

OUR INVESTORS



ENGAGING INVESTORS

Our long-term financial resilience depends on the continuing support of the investor community. It supports and sponsors our activities with the provision of debt and equity. We aim to communicate transparently with all investors so they understand and remain aligned with our strategy.

Why we engage

Our investment community includes current and potential shareholders, mainly institutional and retail investors, as well as 'sell-side' research analysts, banks and ratings agencies. Our investors, as owners of the business are a critical stakeholder group and are the providers of the financial capital – equity or debt – that underpins our business and allows us to successfully execute our strategy. In return for this, they expect to earn good financial returns. These can be in the form of dividends, capital appreciation or interest.

The cost of equity or debt is influenced by the quality of perceived risks. Maintaining an open, constructive dialogue around these issues is key so that investors can make appropriate decisions about the returns they can expect over time.

It is important that all market participants have equal and timely access to information from the company and as such, we are committed to engaging transparently as we forge ahead with building a renewed purpose-led business that is sustainable for the long term. Our Investor Relations team is key in maintaining this dialogue and ensuring that there is a wide array of information accessible, be it online or through recognised platforms for the investment community. It is also the responsibility of the IR team to ensure the Information provided is compliant with market abuse regulations and guidelines. In addition to the active responsibilities of the

IR team, our corporate website has played a central role in ensuring our retail investors have access to the same information at the same time as our institutional investors.

Communication challenges with COVID-19

Over the past year, we have strengthened our IR team in recognition of our commitment to this area. The individuals within the team, together, bring over 50 years of corporate and capital markets IR experience gained from working across a range of companies and industries. Over the last twelve months, the IR team has developed stronger processes and channels of communication, including adapting and evolving the delivery of the IR programme to overcome the restrictions imposed by COVID-19. As a result of this, the team has had to be nimble and creative in its conversations with stakeholders as it has been more important than ever to deliver and provide useful and timely information to the market.

We have delivered a proactive IR programme and have met our financial reporting obligations through a combination of one-to-one meetings, group meetings, webinars, roadshows, conferences, round tables and fireside chats this year.

Beyond this, we have broadened our communication channels to all of our stakeholders through the use of regular e-Newsletters, fact sheets, presentations and broader updates to comment on recent and upcoming IR activity.

Despite COVID-19 restrictions driving much of our interaction online, in some ways, it made it much easier to engage with our global investor base and shareholders as we were able to be more flexible with allocating our time across the varying time zones. We look forward to holding face-to-face meetings again in the future, but it is likely that going forward, we may retain some of the benefits of more screen-based interactions as it has introduced a level of efficiency and flexibility as we better embrace digital IR communication.

Explaining our strategy

The strategy laid out by our CEO in February 2020 has brought renewed interest in Reckitt. Throughout the various meetings led by our CEO, CFO and the IR team, we focused on laying out our plans, including the required investments, delivery milestones and long-term goals. With the emphasis on clear corporate purpose and fight at the heart of our transformation, it was important to explain our strategy in the context of the impact that the ensuing market developments were having on the business.

Presciently, in the strategy update in February, our CEO stated that hygiene was the foundation of health. As the pandemic took hold across the world in early Spring 2020, the subsequent focus on disinfectant and germ protection and the role of our portfolio of category leading and heritage brands in managing the spread of the virus could not have been better predicted or be more fitting.

Our engagement activity in 2020

Given 2020 was a year like no other, it was necessary to adapt the investor engagement programme to meet the needs of transferring to the new virtual environment. We organised extensive engagement programmes with holders and non-holders alike. In 2020, we held over 300 meetings, with over 1,000 investors, representing over 350 institutions. As a result of the pandemic and ongoing social distancing practices, the meetings since mid-March have all been virtual.

They included one-to-ones, large and small group meetings, as well as regional meetings with international investor groups. We conducted investor meetings with a global investor base. For example, we held a virtual roadshow with Paris based investors. This consisted of two mornings of meetings with 17 different French investors. Similarly, we held virtual roadshows for Australian, German, Scandinavian and Spanish investors, which gave us the opportunity to meet with many funds in these regions.

For each of our quarterly results, we hold a presentation for analysts, investors and other interested parties, followed by a live Q&A. The full RNS, presentation and script are uploaded to our website shortly after the event, so that investors can spend time pouring over the details further, if they so wish.

With meetings being held virtually, we were able to participate in numerous conferences hosted by the various investment banks. This facilitated connection with a wider volume of investors than we might typically have seen during the weeks after reporting.

In total, we hosted presentations or attended meetings at over 15 conferences in 2020. The conferences were all heavily oversubscribed. Some of the conferences included key industry events on the annual conference agenda such as the Deutsche Bank Global Consumer Conference; the JP Morgan Flagship Consumer & Retail Conference; the Morgan Stanley Global Consumer and Retail Conference and the Sanford Bernstein Pan-European Strategic Decisions Conference.

Beyond the conferences, it was important that shareholders had access to management on a regular basis and to that end, we met with each of our top 20 shareholders consistently during the year.

Fund Managers as at 31 December 2020	Holding %
BlackRock	7.95
MFS	6.02
Morgan Stanley	5.89
Capital Group	3.42
Vanguard	3.40

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Understanding investor views

In July, we completed the re-organisation of the business into three business units – Hygiene, Health and Nutrition. Investors were keen to gain insight into the underlying trajectory of the businesses and our ambitions and priorities for sustainable growth. Our growth enablers and growth drivers featured high on their list of discussion points. Many wanted to delve deeper into subjects like innovation, the development of our core category market units (CMUs) and the new Global Business Services channel. With the significant changes to the senior leadership team over the year, investors have been keen to hear about how the culture of the organisation is changing.

To fully understand and gauge the views of our investors and other financial stakeholders, we gather regular feedback using third party providers. On our behalf, the feedback company collected detailed comments and liaised not only with the investors we met, but also with the sell-side analysts who regularly write research on the company. The feedback obtained, which is shared and reviewed by the Group Executive Committee and the Board, helps us to better communicate the investment story in the most helpful manner to our investment community.

Governance and remuneration are areas of enduring interest and against the backdrop of stronger interest in ESG, we spent a lot of time addressing queries on these topics, particularly towards the end of the year.

The trust that our employees place in the company is underlined by the high proportion that own shares in the company – which, at around 55 percent of the workforce, is amongst the highest for a publicly owned, UK-listed company.

Employees as shareholders

At Reckitt, employee interests are aligned with those of our institutional and retail shareholders. The trust that our employees place in the company is underlined by the high proportion that own shares in the company – which, at around 55 percent of the workforce, is amongst the highest for a publicly owned, UK-listed company.

We have three separate plans which cater to our global workforce – the UK Sharesave; the US Plan and the GSPP (Global Stock Purchase Plan), which is for all other countries outside of UK and US. Our Group Leadership Team has share ownership requirements to increase alignment between management and shareholders and ensure focus on long term sustainable shareholder value.

Looking ahead

We will be looking to launch further initiatives in the coming year and will continue to adopt as flexible an approach as is necessary.

We will focus on building and enhancing our IR digital interaction and as COVID-19 restrictions continue, we will seek to use the corporate website and video interaction in more innovative ways to showcase the business and our strategy and to highlight the breadth of our portfolio. ESG will also form a bigger part of our 2021 investor relations programme as we roll out new targets. We will also look to uncover our heritage stories further and bring the richness and the great history of our brands to all of our stakeholders.

CASE STUDY



'A GOOD HOUSE IN A GREAT NEIGHBOURHOOD'

Articulating strategy at the Morgan Stanley Global Consumer & Retail Conference

In Laxman Narasimhan's fireside chat at the Morgan Stanley Global Consumer & Retail Conference in December 2020 he connected with international investors to outline Reckitt's business transformation strategy and review its performance at the end of an eventful year.

He began by reminding his audience that Reckitt's strategy set out, pre-COVID-19, in February had focused on building long-term sustainable returns with an initial emphasis on improving execution. He explained that the impact of COVID-19 had in fact accelerated transformation and made the company more confident that it would achieve its objectives sooner.

Laxman highlighted five tailwinds that supported the company's positioning: hygiene as the foundation of health, the increase in sexual health concerns, the growth in self-care as public health comes under pressure, the need for nutrition solutions – for infants and, increasingly, for seniors – and the continuing disruptive effects of technology and in the digital arena. He explained why Reckitt is well-placed in all of these areas and took questions on how Reckitt intended to drive organic growth and improve shareholder returns.



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