

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_{bn}

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.

OUR CUSTOMERS



FOSTERING STRONGER CUSTOMER RELATIONSHIPS

Our interests overlap with those of our customers. Both of us want to serve shopper and consumer needs. We foster multi-level, cross-functional relationships that help us pinpoint shared strategic objectives, and improve our operational performance, execution and availability.

How we engage

Healthy, mutually beneficial relationships are based on more than category and brand sales, they are grounded in a shared sense of purpose. We express our purpose through the innovations we deliver, by meeting consumer needs, and by making a difference with our brands to the categories in which we operate. And we develop those categories more effectively by working closely with our retail customers.

Customers prefer to work with agile manufacturers that have transformational ambitions for their brands and categories. And having closer connections with customers brings other benefits too.

When our customers tell us how what we do looks to them it's a chance to improve. They are the retail specialists, and they know what their consumers want. They have insights that can spur product innovation.

Our top 25 customers contribute around a third of net revenue. We've invested significantly more time and resources in developing these customer relationships during 2020.

The appointment of a global chief customer officer at executive board level has added weight and focus to this effort. He is supported by CCOs for North America and International Customers, each managing the leading customers in their respective regions.

Depending on the profile of the customer, we coordinate our largest relationships globally, regionally or nationally. At the operational level, we have substantially expanded our customer-facing teams to provide multi-disciplinary support to our major North American and international customers. We aim to grow mutually beneficial long-term relationships by building structural partnerships and vertically integrated networks with our customers.

Strong relationships start from the top. Top-to-top meetings help articulate shared objectives built on a common sense of purpose. We run strategy workshops with key major customers to identify areas of common interest. We are uncovering more ways to meet customer priorities by deploying our brands to address their priorities.

Strong structural partnerships and relationships are fundamental. Our customers can draw on the expertise of category, shopper, sustainability, operational, channel and format, and regional specialists. It means that when there is a specific issue, they have someone with relevant expertise who can articulate and advance their interests at Reckitt.

Where we engage

Globally, our major physical trading channels include hypermarkets and supermarkets, pharmacies, drug stores, traditional trade and emerging trade (including discounters, convenience stores, mother and baby stores, travel and speciality retail). Online, we have well over 1,000 e-commerce customers. Our brands are on all the main portals, we trade via marketplace platforms, through physical retailers' digital presence and via e-pharmacy outlets.

Supermarkets are our primary channel in North America and developed markets, particularly for Hygiene. In Europe, supermarkets are the primary channel for hygiene and home products, while pharmacy is the largest single channel for our health and wellness brands.

It is still the case that most sales are made through physical outlets, but online presence is getting more important. Many large retailers have already adjusted their business models and those that have not will need to pivot quickly to omnichannel fulfilment to remain competitive. We are matching this change by developing an omnichannel approach to category and customer engagement.

Small independents with relatively few chain outlets make up the bulk of the pharmacy sector. This remains the primary channel for our health brand portfolio in many territories. We have built up an extensive network of expert local representatives who manage these relationships, and the cross-selling and detailing of our brands.

In e-commerce, we will often invest in building ever closer partnerships. Our digital customers promote our brands online through their e-commerce outlet, but we also generate revenue for them by investing in media space on their platforms. As we sell more on a platform we often spend more on media space.

Whether the sales channel is online or offline, we aim to identify synergies at the strategic level, promote purpose-led innovation and invest in partnerships and networks that enhance and expand our categories.

Joint value creation

The leadership team made purpose-driven customer engagement a corporate priority in 2020. We focused on building strategic retailer partnerships founded on common purpose. We identified common areas of interest and windows of opportunity through numerous top-to-top meetings and strategic workshops. Engagement is coordinated centrally to ensure customers connect with a unified Reckitt voice and have access to cross-functional and cross business unit support. Our digital capability allows us to deliver omnichannel support to customers and is a key engine for growth.

We find synergies when we work with customers on areas of common interest. This purposeful, coordinated approach is driving improved performance both within existing categories and in new spaces.

Walmart is one of several big retailers with sustainability goals that mirror Reckitt's approach. In September 2020, it announced plans to become a regenerative company targeting zero emissions by 2040. Its ambitious goals for regenerative agriculture, the circular economy and improved conditions for suppliers are consistent with our approach at Reckitt. The two companies work together to advance their shared agenda. For instance, following Walmart's 2019 commitment to a 10% reduction in its chemical footprint by 2022, we contributed to that goal by reformulating our fragrances to make them more sustainable.

We are embracing the digital revolution as we continue to invest in marketing expertise. In October 2020, we launched our virtual interactive Marketing Excellence Village. We invite partners and selected customers here to share and discuss our values, plans, and visions virtually in various online buildings. Our teams hold quarterly town halls in our main events building, the Curve. We discuss insights, data and analytics in the Hive; collaboration in the Design Lab focuses on brand experience; we meet in the Stack to discuss data-driven marketing and media topics; in the Forum for Good we work on purpose-led brands; and in the Academy we concentrate on marketing capabilities and operations. The cutting-edge concepts mapped out in the Village are carving out new ways of working in the digital arena.

Safer, cleaner retail spaces

In 2020, as society grappled to control the spread of COVID-19, physical retailers suffered as social interactions declined. Surveys revealed that some 60% of shoppers felt anxious about being in stores after lockdown. Not surprisingly, most retailers experienced a radical reduction in footfall.

We worked with key strategic partners in the pharmacy and drugstore sector to reassure consumers by creating safer, more hygienic spaces. We introduced front-of-store sanitisation stations, put health and safety advice at strategic, in-store locations and installed protective zones for those waiting for prescriptions. We also worked with retailers to safeguard business areas and protect employees. Some retail partners introduced dedicated hygiene zones within their stores, which provided a focus for Reckitt brands.

Growth in e-commerce

With widespread lockdowns and social distancing in place to combat COVID-19 many consumers turned to digital channels for their groceries and provisions. Online sales experienced double-digit growth during the year. Our e-commerce operation continued to outperform: online operations now account for 12% of our global sales, a significant uplift since 2019.

The global pandemic turbo-charged online growth this year, but most analysts agree this was not a one-off event, rather, it has accelerated an underlying consumer trend. Much of this growth is now baked in and expected to remain when social distancing constraints ease. According to data from IBM's US Retail Index, the pandemic has accelerated the shift from physical stores to digital shopping by roughly five years.

Having already built a strong e-commerce capability Reckitt was equipped to respond quickly and flexibly to the rapid changes we saw during the year. As physical retailers migrated their offers online, we were able to adapt our supply chain and core offerings to maintain access to our products via multiple online channels.

Reckitt has strong relationships with all the major global marketplace platforms, like Amazon, Alibaba and JD.com. A mix of 1P/3P, these platforms constitute our largest online channel. They account for more than half of Reckitt global online sales. We deploy advanced analytic and automation tools to optimise revenue here.

Omnichannel/eGrocery retailers, our second major channel, returned the highest level of absolute growth in 2020. All large physical retailers are now leveraging their strengths in geographic reach and scale and developing omnichannel strategies. We can call on the multi-disciplinary skills and resources we've developed for marketplace online platforms to help them succeed in the digital arena.

In some domestic markets, the unemployment and job insecurity caused by the crisis reduced consumer demand. Cross-border platforms with full localisation and familiar payment options helped our brands attract consumers in international markets. We are also building direct online relationships with consumers for our brands on a growing number of direct-to-consumer (DTC) channels.

E-pharmacy is another fast-growing channel. There has also been rapid development in the newly emerging ultrafast channel over the last two years. These on-demand platforms are attracting consumers by delivering products within minutes not hours. We are adapting to these challenging delivery criteria by mobilising highly responsive supply chains that can meet these requirements.

For each of these channels, we're developing closer customer partnerships and building up our brands.

Consumers' needs are evolving rapidly. And we have to be ready to respond at pace. To do that, we've designed our e-commerce operation to be fluid, adaptive and to share expertise globally. This is a highly dynamic environment where today's innovation can be outdated in months. We take nothing for granted.

12%

of global sales come from our e-commerce activities

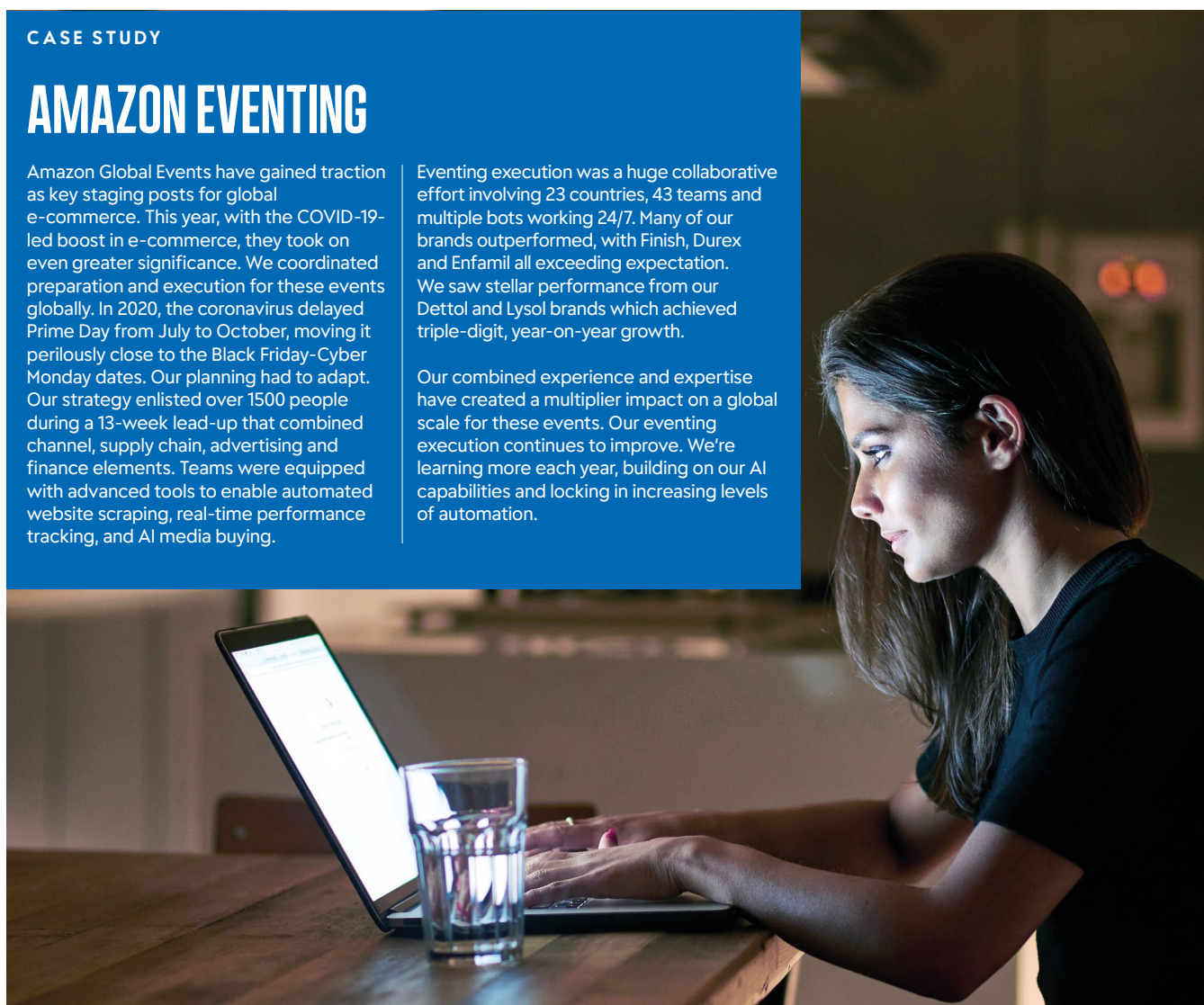
CASE STUDY

AMAZON EVENTING

Amazon Global Events have gained traction as key staging posts for global e-commerce. This year, with the COVID-19-led boost in e-commerce, they took on even greater significance. We coordinated preparation and execution for these events globally. In 2020, the coronavirus delayed Prime Day from July to October, moving it perilously close to the Black Friday-Cyber Monday dates. Our planning had to adapt. Our strategy enlisted over 1500 people during a 13-week lead-up that combined channel, supply chain, advertising and finance elements. Teams were equipped with advanced tools to enable automated website scraping, real-time performance tracking, and AI media buying.

Eventing execution was a huge collaborative effort involving 23 countries, 43 teams and multiple bots working 24/7. Many of our brands outperformed, with Finish, Durex and Enfamil all exceeding expectation. We saw stellar performance from our Dettol and Lysol brands which achieved triple-digit, year-on-year growth.

Our combined experience and expertise have created a multiplier impact on a global scale for these events. Our eventing execution continues to improve. We're learning more each year, building on our AI capabilities and locking in increasing levels of automation.



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

In 2020, we held over 300 meetings with over 1000 investors, representing over 350 institutions.

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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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.

OUR PEOPLE



INSPIRING AND SUPPORTING OUR PEOPLE

The talented people who work at Reckitt want to make a difference in the world. They are inspired by our purpose and our fight, and guided by our compass. We give colleagues the space, the opportunities and the chance to have a real and positive impact. It's what we call Freedom to Succeed.

How we engage

Our success as a business is founded on our strong, distinctive culture. We want all colleagues to have a sense of belonging and take personal pride in what they do. Our approach is anchored by our purpose: the relentless pursuit of a cleaner, healthier world. The behaviours we share are guided by our compass; doing the right thing, always, is fundamental for everyone here. Our Freedom to Succeed employee value proposition aims to instil, promote, reinforce and reward the positive behaviours and attributes that make that real.

Our focus is on maintaining an open, positive, inclusive culture by promoting continuing dialogue across the company. We forge connections across the company in many different ways: via site visits, at virtual townhalls and through surveys, forums and focus groups for special interest areas.

Maintaining rich and active communications across the company is a priority for Laxman Narasimhan, our CEO. His popular car-pool conversations – informal chats with team members on the commute to work – were halted by COVID-19, but he along with other senior leaders continued to connect with colleagues with regular, screen-enabled sofa chats and through the Stronger Together series. All colleagues are encouraged to connect directly with senior leaders, via email and in live-streamed Q&A sessions.

The pandemic constrained site visits this year, but the leadership team and Board directors held regular virtual focus groups, townhalls and broadcasts with our teams. We ran virtual onboarding sessions for new GEC members, which included tours of key markets. There were also regional and domain-specific meetings with general managers and function leaders.

On social media our active LinkedIn presence is followed by over 30,000 Reckitt employees. There is also high employee engagement on other social channels and increasing interaction on internal social platforms.

We conducted regular surveys using an online tool, Glint, that yield detailed, in-depth insights into employee sentiment. There were two general all-employee surveys and three that asked for specific, COVID-19 related responses during 2020. Reckitt scored highly on overall engagement. Over 70% of those surveyed responded, including a significant number of responses from our manufacturing employee base. The feedback showed a highly motivated workforce, strongly committed to our purpose and fight. When asked to rate how proud they were to work here, they ranked Reckitt well ahead of our global peers.

The surveys also identified opportunities for improving performance. Colleagues were broadly positive about our equal opportunities policies, our investment in

people and our status as a smarter, leaner workplace, although we still have work to do to raise the bar in these areas. This tallies with the three key themes emerging from employee feedback generally. First, our people are concerned about inclusion and the associated topics of equality of opportunity and career development. Second, although they were positive about currently available opportunities they wanted more investment in training and development. The third strand, highlighted by the pandemic, is a desire for smarter, more flexible working practices. We are addressing all of these areas in a spirit of continual improvement.

CASE STUDY

IN THE FRONT LINE AGAINST COVID-19

Jingzhou city in Hubei province is close to Wuhan, where the coronavirus epidemic began. It is home to one of Reckitt's biggest manufacturing plants for Dettol.

When Hubei went into lockdown the factory's products were desperately needed, but most of its 400 workers had left the city for the weeklong Chinese New Year (Spring Festival) celebrations. Managers worked with the government to get travel permits and accommodation. Nearly 300 colleagues agreed to come back: one worker made a six-hour bicycle trip, another walked 13 hours. They boosted dwindling mask supplies with a donation from a nearby factory and put the workers up in local hotels, where they remained isolated for several weeks.

Everyone understood that Reckitt was in the front line against COVID-19; the workers gave up a lot to play their part. The factory earned plaudits for its efforts and was recognised with a global award from the CEO – the Sir James Reckitt Award – Reckitt's highest accolade.

Reckitt spirit

In crisis, the Reckitt spirit comes out even stronger among our people. We saw that after the Beirut explosion, colleagues set up online support groups and raised over \$1 million for employees and their families. And we saw that by how people stepped up in the face of a global pandemic, we had factory workers living on site to keep production going. To take just one example, our IFCN facility in Makati in the Philippines keep vital nutrition supplies flowing for children under curfew conditions. They converted office space to make 'the Reckitt hotel'. Some were living there for weeks on end without seeing their families.

When we had to close our offices colleagues adapted immediately. Face-to-face training programmes were swapped for virtual equivalents. Our IT specialists worked tirelessly to get our global systems fit for purpose.

Reckitt has become a key strategic player in the fight to stop the spread of COVID-19. This would never have been possible without the extraordinary efforts of so many of our colleagues.

Leading by example

In 2020 we developed leadership behaviours with the Group Executive Committee that translate our compass into meaningful action. The compass calls on colleagues to put consumers and people first, seek out new opportunities, strive for excellence, build shared success and above all, do the right thing, always. Our expectation of leaders is that they support and reinforce these behaviours. We ask them to own their area of the business and make decisions that matter. They should spot opportunities, innovating, iterating and scaling and building better in everything that they do. We expect them to care for their colleagues, actively listening and including and working together to deliver. These behaviours are being embedded into the assessment of talent and performance across the organisation.

Reckitt Leaders...

Own: Live our purpose, fight and compass. Know our business. Make decisions.

Create: Spot opportunities. Innovate, iterate and scale. Relentlessly build better.

Care: Actively listen, learn and include. Speak direct with respect. Act to unleash potential.

Deliver: Focus on what matters. Move boldly and at pace. Join forces to win bigger.

Diversity and inclusion (D&I)

We have over 43,500 colleagues operating in 60 countries across six continents from 120 different nations. It's incumbent on us to work together to embrace our diversity and build inclusion into everything we do, not just to create a sense of belonging within the company but to make better connections with the global community we serve.

In 2020 we have been working hard to make our culture more inclusive. We've established a D&I board chaired by our CEO. We also commissioned EY to give us an external perspective on where we are and where we could be. The EY diagnostic included an online listening exercise with feedback from 2,000 Reckitt people, focus groups in different languages, and interviews with key stakeholders, including members of the D&I board, Group Executive Committee and senior Reckitt leaders.

We have six workstreams in our inclusion strategy: leadership, policies, people, partnerships, procurement and brands. The leadership pillar ensures that inclusion is role-modelled, endorsed and promoted at a senior level. Our policies should be inclusive by design; we are reviewing these to ensure that's the case. The people pillar is about promoting a fully inclusive culture throughout the company. For partnerships, we seek out others that develop diversity and inclusion in society. We want to ensure our procurement policies support suppliers from diverse and minority communities. And we leverage the power of our brands to help build a more inclusive world.

Gender pay report

As a UK-based group we are required by law to produce a gender pay report which highlights any difference between average male and female hourly earnings. But Reckitt goes further. In 2020, we extended our reporting to five of our main markets covering more than 50% of all our people. In 2021, we will extend to a further ten markets.

Stronger Together: 6 pillars to drive inclusion



People: Building a culture of inclusive leadership



Policies: We continuously improve our policies to raise the bar on inclusion



Partnerships: Building selective partnerships



Brands: Leveraging the power of our brands to drive a more inclusive world



Procurement: Supporting suppliers from diverse and minority communities



Leadership: Senior level focus and sponsorship via a global D&I board

Workforce Disclosure Initiative

In 2017, ShareAction and over 50 financial institutions formed the Workforce Disclosure Initiative (WDI) to address the demand from investors and NGOs for greater transparency from businesses on how they value direct employees and those in their supply chains. Reckitt has participated for three years. In 2020, we were placed in the top quartile for transparency of the 140+ companies sharing information on pay, contract types, diversity, and their supply chains with a disclosure score of 82% compared with the 66% sector average.

Reimagining the workplace

In common with many businesses, the constraints on working imposed by the pandemic have also unearthed new possibilities.

In July 2020, we launched our Freedom Forum, a crowdsourcing platform that encourages colleagues globally to share their ideas on how we can change the way we do things. We request ideas in response to a particular theme. These are assessed for viability and the top five get proposed to leadership. The theme for the first forum, workplace of the future, attracted more than 600 ideas and over 10,000 votes. Ideas around how to enhance flexibility at work was most popular. We now have a cross-functional global team focusing on the future of work. It's looking not just at the practical implications of working flexibly, but at how it enables sustaining high impact at work and at home and broader cultural goals.

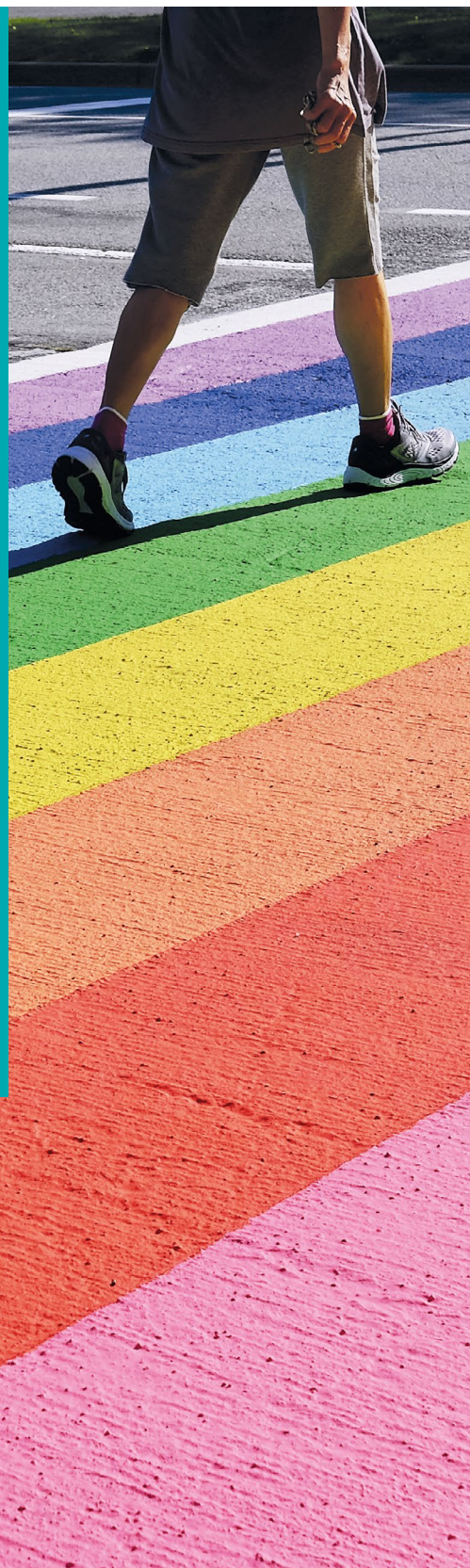
As people spend longer working from home, wellbeing and mental health are coming ever more into focus. In 2020, we paused global operations on two occasions to let people rest and recover in a stressful year, as well as ensuring our people have access to assistance programmes and other tools and resources to support individuals and build resilience. In 2021, this will be a key focus area when we have plans to dedicate more time and resources to employee wellbeing, enabling colleagues to thrive personally and professionally. Colleagues want to find ways to balance their workload more effectively. We recognise that space to stand back and sample different experiences can have a positive impact on productivity and innovation.

CASE STUDY

STRONGER TOGETHER

In 2020, we set up the Stronger Together conversation series – a five-year commitment that aims to shine a light on the inclusion topics that matter most to our people. Laxman chairs employee storytelling sessions that aim to advance understanding across the organisation about the lived experience of people of colour, women, the LGBTQ+ community, those with disabilities and other marginalised or disadvantaged groups. We are also hosting conversations with external guests and thought leaders to challenge our thinking and inform our responses on these topics.

In the first of these conversations, in May 2020, Reckitt people spoke about the reality of being black in America. It provoked strong emotions and sparked a worldwide response. Over 4,000 colleagues attended these sessions, which have also included conversations on LGBTQ+ and women in STEM. Colleagues have shown commendable courage and openness in coming forward to tell their stories. Their stories have helped us all to consider how different experiences impact on people's life chances.



OUR PARTNERS



EXTENDING OUR IMPACT WITH LIKE-MINDED PARTNERS

We work with our partners to deliver practical and sustainable solutions that further our purpose of creating a cleaner, healthier world. We want to build lasting solutions that have real social impact. To do that, we look for partners that share our purpose and endorse our values.

How we engage

Reckitt is on a mission. Our purpose – the relentless pursuit of a cleaner, healthier world – drives our actions and our compass guides our thinking. That sense of purpose underpins our sustainable business model. We further our purpose through purpose-led brands that serve a genuine social need. And that drives growth.

We join forces with others to build shared success. External partners support our efforts with expertise, objective assurance, research and local knowledge. We forge purpose-led alliances that link with our categories and brands. We participate in local and global campaigns to advance social and environmental objectives. And we combine with trading partners to build efficient, resilient supply chains that meet consumer needs and expectations.

Sparking innovation

Innovation for us is not just about making world-beating products, it's about connecting with our consumers in different ways, finding different ways to grow our business and making a difference to society and the environment.

The best ideas can come from anywhere, but there are natural synergies with like-minded start-ups and small-scale disruptors. They bring fresh thinking and new approaches. Our knowledge and resources can scale up their ideas.

Together, we can have a lasting impact in areas that really matter to people's lives.

We reach out to entrepreneurs in many different ways. In 2020, we partnered with Startup Grind, the world's largest independent start-up community, at its tenth anniversary event in Redwood City, California. We hosted a health innovation hack there.

Reckitt mentors guided teams of entrepreneurs and creative leaders. They were supported by our R&D and marketing experts. We gave them 24 hours to prepare mental health solutions for expectant and recent mothers, which they then presented to an expert judging panel. As well as kudos, the winning team won a commitment from Reckitt to explore how to bring its idea to life.

The annual Reckitt Global Challenge is another way we reach out to talented innovators. Our flagship innovation competition attracts hundreds of entries. In 2020, they came from 32 countries on three continents. The teams were asked for ideas that contribute to positive social change. The national winners went to a global final at the annual One Young World conference. They got the chance to work at Reckitt, with their ideas going into our innovation pipeline and mentoring available to support their development.

ACCESS VC

B Corporations are purpose-driven organisations that want to use business as a force for good. The over 3,500 certified B Corps in 71 countries include some of the most innovative and progressive companies in the world. They are committed to combining profit and purpose.

We want to encourage collaboration with these independent, purpose-driven entrepreneurs. Their objectives chime with our own. That's why we've launched our own B Corp venture.

Access VC has been set up to be agile, flexible and a great partner for purpose-driven initiatives. It manages our existing Reckitt minority stake assets, including the Your.MD and Founders' Factory investments. It will be the launchpad for B Corp start-ups in the coming years.

Access VC offers more than just venture capital: it's a cooperative enterprise. Purpose-driven entrepreneurs get access to Reckitt's experts, brands, resources and scale.

Clinical professionals

We engage with healthcare professionals internationally to exchange information, share best clinical practice and sponsor research.

In South America we work with Neocosur, a non-profit, voluntary network of around 30 neonatal units in Argentina, Brazil, Chile, Paraguay, Peru and Uruguay. In India, we worked with senior paediatricians and dieticians to develop the country's first ever milk ladder and tackle cow's milk allergy (CMPA) in infants and young children. We also conducted clinical studies with the Department of Translational Medical Sciences at the University of Naples Federico II to better understand CMPA management.

In France, we worked with the paediatric, gastroenterology and allergy department at the Necker hospital for sick children, Europe's largest paediatric hospital, on research into eosinophilic esophagitis (EoE).

We manage numerous educational partnerships, including with Harvard School of Public Health, the Royal Children's Hospital in Melbourne and SickKids in Canada. We also share our expertise in professional journals and at presentations for international symposiums and congresses, including a virtual CME Symposium sponsored by the Pediatric College of Nuevo Leon and at the World Congress of Pediatric Gastroenterology, Hepatology and Nutrition in Vienna.

Innovative and responsible supply chains

We seek to encourage sustainable practice across the supply chain. To do that, we make sure we source responsibly and we collaborate with key suppliers and manufacturers to advance our purpose. Our Partners to Innovate programme aims to promote sustainable innovation and improve manufacturing processes.

This has included work with Dow to develop a new polymer system for Finish products. These use recyclable feedstock and replace a key petrochemical ingredient with biodegradable materials. We are working with major polymer producers to develop the next generation of recycled materials for high-quality post-consumer recycled (PCR) plastic packaging. We have also developed 100% PCR packaging with Banyan Nation in India for Dettol handsoap.

Manufacture 2030 is a software platform that aims to halve resource use in global manufacturing over the next decade. This industry-wide, cloud-based initiative helps to evaluate and improve the environmental performance of manufacturers, especially in developing markets. We joined the platform in November 2020. We're using it to encourage factories and suppliers to improve environmental performance. The initial 289 third-party manufacturers involved will soon be joined by others, bringing us a step closer to improving environmental performance across the whole supply chain.

In Africa, we partnered with leading e-commerce platform Jumia to simplify consumer access for health and hygiene products. As part of this agreement, we finance free shipping in eight African markets, to reach consumers in Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa and Uganda.

And we're increasing transparency across our supply chains. We have worked with key dairy suppliers, including Glanbia in Ireland and Friesland Campina in New Zealand, to trace milk to farm level. This provides reassurance that key Enfa products use milk from grass-fed cattle – an important issue for many consumers, especially in China.

Responding to COVID-19

Trinity Challenge

In September, Dame Sally Davis, Master of Trinity College of Cambridge, launched the Trinity Challenge in response to COVID-19. She was motivated by the belief that humanity has the means to ensure future health emergencies will not disrupt and destroy lives and livelihoods. But to do that it must prepare now.

The Challenge aims to build a coalition of partners that use data and analytics to develop insights that can protect us all against future health emergencies.

Reckitt is a founding member. We've joined a network of 22 leading institutions including some of the world's best minds and most influential leaders from business, academia and the social sector to help identify and evaluate potential solutions.

Our collaborative research efforts focus on measuring and modelling the socio-economic impacts of pandemics and looking at the cost-effectiveness of non-pharmaceutical health and hygiene interventions.

COVID-19facts.com

There has been a lot of misunderstanding about COVID-19. There have been numerous competing narratives as the world struggled to get to grips with a fast-moving global pandemic. The World Health Organization has warned of an infodemic, with misperceptions on topics such as transmission, cures and protective measures circulating widely.

We teamed up with the Economist Intelligence Unit (EIU) to create a dedicated fact-checking website that aims to debunk common myths. Working in conjunction with Reckitt, EIU experts have been providing authoritative, science-based information on the COVID-19facts.com website since its launch in March 2020.

Advancing best practice

Illicit trade has grown well beyond the capabilities of individual governments and individual companies, and now demands a sustained, coordinated response. Reckitt joined the Transnational Alliance to Combat Illicit Trade (TRACIT) in 2020. TRACIT is a private sector initiative to mitigate the economic and social damages of illicit trade and counterfeit goods.

We also worked with Route 2, to assess the societal impact of our Durex brand. This quantified our impact throughout the value chain, from latex farmers through to end-consumers, as a Total Economic Contribution. Route 2's analysis established that the sale and use of Durex condoms in 2019 had created an estimated £122 million in value through the avoidance of deaths, unplanned pregnancies and sexually transmitted infections and diseases.

With the Danish Institute for Human Rights and our supplier partners, we assessed the whole of our Durex and Enfa value chains in Thailand to understand our impacts and consider how we could strengthen human rights. The DIHR report and our associated action plan has been published.

We are continuing our work to strengthen the human rights and livelihoods of people in our Durex and Enfa networks in Thailand. Our new Fair Rubber commitment is building community benefits and economic stability for the smallholder farmers in Thailand and Malaysia that provide us with high-quality latex for the brand.

Regulatory intelligence

We engage actively in the continuing debate on international regulatory frameworks for nutrition, health and hygiene.

Food law and regulation is a complex and evolving area. We are regularly consulted on policy and participate at high-profile educational events. For example, in 2020, Reckitt representatives presented to a global audience of industry professionals, academics and regulators at a Michigan State University programme on best practice for food safety and regulation.

The Economist Intelligence Unit's two Reckitt-sponsored white papers on self-care and the future of health continue to influence global debate on healthcare policy. Reckitt specialists and partner organisations have published and presented in China, Thailand and elsewhere on the role of self-care and the need to maintain transparent and consistent regulatory frameworks that protect people and support the sector.

In Hygiene, we cooperated with numerous regulatory and industry bodies to authorise and approve biocidal products for use in the battle against COVID-19. Our US regulatory team successfully advocated for the US Environmental Protection Agency to publish its List N of disinfectant ingredients expected to kill the coronavirus. After receiving data confirming the efficacy of our products for this specific SARS-Cov2 strain, Reckitt worked with regulators to expedite registration approvals. In several markets, including Australia, the US and Canada, we were the first to obtain this approval.

We also work with industry groups to develop common standards and enhance international best practice. As active members of the International Association for Soaps, Detergents and Maintenance Products (AISE) we are currently helping to develop the AISE Charter for Sustainability.

CASE STUDY

RECKITT GLOBAL HYGIENE INSTITUTE

In July, we established the Reckitt Global Hygiene Institute (RGHI), a new, fully independent, not-for-profit global initiative to develop insights and scientific analysis that can inform public health initiatives. Our £18m funding aims to strengthen the scientific evidence demonstrating hygiene's importance as a foundation for health. RGHI will act as a research and innovation hub bridging epidemiology, public health, and behavioural insights to generate practical, high-quality scientific research that leads to enduring behaviour change.

The Institute aims to advance understanding of the links between hygiene and health, encourage behaviour change and higher global hygiene standards, and promote best-in-class hygiene science internationally.

RGHI has assembled an expert panel of internationally renowned academics, which will drive and direct its research activities. Its early priorities include advocacy, establishing a new RGHI fellowship programme and publishing cutting-edge research.

Reckitt Global
Hygiene Institute



OUR COMMUNITIES



INVESTING IN COMMUNITIES

We want to make access to the highest quality hygiene, health and nutrition a right not a privilege. We are investing to improve that access in communities with unmet needs where we can have the most impact and through our brands, making high-quality products available to more people. We empower people – with products, education and skills – to make small changes in their daily lives that can unlock progress that lasts a lifetime.

How we engage

Reckitt seeks to play a full and constructive role in society. Our purpose and fight express what that means for us and guide how we make a difference. We believe that everyone has the right to high-quality hygiene, wellness and nourishment. And we fight on multiple fronts to make that happen.

Our social impact investment programme focuses on projects where we can make a measurable, sustainable and meaningful difference. It is centred on three main areas of activity: Sexual health and rights and maternal and child health are two; the third area, which was critically important this year, is clean water, hygiene and sanitation.

Fight for Access Fund

The launch in March of our Fight for Access Fund marked a new phase in our drive to translate our purpose – protecting, healing and nurturing in the relentless pursuit of a cleaner, healthier world – into transformative action for communities.

The Fight for Access Fund is a rallying point for the energy and resources we spend serving our communities. It's there to support projects that improve access to health, hygiene and nutrition for all. We've committed to allocating the equivalent of 1% of our annual adjusted operating profit every year to ensure we continue to broaden and deepen that access. We put this money to work through our brands on programmes that have a lasting, positive impact on people's lives. The Fund invests to improve access in a range of ways: by donating funds to organisations on the ground, by ensuring high-quality products are produced and enhancing their availability, and by educating and informing people.

Combatting COVID-19

In 2020, the collective battle against the spread of COVID-19 was the immediate and urgent priority. We mobilised £32m from the Fight for Access Fund and supplemented this with additional resources from savings during the year, which boosted our COVID-19 related funding to £52m.

CASE STUDY

DISINFECT
TO PROTECT

In Asia, Lysol and the Philippine Red Cross (PRC) joined forces to launch Disinfect to Protect. This aims to break the chain of coronavirus infection by improving hygiene barriers and early diagnosis. Lysol Philippines contributed P36 million (c.£560,000) to boost mass testing. Half of this donation was used to build the Philippine Red Cross Molecular Laboratory, a mass-testing facility. The other half went to towards a COVID-19 Samaritan fund that prioritises testing for around 4,500 of the most vulnerable Filipinos, including pregnant women, the elderly and those with pre-existing conditions. Lysol supplemented this financial support with support in kind. It has equipped the PRC's sample collection facilities and testing laboratories with Lysol products to help keep frontline health workers safe.

We prioritised activities that addressed the stress faced by our consumers and in communities where we operate, to help stop the spread of the virus and break the chain of infection. The Fight for Access Fund supported governments and frontline health workers in 66 countries. The £1 million allocated for NHS workers in the UK was one of 20 major projects targeted globally. And there was strong backing too from our brands. Lysol, for instance, provided \$2 million in matched funding to the US Centers for Disease Control and Prevention (CDC) Foundation.

Dettol committed £6 million to frontline health workers and provided urgently needed medical equipment in Wuhan, China. It also gave 10 million units of Dettol soap to vulnerable communities.

Dettol UK pledged to distribute 150,000 care packages to help frontline health workers and their families stay clean and safe. And it donated pre-purchased media time to the UK Government to help amplify its public health messaging campaign.

Globally, we donated over 27 million products, including 1 million litres of Lizol and Harpic disinfectant for Indian hospitals. And we provided essential PPE for frontline workers, including over 15 million face masks worldwide. We also supported public health messaging through our brand campaigns and by donating media space.

These are just a few of the many direct initiatives we undertook in 2020 to counter the spread of COVID-19. We have also been

combatting the virus with projects that promote clean water, hygiene and sanitation.

Clean water, hygiene and sanitation

We have collaborated on public service campaigns with government agencies, NGOs, national medical associations and other stakeholders and provide funding, products and educational resources to promote handwashing and sanitation in Africa, Asia and the Middle East. We use the strength of our brands to stress the importance of good hygiene. Dettol India's #HandWashChallenge campaign was particularly successful at spreading a vital public health message to a younger demographic. It attracted billions of views on TikTok.

The Banega Swasth India (BSI) campaign has been stressing the importance of hygiene as a foundation for health since 2014. It has helped to instil behaviour change in 13m schoolchildren over the years, reducing diarrhoea and improving school attendance. The spread of COVID-19 through the country added urgency to the campaign. BSI launched its Healthily app and donated Return to School kits, including masks, sanitiser and public health posters, to over a million schools across the country.

For Mission Paani, Harpic teamed up with India's News 18 to highlight the country's water crisis. Their nationwide publicity campaign emphasised the importance of conserving water and ensuring sustainable sources for future generations. It also set up community pilot programmes to construct and renovate water harvesting structures in selected villages.

In 2020, the programme partners recalibrated their message in response to the COVID-19 pandemic. They launched the Swachhta aur Paani campaign in October. This stresses the critical importance of clean water for good hygiene and the urgency of maintaining hygienic and sustainable supplies.

In Kenya, where we have been at the forefront of handwashing campaigns for many years, the biggest obstacle has always been the lack of safe, clean sources of water. In 2020, we joined forces with water.org, donating KSh69m (c.£460,000) from our Fight for Access Fund. This funding will help water.org reach around 68,000 Kenyans living in poverty over the next two years, getting them access to safer water and sanitation.

In the US, Lysol is investing more than \$20 million over the next three years to expand its HERE for Healthy Schools Program. It aims to reach the 15 million children in every Title 1 school in the country by 2022. The 58,000 Title 1 schools across the US are those deemed to have large concentrations of low-income students. The programme provides educational resources that will support the reopening of schools and encourage children to learn healthy habits to protect against the spread of germs in the classroom.

Sexual health and rights

We have a longstanding commitment to combat HIV and AIDS. We've joined forces with the United Nations Programme on HIV/AIDS (UNAIDS) to help protect people with HIV/AIDS during the pandemic. We're using the UNAIDS network to distribute hygiene packs to around 220,000 people living with HIV across Africa. The packs contain a three-month supply of Dettol soap and JIK bleach.

This latest initiative is in addition to our current Durex partnership with (RED) in South Africa, which is helping to keep 40,000 girls in school. Keeping Girls in School, match-funded by the Bill and Melinda Gates Foundation, is a \$10 million commitment that aims to reduce new HIV infections in young women, reduce teenage pregnancies, improve access to sexual reproductive health services and encourage adolescent girls and young women to stay in school.

Maternal and child health

In 2020, we announced a partnership with the United Nations Population Fund (UNFPA), this provides access and support to expectant mothers during the pandemic, in Mexico, Philippines and Thailand.

We also helped expectant mothers in China, our Embrace Life initiative provides access to expectant mothers during Lockdown. With the China Children and Teenagers' Fund (CCTF), Chunyu Doctor, and NCP volunteer, we supported vulnerable expectant mothers in Wuhan and the Hubei Province. Their needs would otherwise have not been met during the pandemic, and the initiative helped them have a safe and healthy birth.

With CCTF, we also continued our 'Better Start in Life' programme. This is helping 10,000 pregnant women and babies, and reduces stunting by 40% in rural China. Nutrition interventions and education aim to prevent stunting, and help break an intergenerational cycle of malnutrition in China.

In India, the Nutrition India Programme (NIP) aims to reach 177,000 mothers of undernourished children across 1,000 villages to improve nutritional status during the first 1,000 days of life. In the five-year program, our goal is to reduce stunting in children under five by 40%.

Give time

Our Give Time programme offers colleagues around the world two paid volunteer days to work within their respective communities. In 2020, Reckitt employees provided 23,147 hours of support to good causes globally, with colleagues donating time, skills and expertise to add real value in their local communities.

The pandemic made volunteering much more difficult this year, but many colleagues found ways to give time virtually. Some connected with elderly and vulnerable people via telephone befriending services. Others sent letters to key workers, carers and healthcare

professionals to thank them for the work they have been doing for their communities.

Reckitt's globally-led Give Time initiatives provide opportunities for colleagues to use their skills and experience to volunteer on a longer-term basis. Reckitt's long-term volunteer programme offers colleagues the opportunity to take part in a 13-week programme. At the start of 2020, four Reckitt employees managed teams of young volunteers in rural community projects in Nepal, Tanzania and Costa Rica. Through these programmes, Reckitt and Raleigh International bring young leaders and local communities together to work hand in hand to build lasting, positive impact.

Formed by One Young World, Lead 2030 is the world's biggest prize fund for young leaders that make an impact on the UN's Sustainable Development Goals (SDGs). Reckitt

volunteers provided online mentorship to young people seeking Lead 2030 funding for their social enterprises. Our mentors shared practical and business knowledge to help them develop marketing strategies, e-commerce platforms and other key resources.

Fairness across the value chain

Communities are at the heart of our value chains. We see it as our responsibility to support people who live and work in them, whether or not they are directly employed by us. Accordingly, supporting human rights across our value chain is an important part of our community engagement. We want to ensure reasonable livelihoods and good working conditions. Enabling decent livelihoods strengthens health and wellness in their communities, which helps us deliver our fight to make access to

the highest quality hygiene, wellness and nourishment a right and not a privilege.

For the smallholder farmers that provide us with natural raw materials, this translates into programmes that help improve productivity or recognise sustainably sourced suppliers with premium payments.

For larger suppliers, capacity-building programmes on both human rights and environmental performance protect and support the local communities where they operate. We work alongside peer companies through the AIM-Progress forum to promote responsible sourcing and strengthen delivery on human rights and working conditions. We are using the software-led initiative Manufacture 2030 to help our factories and other suppliers improve their environmental performance.

CASE STUDY

ACCESS TO EDUCATION IN UNDERSERVED COMMUNITIES

In June, Lysol announced a strategic partnership with UNCF (United Negro College Fund) to provide 100 scholarships for students pursuing studies in public health, nutrition and other STEM related fields, with the goal of supporting each recipient through their time at college over four years.

The Reckitt Scholars programme will expand Lysol's current commitment in the area of public education and efforts to improve access to health, hygiene and nutrition in the US, particularly in underserved communities and those disproportionately impacted by the COVID-19 pandemic.

UNCF is the nation's largest private scholarship provider for students of colour, and awarding more than \$100 million in scholarships to students attending more than 1,100 schools across the US, including 37 historically black colleges and universities (HBCUs).

"We were compelled to take action after observing the disproportionate impact of COVID-19 on underserved communities and the lack of representation of the black community in higher education. It is more important than ever that we use our voice and influence as a force for good and look forward to collaborating with UNCF on this effort," said Ranjay Radhakrishnan, Chief Human Resources Officer, Reckitt.

"At a time when social, health and economic issues are all at the forefront of our national discourse, we are extremely grateful for support from donors, like Reckitt and Lysol," said Dr. Michael L. Lomax, UNCF's president and CEO. "This substantial gift is much needed and will have a lasting impact on students. Thank you for being a stellar example of what it takes to realise the vision of a nation where all Americans have equal access to a college education."





BUILDING A SUSTAINABLE FUTURE

Increasingly, our shared COVID-19 experience is revealing the connection between a healthy planet and healthy people. As a responsible business we want to play our part in addressing key social and environmental issues – our societal impact. It's the right thing to do and it's good for our business.

How we engage

Our new sustainability ambitions mark a step-change in how we engage with the wider world. We are not just concerned with mitigating our negative impacts, we want to do what we can to make things better.

Our new targets reflect our conviction that engaging positively with social and environmental issues underpins long-term growth and offers business opportunities. Reducing emissions, waste and water-use can lower our cost base. Integrating sustainability into our business model drives innovation and resilience. Our purpose-led approach is motivating our people to make change happen, and engages customers and consumers.

Our purpose relentlessly pursues a cleaner, healthier world. That extends far beyond personal hygiene and health, we need urgent action to build a cleaner, healthier planet. Our pro-active stance extends across our supply chain and through all our operations. We have strengthened our climate change commitment with a pledge to deliver for the Paris Agreement by 2030 and an ambition to be carbon neutral by 2040. We share learnings globally across our supply chain to meet consumers' evolving priorities more sustainably and at pace.

In 2020, this included partnering with energy suppliers to accelerate our commitment to renewable electricity around the world. We also partner with raw material suppliers and others to improve ingredients, make packaging more sustainable and use better chemistry.

Our sustainable innovation programme aims to reduce our carbon footprint, packaging and plastics, waste and water-use, while maintaining or enhancing product efficacy. We are reviewing our product range to ensure we deliver purposeful products that meet genuine consumer needs and advance circular economy principles. These principles apply to the energy we use, our ingredients and the way we package and deliver our products.

We have adopted a science-based approach to innovation. Our research and development effort is built on eight global science platforms. These trigger insights and pool expertise to generate more sustainable, even safer and more effective new product innovations.

We are also alert to the effect on nature of our activities and for those communities living in areas where we work or source our raw materials. We are working with local communities to protect the ecosystems that provide key natural raw materials for us, while safeguarding their human rights and dignity, and supporting their ability to earn sustainable livelihoods.

Embedding sustainability into strategy

Our aim is to generate business growth through the positive impact we have on the world. Our progress rests on three main pillars: purpose-led brands, combatting climate change for a healthier world and enabling a fairer, more diverse and inclusive society.

Our strategy is all about creating positive impact. We want to be a regenerative business that adds value to society and the environment. We're combatting climate change with ambitious plans to reduce our own carbon footprint. We're taking steps to improve the environmental performance of our products, factories, co-packers and suppliers. And all of these activities support the planet.

By sourcing raw materials, ingredients and packaging responsibly we protect communities and the ecosystems in which they operate. By respecting colleagues, contractors and suppliers we are encouraging fairness across the value chain. By producing safer, sustainable products, reducing waste, and maximising recycling and reuse, we enable and promote circular economic principles.

Combatting climate change

In June 2020, we announced our ambition to be carbon neutral by 2040, beginning with accelerating our delivery of the Paris Agreement by 2030, through science-based targets. Subsequently, Reckitt was one of the first three global companies to sign up to The Climate Pledge, co-founded in 2019 by Amazon and Global Optimism. Our ambition for carbon neutrality by 2040 is a full decade ahead of the world's goal of 2050.

Over 30 global companies are now Climate Pledge signatories. By agreeing to accelerate decarbonisation, we are signalling the need for a new wave of investments and innovative, low-carbon products and services. Collaboration will drive markets for these and speed up their adoption.

This means reducing carbon emissions from our sites by 65% and powering our operations with 100% renewable electricity by 2030. We are already sourcing renewable electricity where markets allow, and now have 100% renewable coverage in our largest manufacturing bases in the US, Europe, India alongside a number of other countries. All the electricity bought for manufacturing our Hygiene business's brands is now renewable.

CASE STUDY

SAVING TREES WITH SMARTER INVOICING

In India, we are saving trees by reducing paper. Statutory and operational requirements in India require a paper-based invoice trail for all transactions. Invoices make up at least 98% of all the paper consumed by Reckitt India. The India country team revised layouts to reduce the average invoice length from nine to two pages. This will save an estimated 5 million A4 sheets every year, equivalent to 100 tonnes of CO₂ in avoided emissions – simple, but effective.

We are also expanding on-site generation, using solar technology. We are building on successful investments in the US, Columbia, Pakistan, Mexico and India, and creating new projects in Thailand and elsewhere. In Pakistan, our Mauripur factory has expanded its solar energy system by 370kW. The factory had set itself the objective of having 50% of its energy load generated by solar energy. This has now been achieved. Its 507kW capacity solar farm is reducing its GHG emissions by 420 tonnes annually, equivalent to planting around 70,000 trees.

During 2020, we continued to invest in energy-efficiency projects. Several sites implemented initiatives, such as installing electric chillers and automated pump controls.

These steps have helped to propel us past our 2020 goal of reducing Greenhouse Gas (GHG) emissions per consumer unit by more than 40% since 2012 – we in fact achieved a 53% reduction.

We have increased energy efficiency by 27% and will continue to improve on that. While this falls short of our 35% improvement target, this is in part because other urgent priorities, notably GHG reduction, took precedence; we also focused on strengthening product quality and productivity. We will, however, target an additional 25% improvement in energy efficiency from current levels as part of our drive towards delivery for the Paris Agreement by 2030.

In parallel, we have been strengthening our approach to assessing climate change risk. This began in 2018 with a detailed initial study of climate-related risks across all business units. We've continued assessing risks and are progressively mitigating

these in our operations and in our products through our environmental programme.

Our new environmental agenda is a further step along this journey. In 2020, we established a partnership with Judge Business School at Cambridge University. This will further assess the risks and opportunities posed by climate change. This work, which considers both supply networks and product development will become a central foundation for our climate strategy for sustainable growth.

We're developing a 'digital twin' approach with Judge Business School to model a range of climate risk and opportunity scenarios across the business. This is part of a comprehensive investigation across 2021 to further assess the detailed risks to global supply chains and our sites. It will factor in consumer responses and purchasing patterns related to climate change. This frames our mitigation and adaptation responses in supply chains and product development. For example, in water-stressed locations it will prioritise site and catchment activity on water. We will continue to report on the risks we envisage and our response to them. A detailed disclosure on climate-related financial risk, including our climate-related risks and our activities to address them is in our Climate change insight.

Promoting the circular economy

Consumers are increasingly aware of their own environmental responsibilities – a trend driven in part by more widespread access to data. There is growing awareness of the importance of biodiversity and ecosystem protection. The demand for plastics reduction is growing. And they expect companies to play their part.

Society is transitioning from one based on taking, using and disposing of resources to one that applies systems thinking to reduce, reuse, recover and recycle them. The companies that are ready to meet this paradigm shift will be best positioned for long-term growth.

Packaging and plastics

We are actively reducing our reliance on plastics and improving the sustainability of our packaging. By using less material and increasing its recyclability we are reducing cost, promoting the circular economy and addressing consumer, customer and regulatory concerns.

We continue to progress our work to reduce our use of virgin plastics. In 2020, we joined the US Plastics Pact, which works collectively towards the common vision of a circular economy for plastics, as outlined in the Ellen MacArthur Foundation's New Plastics Economy initiative.

We work with numerous partners to extend our ability to deliver impact at scale. Under the Partners to Innovate programme, we are exploring future plastics opportunities by expanding PCR inclusion, developing bio-based resins and investigating chemically recycled resins. Strategic partnerships, with companies like Dow, on new materials, and Veolia, on jointly developed solutions to replace virgin plastic, will help us achieve these goals.

The Veolia partnership has delivered several successful projects in Europe. The injection moulded containers for Finish Quantum now incorporate 30% recycled polypropylene (r-PP) content. Vanish Oxi Powder tubs have 35% recycled polyethylene (r-PE) content. These programmes are being rolled out for other products in Europe and extended to other regions.

We are also working with Veolia on broader circular economy initiatives to stimulate waste collection, add value to waste and influence consumer behaviours to promote the right sorting and recycling habits.

Our Yoyo project in France was a circular economy proof-of-concept initiative to demonstrate cost-effective HDPE recycling. Recycling high-density polyethylene (HDPE) is hampered by the lack of demand for the recycled product. We equipped consumers with distinctive pink recycling bags for their HDPE plastic bottles. These were then returned, via municipal sites, to Veolia facilities for reprocessing. The resulting r-HDPE was used as feedstock, providing 25% of the content in brand new Vanish tubs.

Reducing waste

Our campaign for zero waste across the business has been highly successful. We met our zero waste to landfill (ZWTL) target at all our baseline sites in 2020. Overall, we have also reduced waste by 28% since 2012, almost reaching our 30% target. But we can't and won't stop there. We'll save another 25% as part of our new targets, and increase recycling.

Our Chonburi nutrition plant in Thailand met its ZWTL target in 2018, but in 2019, 6% of its waste was still being incinerated. The factory set out to eliminate all waste incineration by recycling or reusing all of its waste. It achieved this by converting more waste streams to material which could be used by others. For example, developing a new supply stream of spent processed milk and powder for farmers to use as animal feed. Through these and other measures, Chonburi became the first of our sites to achieve not just ZWTL but zero waste to incineration (ZWTI).

CASE STUDY



CIRCULAR FASHION

Minimising waste goes beyond making our own production processes more efficient, it is also about changing consumer behaviour. Fashion has been cited as one of the world's most polluting industries, responsible for 4% of global emissions. It's an entire industry that was built on waste, with the idea that clothes constantly need to be replaced. But it doesn't have to be like that.

Vanish has a different mission. It aims to promote sustainability and responsible clothing consumption. And through its new partnership with the British Fashion Council, its ideas are now percolating through to the fashion industry. The brand has become a founding partner of the Institute of Positive Fashion (IPF). It has been named as a research partner on the IPF's launch project, The Waste EcoSystem, which aims to understand what it will take to create a circular fashion industry in the UK, and how that can be expanded globally.

Innovating for a cleaner healthier world

We've developed a rigorous methodology for developing safe and sustainable products that serve a genuine and growing consumer need. Our global research effort is organised around science platforms on key topics that span business areas. Concentrating expertise in scientific specialisms maximises our ability to develop differentiated science and related insights. These provide the basis for new technologies, materials and formats which can then be developed into superior, even safer and more sustainable products.

Science platforms

Our eight centres of scientific excellence cover specialisms that relate to Reckitt areas of interest. They focus on allergy and immunity, digestive health, entomology, microbiome management, nutrition and cognition, polymer science, sensory enrichment and surface chemistry. Our approach in each reflects principles underpinning the fast-emerging area of green chemistry.

We apply this knowledge in over 20 core technology areas, such as controlled release or surfactants, to a circular design process where consumer, sustainability and business benefits are reinvested in continuing improvement. This innovation process aims to improve on current offerings by developing differentiated products that are more effective and more sustainable.

Careful management of the ingredients we select for inclusion in our products combined with global safeguards form the cornerstone of our approach to product stewardship. We collaborate with partners, suppliers and our customers to find new solutions that both delight consumers and improve on our collective chemical and environmental footprints. Reckitt is proud to have been recognised for these efforts as a 'frontrunner in chemical footprinting' in the Chemical Footprint Project's 2020 results.

Sustainable innovation

Our Sustainable Innovation Calculator helps us compare the sustainability of product innovations with existing benchmarks. We evaluate a product's ingredients, raw materials, packaging and its consumer impacts to assess whether new products are more sustainable. The tool is continually evolving as sustainability knowledge improves. In 2020, we put more focus on ingredients and packaging, alongside carbon and water footprints. We improved its integration into all three global businesses. This helped us deliver 30% of our net revenue from more sustainable products.

We know we need to improve the carbon and water impact of our brands. Since 2012, we have delivered 18% carbon reduction and 13% water reduction. This has improved in the last 2 years but needs to accelerate further. Until now, we have largely focused on our manufacturing operations to reduce emissions. Our new goals go further, reducing product carbon and water footprints alongside reducing plastic and helping consumers recycle after using our brands.

Managing water

Managing water resources effectively is essential for the health of our planet. Millions of people are affected by water scarcity and with climate change the number will rise.

Our biggest challenge is not within our own operations, it's that consumers need water to use many of our products. We are

campaigning to help consumers recognise looming water crises and take steps to address them by using our products more efficiently. We also work with communities in water-stressed areas to give people better access to clean water and sanitation.

The Finish no rinse campaign, which urges consumers to abandon pre-rinsing to save over 50 litres per wash on average, is highlighting the need to conserve in water-stressed regions. Following a successful launch in Turkey, it has continued internationally, with major campaigns in Australia and the US. Globally, thousands of people have pledged to save million of gallons of water annually.

In the long term we aim to be water positive in water-stressed locations within the Group and to sustain water resources in our supply chain. Reckitt is pursuing initiatives that increase water efficiency in all our operations and deliver savings across the value chain. We have surpassed our target of improving water efficiency by 35% by 2020, achieving 39% overall, but we know that to support water resources everywhere, our work cannot stop there.

Many of our factories, especially in water-stressed regions, introduced water-saving and recycling measures. Our Hosur site in India worked with local government agencies and communities to assess hydrology, future supply risks and planned production needs. It then agreed a plan to reduce water use, improve efficiency and enhance access and water retention in its catchment area. It built new dams, excavated ponds and de-silted drainage canals. In Indonesia, the Cileungsi factory built a new reverse osmosis system, upgraded steam traps and reduced its water use by 30%. And on a smaller scale, our Agbara factory in Nigeria has introduced a system for siphoning off ion-rich water from its borehole that it can't use in production, to provide grey water for cleaning purposes.

Protecting ecosystems

We rarely buy natural materials in their raw state, but as the ultimate user of natural refined materials we are as responsible for their sustainability impacts as our suppliers.

In 2020, we joined the CGF Forest Positive Coalition as one of 19 members committed to ending deforestation. With a collective market value of over \$1.8 trillion, the coalition has the scale and resources to accelerate systemic efforts to protect ecosystems and move towards a forest positive future.

Sourcing responsibly is in our own interests. We make future supplies more resilient by respecting the communities that produce our raw materials and the ecosystems in which they live and work. We work with partners on the ground to combat biodiversity loss while supporting labour rights and human dignity.

Currently, much of the seven million hectares of forest land lost annually is converted to palm oil production. More than 40% of palm plantation land is farmed by smallholders. They face intense competition and in many cases cannot afford to farm sustainably. We monitor deforestation through supplier programmes and the Starling satellite mapping approach we operate with our peers, but to reduce this consistently we also need to change the economics of land clearance for farmers.

Our programme with the Earthworm Foundation improves livelihoods for small farmers. It supports certification and assists them with intercropping projects to make their land more productive and sustainable. Alleviating the pressure on them to clear new land helps to prevent deforestation.

In 2019, we commissioned the Danish Institute for Human Rights to conduct country-level human rights impact assessment (HRIA) of our Durex and Enfa value chains in Thailand. Following its report in 2020, and to reduce the risk of deforestation in rubber farming, we have introduced our Fair Rubber commitment. This provides latex farmers in Thailand with a price premium that supports their livelihoods while also strengthening the supply of latex we depend upon and reinforcing sustainable farming principles. The programme is similarly investing in communities working on rubber plantations in Malaysia to support their long-term sustainability.

CASE STUDY

POLLEN COUNT

Understanding the importance of biodiversity requires more than abstract, intellectual engagement. Although a relatively small project on its own, the Nowy Dwor employee-led bee-keeping project has the potential to open minds to the importance of biodiversity.

The Nowy Dwor site joined a national project to promote biodiversity led by Polish NGO, Liga Ochrony Przyrody (LOP). Reckitt is hosting four beehives and Reckitt employees are being taught how to care for bees. Honey is collected and packed for us. The honey is also laboratory tested and is helping conservation organisations to monitor the state of the environment.