

**This statement, which forms part of the Strategic Report, is intended to show how Reckitt's Directors have approached and met their responsibilities under section 172 of the Companies Act 2006 during 2020. The statement has been prepared in response to the obligations set out in the Companies (Miscellaneous Reporting) Regulations 2018, and the UK Corporate Governance Code 2018.**

As required by section 172 of the Companies Act 2006, a Director of a company must act in a way s/he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- company's reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

As a Board our aim is always to uphold the highest standards of governance and business conduct, taking decisions in the interests of the long-term sustainable success of the company, generating value for our shareholders and contributing to wider society. We recognise that our business can only grow and prosper over the long term by understanding the views and needs of our stakeholders. Engaging with stakeholders is key to ensuring the Board has informed discussions and factors stakeholder interests into decision-making.

### Considering stakeholder interests

The Board is responsible for promoting the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. The Board aims to ensure effective engagement with, and participation from its shareholders and stakeholders. The Board commissioned independent research in 2019 to identify stakeholder views and expectations of Reckitt. The findings were incorporated into, and continue to form part of, the Board's decision-making processes. This includes the use of meeting paper templates which set out stakeholder considerations, providing the Board with assurance that potential impacts on stakeholders are being carefully considered by management when developing plans for Board approval.

The Board is also responsible for assessing and monitoring the company's culture and for ensuring its alignment with the company's purpose, values and strategy. The Board's normal meeting schedule includes meetings with local functional teams and members of the workforce and visits to different operational areas of the business, including offices, sites and factories. The September Board meetings are normally held off-site, to enable the Board to engage with different areas of the business. In 2020, the normal meeting schedule was impacted by the COVID-19 pandemic and the consequent inability to have face to face meetings. However, even with meetings needing to happen virtually, workforce engagement took place virtually.

The Designated Non-Executive Director for engagement with the company's workforce, Mary Harris, engages with the Group's workforce throughout the year and provides updates to the Board on workforce engagement activities. The Board receives meeting papers which provide updates on employee culture and the results of internal employee surveys. The Board also reviewed internal video broadcasts including from the 'Stronger Together' series, in which employees spoke directly about their experience.

### How the board engaged with its stakeholders during the year

#### Interests of our employees

The Board recognises the benefits of personal interaction and informal discussions in learning more about day-to-day operations, the development and execution of strategy, and gathering direct insights into culture from workforce engagement. The Board had regular reviews of talent, employee engagement and culture. There were direct interactions at Board meetings with key people in the business on a variety of topics.

As part of the September 2020 Board meeting schedule, Board Directors and the General Counsel & Company Secretary worked together to hold virtual roundtable sessions with small groups of Reckitt employees.

Employees shared their thoughts on working at the company, its culture, purpose and mission, and their ideas about what could be improved. Following these meetings, each pairing provided feedback to Mary Harris, who in turn fed this back to the Board. The Chairman and other Board members were also actively involved in meeting top talent and future leaders during the year. These insights were invaluable in helping the Board understand employees' interests and factor them into its discussions and decision-making.

Amidst the ongoing COVID-19 pandemic, ensuring continued wellbeing for employees, both physical and mental, has been a high priority for the Board and senior management. Safe social distancing was preserved for all office-based employees as in most countries they worked from home throughout the pandemic. Maintaining safe working environments in our operational sites was also key and we established COVID-19 working practices including temperature checks and the provision of PPE. We updated our people policies and practices, encouraged virtual learning and leadership support through our Reckitt learning platform. We also ran virtual social events such as cook-alongs, quizzes and fitness classes and challenges.

Management maintained visibility by way of regular virtual townhalls and by direct engagement through broadcasted sofa conversations with senior leaders. We have conducted regular employee surveys as one way to measure our success and to help us adapt our approach to supporting our workforce. These showed employees overall were happy with our internal response to the pandemic. Willingness to recommend Reckitt as a place to work was higher than ever before during this time.

Our compass is key to our distinct culture and is also encapsulated in Freedom to Succeed, our employee value proposition, which rolled out during 2019. Freedom to Succeed represents the environment at Reckitt, where colleagues are empowered to share ideas, generate solutions, and contribute to the successful running of the company. In 2020, we also launched the Sir James Reckitt Award as a way to acknowledge outstanding teams who truly go above and beyond. This highly coveted award celebrates exceptional teams doing exceptional work in service of our purpose, fight, and compass. The worthy recipients for the inaugural award were the team in the factory near Wuhan, China for their commitment to manufacturing essential disinfectant through the early stages of the COVID-19 pandemic in China.

In the realm of diversity, inclusion and belonging, our culture was further enhanced in early 2020, with the launch of the 'Stronger Together' conversation series. These sessions focus on employee storytelling, enabling greater understanding across the organisation of race, gender and LGBTQ+ inclusion. Board members have attended the sessions this year, hearing first-hand the lived experiences of colleagues. We use this awareness to foster a more inclusive environment – to be 'stronger together'. There is an initial five-year commitment to the series, with a review of the frequency and effectiveness after the first 12 months. These sessions will continue to be about listening and learning, covering a broad range of inclusion and diversity topics. There is also a commitment, three times a year, to invite external voices to join these sessions, giving Laxman and the senior management team the chance to ask questions and to hear from customers, suppliers, partners and thought leaders about these important topics.

All employees are encouraged to make their voices heard. Our Purpose Council, comprised mainly of younger employees, identifies and adds momentum to social and environmental initiatives. Senior managers have mentors who are earlier in their career and in more junior roles. These mentors are empowered to provide input and share the wisdom of younger generations. Our Speak Up whistleblowing policy provides safe communication channels for those wishing to raise concerns. More information on our engagement activities can be found on pages 41 to 43.

The Board has undertaken a thorough exercise to understand the composition of the Reckitt workforce, and while we are primarily focused on permanent employees, we remain alert to any issues with employees of our subcontractors and ensure our procurement contracts have the highest possible requirements regarding working conditions.

## CONNECTING WITH PEOPLE WITH PURPOSE



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I will continue to engage actively with employees in 2021 alongside my fellow Directors to ensure the Board's decision-making is enriched by their insights and reflects their experience.

**Mary Harris**  
Designated Non-Executive Director  
for engagement with the  
company's workforce

During 2020, direct Board engagement with colleagues has been invaluable in helping to ensure that, in an extremely challenging year, we put colleague safety and wellbeing first, while ensuring we fulfil our purpose for our consumers, customers and the communities in which we operate.

My meetings and conversations with colleagues during the year have reinforced my sense of the company's culture of ambition and commitment, with a clear purpose at its core. The opportunity to make a positive difference is a major motivating factor for the people here. It validates the Board's decision in February 2020 to endorse our purpose-led strategy.

The new purpose, fight and compass continue to inspire and unite colleagues. In the unfamiliar and testing conditions imposed by COVID-19, feedback from surveys and direct conversations suggested even greater shared determination to deliver our purpose, despite an inevitably intensified workload. Management's response to that, a gift of two additional holiday days for all employees, was warmly endorsed by the Board.

The Board has monitored the impact of COVID-19 on colleagues closely, including understanding the initiatives taken to support physical safety, as well as their broader wellbeing and mental health. I saw this for myself in the future workplace initiative, which solicited feedback on employee experience. My participation in the 'Stronger Together' conversation series deepened my appreciation of colleagues' concerns on Black Lives Matter and broader diversity and inclusion themes. Feedback from these sessions influenced the new Diversity and Inclusion strategy endorsed by the Board in 2020.

The Board is monitoring the strategic and cultural transformation at Reckitt through periodic surveys and direct interactions with colleagues. Regular employee engagement allows rapid follow-up where issues occur, and informs resourcing requirements and investment in new capabilities, as evidenced in 2020 by the Board's agreement to launch an entirely new business line, Global Business Solutions.

The employee voice was further enhanced through the appointment in 2019 of Mary Harris as the Designated Non-Executive Director for engagement with the company's workforce. As part of her role, Mary has the same access to internal communications materials, channels and events that Reckitt employees do. During the year, Mary has been involved in key conversations with the workforce, relaying this information in Board discussion where appropriate.

### Shareholders

The Board also continued engagement with investors. Several Non-Executive Board members participated in one-on-one investor meetings, in addition to the normal meetings between executive management and investors and analysts. Our Chairman, CEO and CFO had extensive interactions with many of our key shareholders, particularly upon the announcement of our new strategy. The restrictions imposed by COVID-19 limited our ability to meet in person. However, we were able to participate in a number of virtual meetings. Our CEO participated in numerous conferences, many of them hosted by banks, in forums and fireside chats with international investors.

The Chair of our Remuneration Committee has continued to have a close dialogue with shareholders in respect of executive remuneration, and we are pleased to note the continued support for our approach to the Remuneration which shareholders approved in 2019. The Chairs of both our Audit and CRSEC Committees also participated in one-on-one investor meetings on an ad-hoc basis.

We welcomed the opportunity for individual shareholders to submit questions ahead of our AGM in 2020, which was held as a closed meeting with a virtual webcast due to the COVID-19 pandemic. Board members listen and respond to shareholder views and feed back to the business as necessary. More information on our engagement activities can be found on pages 37 to 39.

### Fostering relationships with our customers, partners and suppliers

Our CEO engaged with several key customers, partners, and suppliers to maintain and build on our existing relationships and ensure that key stakeholder concerns are understood and reported back to the Board.

We engaged with our customers to improve supply provision and communications. Increased international demand, particularly for hygiene products, combined with the global supply chain disruptions caused by COVID-19, required continuing close engagement with our suppliers and logistics partners.

Output was increased by focusing on full pallets, shipped direct from factory to customers and we prioritised essential products across our customers. Service was a constant element of our supplier engagement agenda, which helped maintain supply, when for many products such as Lysol and Dettol, demand increased hugely during the pandemic. Collaboration with suppliers in every market helped ensure continuity of supply of ingredients and packaging, while also enabling us to qualify new suppliers and co-packers to help meet demand.

Reckitt's 'Partners to Innovate' programme with suppliers not only enabled this unprecedented increase but also supported our innovation pipeline with, for example, access to new packaging materials that meet growing consumer demand for recycled plastics and our own sustainability ambitions. A virtual meeting with key suppliers in December, involving our CEO and Chief Supply Officer, further strengthened our supplier relations, while generating support to deliver our strategy, standards of customer service, innovation opportunities and wider ESG agenda.

Our Third Party Code of Conduct, available on our website, sets out the standards we expect of any suppliers (and their contractors) working directly with or on behalf of the Group to maintain trusted business relationships in accordance with the Group's values, culture, policies, procedures and applicable laws.

From a customer perspective, support for business partners in delivering their hygiene standards through the pandemic has been a strong element during 2020. An entirely new professional business channel was developed, based on the trust consumers have in our brands. Reckitt's Global Business Solutions came from a standing start to build partnerships with Avis Budget Group, Transport for London, Amtrak, Airbnb, British Airways and Delta Airlines, amongst others. Reckitt supports them with the expertise, knowledge, and products they need to provide their customers with the highest standards of hygiene and safety that our brands guarantee. Reckitt partnered with the Hilton Group, to launch the 'Hilton Cleanstay' programme to deliver high standards of cleanliness and disinfection in Hilton properties around the world. In a first for the hospitality business, Reckitt and Hilton are collaborating with the Mayo Clinic to help Hilton guests enjoy an even cleaner and safer stay from check-in to check-out.

Reckitt's reputation with customers and consumers is strengthened by our scientific experience and global capabilities. We continued to develop our scientific credentials during 2020, and in July launched the 'Reckitt Global Hygiene Institute' with key partners in medical science, health and education. The aim of the Institute is to generate high-quality scientific evidence to inform public health recommendations and promote behaviours that improve global hygiene, underpinned by our belief that access to the highest quality hygiene is a right not a privilege and that hygiene is the foundation of health. More information on our engagement activities can be found on pages 33 to 35 and pages 45 to 47.

### Impact on our communities and the environment

In 2020, the COVID-19 pandemic meant we had to act with urgency to address the stress faced by our consumers and communities where we operate, to stop the spread of the virus and break the chain of infection. Reckitt's Fight for Access Fund was established to work with partner organisations, help frontline health workers, promote behavioural change, and help the communities in which we live and work. We mobilised over £52m to address our fight against the spread of COVID-19, across 66 countries, including donating Reckitt products to the NHS, partnering with Meals on Wheels Australia to support and protect the elderly and partnering with UNAIDS to help protect people living with HIV across Africa. More information on the Fight for Access Fund can be found on our website at [www.reckitt.com/sustainability](http://www.reckitt.com/sustainability) or in the Communities section on pages 49 to 51.

Our purpose – to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world – puts us at the centre of the most pressing issue facing the world today. Our commitment to this purpose is evidenced by our new sustainability ambitions for our products and business activities and the impact we have on society and the environment as a whole. In developing these, as outlined in pages 52 to 55 we have considered the most material issues facing Reckitt, and are working with peers, customers, governments, and civil society to meet shared aims. For example, our commitment to accelerate delivery on the Paris Climate Agreement for 2030 and our ambition for carbon neutrality by 2040 aligns with Governments globally and many of our key customers, including Amazon with whom we are partners in delivering their Climate Pledge. We have also joined the global consumer-facing 'Count Us In' coalition to mobilise consumers and indeed our own teams in measures to combat climate change at an individual level. With these points in mind, it was pleasing to secure FTSE4Good Index accreditation for the 17th consecutive year.

The Board will look to continually engage stakeholders to drive sustainability performance and deliver positive societal impact. An immediate example of this was our Board listening session to investigate the impact of climate change and especially water scarcity on our business, value chains and people living in the communities where we work. Members of our CRSEC Committee, joined by our CEO and leading executives, heard from representatives of international NGOs, Indian State Government, the investor community, the UK Government who are hosting the 2021 global climate conference, and a key Reckitt customer, Amazon, which has prioritised climate change in its work. The session provided an excellent review of the issues facing business and communities, and the perspectives of the different stakeholders on climate change and water scarcity. It enabled Reckitt to embrace these perspectives in its work and supported stronger oversight of the agenda amongst the CRSEC Committee members involved. Further sessions are planned during 2021 on a range of ESG issues. More information on our engagement activities can be found on pages 49 to 55.

## Stakeholder influence on long-term strategic decisions

### Strategic review

The strategic review which commenced in 2019 continued into 2020. Feedback from multiple stakeholders, including customers, shareholders and employees, has informed our new strategy. The Rejuvenating Sustainable Growth strategy, including our new purpose, fight and compass, was approved by the Board in February 2020.

From early on, the priority was to listen and to learn. In the months leading up to the announcement of our new strategy, Laxman and his team spent time in markets all around the world and met key customers. They visited field operations, factories, research and development centres, and spent time with the sales teams. Laxman spoke to shareholders, alumni and many employees, a large portion of whom are shareholders in Reckitt. The team analysed our performance and assessed our capabilities versus our competitors.

The conversations with customers and sales teams identified numerous opportunities for collaboration based on areas of common interest that remained underdeveloped. This helped to highlight the importance of investing more in global customer relationships. An entrepreneurial, can-do spirit and a sense of personal commitment to their work emerged as common attributes among Reckitt employees. And even before the COVID-19 pandemic, many stakeholders, including employees and institutional investors, expressed the view that Reckitt should focus on long-term growth and that this was best achieved by strengthening its social and environmental commitments.

These discussions helped Laxman and his team crystallise a purpose-led strategy, with several mega-trends acting as tailwinds, to rejuvenate long-term sustainable growth. We announced that our business would operate as three Global Business Units: Health, Hygiene and Nutrition, leveraging scale to build capabilities and reflecting our core purpose of protecting, healing and nurturing. There would also be a specific focus on China and a company-wide digital capability. The implementation of this strategy will be resourced by a three-phase investment plan, largely funded by productivity. At the heart of the plan is the creation of long-term shareholder value, which will be achieved by meeting the needs of all stakeholders, through the relentless pursuit of a cleaner and healthier world.

The COVID-19 pandemic has reinforced key elements of the new strategy; it has, for example, become sadly all too apparent that hygiene is the foundation of health. Our new purpose, fight and compass have proved timely and relevant. As an example of putting the new strategy into action in the context of the pandemic, in June, the Board endorsed the launch of a new business unit, Global Business Solutions. The business case for the launch rested on consultations and initiatives with Reckitt's customers and professional partners. We also see digital as a key area of growth and the pandemic has accelerated the switch to digital consumption. Our strategic priorities include driving business performance, engaging with our workforce and other stakeholders, and managing potential risks, including those arising from numerous workstreams running concurrently under our transformation programmes. The transformation programmes that will help position us to meet our business objectives may prove easier to implement in a fast-changing world.

### Diversity and Inclusion strategy

Stakeholders play an increasingly important role in shaping key decisions. The Board incorporates their feedback into its discussions as a matter of course. It also factors stakeholders' views into its decision-making process. For example, before endorsing the company's Diversity and Inclusion strategy in June 2020, the Board listened to employee and external stakeholder voices in the 'Stronger Together' conversation series and via other forums. Their views and stories had a profound influence on the final approved strategy.

### 2021 Financial Plan

In November 2020, the Board approved Reckitt's 2021 Financial Plan. Although no formal engagement with stakeholder groups contributed to this decision, the 2021 plan was a continuation of Reckitt's February 2020 strategy. As such, it advanced Reckitt's purpose-led strategy, which aims to deliver strong, sustainable returns to all stakeholders. The plan included mechanisms and resources to represent stakeholder interest and increase engagement.

Throughout this Annual Report are further examples of how we take into account the likely consequences of our long-term decisions. It demonstrates how we build relationships with our stakeholders; the importance of engaging with our employees; and how we understand and address our impact on the environment and the communities in which we operate; and how we strive always to behave responsibly.