

## OUR CONSUMERS



# PUTTING CONSUMERS FIRST

**Consumers buy brands they trust. Rightly, they expect safe, effective and sustainable products, at a fair price. They also want to be sure that the products they buy are responsibly sourced and won't damage the environment. And that the business behind them is playing its part to tackle global issues and support a sustainable future.**

## How we engage

Consumers want great products and they put their trust in their favourite brands. Our brands are trusted by people all over the world, and we work hard to earn that trust.

Consumers today know a lot more about how the world works and that affects their choices. With better information, they expect more from us and our brands. They are not satisfied by warm words and look for more assurance backed up by concrete commitments and actions.

We share that expectation. We seek to understand, mitigate and preferably avoid any negative impacts while maximising our positive impact on society. Beyond that, our purpose is to make things better in the relentless pursuit of a cleaner healthier world.

We exist to protect, heal and nurture. And we fight for access to the highest-quality hygiene, wellness and nourishment, because we believe that's everyone's right. By reaching more consumers, in different markets, we will also increase our impact with the growth of our business. Our ambition is to reach half the world by 2030 with our purpose-led brands, engaging 2 billion people through our programmes and campaigns to promote a cleaner healthier world. Our brands are at the heart of the social and environmental impact we create, and we focus on enabling a healthier planet and fairer society. In doing so, we help to deliver the

UN's Sustainable Development Goals. Most importantly, and reflecting James Reckitt's heritage, we create social impact in the lives of people we serve, our consumers, their families and their communities.

Our compass guides our direction and the value and behaviours we adopt. The goal of always doing the right thing underpins all our actions. Putting consumers and people first is a guiding principle.

Sustainable products, plastics reduction and improved reuse and recycling have moved up the consumer agenda. Combatting climate change is central to expectations to build back better after the pandemic. Awareness of biodiversity and calls for ecosystem protection have also grown. We are responding on all of these fronts.

Societal impact and sustainability are at the heart of our business strategy and, alongside quality and value, are increasingly important consumer expectations. We invest in brand innovation that maximises consumer benefits and delivers positive impacts for society-at-large, aiming for new products that do more for consumers and for society. On climate change, we have increased our ambitions and are making quicker progress to reduce carbon emissions and support a healthier planet. Within our business and in our value chain we are enabling a fairer, more diverse and inclusive society.

### Responding to COVID-19

Reckitt became a key strategic supplier in the fight against the spread of COVID-19. Our priority was to reduce transmission while keeping people safe and addressing the stresses faced by consumers and communities. We launched the myth-busting COVID-19 facts.com website and published warnings on improper use of disinfectants. We commissioned a major scientific study, which confirmed the virucidal effectiveness of our brands. Through Dettol, we also launched what became the largest public health campaign in history. Dettol's #HandWash Challenge began in India in April. By the end of the year, it had garnered over 125 billion views on TikTok.

### Maintaining stock availability

As the pandemic took hold, consumer demand for Dettol, Lysol and other market leading hygiene brands escalated dramatically. We had anticipated the demand surge in January and worked hard to ramp up supply. We maximised output. Production moved to a 24-hour, 7-day-week schedule at 35 of our factories. We also adapted and reconfigured production lines where possible to meet the emerging challenge, for example in Thailand, where our Durex lube production line was rapidly repurposed to meet the growing need for hand sanitiser.

The pandemic posed unique challenges for global supply chains, which rely on steady supplies from numerous suppliers and shipping companies. Sourcing components and ingredients became a key problem across the industry. Our Jingzhou factory in China for instance gets over 100 different parts and raw materials from outside suppliers. When its usual suppliers ran out of stock our supply teams had to scour the markets for alternatives, and then qualify them to make sure they reached our quality thresholds. They succeeded.

At times, getting these supplies meant moving tons of raw materials across continents, if necessary by air freight. But cost was a secondary consideration. Maintaining production and supply to consumers remained the priority.

Our production centres worked flat out. Many of them had to find ways to do this while complying with strict social distancing, quarantine and curfew regulations. And of course, we also had to keep our people safe.

These were exceptionally challenging conditions, which tested our processes as never before. Global demand for Lysol and Dettol rose significantly. During some periods, it didn't matter how much we produced, everything was selling out. We achieved tremendous output growth in a very short time-frame and have learnt important lessons about resilience and flexibility.

It's still hard to gauge whether all of this heightened demand for hygiene products will be reflected in a more permanent shift in consumer behaviour. However, we recognise that any future pandemic will rapidly expand demand. We are therefore making additional investments now to increase the capacity of COVID-19 critical products such as disinfectants, sanitisers, soaps and surface cleaners, and to enhance our production flexibility.

### Safe, effective and sustainable products

Consumers have always valued safety and now increasingly they value the sustainability of the products they choose. They want products that are more effective and that they trust not to harm them or the environment. Those that can afford to are willing to pay a premium for products that are more sustainable. And expectations of basic performance are rising too.

Reckitt's innovation programme accelerated activity in 2020. It centred on developing more sustainable products, ingredients and packaging while building in safety by design and maintaining effectiveness.

For all our brands, we're researching even safer and more sustainable alternatives. We're introducing products that preserve and, where possible, improve efficacy while using more natural ingredients. Our first natural-based laundry brand in the US, UK and Spain in 2020 is an early example of this research. Botanical Origin appeals to eco-conscious consumers with a natural-based cleaning product that delivers performance which appeals to all.

Air Wick's Botanica range of oils, sprays, candles and reed diffusers are all based on natural ingredients. From 2021 onwards, over half of the feedstock for the entire Air Wick range of liquid electricals will use renewable ingredients.

In October, Dettol launched its first ever alcohol-free hand sanitiser. It uses bio-renewable active ingredients, including lactic acid sourced from cane sugar, and citric acid sourced from corn, to boost efficacy. The sanitiser has been proven to kill 99.9% of germs, bacteria and viruses and is effective against COVID-19. Following its successful launch in China it will be rolled out internationally in 2021.

We're acting to make our products as safe as they can possibly be, with strict controls on their development and testing. We are also developing products to take greater account of consumer preference. The Mucinex Free From cold and flu decongestant spray wax launched in 2020. This provides effective relief for adults and children over 12 and is especially designed for consumers that prefer to avoid alcohol or sugar.

We extended the Durex Naturals range of paraben and glycerine-free lubrication into the US under the KY brand in 2020. Durex also launched paraben-free intimate wipes in European markets to help protect women from infection and sexually transmitted disease.

### Earning trust

Trust originates from our safe and effective brands and is reinforced by our attention to wider issues that matter to consumers and society as a whole. Our sustainability commitments, on climate change, plastics, the circular economy and human rights, resonate strongly with our consumers and customers. They want to know that the issues they believe in are important for the company that makes their favourite brands.

But our sustainability agenda is not just about satisfying consumers. Broader considerations inform and infuse our approach, such as the increasing connection between a healthy planet and healthy lives for us all. We are trying to address a broad range of sustainability challenges to select, develop, make and sell products that advance the cleaner, healthier world we want to see. We want to build a more prosperous and resilient future for our company and society with purpose-led brands and initiatives that improve people's lives and put the planet first.

# 125<sub>bn</sub>

views on Dettol's #HandWashChallenge on TikTok

## CASE STUDY

## #HANDWASH CHALLENGE

Dettol's #HandWashChallenge campaign became a vivid display of the power of the TikTok platform for younger demographics. Dettol India kicked off the campaign by inviting Bollywood celebrities and some of India's top TikTok influencers to upload their own dance-based interpretations of the handwashing rap. The campaign went viral and soon, not just young people, but grandparents, health workers, all demographics were uploading videos. In just four days #HandWashChallenge had nearly 9 billion views. Dettol rolled out geo-specific versions for countries in Asia, Africa and the Middle East. By the end of the year, it had racked up more than 125 billion views. There were over 75 million unique videos as people all over the world uploaded their own rhythmic interpretations of correct handwashing techniques. And it didn't end there; #HandWashChallenge spread beyond TikTok too, with over 565 million video shares across the internet.