, GEC and senior management positions.
- To further progress female representation and diversity generally at GEC level and within senior management roles.
- To continue to keep under review diversity, culture & inclusion across Reckitt.
- Ongoing renewal of the Non-Executive Directors of the Board.

I would like to thank my fellow Committee members for their exceptional support during another busy year for the Committee.

Chris Sinclair

Chair of the Nomination Committee

Reckitt Benckiser Group plc

15 March 2021

Composition

The members of the Committee during the year were:

| Composition | Tenure during the year |
|------------------------|--|
| Chris Sinclair (Chair) | Chair and member of the Committee for the whole year |
| Andrew Bonfield | Member for the whole year |
| Nicandro Durante | Member for the whole year |
| Pam Kirby | Member for the whole year |
| Mary Harris | Member for the whole year |
| Laxman Narasimhan | Member for the whole year |

Members of the Committee are appointed by the Board. Membership is set out in the Committee's terms of reference and comprises the Chairman, CEO, Senior Independent Director and Chair of each of the Board's Committees. In accordance with the principles of the UK Corporate Governance Code 2018 (the Code), the Committee is made up of a majority of independent Non-Executive Directors. The Company Secretary acted as Secretary to the Committee during the year.

The membership of the Committee is reviewed annually by the Chairman, as part of the annual performance evaluation of the Committee. All Directors are required to seek election or re-election each year at the AGM. Biographical details of the Directors, explaining their skills and expertise, can be found on pages 94 to 98.

Meetings

Meetings of the Committee are held as needed but are required to take place at least once a year. In 2020 the Committee held four meetings, all of which were held virtually due to COVID-19. Meetings usually take place ahead of Board meetings and the Chair of the Committee reports formally to the Board on its proceedings. Attendance at Committee meetings is set out in the Board attendance schedule on page 106 of the Corporate Governance Report.

During the year, Committee members held meetings with candidates shortlisted for the position of Non-Executive Director, reported their feedback at Committee meetings and made recommendations to the Board. Further details on the Non-Executive Director search and recruitment process are discussed on the following pages.

Role and responsibilities of the Nomination Committee

The role of the Committee is to ensure there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, to lead the process for Board appointments and make recommendations to the Board. The Committee also assists the Board in succession planning for top senior management. The role of the Committee includes, but is not limited to, the following matters:

- Regularly reviewing the composition (including skills, experience, independence, knowledge and diversity) of the Board and making recommendations to the Board with regard to any changes deemed necessary, taking into account the length of service of the Board as a whole and the need to regularly refresh membership.
- Reviewing the composition of each of the Board Committees and evaluating the performance and effectiveness of each Director.
- Keeping under review the leadership capabilities of the company, covering both Executive, Non-Executive and senior management positions, ensuring plans are in place for orderly succession, with a view to ensuring the continued ability of the company to compete effectively in the markets in which it operates.

- Ensuring that all newly appointed Directors undertake an appropriate induction programme to ensure that they are fully informed about the strategic and commercial issues affecting the company and the markets in which it operates, as well as their duties and responsibilities as a Director of the Board and member of Board Committee(s).
- Keeping under annual review and continually monitoring potential conflicts of interest, and, if appropriate, authorising situational conflicts of interest, whilst ensuring the risk of unacceptable influence resulting from any conflict of interest is minimised.



A further description of the Committee's roles and responsibilities is set out in its terms of reference which can be found on our website: www.reckitt.com

Executive Director succession planning

Chief Financial Officer appointment and induction

During the year, Adrian Hennah retired as Chief Financial Officer and Jeff Carr took over the role of Chief Financial Officer on 9 April 2020. We instructed Egon Zehnder International Ltd to carry out the search for a new Chief Financial Officer. Both internal and external candidates had been considered and a shortlist drawn up, which was followed by meetings with the Chairman and the Chair of the Audit Committee. Jeff was considered the most suitable candidate and best fit, given his wealth of experience in global consumer goods and retail companies and strong track record, coupled with his previous experience at Reckitt and understanding of the business and our culture.

Egon Zehnder International Ltd is an independent executive search firm which undertakes a number of executive (as well as non-executive) searches for the Group and is a signatory of the Voluntary Code of Conduct for Executive Search Firms in the UK to address diversity and best practice relating to Board appointments. They do not have any connection to or provide any other services to the company or its individual Directors.

Jeff Carr embarked on an intensive handover process under the leadership of Laxman Narasimhan, Chief Executive Officer and the guidance of our former Chief Financial Officer, Adrian Hennah. Adrian stayed with Reckitt until 21 October 2020 to ensure a successful handover and for Jeff to benefit from his knowledge and insight of how the business operates. Due to travel restrictions imposed by COVID-19, Jeff was unable to travel to our key Reckitt sites during 2020 and instead his induction meetings took place virtually.

As part of Jeff's tailored induction programme, he met virtually and had discussions with the Chairman, CEO and General Counsel & Company Secretary. During Jeff's induction programme he was also introduced to key members of the GEC, including the Presidents of the three Global Business Units (GBU); the Head of Corporate Affairs & Chief Sustainability Officer; Chief Human Resources Officer; and former Chief SQRC Officer. To gain even greater insight into the business, Jeff had meetings with members of Reckitt's senior management team, to provide an understanding of Reckitt's operations in the areas of Research & Development; Manufacturing; Supply; and Sales. Jeff also had the opportunity to speak with members of senior management within the business especially within the Corporate Group Functions, which included; IT; Tax; Treasury; HR; Finance; Audit; Investor Relations and Reward.

Jeff's induction also included detailed discussions, led by the General Counsel & Company Secretary on compliance matters, covering, Directors' Duties and Liabilities, disclosure of Conflicts of Interest and Persons Closely Associated, the EU Market Abuse Regulation (MAR), Reckitt's Share Dealing Code and closed period dates. Jeff received copies of the Board and Committee Terms of Reference; Reckitt Benckiser Group plc Articles of Association; past Board and Committee Effectiveness Review summaries; the latest Annual Report and Sustainability Report; and company announcements on Interim Results and Strategy presentations.

NOMINATION COMMITTEE REPORT CONTINUED

During Jeff's first months at Reckitt he immersed himself within the business, through attending employee town halls, results presentations and investor roadshows. Jeff brings extensive experience across consumer and retail companies and has a strong record of transformational strategic and operational leadership, consistent performance delivery, strong capital allocation discipline and building strong teams; all of which lead to longer-term shareholder value creation. Jeff has made a great contribution to Reckitt already and we look forward to his future success in the role.

Non-Executive Director succession planning

During the year the Committee conducted a search for new Non-Executive Directors to diversify the skills and expertise of the Board. The Committee identified specific desirable skills in the search for new Non-Executive Directors, including, the need for individuals with financial expertise and experience as UK-based operating leaders within public limited companies.

We instructed Egon Zehnder International Ltd to carry out the search for new Non-Executive Directors. Upon their recommendation we reviewed a list of candidate profiles and I had exploratory meetings with potential candidates who were considered a good fit for Reckitt, in terms of international experience, skills, culture and diversity ahead of recommending for further consideration. After shortlisting potential candidates, this was followed up by individual meetings with each of the Committee members, the CEO (who is a Committee member) and the CFO.

On 23 June 2020, Margherita Della Valle was appointed as a Non-Executive Director on recommendation of the Committee. Margherita brings recent and relevant financial experience within the consumer goods sector to the Board, having held the position of Chief Financial Officer at a large international public limited company. It was decided, based on Margherita's expertise, that she would join as a member of the Audit Committee on her appointment to the Board.

On 17 December 2020, we announced that Olivier Bohuon would be appointed as a Non-Executive Director with effect from 1 January 2021. The Committee agreed that Olivier would be a good fit for Reckitt in terms of international experience and pharmaceutical expertise. Olivier is a successful leader, with many years of experience as CEO of a large global company. He brings to the role deep experience in healthcare products and markets, which will add great insight to the Board. On appointment it was announced that Olivier would join the Remuneration Committee.

During the recruitment process, the Committee followed a formal, rigorous and transparent assessment with due regard to diversity, skills, knowledge and level of experience. All potential candidates are considered with regard to potential conflicts of interest and consideration of the level of time required for other appointments, in making recommendations to the Board. As a Committee we will continue to regularly review and refresh the Board where appropriate.

Director induction, training and development

Reckitt has a comprehensive induction programme for new Directors. The programme covers Reckitt's business, legal and regulatory requirements of Directors and includes one-to-one presentations from senior executives across the Group covering topics such as strategy, investor relations, taxation, Internal Audit, CRSEC Committee matters, supply and the company's three Global Business Units – Health, Hygiene and Nutrition and eRB/Greater China. The induction programme has several aims and serves multiple purposes. It provides new Directors with an understanding of Reckitt, its businesses and the markets and regulatory environments in which it operates, provides an overview of the responsibilities for Non-Executive Directors of Reckitt and builds links to Reckitt's people and stakeholders. Incoming Board members will also have legal due diligence meetings and an open offer to meet with the Group's External Auditor.

Margherita Della Valle received a tailored induction following her appointment to the Board. She attended virtual meetings with the CEO, CFO and General Counsel & Company Secretary. Margherita also had meetings with the Presidents of the three GBUs, to provide her with greater insight of the business and how it operates. Margherita is a member of the Audit Committee and had meetings with key individuals in Reckitt's, Finance, HR, Investor Relations and Corporate Communications and SQRC teams, in addition to receiving presentations on topics covered in all Director inductions, such as tax, Internal Audit and strategy. Margherita also met with KPMG's Lead Audit Partner.

Olivier Bohuon received a tailored induction following his appointment to the Board. He attended virtual meetings, where he had the opportunity to meet with the CEO, CFO and General Counsel & Company Secretary. He also met with each of the Presidents of the three GBUs. His induction further included meetings with members of the GEC, including the Chief Transformation Officer, Chief Supply Officer, Chief Human Resources Officer, Chief R&D Officer and Head of Corporate Affairs & Chief Sustainability Officer. Olivier is a member of the Remuneration Committee and had discussions with Mary Harris, Chair of the Remuneration Committee and the Group Head of Reward.

Both Non-Executive Director inductions covered legal compliance matters, including, a discussion on Directors' Duties and Liabilities, disclosure of Conflicts of Interest and Persons Closely Associated, MAR and Reckitt's Share Dealing Code. The Directors received copies of the Board and Committee Terms of Reference; Reckitt Benckiser Group plc Articles of Association; past Board and Committee Effectiveness Review summaries; the latest Annual Report and Sustainability Report; and Reckitt's company policies.

In previous years, ad hoc site visits for newly appointed Directors have been arranged to the Group's operations to gain an insight into the business, and usually form part of the annual Board meeting cycle. We aim to have one Board strategy meeting held at an off-site business location each year. The 2021 off-site meeting will be considered with due regard to COVID-19 travel restrictions and the safety of our Board.

The Chairman has overall responsibility for ensuring that the Directors receive suitable training to enable them to carry out their duties. As part of their role, Directors are also expected to personally identify any additional training requirements they feel would benefit them in performing their duties to the company. Ongoing training arranged by the company covers a wide variety of sector-specific and business issues, as well as legal and financial regulatory developments relevant to the company and the Directors. Training is also provided by way of briefing papers or presentations at each scheduled Board meeting, as well as meetings with senior executives or other external sources.

Renewal of existing Board members

Non-Executive Director appointments are generally made for three-year terms. During the year, the Committee considered the renewal of existing Non-Executive Directors. Details of the specific reasons each Director contributes to and continues to be important to Reckitt's long-term success are set out in the Notice of Annual General Meeting (AGM), available at www.reckitt.com

The Committee recommends that all existing Board members have their appointments renewed, and as such, resolutions to this effect will be proposed to Shareholders for approval at the forthcoming AGM.

Group Executive Committee (GEC) changes

A number of new appointments were made throughout the year to strengthen the GEC and the representation of key Reckitt functions at GEC level; we are pleased with the progress that has been made. At the beginning of the year, following the departure of Gurveen Singh, the Committee was pleased to welcome Ranjay Radhakrishnan as Chief Human Resources Officer (and GEC member). Throughout the year Ranjay has made significant contributions to Reckitt, leading the HR function and our employees through the challenges presented as a result of COVID-19. Ranjay has ensured that all employees are supported by the HR function and have access to important advice and guidance.

To further ensure the correct balance of skills and experience at GEC level, we also announced the promotions of Zephania Jordan, Chief SQRC Officer, and Miguel Veiga-Pestana, Head of Corporate Affairs & Chief Sustainability Officer, as members of the GEC. Miguel joined Reckitt in 2017 and has made significant contributions to the company; he has played a fundamental role in the creation of our new fight and purpose, and the launch of our new strategy in February 2020. We are delighted that Miguel will represent the importance of our Corporate Communications and Sustainability function as a member of the GEC.

As mentioned previously, regretfully Zephania has now left the Committee. Zephania played an important role as a member of the GEC throughout the year; she championed our product safety, compliance, health and safety, quality, regulatory, remediation and operations agenda as a cornerstone of our transformational and sustainable growth journey. Zephania has created a talented, capable and high-performing team. The Committee is extremely grateful for her contribution. Since January 2021, the Regulatory, Global Safety Assurance and SQRC Operational Excellence team has moved to R&D under Angela Naef's leadership and the Quality Compliance team has moved to Supply Chain under Sami Naffakh's leadership.

Following the announcement last year that Mike Duijser, former Chief Supply Officer, had left Reckitt, we announced that Sami Naffakh had joined Reckitt as Chief Supply Officer (and GEC member). Sami is a skilled and experienced supply leader and was previously Executive Vice President at Arla Foods, the Danish farmer-owned dairy cooperative. Sami has experience in fast-moving consumer goods companies such as Unilever, Danone and Estee Lauder, as well as Reckitt, where he held several leadership positions from 2003 to 2009. Throughout this year the COVID-19 pandemic has highlighted more than ever the importance of our supply chains in ensuring we are able to provide our products to those who need them. We are delighted that this critical function will be led by Sami and are positive he will contribute greatly to this role.

To further create a strong and dynamic GEC, we announced in August 2020, that Volker Kuhn had joined Reckitt and as a member of the GEC as Chief Transformation Officer. Volker has a strong track record of leading successful business turnarounds, growth initiatives and transformations. He was previously VP Fabric Care, Europe and Global Platform lead for single dose detergents at P&G. Volker's experience in the role has been fundamental to the transformation of Reckitt. In March 2021 we announced that Volker would assume the role of President Hygiene on 1 May 2021, with Harold van den Broek leaving the business on 31 May 2021. Volker has a wealth of experience across the fast-moving consumer goods industry which makes him ideally suited for this important leadership role. The Committee thanks Harold for his outstanding contribution to Reckitt over the last seven years, and wishes him much success for the future. Later in the year, we also announced that Angela Naef had joined Reckitt as Chief R&D Officer and as a member of the GEC. Angela's appointment is critical towards our commitment to invest in science to better scale, leverage and accelerate our innovation pipeline, which is also essential to unlocking our strategy of 'Rejuvenating Sustainable Growth'. Angela is a highly skilled leader and has a strong track record of accelerating innovation in the areas of food, nutrition science and biotechnology. Angela joins Reckitt from DuPont where she spent 10 years in various technical and commercial leadership roles. We are pleased to have Angela and Volker

as members of the GEC and look forward to their success. On 1 April 2021 Filippo Catalano will join Reckitt and the GEC as Chief Information & Digitisation Officer. Building and maintaining competitive, leading-edge IT and digital capabilities are key for Reckitt to be successful and agile. Developing our IT and Digital Function will be the backbone and engine of growth of Reckitt. Filippo has extensive leadership experience in IT, digital portfolios and technology. We are confident that Filippo will add great value to the role and develop an effective and successful function.

More information about our current GEC membership can be found on pages 99 to 101.

Review of potential conflicts of interest

During the year the Committee reviewed Board members' potential conflicts of interest. The Committee reviewed a schedule of external appointments and other potential situational conflicts as disclosed by each Director. Having reviewed the schedule, the Committee concluded that the appointments did not affect any Director's ability to perform his/her duties and recommended that the Board authorises each Director to continue in each of his/her external commitments.

We acknowledge that Sara Mathew sits on three external Boards, one of which being a chair position for a listed US company. The Committee has assessed and is satisfied that Sara is able to dedicate sufficient time to her role and will continue to monitor her time devoted to the position to ensure this remains appropriate. Each Director standing for election or re-election at the forthcoming AGM of the company has individually provided assurances that they remain committed to their roles and can dedicate sufficient time to perform their duties.

Governance

Committee evaluation

This year, the Committee participated in the main Board internal evaluation, conducted by Lintstock Ltd, appointed to facilitate a three-year Board Development Programme. Respondents in the Committee questionnaire scored the Committee highly in key areas, specifically noting the composition of the Board was effective. The main area of focus relevant to the Committee, identified as a result of the evaluation, is to continue to identify additional skills required for the Board in areas that may be lacking and to ensure succession planning remains a high priority for key Board roles over a longer-term horizon. The Board evaluation is discussed in further detail on page 110. Lintstock is independent of and has no other links with the company or its Directors in connection with the evaluation.

Review of Committee terms of reference

At the Committee's November meeting, we reviewed our terms of reference and proposed minor changes in line with best practice guidance and the model terms of reference for Nomination Committees issued by the Institute of Chartered Secretaries and Administrators. The revised terms of reference were approved by the Board in November 2020 and can be found on our website at www.reckitt.com. We review our terms of reference annually.

Designated Non-Executive Director

Mary Harris is Reckitt's Designated Non-Executive Director, for engagement with the company's workforce in line with the provisions of the Code. Mary oversees the Board's engagement with the company's workforce in partnership with Laxman, HR and the Communications team to understand more about engagement and the culture of the company.

NOMINATION COMMITTEE REPORT CONTINUED

During the year, Mary has been involved in key conversations with the workforce. As part of the September 2020 Board meeting schedule, individual Directors and the change to General Counsel & Company Secretary paired up to hold virtual roundtable sessions with small groups of Reckitt employees to listen to their views of working at Reckitt and its culture, purpose and mission and to listen to employees' ideas as to what could be improved. The Reckitt employees selected to participate in the sessions reflected a diverse range of organisational levels, tenures at Reckitt, nationalities and styles. Following these meetings, each pairing provided feedback to Mary on what had been discussed during their roundtable session, who in turn fed this back to the Board. Further details on Mary's work during the year as Designated Non-Executive Director for engagement with the company's workforce can be found on page 59.

Inclusion and diversity

The Board and Committee fully recognise the importance of diversity, including gender and ethnicity, at Board and senior management level in compliance with the Code. Inclusion is core to Reckitt's purpose of 'Protect, Heal and Nurture in the relentless pursuit of a cleaner and healthier world' and to our employee value proposition of Freedom to Succeed – there is no freedom without inclusion and no success without diversity. We recognise that it is critical for us to have a diverse employee population and also a Board and senior management team that is reflective of the markets we operate in and the consumers we serve.

We do not have a written Board diversity policy, but the Committee and the Board are committed to recruit members of the Board on the strict criteria of merit, skill, experience and cultural fit of any potential candidates, and to seek diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. This commitment is demonstrated by the composition of the Board, which comprises five nationalities, and five women, two of whom are Committee Chairs. I am pleased to report that as at 31 December 2020 45% of our Board members are women, which exceeds the original 25% target set by the Davies Report and we have achieved the 33% target by 2020, set out by Lord Davies, and subsequently outlined in the Hampton-Alexander Review. Following the appointment of Olivier Bohuon on 1 January, female representation on the Board is 41%, still exceeding the Davies Report target. We also meet the requirements of the Parker Review published in October 2017. Our Board consists of three members from ethnic minorities, which exceeds the Parker Review target to have at least one person from an ethnic minority on the Board.

Our GEC, comprising of the most senior management level in the business, represents eight different nationalities from across the globe, embodying our corporate inclusion and diversity policy. Our GEC also consists of three members from ethnic minority backgrounds. The company's wider global leadership community holds over 17 nationalities between them, representing a broad background of collective skills, cultures and experience. This widens our understanding of our consumers, who themselves come from the broadest possible backgrounds, allowing us to be best placed in serving their needs.

Following the recent GEC changes, at 31 December 2020, female representation within the GEC (and their direct reports) was 32%. Whilst progress has been made, we are cognisant of the gap in performance towards the 33% target for female leadership within the GEC and their direct reports as detailed in the Hampton-Alexander Review (and in provision 23 of the Code), and we are working to improve gender balance amongst our senior management. We recognise that female representation at GEC level and within senior management roles needs improvement and the Committee continues to make a commitment to increase female representation at this level. We also recognise the importance of developing talent internally for senior management positions, and note that during the year promotions to the GEC were made from our internal pool of talent, with the appointments of Miguel Veiga-Pestana and Zephanie Jordan to the roles of Head of Corporate Affairs & Chief Sustainability Officer and Chief SQRC Officer respectively. As previously stated, Zephanie Jordan is leaving the company in 2021 for personal reasons. Across wider global leadership roles, we promoted 8 employees internally.

Our Group diversity policy can be found at www.reckitt.com/responsibility/people-and-culture/diversity-and-inclusion/. We are committed to equality of opportunity in all areas of employment and business, regardless of personal characteristics. We always recruit the best and most suited candidates for any role, and we strive for a well-balanced representation of backgrounds, nationalities, cultures, skills and experiences, at all levels across the Group. Ultimate responsibility and sponsorship for this policy rests with the GEC. Senior management is accountable, and all Reckitt employees are responsible, for ensuring that our diversity policies and programmes are actively implemented and followed.

We continue to put inclusion and diversity at the core of everything we do. Further details can be found in our stakeholder engagement section from page 58.

AUDIT COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 December 2020.

This report details how the Committee has discharged its role, duties and performance during the year under review in relation to internal control, financial and other reporting, risk management, the internal audit function and our relationship and interaction with the External Auditor.

2020 was a year where Reckitt made progress towards sustainable growth. Whilst the COVID-19 pandemic contributed to the Group's strong financial performance during the year, challenges and disruption arose from the uncertainty caused by COVID-19. For example, ensuring supply continuity, workforce management and keeping our people safe, at the same time as facing increased demand for our products. The effect of these challenges and disruption was also reflected in the Committee's activities during the year, for example, in relation to reviewing the valuation and resultant impairment of goodwill and indefinite life intangible assets relating to IFCN and increased trade spend accruals due to high volumes.

Reckitt's global Finance teams were able to overcome the challenges of social distancing restrictions and working remotely, with no major impacts to systems, financial reporting or internal controls. Changes were required to the Internal Audit annual work plan from March onwards, with the Internal Audit team adapting and developing their remote working practices, owing to their inability to travel to conduct on-site audits. To ensure adequate assurance, on-the-ground resource was co-sourced from local PwC LLP offices to follow up on any internal audit findings. The Internal Audit and Corporate Control teams worked closely to ensure continuity in the provision of assurance to the Committee and Board on the effectiveness and resilience of internal controls in light of the changing operational, financial and economic climate.

In February 2020, the Financial Reporting Council (FRC) issued guidance to listed companies regarding COVID-19 disclosures. A joint statement by the FRC, Financial Conduct Authority (FCA) and Prudential Regulation Authority was issued in March 2020 (Joint Statement) recommending corporate reporting changes, including a two-month extension to listed company annual report publication. The Committee considered the recommendations of the Joint Statement, and in doing so, took into account its work in reviewing COVID-19 risks on business operations, going concern and viability statement assessments and discussions with our External Auditor. Further guidance was published by the FRC on 4 December 2020, emphasising that the recommendations of the Joint Statement remain. The December 2020 guidance also provides recommendations regarding risk management and internal control, dividends, the strategic report, viability statement and financial statements. We continue to monitor the COVID-19 impact on the Group's financial position and reporting and to consider the regulatory perspective and any further guidance issued by the FRC.

The effect of COVID-19 has introduced a new risk to the Group and, as a result, a specific COVID-19 risk assessment with risk mitigations was produced. Additionally, given remote working as a result of COVID-19, the Corporate Control team took action to ensure appropriate internal controls were maintained and, where appropriate, controls were enhanced or additional monitoring controls were implemented. Non-essential activities and projects were reviewed and paused where appropriate, to prioritise business continuity.

The Committee had a detailed annual standing agenda of matters to be considered and reviewed based on its terms of reference. In addition to the work arising from the pandemic, during 2020, these included focused reviews in the following areas: risk assurance mapping; delivery of transformation programmes; IT controls; legal and compliance risk, including whistleblowing activity; and taxation matters.



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Continuing our focus on internal controls, the risk management framework and monitoring the progress of key transformational programmes to mitigate risks to the Group.

Andrew Bonfield
Chair of the Audit Committee

AUDIT COMMITTEE REPORT CONTINUED

The Committee also considered many other matters outside its annual standing agenda, such as: the status and governance of transformation programmes; the impact of COVID-19 on going concern, liquidity, risk and internal controls; renewal of Group insurance; and the maturity of the Group's internal controls framework. Further detail on our activity during the year can be found on page 123.

During the year, a number of transformation programmes were either implemented or progressing well, in areas such as productivity, product lifecycle management and IT systems. To help oversee and prioritise major strategic investments resulting from savings generated from our productivity programme, an investment board was created, which meets monthly, reporting into the Group Executive Committee. A transformation portfolio review board has also been established, to oversee the delivery of several key transformation programmes and the management of priorities and constraints. We received regular reports from the Transformation team regarding transformation programme progress, highlighting any new risks identified and providing assurance that the programmes were on track.

We carried out our annual 'deep dive' of the company's major risk assessment process, which identifies and prioritises the principal and emerging strategic risks and uncertainties which may affect the Group, how they can be mitigated and whether they have increased, diminished or remained the same, compared to the previous year. Looking at the major risk assessment process is a key element of our review of the effectiveness of Reckitt's risk management and control systems and identified risks are clearly and transparently reflected in our communications to shareholders in the Annual Report. Details are set out on pages 80 to 92.

The impact of Brexit was considered at our meeting in November 2020 as part of our annual tax update. A number of steps were taken to plan for and mitigate any increased costs to the business or potential disruption caused by a 'no deal' Brexit. Reckitt is taking all necessary steps to comply with the Trade and Cooperation Agreement signed by the UK and the EU; nearly all products traded between the UK and the EU will qualify for the preferential tariff (0% import duty) so the additional duty charge is not expected to be significant. Further information on this risk can be found on page 92.

The Committee is responsible for the External Auditor's effectiveness and independence. KPMG LLP (KPMG) has been the company's External Auditor since shareholders passed a resolution to appoint KPMG at the company's AGM in 2018. A resolution to reappoint KPMG as External Auditor for the 2021 financial year will be proposed at the AGM on 28 May 2021. Further details on our interaction with the External Auditor can be found on pages 125 to 126.

Committee priorities for 2021

- Maintaining oversight and reassurance to the Board on Reckitt's risk management and internal control procedures, including monitoring key areas in the context of risk and control, such as IT, tax and legal and compliance.
- Sustaining a strong culture of risk management across the Group.
- Receiving continued assurance from the Internal Audit function on the impact of COVID-19 and any associated risks to the Group.
- Taking a proactive approach in anticipating and preparing for legislative or regulatory changes which may be required to internal controls and reporting, arising from reviews such as Kingman and Brydon and the anticipated Department for Business, Energy & Industrial Strategy (BEIS) consultation.
- Continuing to holistically monitor legislative and regulatory changes which may affect the work of the Committee.

As I mentioned in my report last year, Warren Tucker retired as a Director and member of the Committee at the company's AGM on 12 May 2020, when he did not stand for re-election. I would like to extend my thanks to Warren for his service to the Committee during his tenure.

During the year, we strengthened the membership of the Committee with the appointment of Margherita Della Valle on 1 July 2020. Margherita holds a Masters degree in Economics from Bocconi University in Italy and has extensive experience of financial markets and digital technologies. Margherita is currently Chief Financial Officer of Vodafone Group Plc and has held a number of senior finance roles at Vodafone since 1994, including Group Financial Controller and Chief Financial Officer of Vodafone's European region. The Board and Committee believe that Margherita's appointment brings valuable insight, relevant financial and sectoral expertise and challenge to the Committee.

I would like to acknowledge and thank my fellow Committee members, Pam Kirby, Sara Mathew and Margherita Della Valle, for their diligence and service throughout the year.

Andrew Bonfield
Chair of the Audit Committee
Reckitt Benckiser Group plc
15 March 2021

Committee membership

| | Member from | Meetings attended | Recent and relevant financial experience | Sectoral experience relevant to Reckitt's operations |
|-------------------------------------|---------------------------|-------------------|--|--|
| Andrew Bonfield (Chair) | July 2018 | 6/6 | <ul style="list-style-type: none"> Financial expert Chartered Accountant Currently CFO of a global US Fortune 100 company Has held numerous CFO roles at other large companies, including those in the consumer goods sector | <ul style="list-style-type: none"> Consumer goods Pharmaceuticals/healthcare |
| Pam Kirby | March 2016 | 6/6 | <ul style="list-style-type: none"> Sits on another FTSE 100 company's Audit Committee | <ul style="list-style-type: none"> Pharmaceuticals/healthcare Technology |
| Warren Tucker ¹ | February 2010 to May 2020 | 4/4 | <ul style="list-style-type: none"> Financial expert Chartered Accountant Has held senior finance roles at other large companies Sits on a FTSE 250 company's Audit Committee | <ul style="list-style-type: none"> Manufacturing |
| Sara Mathew | July 2019 | 6/6 | <ul style="list-style-type: none"> Financial expert Holds Master's degrees in Finance and Accounting Has held senior finance roles and CFO roles at other large companies | <ul style="list-style-type: none"> Consumer goods Pharmaceuticals/healthcare |
| Margherita Della Valle ² | 1 July 2020 | 0/2 | <ul style="list-style-type: none"> Financial expert Acts as CFO for another FTSE 100 company Holds a Master's degree in Economics Has held senior finance roles and CFO roles at other large companies | <ul style="list-style-type: none"> Consumer goods Technology |

There were four scheduled Committee meetings (three of which were held by videoconference owing to COVID-19) and two additional meetings (held by telephone) during the year.

- As reported last year, Warren retired from the Board and Committee at the company's AGM on 12 May 2020, where he did not stand for re-election. Warren was eligible to attend two of the scheduled meetings and two of the additional meetings during the year
- Margherita was eligible to attend two of the scheduled meetings during the year, having been appointed on 1 July 2020. Margherita was unable to attend both meetings owing to prior commitments with Vodafone

The Chair of the Committee is a Chartered Accountant with recent and relevant financial experience. He is currently Chief Financial Officer of Caterpillar Inc. and has previously held CFO roles for other large companies.

All Committee members are independent Non-Executive Directors who have financial, economics and/or business management expertise in large companies. As Chair of the CRSEC Committee Pam Kirby's membership of the Audit Committee ensures that relevant issues, such as risk, whistleblowing and compliance are shared and coordinated between the two Committees. Committee members are expected in particular to have an understanding of:

- the Group's operations, policies and internal control environment;
- the principles of, and recent developments in, financial reporting;
- relevant legislation, regulatory requirements and ethical codes of practice; and
- the role of internal and external auditing and risk management.

The Board is satisfied that, in compliance with the UK Corporate Governance Code 2018 (the Code), Committee members as a whole have competence relevant to the company's sector (consumer goods). The relevant financial and sectoral experience of each Committee member is summarised in the table above.

Committee appointments are generally made for a three-year period. Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, experience, knowledge and diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with management covering internal audit, risk management, legal, tax, treasury and financial matters as well as meetings with the External Auditor.

All members of the Committee receive regular briefings from management on matters covering governance and legislative developments, accounting policies and practices and tax and treasury.

During the year, the Assistant Company Secretary acted as Secretary to the Committee. With effect from 31 December 2020, the Head of Group Secretariat was appointed as Secretary to the Committee.

Meetings

During 2020, the Committee held four scheduled meetings at times aligned to the company's reporting cycle and two additional meetings. Of the six meetings held during the year, five were held via either telephone or videoconference, as permitted by the company's Articles of Association and the Committee's Terms of Reference, owing to COVID-19-related restrictions. Committee meetings usually take place ahead of Board meetings and the Committee Chair provides an update to the Board on the key issues discussed at each meeting. Committee papers are provided to all Directors in advance of each meeting, including a copy of the minutes of the previous meeting(s).

Meetings are attended by senior representatives of the External Auditor, the Group Head of Internal Audit, Chief Financial Officer (CFO) and SVP Corporate Controller. The Chairman of the Board and the Chief Executive Officer are also invited to attend. Other management attend when deemed appropriate by the Committee. Time is allocated at the end of each meeting for private discussion with the Internal and External Auditors without other invitees being present, as well as a private session of the Committee members. Committee member meeting attendance during the year is set out in the table on page 106.

AUDIT COMMITTEE REPORT CONTINUED

Role and responsibilities

The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's financial reporting, internal controls and overall risk management process and relationship with the company's External Auditor. There were no significant changes to the Committee's role and responsibilities during the year. The Committee's role and responsibilities are set out in its terms of reference, which are available on our website at www.reckitt.com

Committee meetings cover matters set out in its terms of reference related to the reporting and audit cycle, including: half- and full-year results; Internal and External Audit work plans and reports; and regular updates from financial management and the External Auditor.

The Committee's responsibilities include, but are not limited to, the following matters.

Financial and other reporting matters

- Monitoring the integrity of the Group Financial Statements including annual and half-yearly reports, interim management statements, preliminary announcements and any other formal announcements relating to the company's financial performance.
- Reviewing and challenging, where necessary, the actions and judgements of management before submission to the full Board, paying particular attention to: the clarity and completeness of financial reporting disclosures; the application and appropriateness of significant accounting policies; methods used to account for significant or unusual transactions; whether judgements and estimates are appropriate; the assumptions in support of the going concern statement; and significant adjustments resulting from the External Audit.
- As requested by the Board, reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position, performance, business model and strategy and whether they inform the Board's statement in the Annual Report on these matters that is required under provision 25 of the Code.
- Reviewing all material non-financial information presented in the Annual Report and Financial Statements, such as the Strategic Report and the Corporate Governance Statements, insofar as it relates to activities or functions within the Committee's remit.
- Reviewing and approving the statements to be included in the Annual Report concerning internal control, risk management, going concern and the Viability Statement.
- Receiving updates on accounting matters, including consideration of relevant accounting standards, underlying assumptions and the impact of changing or adopting new accounting standards.
- Considering significant legal claims and regulatory issues.

Risk management and internal controls

- On behalf of the Board, overseeing and ensuring that the assessment process for the Group's principal and emerging risks is robust and of a high quality, that procedures are in place to identify emerging risks and considering the company's response to identified risks.
- Advising the Board on the Group's current risk exposure and future risk strategy.
- Reviewing and monitoring, on behalf of the Board, the Group's internal financial controls and systems and, at least annually, carrying out a review of its effectiveness and reviewing and approving the statement to be included in the Annual Report concerning internal risk management.
- Ensuring that appropriate procedures are in place for the detection of fraud, prevention of bribery and secure whistleblowing arrangements by which the workforce may raise concerns including possible wrongdoings in matters of financial reporting and financial controls.

Internal Audit

- Monitoring and assessing the effectiveness of the Internal Audit function, including its role and mandate, assessing the effectiveness of its work and satisfying itself that the function has the requisite skills, expertise and standing within the Group.
- Reviewing Internal Audit activities, significant recommendations and findings and related management actions.
- Assessing and approving Internal Audit's annual work plan to ensure it is aligned to the key risks of the Group and receiving reports on progress.
- Ensuring that the Internal Audit function has unrestricted scope, the necessary resources and appropriate access to information to enable it to perform effectively.

External Audit

- Overseeing the relationship with the External Auditor, negotiating and agreeing their terms of engagement and their remuneration to ensure that the level of fees is appropriate to enable an effective and high-quality audit to be undertaken.
- Annually reviewing and assessing the External Auditor's processes for maintaining its independence, objectivity and effectiveness, taking into account relevant UK law, the Ethical Standard and other professional and regulatory requirements.
- Evaluating annually the performance of the External Auditor and making recommendations to the Board to put to shareholders for their approval at the AGM regarding the appointment, reappointment or removal of the External Auditor.
- Discussing with the External Auditor factors that could affect audit quality.
- Receiving the annual audit plan and receiving the External Auditor's findings and reports on the annual audit and interim review.
- Meeting with the External Auditor following each formal Committee meeting without management being present, to review and discuss the External Auditor's remit and the findings of the audit including (but not limited to) any major resolved or unresolved issues arising from the audit, the External Auditor's explanation of how risks to audit quality were addressed, key accounting and audit judgements, the External Auditor's view of their interactions with management and levels of errors identified during the audit.
- Considering communications from the External Auditor on audit planning and findings on material weaknesses in accounting and internal control systems that come to the External Auditor's attention, including a review of material items of correspondence between the company and the External Auditor.
- Developing, implementing and keeping under review the policy on non-audit services provided by the External Auditor, considering relevant ethical guidance and the impact this may have on independence.
- Agreeing with the Board the Group's policy for the employment of former employees of the External Auditor, taking into account the FRC Ethical Standard and legal requirements and monitoring the application of this policy.
- At the end of the audit cycle, assessing the effectiveness of the External Audit process.
- Monitoring the rotation of the External Audit lead partner and managing the competitive tendering process of the External Audit services contract, ensuring a competitive tender is conducted at least once every ten years.

Activity during the year

Standing agenda items reviewed by the Committee throughout the year

- Received reports from the SVP Corporate Controller, Internal Auditor and External Auditor.
- Considered tax and treasury matters, including provisioning and compliance with statutory reporting obligations.
- Considered legal matters, including provisioning and compliance risk.
- Kept abreast of changes in financial reporting and governance matters by way of technical updates throughout the year.
- Received focused risk and control reviews concerning the delivery of transformation programmes (in particular, in the areas of: deployment of IT systems; shared services; legal entity restructuring; product lifecycle management; and productivity in relation to procurement, manufacturing and marketing); risk assurance mapping; IT risk; legal and compliance risk; and tax risk.
- Monitored the Group's risk assessment processes.

Other items considered by the Committee at meetings during the year

| Meeting | Key items considered |
|----------------------------|--|
| February 2020 | <ul style="list-style-type: none"> Results of annual impairment testing 2019 preliminary results, draft unaudited Financial Statements and related announcement and recommendation for approval by the Board Going concern and Viability Statement KPMG's 2019 audit findings report and draft management representation letter KPMG's final non-audit fees for 2019 KPMG's assessment of its objectivity and independence |
| February 2020 (additional) | <ul style="list-style-type: none"> Draft 2019 preliminary results announcement and recommendation for approval of the draft unaudited Financial Statements by the Board |
| March 2020 (additional) | <ul style="list-style-type: none"> KPMG's observations of Reckitt's internal controls for the 2019 financial year, including their report on the 2019 Annual Report and Financial Statements Whether the Committee could recommend that the Board approve Reckitt's 2019 Annual Report and Financial Statements |
| May 2020 | <ul style="list-style-type: none"> COVID-19 impact on liquidity, risk and control 2020 half-year Internal Audit plan revisions Update on Integrated Risk Management Framework status KPMG's 2020 audit strategy and plan KPMG's draft engagement letter and proposed 2020 audit fees |
| July 2020 | <ul style="list-style-type: none"> Half-year results announcement, including the going concern basis of preparation, and recommendation for approval by the Board KPMG's half-year review report findings to 30 June 2020 and draft management representation letter Approval of KPMG's 2020 audit fees |
| November 2020 | <ul style="list-style-type: none"> The Committee's 2021 standing agenda The Committee's terms of reference and recommendation to the Board for approval Results of effectiveness reviews of the Committee and the Internal Audit function Annual Tax function 'deep dive' Annual review of Group Treasury Policies |

Significant and key financial reporting matters

The key matters reviewed and evaluated by the Audit Committee during the year were as follows.

Accounting and financial reporting

The Audit Committee is responsible for reviewing and approving the appropriateness of the interim and annual Financial Statements and related announcements, including:

- recommending that, in the Committee's view, the Financial Statements are fair, balanced and understandable. In addition to the detailed preparation and verification procedures in place for the 2020 Annual Report and Financial Statements, management continued its focus on narrative reporting and clear written and visual messaging to communicate the Group's strategy; and
- reviewing the appropriateness of the accounting policies, judgements and estimates used as set out on page 179 and concluding that the judgements and assumptions used are reasonable.

Areas of significant financial judgement

The significant financial judgements and complex areas in relation to the 2020 Group Financial Statements considered by the Committee, together with a summary of the actions taken, were as follows:

AUDIT COMMITTEE REPORT CONTINUED

Impairment assessments

Under International Financial Reporting Standards (IFRS), goodwill and indefinite life assets must be tested for impairment on at least an annual basis.

As in prior years, management performed this testing over the course of late 2020 and early 2021. The testing utilised cash flow projections included within one-year budgets and three- to five-year strategic plans. Cash flows beyond the five-year period were projected using steady or progressively decreasing growth rates, followed by terminal growth rates.

Impairment testing is inherently judgemental and requires management to make multiple estimates, for example around future price and volume growth, future margins, terminal growth rates and discount rates.

As a result of the 2020 testing, management recorded a £1bn impairment charge in relation to IFCN goodwill.

In February 2021, the Audit Committee reviewed the detailed results of the 2020 testing in relation to IFCN, and challenged the key assumptions which underpinned the IFCN recoverable amount at 31 December 2020, including: Net Revenue growth assumptions; productivity savings expected in future periods; the effect and duration of the COVID-19 pandemic, the resultant recession and the impact on birth rates; the duration of cross-border trade restrictions between Hong Kong and mainland China; and new product launches, including adult nutrition, and the expansion of specialty nutrition. The Committee also reviewed the discount rate used by management to calculate the value in use of IFCN, in particular the 60bps increase in the discount rate in 2020 to reflect the volatility relating to COVID-19 and the uncertainty this creates. The Committee confirmed the key judgements and estimates made by management (see Note 9 for further details) and reviewed the sensitivity of impairment models to reasonable changes to key assumptions.

Following the £1bn impairment of IFCN goodwill, no headroom remained between the IFCN recoverable amount and net book value. As required under IFRS, management has included disclosures in the Financial Statements in relation to its impairment assessment, including key estimates underpinning the IFCN recoverable amount and the sensitivity of the recoverable amount to reasonable changes in key assumptions. The Committee has reviewed these disclosures, included within Note 9, and considers them appropriate.

Trade spend accruals

Trade spend remains a significant cost for the Group, and the main judgements relate to trade accruals, specifically the timing of recognition of accruals for trade spend and the increased uncertainty and judgement, which was required in the estimation of these trade spend accruals, as the COVID-19 pandemic progressed. The Committee reviewed the trade spend accruals in light of the global COVID-19 situation which has caused significant variability in demand for certain of the Group products and has led to changes in the timing and extent of promotional activities during the year. The Committee focused on the level of trade spend accruals at the year end to ensure they are sufficient and appropriate.

Tax provisioning

From time to time, the Group may be involved in disputes in relation to ongoing tax matters in a number of jurisdictions around the world where the approach of the local authorities is particularly difficult to predict. The level of provisioning for these investigations is an area where management and tax judgement are important. The Committee debated the key judgements made with management, including relevant professional advice that may have been received in each case, and considers the level of tax provisions recognised and the associated disclosures to be appropriate.

Legal liability provisioning

At 31 December 2020, a provision of £232m (2019: £151m) was held on the Group's Balance Sheet in relation to regulatory, civil and/or criminal investigations as well as litigation proceedings including a provision in respect of the South Korea Humidifier Sanitizer (HS) and the US Department of Justice (DoJ) issues. The Board has reviewed with the change to General Counsel & Company Secretary the status of potential legal and constructive liabilities during the year and at the year end in relation to the HS issue, including the recent changes in HS legislation in South Korea. The Committee challenged management on legal judgements made in determining the level of provisions recognised and was satisfied with the level of provisioning and associated disclosure.

Going concern and Viability Statement

A viability review was undertaken by management, encompassing its going concern review. The Committee reviewed and challenged the key assumptions used by management in its viability review and going concern assessment, as well as the scenarios applied and risks considered, including the risks associated with COVID-19. Based on its review, the Committee considers that the application of the going concern basis for the preparation of the Financial Statements was appropriate and confirmed the suitability of the Viability Statement covering a five-year period, as set out on page 93. The use of a five-year period for the viability review was approved by the Board in 2020 as it is the period of the Group's long-term forecasting process and covers the various business cycles.

Risk management and internal control

In monitoring the adequacy and effectiveness of the system of risk management and internal controls, the Committee reviewed compliance procedures and Reckitt's overall risk framework (including the Group's whistleblowing arrangements) and considered financial, operational risk and internal control processes at Group, Global Business Unit, corporate and functional levels. There were no significant failings or weaknesses during the year meriting disclosure in this report. The Committee reported to the Board in February 2021 that it considers the internal control framework to be functioning appropriately, to enable the Board to meet its obligations under section 4 of the Code, to maintain sound risk management and internal control systems and to report to shareholders on these in the Annual Report (see pages 111 to 112). The Committee also reviewed the three lines of defence framework and the Group's principal and emerging risks.

Internal controls

In conjunction with the Internal Audit team, the Corporate Control team identifies financial risks and mitigates these with appropriate internal controls, as well as establishing the minimum expected financial control requirements, applicable across the whole of Reckitt.

The global financial controls framework is reviewed annually. Reckitt's internal control frameworks provide assurance that business objectives are achieved, that business is conducted in an orderly manner and in compliance with local laws, that records are accurate, reliable and free from material misstatement, and that risks to Reckitt's assets are minimised.

The Corporate Control team is accountable for managing global control policies and frameworks and for monitoring the effectiveness of the Group's internal control environment. Local markets conduct an annual controls self-assessment, comprised of over 150 system-agnostic controls across key financial processes. Corporate Control is responsible for implementation of controls reporting and monitoring at local, Global Business Unit and global levels, working with markets to improve risk and controls capability and to support the development of remediation plans and corrective actions for control weaknesses. The Committee receives a report at each meeting summarising any controls activity since the previous meeting.

Controls are monitored through, for example, regular Balance Sheet reviews with countries/markets and analytics, global financial controls framework submissions and monthly calls to review the status of controls.

Corporate Control commenced a number of projects during the year, such as the automation of a number of manual controls by leveraging available technology and building controls capability; undertaking a readiness assessment and preparation of a proposal for compliance in anticipation of new legislation being implemented following the Kingman and Brydon reviews; and, with the Internal Audit team, the creation of a COVID-19-specific risk assessment to mitigate risks surrounding COVID-19.

Internal Audit

The Committee is responsible for reviewing and monitoring the effectiveness of the Internal Audit function. The Group Head of Internal Audit reports to the Chair of the Committee and to the CFO for administrative matters and updates the Committee at each meeting. The Internal Audit function is responsible for impartially assessing the key risks of the organisation and appraising and reporting on the adequacy and effectiveness of Reckitt's risk management and internal controls in financial, information systems and other business and operational areas to develop and improve the effectiveness of the Group's risk management control and governance processes and strategies. The independence of the Group Head of Internal Audit and the Internal Audit function is considered as part of the annual Internal Audit effectiveness review. Further details can be found on page 126.

The Internal Audit plan is prepared on a half-yearly basis under an agreed cover and scope policy and reflects a risk-based approach within the cover policy. Designated audit locations are determined at the start of each year following a risk and control assessment of each commercial and supply unit. Information systems, change programmes and head office locations also fall within Internal Audit's remit and are subject to audit. Following each audit, findings are reviewed and reported to management and to the Committee, together with recommendations and updates. Resulting management actions and progress are tracked until a report is satisfactorily closed.

Owing to the COVID-19 pandemic, it was necessary to adapt the Internal Audit approach and plan for the second half of 2020 using a different delivery model – through a series of operational resilience reviews, focusing on priority areas of the business. This model will be extended for the Internal Audit plan covering the first half of 2021. PwC LLP will continue to provide on-the-ground support in locations where it would not be possible for the Internal Audit team to support in the current pandemic.

In 2020, routine Internal Audit work delivered audits which covered 57% (by Net Revenue) of Reckitt's global commercial business and 30% (by industrial sales) of global manufacturing facilities. The failure rate for 2020 audits was broadly consistent with previous years; failed audits normally receive a follow-up audit within six to 18 months as appropriate.

External Auditor

The Committee is responsible for maintaining the relationship with the External Auditor on behalf of the Board. The company's External Auditor is KPMG. Following a competitive tender undertaken in 2017, KPMG was formally appointed as the Group's External Auditor by shareholders in 2018. There are no current plans to commence an External Audit tender. The company will be required to conduct its next External Audit tender no later than 2027. For the year ended 31 December 2020, the company has complied with the Competition & Markets Authority Order: The Statutory Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The Committee considers and makes a recommendation to the Board in relation to the appointment, reappointment and removal of the External Auditor, taking into account independence, effectiveness, lead audit partner rotation and any other relevant factors, and oversees the

tendering of the External Audit contract. The Committee approves the External Auditor's terms of engagement and remuneration and reviews the strategy and scope of the audit and the work plan. The Committee also monitors the rotation of the lead audit partner every five years in accordance with the FRC Ethical Standard. The current lead audit partner, Richard Broadbelt, has just completed the third year of his five-year term. A new lead audit partner will be required for the year ending 31 December 2023.

During the year, KPMG's reports to the Committee included the following matters:

- audit strategy, materiality and scope (and regular updates);
- audit findings and half-year review findings (and any updates) including identification of any significant risks to the audit and other key accounting and reporting matters;
- mandatory communications (additional report relating to public interest entities (PIEs), confirmation of objectivity and independence and audit quality framework);
- report on outcome of annual impairment assessments;
- COVID-19 review of going concern and the Viability Statement;
- draft audit opinion;
- draft management representation letters;
- draft engagement letter;
- review of KPMG's 2020 Audit Quality Inspection Report issued by the FRC;
- analysis of non-audit services provided; and
- IT and other control findings.

Besides the annual evaluation of the External Auditor, the Committee continually reviews the External Auditor's effectiveness through means such as the monitoring its progress against the agreed audit plan and scope.

The Committee reviewed the results of the FRC's Audit Quality Inspection of KPMG at its meeting in July 2020. KPMG reports to the Committee at every meeting with an audit quality scorecard, providing a holistic view of, and their investment in, audit quality and how they measure their audit quality progress.

The Committee reviews the nature and level of non-audit services undertaken by the External Auditor during the year to satisfy itself that there is no impact on its independence and is required to approve all non-audit services. The Board recognises that in certain circumstances the nature of the service required may make it more timely and cost-effective to appoint an auditor that already has a good understanding of Reckitt. The total fees paid to KPMG for the year ended 31 December 2020 were £12.7m, of which £0.8m related to non-audit and audit-related work (to which KPMG was appointed principally for the above reasons). The Group's internal policy on non-audit fees (effective 1 January 2017) states that, on an annual basis, non-audit fees should not exceed 50% of the Group's external audit and audit-related fees for the year. The Board confirms that, for the year ended 31 December 2020, non-audit and audit-related fees were 6.3% of the audit fees. Details of services provided by the External Auditor are set out in Note 4 on page 186.

Reckitt has a formal policy in place to safeguard the External Auditor's independence. In addition, as part of its audit strategy presentation to the Committee in May 2020, KPMG identified its own safeguards in place to protect its independence and confirmed its independence in February 2021 to the Committee.

The Group has a policy that restricts the recruitment or secondment of individuals employed by the External Auditor into positions that provide financial reporting oversight where they could exercise influence over the financial or regulatory statements of the Group or the level of audit and non-audit fees.

AUDIT COMMITTEE REPORT CONTINUED

The External Auditor is a key stakeholder in helping the Committee fulfil its oversight role for the Board. In the opinion of the Committee, the relationship with the External Auditor works well; the Committee remains satisfied with the External Auditor's independence and effectiveness and believes KPMG is best placed to conduct the company's audit for the 2021 financial year. KPMG has expressed a willingness to continue as External Auditor of the company. Following a recommendation by the Committee, the Board concluded, on the Committee's recommendation, that it was in the best interests of shareholders to appoint KPMG as the company's External Auditor for the financial year ending 31 December 2021. In accordance with section 489 of the Companies Act 2006, resolutions to propose the reappointment of KPMG as the company's External Auditor and to authorise the Committee to fix its remuneration will be put to shareholders at the AGM on 28 May 2021.

During the financial year under review, the company had no interaction with the FRC's Corporate Reporting Review Team or its Audit Quality Review Team.

KPMG had no connection with any Directors during the financial year, other than it had provided use of its client hub, Number 20, to a number of Directors until 31 January 2020, when this usage was withdrawn. Use of Number 20, by invitation from senior management of KPMG audit/non-audit clients, provided individuals with access to a business lounge, bar and restaurant and meeting room bookings. All food, drink and meeting room bookings were chargeable at normal commercial rates.

Fair, balanced and understandable

The Committee reviewed the 2020 Annual Report and Financial Statements to ensure that they are fair, balanced and understandable and provide sufficient information to enable shareholders to assess the Group's position, performance, business model and strategy.

The Annual Report project team was primarily comprised of individuals in Reckitt's Company Secretarial, Finance, Investor Relations, Internal Audit, Reward, Corporate Communications and Sustainability teams. Individuals from those teams with sufficient knowledge and experience undertook the drafting of sections of this Annual Report. The overall governance and coordination of the Annual Report was managed by an Annual Report Project Manager, in conjunction with the Corporate Communications team. The project team held regular meetings via telephone and/or videoconference and accountability was ensured by obtaining internal sign-off from key stakeholders in the project team for the section(s) they were responsible for. Each section was drafted in accordance with an agreed standard operating procedure, ensuring that facts, figures and statements contained within the Annual Report were verified internally and by our External Auditor as required. The preparation and verification processes were determined to be robust.

The Directors, individually and collectively, were provided with drafts of the Annual Report at set stages. The Disclosure Committee met three times to ensure sufficient oversight of the preparation and verification processes and to review drafts ahead of these being reviewed by the Board.

The Committee reviewed the form, content and consistency of narrative within the 2020 Annual Report and Financial Statements, the disclosures contained in the Financial Statements and the underlying processes and controls, which were confirmed as appropriate. The Committee also reviewed KPMG's audit findings report, draft audit opinion and draft management representation letter. Following the Committee's review, the Committee was satisfied that the 2020 Annual Report and Financial Statements, taken as a whole, met its objectives and accordingly we recommended to the Board that the 2020 Annual Report and Financial Statements be approved and we supported the Board in making its statement on page 161.

Governance

Terms of reference

We review our terms of reference annually. During the year, the Committee's terms of reference were reviewed and minor amendments proposed, in line with best practice. Following a recommendation from the Committee to approve its updated terms of reference, the Board approved the changes in November 2020. The updated terms of reference can be found at www.reckitt.com

Committee evaluation

This year, a performance evaluation of the Committee was conducted as part of the Board's external performance evaluation, conducted by Lintstock Ltd. Lintstock Ltd is independent of and has no connections to the company.

The evaluation of the Committee utilised a bespoke questionnaire, sent to Committee members. Matters evaluated by Committee members included time management and composition; Committee processes and support; and the work of the Committee and its priorities for change. All areas received overall 'good' or 'excellent' scores, with particularly positive feedback given on the Committee's composition; the management of Committee meetings; Committee processes and support; the Committee's assessment of the work of the internal audit function and the External Auditor; and its relationships with the Group Head of Internal Audit, the CFO and the External Audit partner. Room for improvement was acknowledged in the assessment of internal controls; monitoring the management of risk; and the Committee having more opportunities to meet with finance management. The Board, having had sight of the results of the Committee's evaluation, considers the Committee to be operating effectively.

Internal Audit evaluation

The annual Internal Audit effectiveness review was conducted in two parts. An internal audit and risk management survey was circulated to internal stakeholders including Committee members, the Group Executive Committee and Global Business Unit, functional and regional leadership teams. The Internal Audit team also performed a peer review for audits completed during the year to request feedback.

The evaluation of the Internal Audit function covered the following areas: risk management – objectives, skills and experience, process and key opportunities; and internal audit – skills and experience, quality, audit scope, audit cost, audit communication, independence, change catalyst and key opportunities. The results of the effectiveness review demonstrated strong, positive feedback which reconfirmed the quality and status of the function within the business. Key highlights and opportunities identified included: the broad range of skills and expertise of the Internal Audit team, with opportunities to continue to deepen business understanding and awareness; clear, concise and consistent audits with opportunities to share learnings and good practices across the business; and recognition that the integrated risk management framework is driving improved understanding of risk, with opportunities such as improved integration between Risk Management and Internal Audit and simplification of risk reporting processes.

The independence of the Group Head of Internal Audit and the Internal Audit function was confirmed.

The Committee considered the effectiveness review and the work carried out by the Internal Audit function as reported at every Committee meeting and concluded that it is an effective operation and the Committee remains satisfied that the resourcing, quality, experience and expertise of the function is appropriate for the company.

External Audit evaluation

Formal evaluation of the External Auditor is normally conducted annually at the Committee's November meeting, reviewing the results of a questionnaire circulated to the Board, Committee, Group Executive Committee, Global Business Units, Finance and other functional leadership and local finance management. The questionnaire normally follows the competency areas outlined in the FRC's Guidance on Audit Quality Practice (published in December 2019): mindset and culture; skills, character and knowledge; quality control; and judgement.

During the year it was agreed that, to provide more useful and relevant analysis, the External Auditor's evaluation should be aligned to completion of their annual audit cycle, in May each year. As a result, there was no formal External Auditor evaluation conducted during 2020, though the Committee regularly reviews KPMG's performance through, for example, its reports to the Committee, its audit findings and half-year review, feedback from management, progress against the audit plan and scope and by KPMG's assessment of its objectivity and independence. As in the prior year, the Audit Committee Chair, CFO and SVP Corporate Controller met in May 2020 with a senior partner of KPMG, independent of the audit team and without the lead External Audit partner present, to feed back on audit quality and service, as part of KPMG's own quality programme.

A formal evaluation of the External Auditor's performance for the 2020 financial year will be conducted by the Committee at its meeting in May 2021 and the outcome reported in the company's Annual Report next year.

The Committee is satisfied with the effectiveness, expertise, quality, review, and in particular, professional scepticism and challenge from the External Auditor and believes that KPMG remains best placed to conduct a high-quality audit of the Group for the 2021 financial year.

On behalf of the Board, I am pleased to present the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee Report for the financial year ended 31 December 2020.

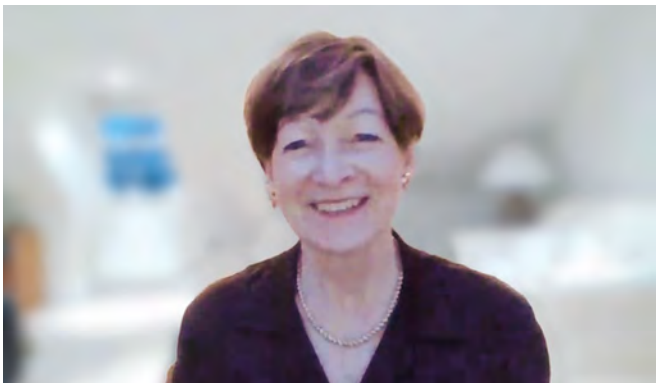
The CRSEC Committee supports the Board in reviewing, monitoring and assessing the company's approach to responsible, sustainable, ethical, and compliant corporate conduct and assists the Board in upholding the company's purpose, compass, culture and values. The following report details the work undertaken by the Committee during 2020 and our role in ensuring that our approach to CRSEC is aligned to the Group's purpose-led strategy and societal responsibility. This year the Committee, together with the Reckitt management team, have adapted and evolved our governance and ways of working to meet the challenges of COVID-19. We have continued to ensure that momentum is maintained to deliver planned safety, quality, compliance, and sustainability objectives within and across each of our three Global Business Units (GBUs).

I am pleased to report on our progress over the last year. In addition to reviewing matters at our CRSEC Committee meetings, I have held regular meetings with our CEO, Chief Safety, Quality, Regulatory and Compliance (SQRC) Officer, Head of Corporate Affairs & Chief Sustainability Officer, and the Chief Ethics and Compliance Officer, to review progress against the strategy and to represent the Board in supporting the efforts in these critical areas. Owing to the ongoing restrictions due to COVID-19, since February, all meetings have been held virtually, including all Committee meetings. As a result, no physical site visits took place in the year. However, in December, the Sustainability team held a listening session for the Committee, CEO and senior executives to hear directly from external stakeholders and to update them on the impact of climate change and especially water scarcity on our business, value chains and people living in the communities where we work. The session provided an excellent review of the issues facing business and communities, and the perspectives of the different stakeholders on climate change and water scarcity.

During 2020, the Committee approved an updated Code of Conduct, which was launched in June 2020. The Code of Conduct was updated to provide simplified guidance on Reckitt's rules and principles, helping us to make good decisions and navigate complex situations where the answer might not always be clear. It sets out on how we conduct ourselves as accountable, ethical, and compliant owners of our Health, Hygiene and Nutrition business. It is applicable to all Reckitt employees, our Board of Directors, contractors, outsourced personnel, and other representatives, including joint ventures.

As a manufacturer, we are ever mindful of the emerging risks relating to the sustainability of our products and packaging using plastics. In addition, we are taking steps to reduce our environmental footprint, including reduced emissions. We have monitored and supported the varying requirements arising from such issues to ensure Reckitt is equipped to manage its obligations and remains a responsible global citizen, on behalf of all its stakeholders. More details on our sustainability ambitions, activities and progress can be read from page 12 and online at www.reckitt.com/sustainability.

We have continued to further our human rights strategy, working with the Danish Institute for Human Rights on our total value supply chain, embedding human rights into our overall business activity. Reckitt has also mapped areas with migrant labour of high potential risk, for example in Bahrain and Malaysia, and is also addressing the repayment debt potentially accrued by those migrant workers during their international recruitment process.



We are committed to upholding the company's purpose, compass, culture and values, acting responsibly in a sustainable, ethical, and compliant way.

Pam Kirby

Chair of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee

We were delighted in October 2020 when Reckitt secured continued accreditation for 2021 with the FTSE4Good Index; an illustration of our ongoing corporate commitment to good environmental, social and governance (ESG) practices. This is the 17th year of recognition in the index and also recognition of meeting the 20 additional mandatory Breast Milk Substitute (BMS) marketing criteria in December 2018.

In 2020, the COVID-19 pandemic meant we had to act with urgency to skew our focus initially to addressing the stress faced by our consumers and communities where we operate, to help stem the spread of the virus and break the chain of infection. Reckitt's Fight for Access Fund was established to work with partner organisations, help frontline health workers, promote behavioural change and help the communities in which we live and work. We mobilised over £52m to address our fight against the spread of COVID-19, across 66 countries including donating Reckitt products to the NHS, partnering with Meals on Wheels Australia to support and protect the elderly and partnering with UNAIDS to help protect people living with HIV across Africa. More information on the Fight for Access Fund can be found on our website at www.reckitt.com/sustainability or on page 49.

Finally, although not mentioned specifically in the following report, the Committee continued to oversee and review the efforts to mitigate the impact and alleviate the suffering caused by the tragic South Korea Humidifier Sanitizer (HS) issue. This includes carrying out root cause analysis on the HS issue and presenting this to the Korean Social Disasters Commission. Further details on the event and our remediation efforts can be found at www.reckitt.com/sustainability/sustainable-business/humidifier-sanitizer/.

Committee priorities for 2021

- Oversee and make recommendations to the executives and the Board for actions to be taken in respect of the Group's corporate responsibility and sustainability, ethics and compliance strategies, policies, programmes, and activities.
- Take a proactive approach in anticipating and preparing for legislative or regulatory changes and reviewing processes to ensure compliance.
- Review our sustainability objectives and chart progress against our targets, including overseeing the Group's conduct with regard to its corporate and societal obligations as a responsible global citizen on behalf of all its stakeholders.
- Monitor and review the processes for risk assessment as regards corporate responsibility (including human rights and product safety), sustainability and compliance matters (including regulatory and quality risk assurance and restrictive trade practices) and ethical conduct, including the impact of COVID-19 and any associated risks to the Group.
- Ensure there is no loss in momentum and focus on delivering the safety, quality, and compliance agenda that management has committed to. We will monitor the progress of a number of Group-wide initiatives, as well as the establishment of proper governance and oversight.

I would like to thank my fellow Committee members, Chris Sinclair, Nicandro Durante and Mehmood Khan, for their diligence and service to the Committee, and all my fellow Board colleagues for their strong support and focus on our work throughout the year. I also thank the Reckitt management team for the timeliness, quality, and rigour of their reporting. In particular, I would like to express my personal thanks to Zephania Jordan, who is leaving the company in April 2021. During her time at Reckitt, Zephania has shown outstanding leadership, bringing substantial improvements in areas of safety, quality, regulatory and compliance. We wish her well for the future.

Pam Kirby

Chair of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee

Reckitt Benckiser Group plc
15 March 2021

Activities

Some of the key achievements in the reporting period follow.

Reckitt Code of Conduct

The arrival of Laxman Narasimhan as CEO and the publication of our new compass prompted an opportunity to refresh Reckitt's Code of Conduct. The updated Code of Conduct sends a clear message on the behaviours that – as individuals, as teams, and as a company – we need to follow in order to rejuvenate sustainable growth and continue to protect, heal and nurture the generations to come.

The content of the Code of Conduct has been summarised, adopting shorter and sharper messages which resonate more closely with Reckitt's population of millennials. Seeking to ensure that every employee has a clear understanding of the principles and values which we want to uphold, the Code also incorporates practical examples on ethical decision-making and illustrates what leading with integrity means. New sections have been added such as guidance to managers facing difficult decisions and how managers are expected to handle concerns raised by their team members. There are also new sections on Fair Competition, Trade Sanctions, Bribery & Corruption, Health & Safety and Speak Up (amongst others).

The new Code of Conduct will assist us in continuing to evolve our company's culture and embed our compass into our day-to-day operations.

Honest reflections on ethics training

To continuously enable cultural transformation and support the organisation in embedding the principles set out in our compass and Code of Conduct, we partnered with psychology-based transformation consultants to develop our Honest Reflections on Ethics training. Prompting employees to reflect on situations that could lead to bad decisions, the training aims to equip employees with a better understanding of the trade-offs involved in taking risks and "getting the job done", as opposed to making ethical business decisions and "Doing the Right Thing. Always".

To date, the Ethics and Compliance teams have deployed the Honest Reflections on Ethics campaign to thousands of employees worldwide and – in particular – to those operating in high-risk countries and covering positions with significant decision-making influence, such as General Management and Commercial functions.

Mandatory compliance training

Seeking to expand the reach and maximise the impact of our training programme, we developed bite-sized mandatory compliance training modules on a broad range of topics: the Code of Conduct, business integrity, anti-bribery and corruption, compliance with competition laws, data privacy, cyber security and product safety. The training is expected to be completed by 100% of employees and contractors worldwide by 31 March 2021.

Additionally, we developed in-depth training courses to raise employees' awareness of key risks affecting our organisation and of the processes and procedures we have in place to mitigate these risks.

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT CONTINUED

Enhancements of ethics and compliance resources and infrastructure

2020 also saw us enhancing our compliance infrastructure and investing in the deployment of improved technical capabilities, such as:

- a new Speak Up case management platform to orchestrate the investigation of whistleblowing reports end to end (from escalation and triaging, through to resolution);
- a new platform to report potential conflicts of interest which allows us to manage disclosures from receipt through to resolution; overall, we have received 1,878 conflict of interest reports throughout 2020 – 687 cases have been resolved, while all others are in the process of being investigated;
- a new system for registering gifts and entertainment which allows us to track which gifts or hospitality offers have been received and from whom; it also allows us to guide the recipient through the next steps they need to take in order to reduce potential risks of bribery and corruption; in 2020, 286 gifts or hospitality offers have been reported;
- a new system to assess the Fair Market Value of Reckitt's interactions with healthcare professionals (HCP), which helps us log our business needs for engaging HCP and provides quotations to ensure that any HCP compensation is justified and in accordance with local market rates.

Data Privacy Compliance Programme

Throughout 2020, we continued to monitor and react to changes in the regulatory framework. We recognise that, after the promulgation of the European General Data Protection Regulation, the privacy regulatory landscape has become increasingly more stringent. New laws such as the California Consumer Protection Act and Brazil's new General Data Protection Law came into force in 2020, significantly affecting our data handling practices.

Seeking to bring our operations into compliance with the spirit of this more stringent regulatory framework, we completed large programmes of work, hired additional permanent data protection resources, and developed a network of over 150 Privacy Champions worldwide. We also conducted in excess of 2,500 Privacy Impact Assessments, responded timely to 448 Data Subjects' Requests and delivered extensive face-to-face training to the employee base.

We also initiated new privacy programmes in markets where privacy legislations are currently changing such as China, India, and South Africa. Work in these markets is still ongoing and is due to complete by the end of 2021.

Speak Up service

2020 was an opportunity to continue raising awareness of the confidential Speak Up service, available for all employees and third parties to ask questions and raise concerns on potential violations of regulations, internal policies or any misconduct observed at Reckitt.

A Speak Up campaign was launched globally and led to a significant increase in reported cases. To ensure the increase in cases were managed and investigated in a timely manner, in-depth Speak Up Investigation training was delivered to individuals responsible for leading investigations, from Ethics and Compliance or other relevant functions. We received a total of 439 Speak Up cases during 2020. Most cases were investigated and closed, and some are still under investigation. A total of 101 reports have been considered to be substantiated or partially substantiated during 2020. The complete report can be viewed online at www.reckitt.com/sustainability/sustainable-business/business-ethics/.

Environment

From the perspective of environmental impact, the increasing recognition of the connection between human health and planetary health during the pandemic reaffirmed the need for Reckitt's approach to combat climate change. Our commitment in the summer of 2020 to accelerate our delivery of the Paris Climate Agreement by 2030 for our operations embraced a science-based targets approach and provided the foundation for our ambition to achieve carbon neutrality for both operations and products by 2040. We are pleased to be working alongside a key customer, Amazon, to deliver that shared ambition, and know that collaboration will be essential to deliver on the planetary imperative. We have made good progress since then, reducing greenhouse gas and increasing our use of renewable electricity with the US, Europe and India amongst other markets now buying 100% renewable electricity alongside increasing on-site renewable generation through solar power. This is alongside our continued drive for energy efficiency. While we have made reasonable progress since 2012, we are slightly under our 2020 target and will strengthen our approach in 2021 as part of our greenhouse gas reduction activity.

Water efficiency has continued to improve, again surpassing our 2020 target by achieving a 39% overall improvement. To further understand the issues of water stress that exist in some Reckitt markets, the Committee hosted a stakeholder engagement session with members of the UK and Indian state governments, civil society, customers, and the investor community. This supports ongoing oversight of Reckitt activity which has increased development of water catchment area management in water-stressed locations such as in Hosur, India.

Environmental performance improvement has also been extended into suppliers through a cloud-based approach that supports key suppliers and co-packers. Moving beyond regulatory compliance, this will progressively reduce Reckitt's overall environmental footprint.

There has been improvement in product sustainability, with 30% of Net Revenue from more sustainable products in 2020. While not quite achieving our 33% goal, this is a strong increase on 2019 during a year when our agenda was dominated by maintaining supply of established products to combat the pandemic. There is significantly more work to do to reduce our product carbon and water footprints in the coming decade. The 2020 target was missed due to a focus on manufacturing footprint until the past two years. We have now increased our focus on product footprints with further evolution of our Sustainable Innovation Calculator (SIC) which is now present in all new product development cycles to enable an ambition that, in some way, all new products are more sustainable than their predecessors. This will support our climate change agenda where we have recently partnered with the Judge Business School at Cambridge University to further assess, understand, and mitigate the impacts of climate change within our global value chains. This partnership will further strengthen our response and support for climate change risk reporting mechanisms.

Responsible marketing practices – Infant and Child Nutrition (IFCN)

In the three and a half years since entering the field of infant and child nutrition, Reckitt has taken significant steps in strengthening policies, processes, procedures, demonstrating accountability and transparency, both internally and externally. Our progress has been captured in the 2017 to 2020 Progress Report, found at www.reckitt.com/media/7126/-reckitt-and-bms-progress-2017-2020.pdf.

As part of our governance mandate and also our commitment to monitoring the proper implementation of, and compliance with our BMS Marketing Policy, we undertake independent external verifications on our IFCN marketing practices. The Brazilian and Indonesian 2020 audit reports and Reckitt's response and corrective action plan are publicly available at www.reckitt.com/sustainability/sustainable-business/infant-and-child-nutrition/policies-and-progress-reports/.

We are also committed to collating and reporting on all alleged non-compliances as well as implementing corrective actions where required. The report for fiscal year 2019 is available at www.reckitt.com/media/6046/bms-progress-report-2019.pdf and we will be publishing a similar report for 2020 later this year.

As a result of Reckitt's continued accreditation in the FTSE4Good Index, FTSE undertakes independent verifications of Reckitt's BMS marketing practices. In late 2019, the first step was completed – a review of our corporate centre, and in March and December 2020, independent verifications were conducted in the Philippines and Mexico. In addition, the Access to Nutrition Initiative (ATNI) also independently reviewed Reckitt's BMS Marketing Policy, systems and the external marketplace in the Philippines and Mexico. The public reporting of the findings and results of both the FTSE verifications and ATNI review are expected by June 2021.

In June 2020, Reckitt was one of the 21 global BMS manufacturers that were invited to respond to a multi-stakeholder Call to Action, aimed at increasing marketing restrictions for products from birth up to 36 months. We do not support implementing further restrictions but remain committed to the dialogue and in advancing industry-wide progress on improving transparency and accountability.

The CRSEC Committee has final oversight of all IFCN-related reporting, and all policies and reports can be found at www.reckitt.com/sustainability/sustainable-business/infant-and-child-nutrition/.

Nutrition and responsibility, the first step

Our first nutrition commitment focused on sugar, which is a carbohydrate essential to providing energy to the body. While there are many types of sugar, lactose is our preferred carbohydrate source as it naturally occurs in human breast milk. In September 2020, we outlined our specific commitments on sugar for our infant and child nutrition portfolio, to be implemented by March 2024, found at www.reckitt.com/media/7195/ifcn-sugar-commitment_1-october-2020.pdf. We look forward to building on our leadership in nutritional science and extending our support of the nutritional needs of consumers through every stage in life and across all geographies.

Ingredients

Reckitt has continued to strengthen governance and delivery of product safety positions, with additional resources for the safety function. The product stewardship team continued their focus on restricted substances, enforcing our Restricted Substances List agenda and strengthening coordination of regulatory, safety, R&D, and sustainability functions through our Ingredients Steering Groups. This also builds resilience and is progressively targeting further reductions in our chemical footprint alongside greater transparency for consumers.

We are building more sustainable products for the future, both through the increase in Net Revenue from more sustainable products and SIC. The development of R&D science platforms is identifying new science and applications for the future will support product innovation. These include both increased efficacy for consumers and new materials, such as work on polymers, that will enhance products and packaging while aligning with sustainability principles of green chemistry.

The continued delivery of our pledge on plastics in packaging has increased the amount of recycled material that we use and the recyclability of packaging in general and has reduced overall plastic use. The latter is an important platform for the future, while also supporting cost management. Our approach involves partnerships with packaging material producers to enable future innovation and supply.

Human rights and societal impact

Reckitt's human rights programmes have continued to embed labour standards and human rights within our supplier network. Supplier monitoring continued despite the challenges of travel during the pandemic, and we continued to see improvements in supplier performance as described in our Modern Slavery Act report published in May. The Statement can be found at: www.reckitt.com/newsroom/latest-news/news/2020/may/reckitt-releases-2019-modern-slavery-act-statement/. Our partnership with the Danish Institute for Human Rights continued and involved a human rights impact assessment of our value chain in Thailand. The assessment can be found at www.reckitt.com/sustainability/people-and-communities/human-rights/. The resulting action plan strengthens support for human rights throughout that value chain, from the small farmers providing us with latex to the communities around our sites, and the consumers we serve. The new partnership with Fair Rubber will not only strengthen those farmers' livelihoods but will strengthen supply of this important natural raw material.

Given the potential risks of modern slavery, we were pleased to extend work on migrant labour in a number of markets, especially the Middle East. This involved repayment of recruitment fees for workers in key sites, alongside our ongoing supplier programme to protect migrant workers.

Reckitt Global Hygiene Institute (RGHI)

Inaugurated in July 2020 with funding of \$25m over five years, the RGHI is a global, independent, scientific research and innovation hub that bridges epidemiology, public health policy, and behaviour insights. Created in response to the surge in interest in good hygiene during the COVID-19 pandemic, the RGHI exists to champion hygiene as the foundation of health and promote behaviour change. In October 2020, the RGHI appointed and convened its global leading panel of experts and published its first article, the RGHI's first ever opinion piece on the need to maintain hygiene standards, which was published in November 2020 in the Daily Telegraph. The Committee continues to monitor the activity of the RGHI, and looking ahead into 2021, the RGHI will continue to discuss and formalise the next steps for fellowship and grant programmes.

Corporate security

In 2020, we implemented a new Corporate Security Policy setting out the minimum-security measures to be adopted across all Reckitt sites to protect our people, assets, products, and reputation.

On the topic of "keeping our people safe", in January 2020 our Corporate Security team rolled out a new Emergency Notification System aimed at providing accurate, punctual information on workforce safety – the system proved to be critical throughout the numerous instances of civil unrests and anti-government protests taking place in 2020.

From January 2020 onwards, our Corporate Security team also played a crucial role in keeping our workforce safe throughout the COVID-19 pandemic. On a daily basis, the team monitored the number of reported COVID-19 cases per country, national restrictions and – as of recently – vaccination rates. Their updates proved vital to keep our leadership teams up to date on the latest COVID-19 developments and to enable business readiness and resilience.

Safety, Quality and Regulatory Compliance (SQRC) programmes

The Committee has continued its oversight of the SQRC remediation and infrastructure programmes. Following the successful deployment of the product lifecycle management programme in our Bangpakong manufacturing facility, the system was further developed as a global template and deployment has commenced, first to our Derby facility, and it is on track to be deployed across the business units with a planned completion date of 2023.

The Product Integrity Review programme continued to be impacted by COVID-19 travel restrictions, which caused some delays. However, the programme is still on track for completion in mid-2021.

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT CONTINUED

At the outset of the pandemic, our quality operations were refocused on sustaining quality performance, product release and qualifying additional sites for manufacture of critical products.

We have continued to monitor quality and employee health and safety leading and lagging indicators which have driven real-time improvement actions and which are demonstrating improved performance in audits, product-related issues and safety incidence. This was despite the impact on audits as a result of COVID-19 travel restrictions and most employees working from home. Virtual governance reviews were introduced with each supply site to review specific employee health and safety topics, including COVID-19 responsiveness.

In October, an updated Reckitt Global Product Safety Policy was published. It applies to all employees of Reckitt companies and Reckitt contractors globally when acting on behalf of Reckitt while undertaking tasks that impact the safety of Reckitt products at any time throughout the product lifecycle. It can be found at www.reckitt.com/media/694/sustainability-product-safety-policy.pdf.

To enable readiness for Brexit, a Group-wide effort has been under way since 2018 to adapt product licences, adjust artwork and transfer quality release laboratories to EU sites in time for the transition on 31 December 2020.

The Committee continued to monitor regulatory issues in many jurisdictions and the business readiness to adapt. The regulation of infant nutrition products in China continues to evolve, requiring ongoing effort to adapt and comply.

Performance review

Following the key outcomes of the 2019 performance review, the Committee reviewed its manner of Committee meeting preparation so that more concise, focused pre-reads were submitted to the Committee before meetings, and meetings themselves focused on interactive discussion.

This year, a performance evaluation of the Committee was conducted as part of the Board's external performance evaluation, conducted by Lintstock Ltd. Lintstock Ltd is independent of and has no connections to the company.

The evaluation of the Committee utilised a bespoke questionnaire, sent to Committee members. The 2020 performance review focused on the Committee's time management and composition, processes and support and work carried out. Positive feedback was received in all areas. It was noted that progress has been made in terms of the information provided to the Committee, being more succinct with cover memos and attachments. Meetings were managed well, with a focus on key issues, leaving more time for queries and discussion. The composition of the Committee was also rated highly, with members having a good balance of knowledge and appropriate capabilities. It was noted that the Committee played an important role in monitoring Reckitt's conduct with regard to its corporate and societal obligations and compliance with laws, regulations, codes of conduct and internal policies and procedures. The Board, having had sight of the results of the Committee's evaluation, considers the Committee to be operating effectively.

To continually improve performance in 2021, the Committee and management undertook to focus on the following areas:

- continued refinement of discussion materials and presentations, ensuring there is continual improvement in the brevity and prioritisation of pre-read materials; and
- focus on delivering improvements and processes currently in development, in order to guarantee that changes needed are embedded into the organisation.

Composition

The members of the Committee during the year were:

| Composition | Tenure during the year |
|-------------------|--|
| Pam Kirby (Chair) | Chair and member of the Committee for the whole year |
| Nicandro Durante | Member for the whole year |
| Mehmood Khan | Member for the whole year |
| Chris Sinclair | Member for the whole year |

The Head of Group Secretariat was Secretary to the Committee for the full year.

Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, knowledge, diversity, and experience. The Board is satisfied that each member of the Committee is independent and that Committee members as a whole have competence relevant to the company's sector and industries in which it operates. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with internal management covering CRSEC matters. All members of the Committee receive regular briefings from senior executives on matters covering governance, regulatory and legislative developments, product safety and corporate responsibility, sustainability and ethics-related matters, and Reckitt practices and policies in these areas.

Responsibilities

The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's corporate responsibility and sustainability, ethics and compliance strategies, policies, programmes and activities. Its role and responsibilities are set out in its terms of reference, which can be found at www.reckitt.com. In November 2020, the Board approved the Committee's proposed changes to its terms of reference, to take account of recommended best practice. We review our terms of reference annually.

The Audit Committee has a monitoring function in respect of risk management and internal control systems, especially financial controls, but which also includes the assurance framework established by management to identify and monitor risks identified by the CRSEC Committee. The Committee liaises with the Audit Committee as appropriate.

The Committee is expected to meet at least three times per year. In 2020 the Committee held four meetings, three of which were held virtually due to COVID-19. Meetings usually take place ahead of Board meetings and the Chair of the Committee reports formally to the Board on its proceedings. Attendance at Committee meetings is set out in the Board attendance schedule on page 106 of the Corporate Governance Report. The CEO, CFO, Chief SQRC Officer, Group Head of Audit, change to General Counsel & Company Secretary, Chief R&D Officer, Chief Supply Officer, Head of Group Compliance, Head of Corporate Affairs & Chief Sustainability Officer, Head of External Communications and Affairs, and Global Director of Sustainability, Environment and Human Rights regularly attend meetings. Other Board members are invited to attend all meetings. Other senior management attend when deemed appropriate by the Committee. Time is allocated at each meeting for private discussion with the Chief SQRC Officer, Head of Group Compliance, Head of Corporate Affairs & Chief Sustainability Officer and Group Head of Audit without other invitees being present, as well as a private meeting of the Committee members. Copies of Committee papers are provided to all Board Directors in advance of each meeting and minutes of each Committee meeting are provided to the Board.

Agenda items

The Committee has a number of standing agenda items which it considers in line with its terms of reference:

- Reviewing the constitution, terms of reference and performance of the Committee.
- Assessment, benchmarking and recommendations on policies, processes and procedures for corporate responsibility, sustainability and compliance and ethical conduct.
- Overseeing the Group's conduct with regard to its corporate and societal obligations as a responsible global citizen on behalf of all its stakeholders, including reviewing the company's statement on Modern Slavery and Trafficking.
- Reviewing and monitoring implementation and compliance with the company's Speak Up policy and review of reports.
- In conjunction with the Audit Committee, reviewing the company's whistleblowing, fraud and compliance arrangements, including the adequacy and security for the workforce to raise concerns, procedures for detecting fraud, systems and controls for the prevention of bribery and modern slavery and the effectiveness of anti-money laundering systems and controls.
- Monitoring and reviewing processes for risk assessment for corporate responsibility, sustainability, and compliance and ethical conduct.
- Agreeing targets and KPIs for corporate responsibility, sustainability and compliance and ethical conduct. Reviewing internal and external reports on progress towards set targets and KPIs.
- Reports from management committees in respect of corporate responsibility, sustainability, ethics, and compliance and investigating and taking action in relation to issues raised or reported to it.

Specific matters which were considered by the Committee at its meetings during the year are shown below:

| Meeting | Topic |
|---------------|--|
| February 2020 | <ul style="list-style-type: none"> • Product safety evaluation, product integrity review and product lifecycle management • Quality performance • Quality review of Nijmegen facility in The Netherlands • Regulatory matters review • 2020 compliance and ethics priorities • Reckitt's new Code of Conduct • Anti-trust risk assessments • Compliance training • GDPR compliance • Danish Institute for Human Rights update |
| May 2020 | <ul style="list-style-type: none"> • COVID-19 impact and related matters • Product safety evaluation, product integrity review and product lifecycle management plan • Regulatory matters review • GDPR compliance • Health compliance maturity assessment • Fight for Access Fund • IFCN progress, including position on sugars |
| July 2020 | <ul style="list-style-type: none"> • Review product safety and quality • Remediation programmes • Review of Nijmegen facility in The Netherlands • Brexit impact • Regulatory matters review • Monitoring compliance passport training • GDPR and global data privacy compliance • Governance review of risk and compliance • Reckitt Global Hygiene Institute • IFCN update – breast milk substitute call to action • Environmental audits and management systems • Investment programmes |
| November 2020 | <ul style="list-style-type: none"> • Review of the Committee's terms of reference and recommendation to the Board for approval • Review of the Committee's performance evaluation carried out in 2020 • 2021 Audit schedule endorsement • GDPR update • Breast Milk Substitute pledge • Fight for Access Fund • Korea: root cause analysis |