Contents of Directors' Remuneration Report

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Central to our remuneration philosophy are the principles of pay for performance and shareholder and strategic alignment.

Mary Harris
Chair of the Remuneration Committee

This Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The Report meets the requirements of the FCA Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules. In this report we describe how the principles of good governance relating to Directors' remuneration, as set out in the UK Corporate Governance Code (July 2018) (the Code), are applied in practice. The Remuneration Committee confirms that throughout the financial year the company has complied with these governance rules and best practice provisions.

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

I have met and corresponded with the majority of our major shareholders in the last two years as we made significant changes to the Remuneration Policy at Reckitt which was approved with a vote of 87% at the 2019 AGM and is summarised in the table on page 139. The Committee is of the view that the current remuneration framework remains fit for purpose and therefore we are not proposing to make any major changes to the operation of the Policy for 2021. In line with the three-year lifecycle, a new Policy will be put forward to a binding shareholder vote at the 2022 AGM. The Committee, alongside management, will be working on the design of this new Policy during the course of 2021 and we will consult with shareholders to gather feedback on the proposals later on this year.

Context for executive remuneration at Reckitt

Reckitt strives for leading global performance. Our management team is multinational, and we compete for talent against a peer group of global companies. Central to our remuneration philosophy are the principles of pay for performance and shareholder, as well as strategic, alignment. Combined with Reckitt's compass and business model, they define how decisions are made, how people act and how we assess and reward them.

It has been one year since our CEO, Laxman Narasimhan, announced the findings of his strategic review. Reckitt now operates through three Global Business Units of Hygiene, Health and Nutrition, as we fulfil our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We are inspired by the fight to make access to the highest quality hygiene, wellness and nourishment a right, not a privilege. Our fight and purpose are driven by our compass, and we know if we stick to these principles, we will achieve our long-term ambition to rejuvenate sustainable growth. This purpose has had even more meaning during the global pandemic.

The strategy of the company is intended to rejuvenate sustainable growth and deliver shareholder value. The Group's key strategic priorities in the mid-term are restoring organic mid single digits growth to the top line, focusing on achieving sustainable earnings growth and maintaining disciplined capital allocation.

COVID-19

2020 has been an unprecedented year for Reckitt and the world around us. The global health crisis has created a challenging environment for our people, customers and consumers, as well as trusted suppliers, partners and other stakeholders. We continue to focus our efforts on meeting the needs of our customers and consumers, whilst ensuring our people and partners have a safe working and living environment for themselves and their families. I am incredibly proud of the efforts of our people, who have worked tirelessly to deliver essential products to help combat the pandemic, whilst staying safe, with focus and dedication in an environment that has been changing daily.

The company did not 'furlough' any employees, or use any government programmes for its own benefit. Indeed the company went further than this with a range of support provided by Reckitt for employees impacted by the pandemic, including ensuring safety of our frontline employees particularly in manufacturing and supply; providing recognition and financial support to frontline employees including the provision of monetary bonuses; ensuring that all employees have access to an Employee Assistance Programme; and providing financial support for employees working from home to purchase essential equipment to enable a productive and safe home working environment. These necessary actions resulted in COVID-19 related costs for the year of around £120 million (c.80bps). We enhanced our focus on employee wellbeing by sharing guidance on remote working including podcasts featuring tips from Reckitt leaders on how to take care of themselves, their loved ones and colleagues. We paused global operations on two occasions so colleagues could rest and recover and have also provided employees with free essential Reckitt products including antiseptic and disinfectants. The company also maintained its commitments to aid programmes, making significant donations to a number of causes, particularly through the Reckitt Fight for Access Fund, supporting our consumers and the communities in which we operate, as outlined in other parts of this Annual Report and Accounts.

Our trusted disinfectant brands including Dettol and Lysol have experienced strong demand, as have self-care and preventative products including Airborne supplements and brands like Finish as people have been nesting at home. The team have stepped up in an extraordinary way, not only to ensure the supply for unprecedented demand, but also to pursue our strategic goals of growing the business into new places and spaces, as well as investing in growth enablers like supply chain management, customer service and R&D. The unprecedented situation has created new growth opportunities for Reckitt as detailed elsewhere in this report; strong demand for Dettol and Lysol, amongst others, looks set to remain at higher than pre-COVID-19 levels, driven by greater health awareness. In addition, other Reckitt brands have seen strong growth during the year and the development of e-commerce has step-changed under the new management team, with record levels of activity through new and existing channels.

Annual bonus in respect of 2020 performance

Reckitt operates an annual bonus plan that is strongly aligned to performance, measured against targets set by the Committee at the start of the year for Net Revenue growth and adjusted profit before income tax. The performance targets were based on the business plan at the time and took into account our strategic transformation goals for the year, as announced by Laxman in February 2020. The Committee considers that these targets were set at stretching levels in this context and were ahead of consensus expectations at the time.

As it does every year, the Committee evaluated the performance of both the company and the Executive Directors in the round and with regard to broader circumstances to assess whether the level of annual bonus payout is appropriate and justified, as described below.

From a financial point of view, 2020 was an excellent year for Reckitt under its new leadership, with very strong Like-for-Like Net Revenue growth of +11.8% primarily driven by strong volume growth and an increase in price/mix. There has been strong growth in e-commerce of 56% and it now makes up approximately 12% of total Group revenue. The adjusted operating margin was 23.6% and adjusted profit before income tax was £3.1 billion at a constant exchange basis, significantly outperforming both internal and external expectations. We achieved record free cash flow generation of £3 billion representing a 42.3% growth on last year.

As set out in more detail on pages 144-145 these results reflect performance above the maximum level of the performance ranges set for the 2020 annual bonus. As a result, the formulaic outcome of the 2020 annual bonus for the Executive Directors is 100% of maximum, which is in line with all other employees on the same Group-wide measures.

As it does every year, the Committee also evaluated the performance of both the company and the Executive Directors in the round to assess whether the level of annual bonus payout is appropriate. In addition to the financial operating performance summarised above, this year's assessment included, amongst others, the following areas:

- **Strategic delivery:** In respect of strategic commitments, progress in the year has been very strong, with a new management team and organisational structure introduced. A record £745 million in major investments in the enablers of growth is well under way and an enhanced productivity programme delivering ahead of target for the year. 2020 also saw the establishment of Global Business Solutions, our professional channel, which has been set up to amplify the footprint of Dettol and Lysol and is already growing fast.
- **Competitive performance:** The Committee reviewed financial and market share performance against competitors. In both cases Reckitt has performed strongly. There has been substantial market share growth by our market-leading products during 2020 with around 70% of our top category market units by revenue either gaining or holding market share; Reckitt's Like-for-Like revenue growth of +11.8% at a constant exchange rate basis is at the top of our peers and materially above the peer group average of +4%.
- **Delivery of shareholder value:** Over 2020, Reckitt created nearly £4.5 billion of shareholder value, including £1.2 billion in dividends, delivering a shareholder return of 10% in the 12 months to 31 December 2020, outperforming our peer group (5% return) and the FTSE 100 index (-10% return). During this year the company has reduced net debt by over £1.7 billion through improved cash generation and maintaining a strong fiscal discipline funding of our investment programme through enhanced productivity and outperformance. The company's full year dividend remains unchanged at 174.6p.
- **Purpose, people, culture and sustainability:** During the year there was the successful introduction of the new corporate purpose, fight and compass as well as new leadership behaviours to support the cultural evolution of the business. We have launched a number of initiatives to embed diversity and inclusion in our culture and have enhanced the focus on employee safety and wellbeing. The Committee noted the new environmental ambitions, with the

company's pledge to accelerate delivery of the Paris Climate Change Agreement to keep global warming to below 1.5°C as well as the good progress against the 2020 ESG goals as set out on pages 26-27. A new ESG strategy has also been developed, with new sustainability ambitions which will be launched later in 2021.

- **Response to COVID-19:** In assessing the broader circumstances, the Committee also considered the impact of the COVID-19 global pandemic on our people, customers and consumers and other stakeholders and on the company's trading conditions, the operational disruption that it faced and how the company responded. The Committee believes that both the company and the Executive Directors responded in line with our purpose and compass, putting employee safety and our responsibility to our consumers, customers and communities first, whilst acting decisively and effectively during the pandemic, with detail set out above. As set out on page 41, employee feedback on the company's response was very favourable and showed a highly motivated workforce, strongly committed to our purpose and fight. This enabled Reckitt to trade and perform successfully during 2020, including the delivery of significant increases in production that aided supply of critical antiseptic and disinfectant products.
- **Challenges:** The Committee also reviewed operational challenges faced during the year and how the leadership responded to them. This included the adverse impact of ongoing restrictions on cross-border trade activity between Hong Kong and mainland China, impacting IFCN. In mainland China itself, we continue to compete well against our multinational peers and grow share in the high-premium and super-high-premium markets. The Committee reviewed the goodwill impairment in respect of IFCN, which reflected the volatility and uncertainties relating to COVID-19 and also considered performance in Latin America after the overhaul of a key spray-dryer facility in Mexico. The Committee considered the decisive actions taken on Reckitt's portfolio, including the launch of a strategic review of IFCN in China.

Taking all of the above into account, the combination of the robust leadership on purpose, people, culture and sustainability coupled with the very strong strategic progress, financial and operational performance, outperformance of peers, strong shareholder returns during the year and response to the COVID-19 pandemic has led the Remuneration Committee to conclude that the formulaic outcome is justified and no discretion has been applied for the 2020 bonus awards.

In line with the Remuneration Policy for Executive Directors, one-third of the annual bonus will be deferred into an award over Reckitt shares for three years, with the balance paid in cash.

Vesting of the 2018-2020 LTIP

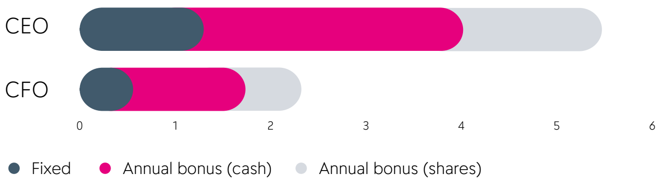
None of our current Executive Directors were with the Group at the time these awards were granted and this award lapsed in full for other employees.

As disclosed in detail in last year's Annual Report, Laxman received a buyout in respect of long-term incentive awards he forfeited on leaving PepsiCo. To replace his forfeited awards on a Like-for-Like basis in terms of form of award, time horizons and actual payout levels, he was awarded Reckitt shares and a long-term cash award which will vest in 2021 based on PepsiCo performance to 2020. As the PepsiCo performance is not known at the date of this report, we have estimated the vesting of this award assuming the same level of vesting as his previous buyout award which vested last year and we will restate the actual vesting level in next year's report.

2020 single figure

The result of the decisions summarised above is a total single figure of £5.4 million for Laxman (excluding the buyout of legacy arrangements from his previous employer) and £2.3 million for Jeff Carr, CFO. The chart below illustrates the breakdown of the single figure.

Singe figure illustration (£m)



Board changes

Jeff joined the company and the Board as Chief Financial Officer on 9 April 2020, succeeding Adrian Hennah who has retired. Adrian stepped down as CFO and from the Board when Jeff joined the Group, remaining with the company until his retirement date of 21 October 2020 to ensure a seamless transition. Details of Jeff's joining arrangements and Adrian's leaving arrangements were disclosed in the 2019 Directors' Remuneration Report.

2021 remuneration

The Committee reviewed base salary levels for both the CEO and CFO and determined that it was appropriate to award a 3% increase in line with the average salary increase for our UK employee base and taking into account company and individual performance. Salaries for 2021 are £979,000 and £700,000 for the CEO and CFO respectively.

There are no changes to the bonus opportunity for the CEO and CFO, remaining at 120% and 100% of salary at target respectively. Performance measures and weightings for the 2021 annual bonus will be the same as for 2020. In line with prior years, the Committee has set the performance targets at a stretching level taking into account the internal business plan and external expectations on performance. As in prior years, the Committee will carry out a thorough assessment of performance in the round taking into account a wide range of factors before determining bonus payouts.

There are also no changes proposed to LTIP award levels for 2021, which have been reviewed in light of share price performance, company performance and individual performance. Laxman's 2021 LTIP award will consist of 150,000 performance share options and 75,000 performance shares and Jeff's award will be 80,000 performance share options and 40,000 performance shares. These awards are expected to be made in May 2021.

As it does every year, the Committee reviewed the performance measures used in the LTIP and concluded that the combination of the existing range of measures (and weightings) are most appropriate for the company, in light of the strategic priorities announced by Laxman in 2020.

Sustainability is a key priority for the company and the Committee is aware of the current focus on ESG more broadly, including that a number of firms are incorporating ESG measures into incentive schemes. Whilst the Committee understands the importance of ESG, at Reckitt the wider strategy on ESG is currently being developed and investors will be updated on this during 2021. As such, whilst the Committee determined that it was not appropriate to include ESG measures in incentives in the current Policy, we will keep this position under review and may look to incorporate ESG measures into incentive schemes when it is appropriate to do so; the intention is to review this as the Policy is developed for approval by shareholders at our 2022 AGM.

Due to the continued uncertainty in the external environment related to the COVID-19 pandemic and the portfolio changes outlined in our 2020 results announcement, the Committee currently intends to set the LTIP targets and announce them at the time the awards are made in May 2021. They will also be set out in full in the 2021 Remuneration Report. In addition as the goodwill impairment in respect of IFCN reduces the capital employed it has the potential to increase the calculation of ROCE for LTIP purposes. The Committee will ensure that the impairment does not lead to an increase in vesting in respect of the proportion of the LTIP related to ROCE in future years.

During the year the Chairman and NED fees have been reviewed taking into account the increasing time commitment required to meet the scope and responsibilities of the roles, the increases given to the wider workforce and market practice. The fee for the Chairman has been increased by 3.6% to £570,000 which was broadly in line with increases to the broader UK workforce, effective from 1 January 2021. 25% of the fee continues to be paid in shares. This fee level remains below the lower quartile for the Chair of FTSE 30 companies. It is the Committee's intention to further review the Chairman's fee during 2021 with any potential increase to align the fee with market, and to ensure it is competitive, to be effective in 2022.

The basic NED fee is being increased by 3.3% to £95,000, with effect from 1 January 2021, with the proportion paid in shares being increased to 25% of the basic fee (£23,750). Going forward the amount of the fees paid in shares will remain at 25% of the basic fee. There are no changes to the additional fees for the SID, Committee Chair, Committee Member, or Designated Non-Executive Director for engagement with the Company's workforce.

Context for remuneration in the wider workforce

The Remuneration Committee has considered the remuneration of Reckitt's wider workforce during the year and has been provided with a comprehensive overview of workforce remuneration and related policies, as well as the alignment of incentives and rewards with culture. It reviewed information on salary structures, bonus design and targets, the long-term incentive plan, share ownership, International Transfer Policy, approach to employee benefits and the all-employee Share Plans. The Committee is pleased to note from this review that the company's remuneration policies continue to be aligned with those of the Executive Directors, with a cascade throughout the organisation. The Committee also took wider workforce salary increases into account when determining base salary increases for the CEO and CFO as discussed above.

The Committee was additionally closely involved with a review of the reward strategy for employees below Board level, which was undertaken following the CEO's strategic review, to ensure continued alignment of the overall reward framework with the new business strategy.

In the UK, Reckitt has been voluntarily paying the living wage for a number of years and last year we formally joined nearly 6,000 Living Wage Employers who are recognised as paying a living wage to employees and contractors. This is our commitment to employees and staff that they will receive a wage that exceeds not just the minimum wage but recognises the actual cost of living in the UK.

Reckitt operates an award-winning all-employee share plan to foster the culture of ownership amongst employees. This gives employees the opportunity to save over a three-year period to purchase Reckitt shares at a 20% discount to the share price at the start of the period. In offering these plans, we make a conscious effort to ensure that they are all inclusive and accessible to all colleagues. To facilitate this, we utilise a global network of around 130 local coordinators and provide communications in 27 languages in various formats, including letters to employees without an email address and kiosks in factories to assist with online enrolments. As a result, over half of Reckitt employees globally are currently participating in one of the three share plans on offer.

As mentioned previously, I am pleased to say that none of our employees were furloughed during this unprecedented year and the company offered a range of support for employees impacted by the pandemic, details of which I have summarised earlier in this letter. We are also conscious that our people have worked extremely hard and their safety and wellbeing is a priority. In 2020, we paused global operations on two occasions so colleagues could rest and recover and have recently launched a comprehensive employee wellbeing programme with external partners, involving significant investment over three years. As discussed in the Strategic Report we are reviewing all of our policies to ensure that they are inclusive by design and have also launched several initiatives such as the Stronger Together conversation series, a five year commitment focusing on diversity and inclusion (D&I) and belonging topics that matter most to our people, as well as the establishment of a D&I board comprised of senior leaders and chaired by the CEO, to lead the D&I strategic agenda across Reckitt.

Finally, since 26 July 2019, I have been the designated NED for engagement with the company's workforce. In this role I have had the same access to internal communications materials, channels and events as Reckitt employees and have been involved in key conversations with the workforce allowing me to feed back employees' views to the Remuneration Committee as well as the Board. As set out in the Strategic Report, each year the company holds several round-table discussions with employees and organises site visits during which town hall meetings and smaller group discussions with our people take place.

During the year we also communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider company pay policy and how decisions are made by the Committee and giving employees the opportunity to ask any questions on these topics.

Further information on wider workforce remuneration, and how this compares to the remuneration of our Executive Directors, is set out on pages 149 to 151.

Remuneration Policy and implementation

Our Remuneration Policy strives to ensure that the management team is rewarded appropriately for delivering against Reckitt's strategic priorities, reflect the global nature of our business and deliver significant benefits for shareholders.

We have renewed our Remuneration Policy in line with its three-year lifecycle in 2016 and 2019 and have made changes to our remuneration structure and its implementation over the years in order to effectively respond to shareholder feedback; improve alignment of executive and shareholder interests; focus on our pay for performance philosophy; and ensure compliance with market best practice. Notable features of our Policy as a result of changes over recent years are as follows:

Notable best practice features of Reckitt's Executive Director Remuneration Policy

Reinforcing shareholder alignment	Supporting business strategy	Rewarding fairly and responsibly
• Bonus deferral; with one-third of any bonus paid being deferred into awards over Reckitt shares for three years. • Two-year holding period for LTIP awards • Shareholding requirements for Executive Directors of over 1400% and 1000% of salary[1] for CEO and CFO respectively, which are the most demanding in the UK market. • Two year post-employment shareholding requirement of 50% of the shareholding requirement (or actual shareholding on leaving if lower). Formal mechanism to enforce this through our share plan administrators.	• Annual bonus drives the achievement of both Net Revenue growth and adjusted profit before income tax. • Multiplicative approach ensures that outperformance on both top line and bottom line is required for maximum payouts, whilst underperformance in one of the performance metrics will reduce the overall bonus payout despite outperformance of the other. • Replaced Earnings per share (EPS) as sole performance measure for shares and options to a more balanced approach, aligned with the business strategy. The weighting for LTIP awards is Net Revenue growth at 50% of the award, Return on capital employed (ROCE) 25% and EPS 25%.	• Reduced new CEO and new CFO pension contribution to 10% of salary, in line with our wider UK workforce. • Reduced the CEO LTIP award level by more than 60% from 2017 levels and implemented a mechanism to annually review the numbers of shares and options granted. • Robust and thorough assessment of performance in the round before determining annual bonus payouts and LTIP vesting. • Malus and clawback provisions apply to bonus and LTIP, expanded to include corporate failure, in line with best practice shareholder guidelines.

1. Based on the average closing price in Q4 2020 of £68.45

Conclusion

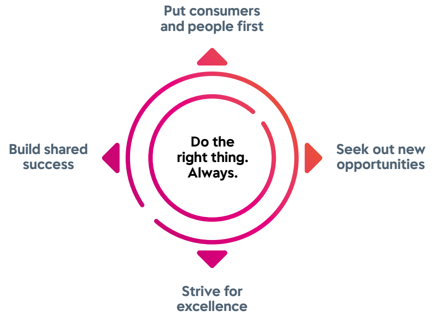
I trust that you will find this report a clear account of the way in which the Committee has implemented the Remuneration Policy during 2020 and that I can count on your support as we put the Annual Report on Remuneration to a vote of shareholders at the upcoming AGM. As I have noted above, we will be developing a new Remuneration Policy during 2021 for approval by shareholders at the 2022 AGM and we will consult with shareholders as part of this process.

I would also like to acknowledge and thank my fellow Committee members for their diligence and service during the year.

Mary Harris
Chair of the Remuneration Committee
Reckitt Benckiser Group plc
15 March 2021

Remuneration at a glance

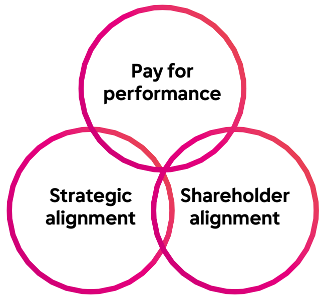
Reckitt's compass



Reckitt's strategic priorities

- Rejuvenate Reckitt to deliver shareholder value
- Restore organic top line growth
- Achieve sustainable increased medium-term earnings growth
- Maintain disciplined capital allocation

Reckitt's remuneration philosophy



Combining Reckitt's compass, strategy and remuneration philosophy drives Reckitt's remuneration principles

1. High proportion of variable pay
- Drive outperformance and shareholder value
- Stretching performance targets

2. Attract and retain the best global talent
- Engage highly performance-driven individuals
- Reflect global competitive practice across our industry peer group

3. Market-leading Share Ownership Policy
- Align the interests of management and shareholders
- A culture of ownership

4. Ensure alignment with strategy across the business
- Alignment of performance metrics with strategic priorities
- Alignment across the business of metrics and ownership

Element	Key features of Policy	How we implemented for 2020	Link to strategy	2021	2022	2023	2024	2025	2026
Salary, benefits and pension	• Salary increases and pension contribution set in context of wider workforce • Salaries and benefits set competitively against peers	• 3% salary increase, in line with wider workforce • Pension contribution of 10% of salary in line with the wider workforce in the UK	• To enable the total package to support recruitment and retention						
Annual bonus (APP)	• Target bonus of 120% of salary for CEO and 100% for CFO • One-third deferred into awards over Reckitt shares for three years • Malus and clawback provisions apply	• Targets set for Net Revenue growth and adjusted profit before income tax • Threshold performance results in zero payout, with maximum of 3.57x target for truly exceptional performance on both metrics • Assessment of performance in the round	• To drive strong performance with significant reward for overachievement of annual targets linked to Reckitt's strategic priorities • Use of deferral for longer-term shareholder alignment		Cash APP paid			Deferred APP vests	
LTIP **Performance shares**	• Three-year performance period and two-year holding period • Malus and clawback provisions apply until two years after vesting • Options have seven years to exercise post-vesting	• Targets set for Net Revenue growth (50%), Return on capital employed (25%) and Earnings per share (25% equally split over actual and constant FX) • Performance conditions are applied to both performance shares and options • Assessment of performance in the round	• To incentivise and reward long-term performance and align the interests of Executive Directors with those of shareholders • Two-year holding period for longer-term shareholder alignment	Award granted			Award vests		Holding period ends
Performance options				Award granted			Award vests		Holding period ends
Shareholding requirements	• CEO: 200,000 shares • CFO: 100,000 shares	• Period of eight years from appointment to achieve • Two-year shareholding requirement post-departure	• Promotes long-term alignment with shareholders • Promotes focus on management of corporate risks						

Remuneration at a glance:
Pay outcomes for current Executive Directors in the year

2020 fixed remuneration

Base salary

CEO	CFO[1]
£950,000	**£494,545**

Pension

CEO	CFO
10% of salary	**10% of salary**

1. Salary is pro-rated as Jeff Carr joined the Board and was appointed as CFO on 9 April 2020

2020 variable remuneration

Annual performance plan

The performance outcomes for the annual bonus were 100% of maximum in light of achievement against both metrics, which is in line with all other employees on the same Group-wide measures. A third is deferred, by way of an award over Reckitt shares.

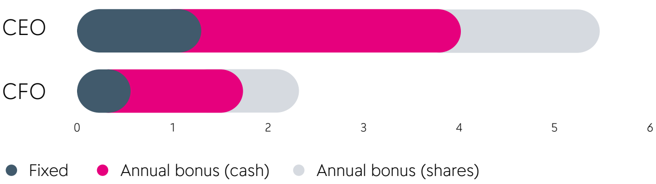
	Base salary	Target	Multiplier	Delivery: Cash	Delivery: Shares
CEO	£950,000	120%	3.57	2/3	1/3
CFO	£494,545	100%	3.57	2/3	1/3

Long-term incentive plan

Earnings per share growth, as measured for LTIP purposes, over the three-year period was -0.3% per annum. As this is below the threshold required of 6% per annum the LTIP will not vest for the period 2018-2020. None of our current Executive Directors were with the Group at the time these awards were granted.

2020 single figure

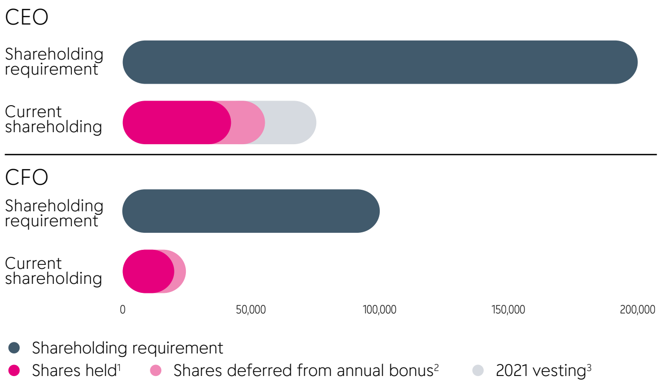
The single figure for 2020 is therefore comprised of the elements in the graph below.



In addition, Laxman Narasimhan received a buyout in respect of legacy arrangements from his previous employer, as detailed on page 146.

Executive Director shareholding

Reckitt operates a market-leading shareholding requirement with an eight-year timeframe for achievement and a two year post-employment holding period after leaving. The chart below illustrates the progress towards this of the Executive Directors.



1. Includes shares owned outright and shares subject to post-vesting holding restrictions
2. This is the estimated number of shares awarded, after tax under the Deferred Bonus Plan including those to be deferred from the 2020 annual bonus
3 For Laxman Narasimhan this is an estimated number of shares vesting in March 2021 under his buyout award, after tax

Remuneration Committee governance

Who's on the Committee

The Remuneration Committee is made up entirely of Non-Executive Directors who are appointed by the Board on the recommendation of the Nomination Committee. Membership of the Remuneration Committee during the year was as follows:

Mary Harris (Chair)	Chris Sinclair
Nicandro Durante	Elane Stock

In addition, Olivier Bohuon who joined the Board as a Non-Executive Director on 1 January 2021, has also been appointed onto the Remuneration Committee with effect from the same date.

Our role

The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance.

On behalf of, and subject to approval by, the Board of Directors, the Committee primarily:
- sets and regularly reviews the company's overall remuneration strategy;
- determines the general Remuneration Policy for senior executives; and
- in respect of the Chairman, the Executive Directors and members of the Group Executive Committee, sets, reviews and approves:
  - remuneration policies, including annual bonuses and long-term incentives;
  - individual remuneration and compensation arrangements;
  - individual benefits including pension and superannuation arrangements;
  - terms and conditions of employment including the Executive Directors' service agreements;
  - participation in any of the company's bonuses and LTIPs; and
  - the targets for any of the company's performance-related bonuses and LTIPs.
- reviews wider workforce remuneration and related policies and the alignment of incentives and reward with culture.

The Executive Directors and the company Chairman are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors.

Meetings

During the year the Committee held four scheduled meetings and two additional meetings. The attendance of members at meetings is set out in the table on page 106. In addition, during the year the Committee considered ad-hoc topics between meetings.

The Chief Human Resources Officer was Secretary to the Committee throughout the year. Meetings were also attended by the CEO, CFO, General Counsel & Company Secretary and the Group Head of Reward by invitation. Deloitte was the appointed advisor to the Committee throughout the year.

Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.

Peer group

The Remuneration Committee has determined a peer group of international companies, which is referred to within the report. This peer group is used for benchmarking remuneration packages and as a reference point in ensuring that performance targets are appropriately stretching and when reviewing the company's relative performance. This peer group is the same group used to benchmark remuneration of senior managers across the company. The companies included are:

Abbott Laboratories	Colgate	Kimberly-Clark[1]	Procter & Gamble
Bayer	Danone	Kraft Heinz	Sanofi
Campbell Soup[1]	GSK	Nestlé	Unilever
Church and Dwight	Henkel	Novartis	
Clorox	Johnson & Johnson	PepsiCo[1]	
Coca-Cola[1]	Kellogg[1]	Pfizer	

1. Companies used for remuneration benchmarking only and not for performance comparison

The table below summarises the key activities at the Committee's meetings in 2020:

Meeting	Topic
February 2020	• Reviewed performance to 2019 in respect of bonus outcomes and LTIP vesting • Carried out assessment of wider performance of the company and Executive Directors • Final approval of 2019 bonus and 2017-19 LTIP vesting • Agreed 2020 LTIP performance measures and weighting • Approved amendments to Deferred Bonus Plan rules • Reviewed Directors' Remuneration Report
March 2020	• Finalised 2020 APP targets • Approved 2020 LTIP measures, definitions and targets, subject to shareholder consultation (subsequently finalised in April) • Agreed approach to shareholder consultation
July 2020	• Reviewed 2020 AGM voting • Review of wider workforce remuneration, including a deep dive on employee benefits • Assessment of performance to date compared to 2020 bonus targets
September 2020	• Carried out review of the all-employee reward strategy and agreed roadmap for further review and implementation • Agreed 2021 LTIP performance measures and weightings • Reviewed and discussed approach to shareholder engagement • Approved awards under all-employee share plans
November 2020	• Determined 2021 remuneration packages for Executive Directors • Determined 2021 remuneration packages for Group Executive Committee members • Agreed principles for 2021 bonus targets • Reviewed updates to corporate governance and shareholder guidelines • Reviewed shareholding for senior employees with share ownership requirements • Agreed timeline and approach for review of Directors' Remuneration Policy • Reviewed data on remuneration packages for senior management below the Group Executive Committee • Approved awards under all-employee share plans • Approved revised Remuneration Committee terms of reference • Considered the code of conduct of the Remuneration Consultants Group and the performance of advisor to the Committee • Review of Remuneration Committee effectiveness
November 2020 (second meeting)	• Determined 2021 fees for the Chairman • Approved 2021 bonus targets

In addition, throughout the year the Remuneration Committee considers ad-hoc topics between meetings, such as the approval of remuneration packages for new hires to the Group Executive Committee and final approval of LTIP targets and weightings following the shareholder consultation.

Reckitt's Remuneration Policy

Reckitt's Remuneration Policy reflects the philosophy of pay for performance, shareholder alignment and strategic alignment over the short, medium and long-term. The full Policy was approved by shareholders at the AGM on 9 May 2019, and can be found in the 2018 Directors' Remuneration Report, including notes, on pages 98 to 106. It is also available on our website in the Corporate Governance section.

When determining the Policy, provision 40 of the Corporate Governance Code was taken into account as follows:

- **Clarity** – arrangements are transparent, reflect shareholder alignment and Reckitt's strategic priorities, thereby effectively engaging with the wider workforce and shareholders. The Committee consulted with shareholders as part of the design phase of the policy and communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider pay policy and how decisions are made by the Committee and giving employees the opportunity to ask any questions on these topics.
- **Simplicity** – the Policy is simple and clear, comprised of fixed pay, such as salary and benefits, pension schemes that are offered to most of the workforce, plus variable pay which incorporates the annual bonus, LTIP (performance share options and performance share awards), and a clear Share Ownership Policy for senior members of the business. Variable pay is set against financial targets to incentivise short- and long-term financial performance and alignment with shareholders.
- **Risk** – the malus and clawback provisions which apply to annual bonus and LTIP awards encourage the right behaviours which lead to long-term shareholder alignment and sustained value creation. The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards.
- **Predictability** – the total of fixed pay, variable pay (target and maximum) illustrated in the scenarios of total remuneration in our Policy provide an estimate of the potential future remuneration of the Executive Directors, including the total remuneration if a 50% share price growth is achieved.
- **Proportionality** – there is a clear link between pay for performance and link to business strategy, with stretching financial targets applied to annual bonus payouts and LTIP vesting.
- **Alignment to culture** – financial targets apply to the Annual Bonus and LTIP awards across the wider workforce to drive business performance. These targets are reviewed on an annual basis. Malus and clawback provisions apply to annual bonus and LTIP, and together with deferred annual bonus, holding periods and share ownership for the Executive Directors (and any other relevant senior employees), drive the right behaviours expected within Reckitt. The remuneration arrangements of the wider workforce reinforce employee engagement.

The Committee is of the view that the current remuneration framework remains fit for purpose and therefore we are not proposing to make any major changes to the Policy for 2021. In line with the three-year lifecycle, a new Remuneration Policy will be put forward to a binding shareholder vote at the 2022 AGM. The Committee, alongside management, will be working on the design of this new Policy during the course of 2021 and we will consult with shareholders to gather feedback on the proposals later on this year.

Annual Report on Remuneration

The rest of this report sets out how we have implemented the shareholder-approved Remuneration Policy in 2020, as well as how we intend to implement it in 2021.

2020 performance and remuneration outcomes

Base salary

Base salaries are reviewed taking into account the salary increases for the wider workforce and individual performance.

For additional context, the Remuneration Committee also reviews market practice for similar roles in the company's remuneration peer group, comprising 21 international companies and listed on page 141.

As set out in last year's report the Executive Directors received zero salary increase with effect from 1 January 2020, with the salary for the CEO remaining £950,000 and the salary for CFO £680,000.

During 2020, the Remuneration Committee reviewed salaries and determined that there would be a 3% salary increase for the CEO and CFO in 2021, taking into account company and individual performance, in line with the average UK all-employee salary increase.

The table below sets out annual base salaries with effect from 1 January 2021:

Executive Director	Annual base salary 2020	**Annual base salary from 1 January 2021**	Percentage increase
Laxman Narasimhan	£950,000	**£979,000**	3%
Jeff Carr (from 9 April)	£680,000	**£700,000**	3%

The average salary increase for our UK employees was 3%, effective 1 January 2021.

Annual bonus in respect of 2020 performance

Executive Director 2020 bonus opportunity

In line with the Remuneration Policy, the CEO and the CFO had target bonus opportunities of 120% of salary and 100% of salary respectively. Actual payments can range from zero to 3.57x target depending on performance against the stretching performance ranges as follows:

- For each performance measure a range is set.
- A performance multiplier is calculated for each measure, calculated by the extent to which the performance for that measure is achieved. These multipliers can be up to 1.89 for outperformance of the stretching range set by the Committee.
- The two individual multipliers are then multiplied together to provide the total performance multiplier.

Net Revenue growth multiplier (up to 1.89x) x Adjusted profit before tax multiplier (up to 1.89x) = Performance multiplier (Threshold = 0x Target = 1.0x Max = 3.57x)

- The performance multiplier can range from zero for performance at threshold or below, to 3.57 for truly exceptional performance on both metrics (i.e. 1.89 x 1.89).
- This total performance multiplier is then applied to the target bonus opportunity to calculate the overall bonus outcome.

Performance multiplier x Target bonus = Final bonus outcome

- The effect of the multiplicative approach means that a high-performance multiplier can only be achieved for outperformance on both top line and bottom line performance.
- Similarly, underperformance in one of the performance metrics will reduce the overall bonus payout including to zero, despite outperformance of the other.
- For example, if we grow Net Revenue above the stretching requirement for maximum performance but fail to meet the profit threshold, the bonus payout will be zero (i.e. 1.89 x 0).
- One-third of any APP is deferred into an award over Reckitt shares, to strengthen alignment with shareholders.

2020 performance targets

The Remuneration Committee set targets for the Executive Directors at the beginning of the 2020 financial year. As set out in last year's report, these were based on Net Revenue growth and adjusted profit before income tax targets, both measured in GBP at a constant exchange rate. They were primarily based on the business plan at the time, in light of the CEO's strategic review and with reference also being made to external expectations of performance and market practice of companies in a similar stage of the business cycle to Reckitt and the change in business strategy. At the time the Committee finalised the targets, consensus expectations were approximately 2.2% for Like-for-Like Net Revenue growth and adjusted profit before income tax of £2.7 billion. In setting targets, the Committee also had regard to competitor performance with average three- and five-year Like-for-Like growth in Net Revenue amongst our peers being 2.7% and 2.8%, respectively.

As set out last year, following the CEO's strategic review of the business, 2020 was anticipated to be a transitional year where we worked to rejuvenate Reckitt to accelerate growth and create long-term shareholder value. We were targeting a higher level Like-for-Like Net Revenue growth than we achieved in 2019. We also considered that Reckitt's rejuvenation would be funded by a temporary margin reduction and enhanced multi-year productivity programme requiring investment and changes to the organisation, the latter of which was largely undertaken in 2020.

The Committee considers that these targets (as set out overleaf) were set at stretching levels in this context. The targets have not been adjusted during the year. At the beginning of the pandemic the Committee decided to retain the original targets set pre-COVID-19 given uncertainty around what the full impact of the pandemic was going to be, and to assess final outcomes against a robust performance in the round framework as described overleaf and in the letter from the Remuneration Committee Chair.

2020 financial performance against APP targets

As stated earlier in the Annual Report, 2020 marked a year of strong execution for Reckitt under its new leadership team, driving record performance which underpinned progress towards sustainable growth. Total Group Net Revenue grew to £13,993 million representing Like-for-Like revenue growth of +11.8%, driven by strong volume growth (+9.6%) and an increase in price/mix (+2.2%). In particular, this was underpinned by very strong growth in Hygiene +19.5% and Health +12.1%, with Nutrition being unchanged from last year. This improved execution and the investments in capability and growth will enable us to achieve our revenue growth target a year earlier than expected, and with greater confidence.

For 2020, adjusted profit before income tax was £3.1 billion at a constant exchange basis marking significant outperformance of both internal and external forecasts which took into account anticipated headwinds, investment costs to rejuvenate commercial capabilities, and finite-life transformation costs of £126 million. The Board made the decision to take these fully into account in determining the adjusted operating profit used in APP bonus calculations.

In addition, other key highlights of 2020 performance include the delivery of adjusted operating margin of 23.6%, outperforming the upper quartile of competitors and an increase in free cash flow of 42.3% to £3,052 million.

The chart below illustrates this performance compared to the targets set at the start of the year.

Performance measure	Threshold (zero bonus)	Maximum (3.57 x target)	Actual
Net Revenue growth	0%	5%	11.8%
Adjusted profit before income tax	£2.6bn	£2.8bn	£3.1bn

As illustrated above, 2020 Net Revenue growth and Adjusted profit before income tax both significantly exceeded the maximum performance targets set – resulting in a bonus multiplier of 3.57x target (100% of maximum).

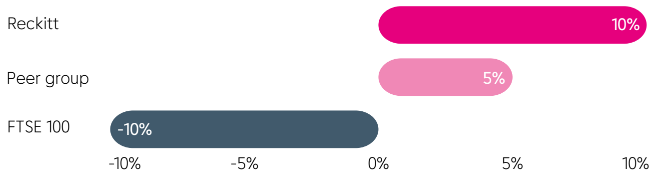
Overall company performance taken into consideration

As it does every year, the Committee thoroughly evaluated the performance of both the company and the Executive Directors in the round to assess whether the level of annual bonus payout is both appropriate and justified.

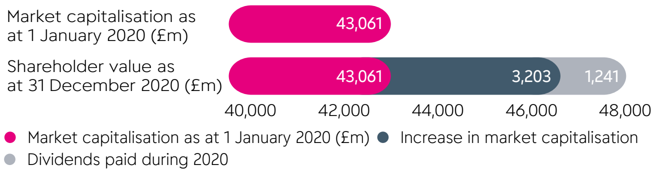
In addition to the operational highlights set out above, over 2020 Reckitt has created nearly £4.5 billion of shareholder value, including £1.2 billion in dividends, delivering a shareholder return of 10% in the 12 months to 31 December 2020, outperforming our peer group (5% return) and the FTSE 100 index (-10% return). During the year the company has reduced net debt by over £1.7 billion through improved cash generation and maintaining a strong fiscal discipline around funding of our investment programme through enhanced productivity and outperformance. As a result, Reckitt's net debt leverage metric has improved with Net Debt / Adjusted EBITDA falling from 2.9x at the end of 2019 to 2.4x. The company's full year dividend remains unchanged at 174.6p.

Delivery of shareholder value

One year TSR

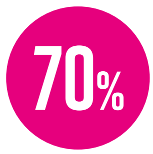


£4,444m of shareholder value generated



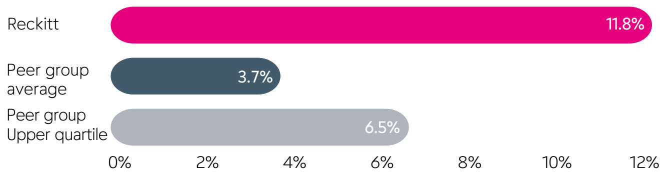
Competitive performance

Market share performance

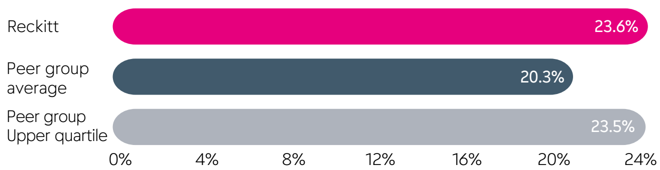


Around 70% of top CMUs by Net Revenue gained or held market share in FY 2020

Like for Like NR growth significantly above peer group upper quartile



Adjusted Operating Margin at peer group upper quartile



The Remuneration Committee also reviewed the progress on delivery of the new strategy and the wider purpose, people, culture and sustainability. In particular this year, the Committee also considered the response to the impact of the COVID-19 pandemic on our people, customers and consumers and other stakeholders, the company's trading conditions and the operational disruption that it faced.

Significant strategic delivery	Purpose, people, culture and sustainability	Response to COVID-19
• **Reorganised structure as of 1 July:** Moved to three category-focused Global Business Units of Hygiene, Health and Nutrition, with our China, eRB and Global Functions teams integrated across each of these. • **Improved customer service capabilities:** Establishing centres of excellence for sales, marketing, e-commerce and medical sales and global customer relationship team; significant improvement in third-party Advantage survey of retailers – advancing nine places, moving from the lowest tier to top ten of FMCG peers. • **Invested in core capabilities:** During 2020 we have invested a record £745 million in enablers of growth including the rebuilding of the long-term capabilities necessary to improve customer service, R&D, innovation, supply chain, sustainability and transforming the company's organisation, culture and direction. This investment is significantly ahead of plan, funded by P&L charge and £407 million of productivity savings. • **Drove new business and channels:** Launched Global Business Solutions – our professional business which is growing strongly. Expanded Dettol and Lysol footprints into 41 markets during the year and e-commerce sales increased by 56% in 2020. • **Grew share and entered new markets:** Overall, around 70% of our top category market units by revenue either gained or held market share. Substantial market growth including Dettol, Lysol, Finish, Airborne, Gaviscon and Durex.	• **Launched the company's new purpose, fight and compass:** This included our new leadership behaviours to support the cultural evolution of the business and strengthen our environmental and societal commitments. • **Embedded D&I:** Introduced a number of initiatives in 2020, including: – Set up a D&I Board comprised of some of our most passionate and senior business leaders and chaired by the CEO, to lead the D&I strategic agenda across Reckitt; – Engaged EY to conduct an independent review of our D&I practices; – Established the Stronger Together conversation series, a five-year commitment aimed at focusing on the diversity and inclusion topics that matter most to our people; – Continued focus on gender diversity at the manager and senior manager level. • **Launched the Freedom Forum:** This is a crowdsourcing platform for employees to input into how we do things as part of looking into the future of work, including the implications of working digitally from a practical, wellbeing and cultural standpoint. The theme for the first forum, Workplace of the Future, attracted more than 600 ideas and over 10,000 votes. • **Further progressed sustainability agenda:** Launched climate pledge in June 2020 for net zero carbon emissions by 2040. Improved Sustainalytics rating of 20.9 (from 23.5) over the past two years and maintained our 'A' MSCI rating. Achieved our target of 40% reduction in Greenhouse Gas emissions per product since 2012, delivering 53% by 2020. Achieved our target of 35% reduction in water use per product since 2012, delivering 39% by 2020.	• **Prioritised safety and wellbeing:** Deepened the range of support provided to employees impacted by the pandemic: – Provided recognition and support to frontline employees including monetary bonuses, gift vouchers, free meals, care packages and additional days of annual leave; – Developed 'Navigating the new normal' playbook which was shared externally and also internally so that employees are clear on how we are responding to the pandemic and what it means for them; – Furnished employees with free essential Reckitt products including antiseptic and disinfectants; – Implemented a global policy of providing financial support to enable employees working at home to do so safely; – Ensured that all employees have access to an Employee Assistance Programme; – Recently launched a comprehensive employee wellbeing programme with external partners, involving significant three-year investment. Enhanced our focus on employee wellbeing and mental health by sharing guidance, including podcasts featuring tips from Reckitt leaders on how to take care of themselves, their loved ones and colleagues, as well as providing guidelines and training on remote working; – Paused global operations for two days so colleagues could rest and recover. Employee feedback during the year on the company's response was very favourable and showed a highly motivated workforce, strongly committed to our purpose and fight. • **Improved supply chain performance and capacity:** Under exceptional circumstances, sustained efforts by Reckitt's teams delivered increased capacity and sought to maintain customer service to help meet exceptional levels of demand due to COVID-19. • **Increased our commitments to aid programmes:** This included making significant donations to a number of causes, particularly through the Reckitt Fight for Access Fund and supplemented with additional resources from savings during the year, which boosted our COVID-19-related funding to £52 million.

Notably in achieving all of the above, the company did not furlough any employees or use any government programmes for its benefit, other than support that was mandated by governments where we had no choice or where customs processes were relaxed to allow easier imports of products that were used to combat the virus.

Decision on 2020 bonus outcomes

The Committee believes that both the company and the Executive Directors followed our compass and responded both decisively and effectively during the pandemic, enabling Reckitt to trade and perform successfully during 2020. The company also contributed to wider society during this period as set out above. This, in addition to Reckitt's overall excellent financial performance over 2020, the company's payment of sustained dividends to shareholders, the strategic progress, looking after our employees and also taking into account the exceptional work that has been undertaken by executives to develop and instil the firm's evolving culture and values, the Committee concluded that the formulaic outcome is justified and no discretion would be applied.

Under the Remuneration Policy, one-third of the annual bonus will be delivered by way of an award over Reckitt shares and deferred for a three-year period. The bonuses are as follows:

	Base salary	x	Target bonus	x	Performance multiplier	=	Total bonus	=	Cash	Deferred into shares
Laxman Narasimhan	£950,000	x	120%	x	3.57	=	£4,069,800	=	£2,713,200	£1,356,600
Jeff Carr	£494,545	x	100%	x	3.57	=	£1,765,526	=	£1,177,017	£588,509
Adrian Hennah[1]	£185,455	x	100%	x	3.57	=	£662,074	=	£441,383	£220,691

1. Served as Board Director from 1 January 2020 to 8 April 2020

Vesting of the 2018 LTIP – performance versus targets

The Reckitt LTIP is designed to align participants with shareholders through making awards with stretching performance conditions denominated in both performance share options and performance share awards.

Vesting of awards under the 2018 LTIP, granted in December 2017, was dependent on adjusted diluted EPS growth over the three-year period 2018-2020. Threshold vesting of 20% required stretching EPS growth of 6% per annum, with full vesting requiring EPS growth of 10% per annum, i.e. equivalent to 33% growth over the period. At the time that the awards were made, the peer group average EPS growth was 3% per annum with an upper quartile of 7% per annum.

As disclosed in previous years, the 2018 EPS growth for LTIP purposes was calculated to exclude any one-off benefit from MJN and related transactions. The EPS performance for LTIP purposes for the period 2018-2020 was a compound average annual growth of -0.3% per annum. This EPS performance results in zero vesting being achieved when measured against the vesting schedule approved by shareholders. Based on this performance assessment the 2018 LTIP awards to the former CEO and former CFO will lapse.

Vesting of buyout arrangements

Upon joining Reckitt, Laxman Narasimhan received awards to compensate for remuneration arrangements forfeited on leaving PepsiCo, his previous employer. These awards relate to legacy arrangements implemented by his previous employer, remain subject to PepsiCo performance conditions and mirror the form and the time horizons of forfeited awards. Full details of the buyout awards can be found on page 125 of the 2019 Annual Report.

As the PepsiCo performance is not known at the date of this report, we have estimated the vesting of this award with reference to the vesting of the buyout awards in 2020, as set out in the table below. The estimated value of these awards is included in the 2020 single total figure of remuneration for Laxman. These awards will vest in March 2021 and will be disclosed externally at that time with the actual vesting level being restated in next year's report.

CEO awards	Target	Vesting % of target[1,2]	Interests vesting	Share price[3]	Value
Long-term cash	£1,252,751	102%	n/a	n/a	£1,277,806
Share awards[4]	48,410 shares	75.6%	37,880	£68.45	£2,592,886

1. Estimated vesting based on previous buyout award that vested on 23 March 2020 as disclosed on page 127 of the 2019 Annual Report
2. The maximum level of vesting is 200% and 175% of target for the cash and share awards respectively
3. The estimated share price reflects the average closing price in Q4 2020 of £68.45
4. These awards will accrue dividend equivalents of Reckitt shares during the vesting period. An estimate of 1,282 Reckitt shares have been included in the shares vesting shown above

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2020, based on the information set out in the previous sections. This is compared to the prior year figure:

	Current Executive Directors				Former Executive Director	
	Laxman Narasimhan		Jeff Carr[1]		Adrian Hennah[2]	
	2020 £	2019 £	**2020 £**	2019 £	**2020 £**	2019 £
Base salary	**950,000**	437,138	**494,545**		**185,455**	680,000
Taxable benefits[3]	**251,689**	328,732	**12,201**		**17,736**	99,201
Pension benefit[4]	**95,000**	43,714	**49,455**		**45,818**	168,000
Annual bonus[5]	**4,069,800**	220,318	**1,765,526**		**662,074**	285,600
LTIP[6]	**n/a**	n/a	**n/a**		**0**	0
Buyout arrangements[7]	**3,870,692**	3,568,713				
Total (including buyout arrangements)	**9,237,181**	4,598,615	**2,321,727**		**911,083**	1,232,801
– Fixed Remuneration	**1,296,689**	809,584	**556,201**		**249,009**	947,201
– Reckitt Variable Remuneration (excl. buyouts)	**4,069,800**	220,318	**1,765,526**		**662,074**	285,600
Total (excluding buyout arrangements)	**5,366,489**	1,029,902	**2,321,727**		**911,083**	1,232,801

1. Joined the Board and was appointed as CFO on 9 April 2020
2. Stepped down from the Board on 9 April 2020. Shows the single figure for the period from 1 January 2020 to 8 April 2020
3. Benefits for Laxman Narasimhan include values for one-off relocation expenses and for ongoing annual benefits. The relocation expenses include family relocation expenses such as shipping of household goods, flights to the UK and temporary accommodation. The ongoing annual benefits include a car and healthcare. For Adrian Hennah and Jeff Carr the benefits include car/car allowance and healthcare. Where relevant the costs above include a gross up for tax
4. The company paid the Executive Directors a cash allowance in respect of pension provision to the value shown in the table above. These payments reflect the full pension provision outlined in the Policy Table. Directors are only entitled to prospective pension on defined contribution basis, with no defined benefit accrual
5. Annual bonus reflects financial performance above the maximum level of the performance ranges set for the 2020 annual bonus; the Committee's assessment of performance of both the company and the Executive Directors in the round; and its determination that the level of annual bonus payout at maximum in line with the formulaic outcome is appropriate, as set out on pages 143 to 146. One-third of this is deferred into share awards for three years
6. The LTIP vesting in 2020 is zero and therefore there is no share price appreciation included in this value
7. The buyout includes awards made to Laxman Narasimhan, related to legacy arrangements implemented by his previous employer, as detailed on page 125 of the 2019 Annual Report. The calculation of the estimated value of the buyout awards due to vest in March 2021, which is included in the 2020 column above, is set out in the table on page 146 of this report. This is based on the average closing Reckitt share price in Q4 2020 of £68.45 and assumes vesting in line with that in March 2020, including estimated accumulated dividends. The actual value of vesting for this award, based on the share price on the date it is released, will be shown in the 2021 report. Based on the estimated calculation 12.3% of the value of the share award included in the buyout vesting in March 2021 is attributable to share price growth over the vesting period

Executive Directors' shareholding requirements (audited)

Executive Directors are expected to acquire significant numbers of shares over eight years and retain these until retirement from the Board.

We also have post-employment shareholding requirements for a further two years. This post-employment shareholding requirement is enforced through a restriction on Executive Directors' vested shares, held by our external share plan administrator, which requires company permission before these shares can be sold. This restriction excludes shares awarded to the CEO as buyout for legacy awards in his previous employer and shares purchased by the Executive Directors.

The table below shows the shareholding of each Executive Director against their respective shareholding requirement as of 31 December 2020:

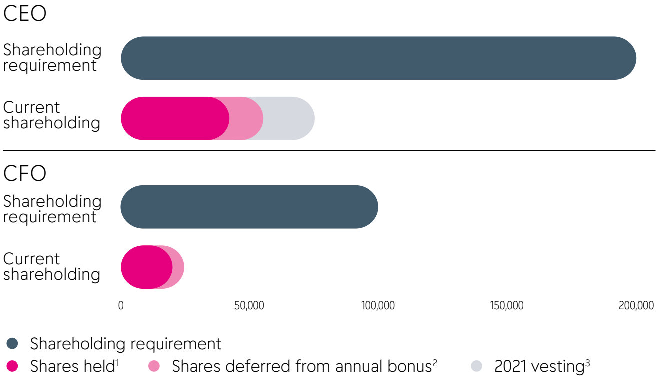
				Performance shares		Options held		
	Shareholding requirement (number of shares)	Total beneficial interests (number of shares)[1]	Shares awarded under the Deferred Bonus Plan[2]	To vest in 2021[3]	Unvested, subject to performance	Vested but not exercised	To vest in 2021	Unvested, subject to performance
Laxman Narasimhan	200,000	42,104	13,196	20,076	150,000	0	n/a	300,000
Jeff Carr	100,000	20,000	4,556	n/a	40,000	0	n/a	80,000
Adrian Hennah[4]	200,000	147,900	2,573	0	59,902	59,204	0	119,803

1. 'Total beneficial interests' includes shares owned outright and shares subject to post-vesting holding restrictions
2. 'Shares awarded under the Deferred Bonus Plan' shows the estimated number of shares awarded under the Deferred Bonus Plan, after tax, including an estimate of those to be deferred from the 2020 annual bonus
3. This is an estimate of the shares vesting to Laxman Narasimhan in March 2021 under his buyout award, in respect of legacy arrangements implemented by his previous employer, after tax as detailed on page 146
4. Adrian Hennah stepped down from the Board on 9 April 2020. Total number of shares owned has been shown at this date

The Executive Directors are also eligible to participate in the all-employee Sharesave Scheme. Details of options held under this plan are set out on page 157.

Shareholding of Executive Directors vs requirement

The bar chart below illustrates the Executive Directors' shareholding versus the company's shareholding requirements. Executives have a period of eight years from appointment to achieve the requirements of 200,000 shares for the CEO and 100,000 for the CFO and both Executive Directors are showing good progress towards meeting these requirements as reflected below.



1. Includes shares owned outright and shares subject to post-vesting holding restrictions
2. This is the estimated number of shares under the Deferred Bonus Plan, after tax, including those to be deferred from the 2020 annual bonus
3. For Laxman Narasimhan this is an estimated number of shares vesting in March 2021 under his buyout award, in respect of legacy arrangements implemented by his previous employer, after tax

2020 LTIP awards (audited)

The table below sets out the LTIP awards which were made to Laxman Narasimhan and Jeff Carr on 1 May 2020. These awards do not accrue dividends during the performance period. Vesting of these awards in full requires achievement of stretching performance conditions over the three-year period. Adrian Hennah was not granted a 2020 LTIP award.

	Date of grant	Shares over which awards granted	Market price at date of award[1]	Exercise price[2]	Face value[3]	Performance period	Exercise/vesting period	Holding period
Performance shares								
Laxman Narasimhan	1 May 2020	75,000	£65.70	n/a	£4,927,500	1 Jan 2020-31 Dec 2022	May 2023	1 January 2025
Jeff Carr	1 May 2020	40,000	£65.70	n/a	£2,628,000	1 Jan 2020-31 Dec 2022	May 2023	1 January 2025
Performance share options								
Laxman Narasimhan	1 May 2020	150,000	£65.70	£65.20	£75,000	1 Jan 2020-31 Dec 2022	May 2023-May 2030	1 January 2025
Jeff Carr	1 May 2020	80,000	£65.70	£65.20	£40,000	1 Jan 2020-31 Dec 2022	May 2023-May 2030	1 January 2025

1. The market price on the date of award is the closing share price on the date of grant
2. The exercise price is based on the average closing share price over the five business days prior to the date of grant
3. For performance shares based on the market price at the date of award and assumes the performance criteria are met in order to achieve full vesting. For performance-based share options based on the face value of the potential gain at award assuming full vesting, calculated as the difference between market price and exercise price. The face value of shares under option is £9,855,000 for Laxman Narasimhan and £5,256,000 for Jeff Carr if calculated as the number of shares multiplied by the market price at date of award

Following the announcement of the CEO's strategic review in February 2020, the Remuneration Committee determined the appropriate performance measures and targets, aligned with the updated strategic priorities, and carried out a comprehensive consultation with shareholders on the proposals. The Committee duly considered the feedback from shareholders before finalising the performance conditions.

In line with Reckitt's Directors' Remuneration Policy, vesting of the LTIP awards is dependent on the achievement of targets relating to growth in Net Revenue, ROCE and EPS, aligned with the company's strategic priorities. Net Revenue is measured as Like-for-Like growth over three years. ROCE is measured based on the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. As stated in our 2018 Annual Report the definition of ROCE used for the purposes of the LTIP differs from that disclosed in the Annual Report as it is measured on a constant currency basis. In addition the targets set for 2020-2022 LTIP include the impairment made at the end of 2019, to ensure that there was no benefit to LTIP participants from this impairment. The Remuneration Committee will also ensure that the recent goodwill impairment in respect of IFCN does not lead to an increase in vesting in future years. EPS is measured on a total adjusted diluted basis, as shown in the Group's Financial Statements, as this provides an independently verifiable measure of performance. It is measured using both constant and actual foreign exchange bases (with an equal weighting on each) and is based on the final year of the performance period.

Awards granted in 2020 will vest on the following schedule, which requires significant outperformance of targets. The four targets are weighted as per the table below, and each element is considered independently.

	Threshold (20% vesting)	Maximum (100% vesting)
Like-for-Like Net Revenue growth (3-year CAGR) (50% weighting)	2%	5%
ROCE (final year) (25% weighting)	11.8%	13.1%
EPS (final year) on a constant foreign exchange basis (12.5% weighting)	323 pence	360 pence
EPS (final year) on an actual foreign exchange basis (12.5% weighting)	302 pence	337 pence

In setting these targets the primary factors that the Remuneration Committee took into account were the updated strategic outlook and priorities, the financial plan and external guidance to shareholders. In addition the Committee took into account a number of other reference points including analyst consensus following the announcement of the new strategy and market practice in similar business situations to here at Reckitt (i.e. where there has been a temporary margin reduction).

In deciding on these, the Committee set very stretching targets for the three-year performance period 2020-2022, which were also established at a level to ensure that LTIP participants are motivated and incentivised to deliver on commitments to shareholders, without encouraging excessive risk-taking. In line with its usual practice, the Committee will conduct a performance assessment in the round before determining final vesting outcomes.

Wider workforce pay arrangements

Reckitt cascades our reward policy fairly and consistently throughout the organisation and the Remuneration Committee takes into account the arrangements for the wider workforce when setting Executive Director remuneration. During the year, the Committee considered workforce remuneration and related policies on several occasions, as well as the alignment of incentives and rewards with culture. Information provided to the Remuneration Committee includes salary structures, bonus design and targets, the long-term incentive plan, share ownership, our International Transfer Policy, provision of benefits and Reckitt's all-employee share plans. We also communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider company pay policy and how decisions are made by the Committee and gave employees the opportunity to ask any questions on these topics.

The Committee was also closely involved in the review of the reward strategy for employees below Board level, which was undertaken following the CEO's strategic review, to ensure continued alignment of the overall reward framework with the new business strategy. Following this review changes were made effective 1 January 2021 to our approach to conducting salary reviews, the design of our annual performance plan and the allocation of awards under our LTIP.

As mentioned in the Chair's letter, we are pleased to report that none of our employees were furloughed during this unprecedented year and the company offered a range of support for employees impacted by the pandemic, including ensuring all employees have access to an Employee Assistance Programme, providing recognition (including financial) and support to frontline employees (particularly in supply, factories and sales), providing financial support for employees working from home to support with purchase of essential equipment to enable a productive and safe home working environment and providing free essential Reckitt products including antiseptic and disinfectants. We are also conscious that people have worked extremely hard, so safety and wellbeing is a priority. In 2020, we paused global operations on two occasions so colleagues could rest and recover and have recently launched a comprehensive employee wellbeing programme with external partners, involving a significant three-year investment.

As discussed in the Strategic Report it is incumbent on us to work together to express our diversity and build equity and inclusion into everything we do. We are reviewing our policies to ensure that they are inclusive by design and have launched several initiatives during 2020 to further embed diversity and inclusion in our culture, including the establishment of a D&I Board chaired by our CEO and the commissioning of the specialist D&I consultancy at EY to get an external perspective on where we are and where we could be.

As set out earlier in the Annual Report, our focus is on maintaining an open, transparent culture by promoting continuing dialogue across the company. During 2020 Mary Harris' activity as the Designated Non-Executive Director for engagement with the company's workforce has allowed her to feed back the views of the workforce to the Remuneration Committee as well as the wider Board. Each year the company holds several roundtable discussions with employees and organises site visits during which town hall meetings and smaller group discussions with our people take place. Details of this engagement are set out in the s172 Statement, which can be found on pages 58 to 61.

The table below summarises the remuneration structure for the wider workforce:

Element	Implementation below the Board	Comparison with Executive Director remuneration
Salary	Salary increases are determined by line managers based on factors such as individual performance ratings, talent ratings and local market practice. Country-specific conditions such as inflation are also taken into account. The average total pay during 2020 to all employees across the Group is £46,446 and we review pay ratios of the Chief Executive Officer's total remuneration to the remuneration of UK employees as set out on page 152 of this report. In the UK, Reckitt has been voluntarily paying the living wage for a number of years and last year we formally joined nearly 6,000 Living Wage Employers who are recognised as paying a living wage to employees and contractors. This is our commitment to employees and staff that they will receive a wage that exceeds not just the minimum wage but recognises the actual cost of living in the UK.	Salary increases are normally aligned with those of the wider workforce, which take into account performance. Salaries are also set competitively against peers in support of the recruitment and retention of Executive Directors.
Annual bonus	Our Annual Performance Plan ('APP') is operated consistently across the organisation and has more than 15,000 employees participating. As employees progress and are promoted their target bonus and maximum multiplier typically increase. In common with the Executive Directors, bonus payouts are based on Reckitt's financial performance, with all employees being incentivised on Net Revenue and a profit measure, which varies based on role. In addition some roles have a third measure related to market share, Net Working Capital or innovation. We also operate local bonus plans, for example for employees in sales and factories.	Annual bonuses for Executive Directors are directly related to Reckitt's financial performance measured by Net Revenue growth and adjusted profit before income tax targets. These measures also apply to other Group employees who participate in the APP. The bonus for all participants in the APP operates on a multiplicative basis, the same way as for the Executive Directors. One-third of annual bonus payments for Executive Directors are subject to a three-year deferral into awards over Reckitt shares.
Long-term incentive	Reckitt grants LTIP awards to members of the Group Executive Committee, Group Leadership Team and senior management team to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation. Awards are also made to selected high-potential employees below these levels. The 2021 awards will use the same performance measures and three-year performance period as for the Executive Directors. Awards are made as a fixed number of shares and share options with grants applied consistently depending on an employee's level in the organisation. Adjustments can be made to the award level based on performance and managers can also recommend additional awards to key employees.	Executive Directors' LTIP grants are comprised of performance share options and performance share awards (based on a fixed number), which vest subject to the achievement of Net Revenue, ROCE and EPS performance targets. In addition to the LTIP's three-year performance period, Executive Directors are subject to an additional two-year holding period commencing following the end of the performance period.
All-employee share plans	We operate an award winning global all-employee share plan to foster our culture of ownership amongst employees. This gives employees the opportunity to save over a three-year period to purchase Reckitt shares at a discount to the share price. Around 55% of Reckitt employees have signed up to one of our three share plans. In order to encourage take-up and ensure that the plans are inclusive and accessible to all employees, we utilise 130 local coordinators and provide communications in 27 languages in various formats, including letters to employees without an email address and kiosks in factories. Over the last three-year period, 2018-2020, just over 9,250 employees saved a total of £48 million[1] to purchase Reckitt shares, making a gain of around 16% over the period[1].	Executive Directors are eligible to participate in the all-employee Sharesave Scheme on the same basis as all employees.

Element	Implementation below the Board	Comparison with Executive Director remuneration
Share ownership	Reckitt is proud of our ownership culture. In addition to the market-leading participation rates in our all employee share plans, members of the Group Executive Committee and Group Leadership Team have shareholding requirements in order to further align interests of management and shareholders. These requirements are amongst the most demanding in the market and we expect participants to meet them within eight years of appointment. There is an annual review of progress by the Remuneration Committee. Amongst the Group Executive Committee the total shareholding requirement is around £54 million[1] and the aggregate actual holding is currently £21 million[1] which reflects good progress towards the requirement given the changes to the Group Executive Committee over the past year. Overall the total shareholding requirement for all employees with requirements is £127 million[1], with the current actual holding being £75 million[1]. This also reflects good progress towards the requirement given the number of new appointments made in light of the company's strategic transformation goals and reorganisation of structure.	The Executive Directors have shareholding requirements of 200,000 shares for the CEO and 100,000 for the CFO, the most demanding requirements in the FTSE 100. These are equivalent to over 1400% and 1000% of salary[1] respectively. Executive Directors are additionally subject to a post-employment shareholding requirement which is enforced through restrictions put in place by our share plan administrator. The table on page 147 sets out the progress of the Executive Directors towards their shareholding requirements.
Pension	A pension/gratuity scheme is offered to more than 70% of our global employees. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the state. In the UK all Reckitt employees are eligible to receive a company pension contribution of 10% of pensionable salary irrespective of any personal contribution made.	Our Executive Directors receive a company pension contribution of 10% of salary, in line with the wider workforce in the UK. They are eligible to take this as a cash alternative.
Benefits	Reckitt regularly reviews the core benefits provided in each country to ensure they remain appropriate and in line with our philosophy of providing market competitive benefits. In addition to aligning with the local market Reckitt ensures that there is a core level of benefits provided to all employees. These include: • Life insurance for all of our global employee population. The vast majority of employees are insured for at least two times base salary. Where the insurance is lower than this minimum we are currently working to improve it; • Global parental leave policy which provides for at least 26 weeks paid and 26 weeks unpaid maternity leave and four weeks paid and four weeks unpaid paternity leave, for all employees. The policy recognises that today's families come in all shapes and sizes, so the same principles apply to all LGBTQ+ employees, as well as including adopting and surrogacy families; • An Employee Assistance Programme is provided in every country, providing valuable assistance to our employees during the pandemic and beyond; • Reckitt also provides health insurance, where it is not provided for by the state, for most of our global employee population. In the UK and US our healthcare insurer provides access to a video GP. This allows our employees to speak to a doctor whenever they want. Reckitt's unique International Transfer Policy is key to ensuring global mobility, which is a critical part of Reckitt's career development and our culture. Employees transfer consistently on a local terms basis, to remove inequities of home/host practices, with benefits such as international healthcare, international pension, school fees, tax return support and home leave provided to foster ongoing mobility.	Executive Directors receive benefits which consist primarily of the provision of a company car/allowance and healthcare. The CEO also received relocation benefits. In addition, Executive Directors are eligible for the benefits available to the wider workforce, described in this table.

1. Based on the average closing price in Q4 2020 of £68.45

Gender pay gap

The Board also reviews the company's gender pay gap and publishes an annual gender pay report that can be found on our website within the people and communities part of our Sustainability section. To increase transparency on this issue Reckitt voluntarily discloses the gender pay gap for our ten largest markets, which including the UK, together makes up around 70% of our global permanent workforce.

As disclosed in our gender pay gap report Reckitt has set targets to increase the number of women in senior leadership positions and has a number of initiatives to increase this representation.

A summary of the gender pay statistics is also included below:

- The median gender pay gap in the UK for the year to April 2020 is -6.1% at median and 5.1% at mean.
- This compares to the year to April 2019 when the gender pay gap was -3.8% at median and 6.8% at mean.

The table below sets out our additional voluntary disclosure for our other largest markets:

	Gender pay gap[1]	
	Mean difference	Median difference
Brazil	-7.0%	-22.7%
China	11.6%	11.7%
India[2]	-167.8%	-148.5%
Indonesia	20.5%	10.7%
Mexico	-0.8%	-41.6%
Poland	9.1%	0.4%
Russia	18.6%	5.2%
Thailand	30.2%	18.6%
US	0.7%	-11.4%

1. A negative number represents a gender pay gap in favour of women
2. In India, 99% of our employees in manufacturing are male. The impact of these demographics has resulted in a significant median pay gap in favour of females

Further data and information on the initiatives Reckitt is taking on diversity and inclusion are set out in our gender pay gap report.

CEO pay ratio

The table below provides pay ratios of the Chief Executive Officer's total remuneration to the remuneration of UK employees at the lower quartile, median and upper quartile. This is in line with UK reporting requirements.

In line with the requirements, the total pay and benefits paid to both Laxman Narasimhan and Rakesh Kapoor whilst in the role of CEO have been combined to calculate the total CEO pay for 2019. It should be noted that for Laxman this included both the one-off relocation benefits and the buyout in respect of legacy arrangements provided by his previous employer.

For 2020, we have also set out in the table the pay ratio excluding the estimated value of the buyout awards to Laxman that are in respect of legacy arrangements from his previous employer and which are due to vest in March 2021. This is disclosed in the 2020 column of the single figure table on page 147 of this report. The disclosure will, over time, cover a ten-year rolling period.

CEO	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Including buyout	2020	Option A	1:267	1:194	1:109
Excluding buyout	2020	Option A	1:155	1:113	1:64
	2019	Option A	1:158	1:115	1:70

The calculations reflect the application of Reckitt's reward policy across the organisation as set out in the section on wider workforce pay arrangements.

In particular, the Remuneration Committee believes the pay ratio is consistent with the company's wider policies on employee pay, reward and progression. Reckitt ensures that employees are paid fairly for their role, based on the location they work in and their performance in role. As such, the base salary, annual bonus and benefits are based on the same principles for the identified employees as they are for the CEO. The median pay ratio has increased from 2019 which reflects company performance as the CEO's remuneration is heavily performance linked.

In calculating the ratio we have used Option A, in line with shareholder guidelines. The employees used in the calculations were selected on 1 March 2021, following the end of the financial year.

For identifying the three employees at the lower quartile, median and upper quartile, the following methodology has been used:

- All UK employees' total remuneration as at 31 December 2020 has been considered, excluding leavers and employees who were absent for more than 20 days during the financial year, as these would distort the ratio.
- Full-time equivalent salary, variable pay, allowances and benefits (using the part-time values and converting this to a full-time equivalent values) have been calculated. In order to calculate the value of taxable benefits we have taken the P11D value, due to ease of accessing data. Actual pension contributions have been used, and, where appropriate, converted to full-time equivalents.

The table below summarises the identified employees in 2020:

	25th percentile	Median pay	75th percentile
Total employee pay and benefits	£34,553	£47,698	£84,433
Salary component	£21,546	£42,146	£52,909

In addition, Note 5 to the Financial Statements sets out the total employment costs and average number of employees globally, during 2020. Based on these, the average global pay during 2020 was £46,446 and therefore the subsequent ratio between the CEO and average global employee was 1:199 or 1:116 if the buyout in respect of legacy arrangements provided by the CEO's previous employer is excluded.

Implementation of Directors' Remuneration Policy for 2021

Salary

As set out earlier in this report, there will be a 3% increase in salaries for 2021 for the CEO and the CFO in line with the average increase for the UK workforce. The CEO's salary will be £979,000 and the CFO's will be £700,000.

Pension

The CEO and CFO are eligible to receive a pension contribution, or equivalent cash allowance, of 10% of salary which is equivalent to the company's level of contribution for all UK employees.

Annual bonus in respect of 2021 performance

For 2021, there will be no change to the annual bonus opportunity of the CEO and the CFO.

Bonuses for 2021 will be based on Reckitt's Net Revenue growth and adjusted profit before income tax targets, measured in GBP at a constant exchange rate, with the outcome under each of the measures combined multiplicatively to give a maximum bonus outcome of 3.57x the target bonus opportunity if both targets are met.

As previously noted in the Chair's letter, as it does every year the Committee will continue to evaluate the performance of both the company and the Executive Directors in the round and with regard to broader circumstances to assess whether the level of annual bonus payout is appropriate and justified, before determining the final bonus payout.

We have not disclosed the performance target ranges for 2021 as we consider them to be commercially sensitive. However, we commit to retrospectively disclosing the performance ranges in the Directors' Remuneration Report for the year ending 31 December 2021.

2021 LTIP awards

The Remuneration Policy sets out the operation of the LTIP.

Further to the CEO's strategic review of the company last year the performance measures which applied to the 2020 LTIP award to Executive Directors were 50% based on Net Revenue, 25% based on ROCE and 25% based on EPS (split equally between actual FX and constant FX). The Committee believes that the performance measures and weightings used for the 2020 LTIP award remain appropriate and aligned with strategy and are therefore proposing no changes for the 2021 LTIP awards.

As Laxman set out in our 2020 results announcement, the company is carrying out a strategic review of IFCN China and also announced portfolio changes with the sale of Scholl and the acquisition of Biofreeze. Due to the continued uncertainty in the external environment related to the COVID-19 pandemic and the portfolio changes outlined in our 2020 results announcement, the Committee currently intends to set the LTIP targets and announce them at the time the awards are made in May 2021. They will also be set out in full in the 2021 Remuneration Report. In addition as the goodwill impairment in respect of IFCN reduces the capital employed it has the potential to increase the calculation of ROCE for LTIP purposes. The Committee will ensure that the impairment does not lead to an increase in vesting in respect of the proportion of the LTIP related to ROCE in future years.

Other required disclosures

Percentage change in the remuneration of Directors

In light of recent amendments to UK reporting regulations, companies are required to publish the annual percentage change in remuneration (salary or fees, benefits and annual bonus) for each Director compared to the annual average percentage change in remuneration for the employees (excluding Directors) of the parent company. Since the CEO is the sole employee of Reckitt Benckiser Group plc, this statutory disclosure is not possible. In the table below we are therefore voluntarily disclosing the percentage change in remuneration for all UK employees in order to provide a representative comparison.

The company considers UK employees to be an appropriate comparator group as the Executive Directors' remuneration arrangements are similar in structure to the majority of these employees and it reflects the economic environment where the Executive Directors are employed. The analysis is based on a consistent set of employees, i.e. the same individuals or roles appear in the 2019 and 2020 populations.

	2019-2020		
	Salary/fee	Benefits	Bonus
All UK employees[1]	4.5%	1.5%[2]	505.4%
Andrew Bonfield	4.1%	n/a	n/a
Jeff Carr (CFO)[3]	n/a	n/a	n/a
Nicandro Durante	14.1%	n/a	n/a
Mary Harris	14.4%	n/a	n/a
Adrian Hennah (former CFO)[4]	-72.7%	-78.6%	131.8%
Mehmood Khan	4.7%	n/a	n/a
Pam Kirby	7.3%	n/a	n/a
Sara Mathew[5]	109.3%	n/a	n/a
Laxman Narasimhan (CEO)[6]	117.3%	-23.4%	1747.2%
Chris Sinclair (Chairman)	10.0%	n/a	n/a
Elane Stock	4.7%	n/a	n/a
Warren Tucker[4]	-61.9%	n/a	n/a
Margherita Della Valle[3]	n/a	n/a	n/a

1. The percentages for "All UK employees" reflect the average percentage change in full-time equivalent salary, taxable benefits and allowances, and bonus for colleagues based in the UK in 2019 and 2020
2. The percentage change in taxable benefits for all UK employees excludes international transfer benefits as this is volatile from year to year based on each individual's circumstances
3. The following Directors were appointed to the Board during the year: Jeff Carr (9 April 2020) and Margherita Della Valle (1 July 2020) and so no comparison to prior year is shown
4. The following Directors left the Board during the year: Adrian Hennah (9 April 2020) and Warren Tucker (12 May 2020) and so the comparison reflects remuneration delivered for service on the Board to the respective leave dates
5. Sara Mathew was appointed to the Board in July 2019 and the comparison reflects that the 2019 fee was only received for part of the year
6. Laxman Narasimhan received no increase to his annual salary during 2020. The percentage change shown above reflects actual salary received during 2019 for service from his appointment on 16 July to 31 December 2019

The change in annual bonus for all UK employees reflects the performance of the company in 2020 which resulted in higher bonuses in 2020 compared to 2019. For reference, as disclosed last year, the 2019 annual bonus for UK employees was 71% lower than that paid in 2018 due to performance of the company in 2019 compared to 2018. In addition to stronger company performance, the change in the annual bonus for Laxman reflects a full year's bonus for 2020 compared to a pro-rated bonus received for his service as a Director from 16 July to 31 December 2019.

Relative importance of spend on pay

The table below shows shareholder distributions (i.e. dividends) and total employee pay expenditure for 2019 and 2020, along with the percentage change in both.

	2020 £m	2019 £m	% change 2019-2020
Total shareholder distribution[1]	1,241	1,227	1.1%
Total employee expenditure[2]	2,302	1,882	22.3%

1. Details of shareholder distribution are set out in Note 28 to the Financial Statements
2. Details of employee expenditure are set out in Note 5 to the Financial Statements

Exit payments made in the year (audited)

No exit payments were made to Executive Directors during the year.

Payments to past Directors (audited)

Adrian Hennah stepped down from the Board on 9 April 2020 and retired from the company on 21 October 2020. His remuneration arrangements were detailed on page 133 of last year's Annual Report.

As Adrian stepped down from the Board on 9 April 2020 the single figure table sets out the remuneration for the period to 1 January 2020 to 8 April 2020 and reflects that his 2018 LTIP award will lapse. He remained an employee of the company and received salary, benefits, pension contributions and an annual bonus payment in respect of the period to his retirement on 21 October 2020.

As disclosed in the 2019 Annual Report, the 2019 LTIP award will remain subject to performance against the original performance conditions, subject to a two-year holding period following the end of the three-year performance period and will be pro-rated for time up to the retirement date. He did not receive an LTIP award in 2020.

Other Directors

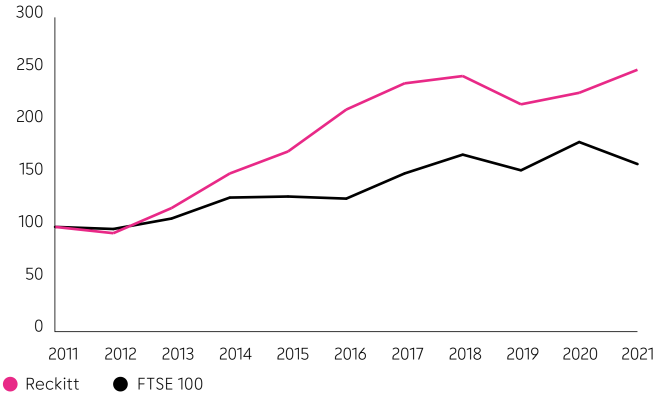
No benefits or payments were delivered to former Directors in the year in excess of the minimum threshold of a pre-tax value of £15,000 set by the Remuneration Committee for this purpose.

Performance graph

The graph below shows the TSR of the company and the UK FTSE 100 Index over the period since 1 January 2011. This shows the growth in the value of a hypothetical holding of £100 invested on 31 December 2010. The FTSE 100 Index was selected on the basis of companies of a comparable size in the absence of an appropriate industry peer group in the UK.

Total Shareholder Return since 1 January 2011

£ value of £100 invested at 1 January 2011



Source: Thompson Reuters - Datastream

The table below sets out the single figure of total remuneration for the role of CEO over the last ten years.

(£000)	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
CEO single figure of remuneration										
Laxman Narasimhan									£4,599[1]	**£9,237**[1]
Rakesh Kapoor	£4,497	£8,411	£6,840	£12,787	£25,527	£15,289	£8,999	£14,314	£938	
Bart Becht	£18,076									
Annual bonus (as a percentage of maximum)	31%	53%	100%	72%	100%	0%	0%	84%	12%[2]	**100%**
LTIP vesting	100%	100%	40%	40%	80%	50%	50%	65%	0%[3]	**n/a**[3]

1. Includes buyouts in respect of legacy arrangements from previous employer
2. Zero for Rakesh Kapoor
3. Laxman Narasimhan was not with the Group at the time these awards were granted

Single total figure of 2020 remuneration for Non-Executive Directors and implementation for 2021 (audited)
The following Non-Executive Director fee policy was in place for the year ended 31 December 2020. The table also sets out the fees that will apply from 1 January 2021.

Role	2020 fees Cash fee	2020 fees Fee delivered in Reckitt shares	2021 fees Cash fee	2021 fees Fee delivered in Reckitt shares
Base fees				
Chairman	**£412,500**	**£137,500**	£427,500	£142,500
Non-Executive Director	**£70,250**	**£21,750**	£71,250	£23,750
Additional fees				
Chair of Committee	**£35,000**	**–**	£35,000	–
Member of Committee	**£20,000**	**–**	£20,000	–
Designated Non-Executive Director for engagement with the company's workforce	**£20,000**	**–**	£20,000	–
Senior Independent Director	**£30,000**	**–**	£30,000	–

The fee for the Chairman has been increased to £570,000, an increase of 3.6%; broadly in line with salary increases for the broader workforce in the UK. 25% of the fee continues to be paid in shares. When considering this fee, the Committee considered performance in the role to date and increased time commitment. The fees remain below the lower quartile for the Chair of FTSE 30 companies. It is the Committee's intention to further review the Chairman's fee during 2021 with any potential increase to align the fee with market, and to ensure it is competitive, to be effective in 2022.

The base fee for NEDs has been increased to £95,000, an increase of 3.3%, broadly in line with the average salary increase across the UK workforce. The proportion delivered in Reckitt shares has been increased to 25% of the base fee (£23,750). Going forward the proportion paid in shares will be maintained as 25% of the base fee.

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2020 and the prior year:

	2020 fees Cash	2020 fees Shares	2020 fees Total	2019 fees Cash	2019 fees Shares	2019 fees Total
Chris Sinclair	**£412,500**	**£137,500**	**£550,000**	£375,000	£125,000	£500,000
Andrew Bonfield	**£105,250**	**£21,750**	**£127,000**	£96,875	£25,125	£122,000
Nicandro Durante	**£140,250**	**£21,750**	**£162,000**	£125,250	£16,750	£142,000
Mary Harris	**£125,250**	**£21,750**	**£147,000**	£111,717	£16,750	£128,467
Mehmood Khan	**£90,250**	**£21,750**	**£112,000**	£81,875	£25,125	£107,000
Pam Kirby	**£125,250**	**£21,750**	**£147,000**	£120,250	£16,750	£137,000
Sara Mathew	**£90,250**	**£21,750**	**£112,000**	£45,125	£8,375	£53,500
Elane Stock	**£90,250**	**£21,750**	**£112,000**	£84,667	£22,333	£107,000
Warren Tucker[1]	**£32,948**	**£7,789**	**£40,737**	£90,250	£16,750	£107,000
Margherita Della Valle[2]	**£45,125**	**£10,875**	**£56,000**	–	–	–

1. Warren Tucker stepped down from the Board on 12 May 2020. Fees shown were paid to this date
2. Margherita Della Valle joined the Board on 1 July 2020. Fees shown are paid from this date

Travel and expenses for Non-Executive Directors are incurred in the normal course of business, for example, in relation to attendance at Board and Committee meetings. The costs associated with these are all met by the company.

Summary of shareholder voting at the 2020 AGM
The following table shows the results of the voting on the 2019 Directors' Remuneration Report at the 2020 AGM and 2019 Directors' Remuneration Policy at the 2019 AGM:

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the 2019 Directors' Remuneration Report	437,225,382	83%	90,262,684	17%	527,488,066	6,722,492
Approve the Directors' Remuneration Policy	461,396,628	87%	66,134,073	13%	527,530,701	1,370,761

The Remuneration Committee has had extensive discussions with shareholders with a view to obtaining shareholder support for our remuneration arrangements. In particular, in 2019, following a comprehensive consultation with our major shareholders, we made a number of changes to the Remuneration Policy, to further align Executive Directors' remuneration with shareholders' interests. This resulted in shareholders supporting the 2018 Directors' Remuneration Report and the Directors' Remuneration Policy, with a significantly increased margin of support compared to the previous vote on Policy in 2016.

The Chair of the Remuneration Committee continued to have ongoing dialogue with shareholders during 2020 on matters such as the overall structure of remuneration as well as the performance measures and targets used for LTIP awards.

Directors' service contracts

Non-Executive Directors have letters of engagement which set out their duties and time commitment expected. They are appointed for an initial three-year term, subject to election and annual re-election by shareholders. Appointments are renewable for subsequent three-year terms by mutual consent. Details are set out below:

		Length of service as at 31 December 2020	
Name	Date of appointment	Years	Months
Chris Sinclair	10 February 2015 (appointed Chairman from 3 May 2018)	5	11
Andrew Bonfield	1 July 2018	2	6
Nicandro Durante	1 December 2013	7	1
Mary Harris	10 February 2015	5	11
Mehmood Khan	1 July 2018	2	6
Pam Kirby	10 February 2015	5	11
Sara Mathew	1 July 2019	1	6
Elane Stock	1 September 2018	2	4
Margherita Della Valle	1 July 2020	0	6

Note: On 17 December 2020 the company announced the appointment of Non-Executive Director Olivier Bohuon to the Board effective 1 January 2021

Executive Directors' service contracts contain a 12-month notice period, as set out in the Directors' Remuneration Policy. Laxman Narasimhan was appointed to the Board as CEO-Designate on 16 July 2019 and became CEO on 1 September 2019. Jeff Carr was appointed to the Board as CFO on 9 April 2020. Directors' service contracts and letters of engagement are available for inspection at the registered office.

Advisors

Deloitte LLP (Deloitte) was appointed by the Remuneration Committee as independent advisor effective from 1 January 2014 following a review of the advisor in late 2013. The Committee undertakes due diligence periodically to ensure that Deloitte remains independent of the company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During 2020, Deloitte LLP also provided the Group with advice in numerous areas, including corporate and employment taxes, wider reward strategy, GPG assurance, global mobility and advisory and technology consulting. These services were provided under separate engagement terms and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Deloitte's total fees for the provision of remuneration services were £316,400 on the basis of time and materials.

It should be noted that although we are required to only disclose the value of fees for services which materially assisted the Remuneration Committee, as with previous years, we have disclosed the full value of remuneration services from Deloitte which includes advice to management and to the Remuneration Committee.

Directors' interests in shares and options under the LTIP[1] (audited)

	Grant date	At 1.1.20	Granted during the year	Exercised/ vested during the year (including dividend shares)[2]	Lapsed during the year	At 31.12.20	Option price (£)	Market price at date of award (£)	Market price at date of exercise/ vesting (£)	Exercise/vesting period
Laxman Narasimhan										
Performance-based share options	05.08.19	150,000	0	–	–	150,000	63.72			May 22-Aug 29
	01.05.20	0	150,000	–	–	150,000	65.20			May 23-May 30
Performance-based share awards	05.08.19	75,000	0	–	–	75,000		59.72		May 22
	01.05.20	0	75,000	–	–	75,000		65.70		May 23
Buyout awards[2]	05.08.19	71,557	0	31,257	40,644	0		59.72	58.65	Mar 20
	05.08.19	84,717	0	–	–	84,717		59.72		Mar 21
Jeff Carr										
Performance-based share options	01.05.20		80,000	–	–	80,000	65.20			May 23-May 30
Performance-based share awards	01.05.20		40,000	–	–	40,000		65.70		May 23

1. Vesting of these awards is subject to performance conditions set by the Remuneration Committee
2. Buyout awards in respect of legacy awards from previous employer that vest subject to PepsiCo performance and include 344 dividends accrued on vested shares

Directors' interests in shares in the Deferred Bonus Plan[1] (audited)

	Grant date	At 1.1.20	Granted during the year	Exercised/ vested during the year	Lapsed during the year	At 31.12.20	Option price (£)	Market price at date of award (£)	Market price at date of vesting (£)	Vesting period
Laxman Narasimhan										
Deferred Bonus Plan	23.03.20	0	1,259	–	–	1,259		58.35	–	Mar 23
Deferred Bonus Plan[2]	23.03.20	0	3,832	–	–	3,832		58.35	–	Mar 23

1. One-third of the annual bonus is delivered in the form of conditional share awards which are deferred for three years
2. One-third of the payment made by Reckitt in respect of the PepsiCo bonus that was forfeited by joining Reckitt. The award was made on the same terms as the other aforementioned award under the Deferred Bonus Plan

Executive employees may also participate in the all-employee Sharesave Scheme on the same basis as all other employees. The table below details options held.

Sharesave Scheme	Grant date	At 1.1.20	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.20	Option price (£)	Market price at exercise (£)	Exercise period
Laxman Narasimhan	02.09.19	379	0	–	–	379	47.44	–	Feb 23-Jul 23

There have been no changes to the Directors' interests as set out in the above tables between 31 December 2020 and 15 March 2021.
Directors' interests in the share capital of the company (audited) The Directors in office at the end of the year and those in office at 15 March 2021 had the following beneficial interests in the ordinary shares of the company:

	15 March 2021	31 December 2020	31 December 2019
Olivier Bohuon[1]	-	-	-
Andrew Bonfield	403	403	226
Jeff Carr	20,000	20,000	–
Nicandro Durante	883	883	718
Mary Harris	2,554	2,554	2,323
Adrian Hennah[2]	–	147,900	147,900
Mehmood Khan	399	399	227
Pam Kirby	3,768	3,768	3,596
Sara Mathew[3]	244	244	75
Laxman Narasimhan	42,104	42,104	–
Chris Sinclair	9,906	9,906	5,138
Elane Stock	2,246	2,246	2,061
Warren Tucker[4]	–	3,614	3,614
Margherita Della Valle	74	74	–

1. Olivier Bohuon was appointed to the Board on 1 January 2021
2 Adrian Hennah stepped down from the Board on 9 April 2020. His interest in shares is shown up to this date
3. Sara Mathew held her shares in the form of 1,222 American Depository Receipts (ADR). Each ADR is equivalent to five ordinary shares at 10 pence each in the company
4. Warren Tucker stepped down from the Board on 12 May 2020. His interest in shares is shown up to this date
5. No person who was a Director (or a Director's connected person) on 31 December 2020 and at 15 March 2021 had any notifiable share interests in any subsidiary
6. The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe for shares

As approved and signed on behalf of the Board of Directors.

Mary Harris
Chair of the Remuneration Committee
Reckitt Benckiser Group plc
15 March 2021