



RECKITT SUSTAINABILITY INSIGHTS

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Changing our approach to reporting

We believe that high standards of corporate governance, combined with a rigorous, open approach to reporting, are central to running our business with integrity, and to maintaining the trust of our stakeholders.

Our new Reckitt Insights can be individually or collectively downloaded, offering detailed information tailored to each stakeholders' needs. More information on this is found within the Sustainability governance, reporting and assurance insight sheet. This is part of Reckitt's continuous improvement journey and we would welcome your feedback toward further improvements.

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OUR SUSTAINABILITY AMBITIONS

Rejuvenating growth, sustainably

Reckitt's purpose is to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world. It's the basis of our business strategy, delivered through our three business units – while our sustainability agenda frames our ambition to make the greatest positive impact we can on society and the planet.

Our Compass



Our fight

This time last year, we said we had a fight on our hands. A fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege; a fight to make the daily necessities of information and products promoting good health and hygiene available to us all. That is why in 2020 we also launched our Fight for Access Fund, to ringfence an annual investment equivalent to 1% of adjusted operating profit to improve access to high-quality products, providing education and information, and driving availability.

No year could have demonstrated this truth better than 2020, with the devastating effects COVID-19 has had on health and livelihoods all around the world. The pandemic naturally led to a huge increase in demand for our disinfectant brands like Dettol and Lysol, hygiene

protection being the first step in reducing transmission. Our immediate priority was to help people by keeping our operations running safely and making a huge amount of extra product available. And we played our part in getting the hygiene message out through one of the largest public health education campaigns in history.

Dettol's #HandWashChallenge, which encouraged people to wash their hands, started in India in April and by November 2020 had generated more than 125 billion views around the world. This was no traditional public health campaign. Using TikTok, it invited people to create their own dance moves around washing their hands, set to a bespoke soundtrack with a branded Dettol banner.

Societal impact through our purpose-led brands...

This is a core example of Reckitt's philosophy of empowering people to improve their own hygiene, wellbeing and nutrition. It's why all our brands are increasingly following a purpose-led path, starting with innovation, which maximises the benefits to consumers while balancing the wider impacts we have on society. Many of our brands already champion an issue which is authentically and meaningfully connected with the product. For example, Vanish and its partnership with British Fashion Week, promotes cleaning and reusing clothes while Dettol and Harpic focus on water and sanitation for health and hygiene.

Our bold ambition by 2030 is to reach half the world with brands that help people live cleaner, healthier lives and enable a cleaner, healthier world. We also aim to engage two billion people each year to make a positive societal impact, through our partnerships, programmes and campaigns. Whether through our brands or our Fight for Access Fund, or our value chain, the impacts we create contribute towards delivering the UN's Sustainable Development Goals (SDGs).

And our target by 2022 is for all of our global brands to deliver on their purpose and build connected causes, aligned with the SDGs, that we should fight for, and where we can have the most impact.

...and sustainability as a whole through our company

Major megatrends are fuelling and strengthening our brands, and are reflected in our overall business strategy. Urbanisation and global warming mean denser populations living in warmer places needing more effective hygiene – and hygiene is the foundation of health. The growing pressures on public health systems are increasing demand for self-care through good health and hygiene. Growing populations need improved nutrition. And, with more people on the planet, sexual wellbeing is an ever-higher priority. Underpinning all our growth opportunities are developments in technology, which are transforming not just what people buy, but how they buy.

FOR A CLEANER, HEALTHIER WORLD: OUR 2030 AMBITIONS

Our strategy

Our purpose:
to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world

Our fight:
to make access to the highest quality hygiene, wellness and nourishment a right, not a privilege

Our compass:
doing the right thing, always

Our DNA:
200 years of people-led, scientific innovation and social impact

Purpose-led brands

- 50%** of net revenue from more Sustainable Products by 2030
- 50%** reduction in our product carbon footprint by 2030 and water footprint by 2040
- 65%** reduction in chemical footprint by 2030
- 50%** reduction of virgin plastic in packaging by 2030

Healthier planet

- Carbon neutral by 2040
- Water positive in water stressed sites by 2030
- 65%** reduction in GHG emissions in operations by 2030
- 100%** renewable electricity by 2030

Fairer society

- An **inclusive** culture, where everybody is treated fairly and equally
- Our teams represent the **diverse places where we work** and the people we serve
- 50/50** gender balanced management at all levels by 2030

A cleaner healthier world through the power of our purpose-led brands

Reach half the world with brands that help people **live cleaner, healthier lives**

Engage 2bn people in our partnerships, programmes and campaigns

A lasting difference in communities through our **'Fight for Access Fund'** and our programmes

Working with our partners to help deliver the **UN Sustainable Development Goals**

Our sustainability ambitions continued



Our business strategy recognises these megatrends, and our business growth is anchored in responding to them. We don't just manage risks, but create opportunities through these trends by delivering our purpose: the relentless pursuit of a cleaner, healthier world. Business is increasingly expected to contribute positive societal impact. This expectation has grown through the pandemic, but is also at the heart of the SDGs. It's the contribution of business as a global corporate citizen. For Reckitt though, that contribution is not new. It's embedded in our 200-year heritage. It's the legacy of James Reckitt and the social impact he created when first setting up his business, for his teams and the local communities.

This has led to our ambitions for 2030, delivering our purpose. By reaching half the world with brands that enable a cleaner, healthier world, we're finding ways to win our fight. Our ambitions and activities to deliver them are framed by the three pillars of:

- **Our purpose-led brands**, where we can reach two billion people with programmes, partnerships and campaigns, and with innovations that are even safer, more effective and more sustainable to enable a cleaner, healthier world
- **A healthier planet**, where combatting climate change while protecting and even regenerating ecosystems and biodiversity help enable a healthier planet and public health associated with it
- **A fairer society**, where as an employer and in our value chain we can enable a fairer, more diverse and inclusive society.

Some of our work will be an extension of what we're already doing, and in other cases we'll build new and stronger activity, and positions for the future. We'll build these activities, developing our approach as we work with partners and communities around the world. For us, and indeed many people, solutions to global challenges are always being developed. It's fair to say that nobody has all the answers yet. But we're working hard to find ways forward which will make the greatest positive impact, while progressively avoiding any negative impacts.

No company can be a leader in every aspect of sustainability. We need to be most ambitious where we can make the biggest difference by innovating and achieving at scale. For Reckitt, this is through our purpose-led brands; how we enable a healthier world through our products and value chain; and how we enable a fairer society as an employer and within our value chain.

Even so, we must deliver credibly against our ambitions for our entire sustainability agenda. Just because we emphasise certain key areas, it's not acceptable to overlook others where we may have an impact.

Joining forces to win bigger

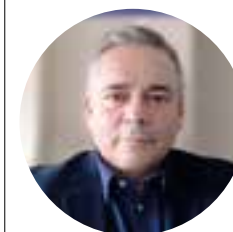
Our agenda covers major societal challenges that we simply cannot solve alone – issues like climate change and the circular economy. For example, one of our circular economy goals is for 100% of packaging to be recyclable or reusable by 2025; but in the US, one of our largest markets, you cannot currently use recycled plastic in some products, such as infant formula packaging. In many countries the recycling infrastructure is weak, which makes it even harder to collect and then reprocess plastics to recycle them. At best, they're recycled, but this is often a small proportion of the overall packaging. Packaging not recycled may be incinerated or landfilled; at worst it simply pollutes the environment. Solving issues like these means working in concert with multiple stakeholders such as our industry peers, retail customers, the waste management industry and governments. And this kind of change takes time – as does, for example, building our response to climate change in our manufacturing sites and suppliers, or regenerating key ecosystems such as the Great Plains in the US, where our programme with Air Wick will require working with farmers and local communities.

Downstream (when our products reach customers and consumers), the largest impact comes from how people use and dispose of our brands. Product innovation that helps consumers in these areas is critical to our sustainable growth ambitions. Our brands can also build awareness so that these changes become new habits for consumers. This is where our programmes and campaigns can create more impact by reaching billions of people.

We must also be alive to changing expectations. Lockdowns all over the world massively accelerated the trend towards shopping online this year. This shift towards e-commerce means more pressure on logistics and delivery services. Product weight affects both cost and carbon emissions. So we need to think about how we can reduce the weight of our products without losing any of their effectiveness. These trends are driving our sustainable innovation process and our aims to reduce our products' carbon and water footprints, use more sustainable ingredients and packaging, and connect to consumers in different ways.

An urgent – and inspiring – opportunity

We're running out of time to meet the UN Sustainable Development Goals. The clock is ticking. We have to act quickly and it's my belief that the companies that do so will be rewarded. While we're making progress, there is still so much more for us to do. That's why we're investing more than £1 billion over the next ten years in our relentless pursuit of a cleaner, healthier world.



Miguel Veiga-Pestana

Head of Corporate Affairs & Chief Sustainability Officer

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

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FOCUSING ON WHAT MATTERS

Prioritising our most material issues guides our strategy, helps us manage risks and creates opportunities. It's an essential starting point for putting sustainability at the heart of our business strategy, so we can make a real difference to the issues that matter most.

Working with clear priorities

Part of being a responsible global business is doing our best for our many stakeholders – from customers, consumers and communities, to investors, suppliers and employees across the world.

Our starting point is establishing a clear understanding of what matters most to both internal and external stakeholders. This guides our strategy, policies and communications and helps us manage our impact and relationships. It's how we can ensure we make the greatest difference.

Refreshing our agenda to meet changing needs and expectations

While the fundamental issues remain the same as those set out in our 2019 Materiality Assessment, the world has changed. We need to address both short-term challenges from the global pandemic and the shifting expectations of internal and external stakeholders. Therefore, issues such as diversity and inclusion, and employee health and wellbeing, have been increasingly important for our business this year.

This year, we consulted stakeholders as part of the development of our new Sustainability Strategy, alongside horizon scanning, benchmarking and peer group reviews. This process confirmed our key priorities, gave us fresh insights and helped us review and update our materiality agenda.

Understanding what matters

These fresh insights led to our June 2020 pledge to accelerate the delivery of the Paris Climate Change Agreement to keep global warming to below 1.5 degrees Celsius, along with the three key themes of our Sustainability Strategy:

- Purpose-led brands that enable more sustainable products. A spike in demand for our products during the pandemic slowed our progress to switch to more sustainable ingredients and also increased our use of plastic.
- A healthier planet, by combating climate change. We recognise the threats posed by climate change, not just to our business, but to ecosystems and societies around the world, from changing weather patterns exacerbating floods and droughts, to economic migration and threats. This also connects to our ambition to protect our eco-systems – we increasingly recognise that the health of our planet and our people are connected in our pursuit to contribute to a cleaner, healthier world.
- A fairer, more inclusive and diverse society, which we can enable as an employer and in our value chain. We focus on our employees, partners in our supply chain and our consumers. See our [Human rights insight](#) for more information.



Focusing on what matters continued

Six key priorities remain

Against the backdrop of COVID-19 and the three themes underlying our new Sustainability Strategy, the six priorities identified in our 2019 materiality assessment remain important to us:

- Global health and development, and public health challenges
- Product quality and safety
- Packaging and waste
- Traceable, responsible ingredients and impacts on land and biodiversity
- Water consumption and quality
- Fair wages and working practices, and supply chain labour rights.

These support the needs of our stakeholders: our consumers and customers, our employees, investors and governments.

Global health and development, and public health challenges

In 2020, with the devastating effects of COVID-19 on health and livelihoods across the world, our fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege took on a fresh urgency and significance.

The pandemic naturally led to a huge increase in demand for our disinfectant brands like Dettol and Lysol – protection being the first step in stopping transmission of the virus.

We mobilised £52.8 million from our Fight for Access Fund to address our collective fight against the spread of COVID-19. For example, in March 2020, Dettol committed £6 million to frontline health workers in Wuhan, China, answering the urgent call for critical healthcare equipment. Working through our brands alongside national governments and national medical associations, we delivered educational public service campaigns on the importance of handwashing and sanitation in more than 12 countries, including Bangladesh, Pakistan, Indonesia, Nigeria and Vietnam.

Product quality and safety

This fundamental issue is central to the effectiveness, credibility and reputation of our brands. In May 2020, Dettol and Lysol were confirmed 99.9% effective against the SARS-CoV-2 virus which causes COVID-19 through peer review in the American Journal of Infection Control. Throughout 2020, these brands played a key role in protecting consumers from the virus, due to their antibacterial benefits.

Our goal is that there will be no compromise in efficacy between safer, alternative ingredients that are also sustainable. (See our [Product stewardship](#) insight for more on our activities in this area in 2020).

And through our Safer Choice partnership we maintain transparency of information about the materials we use.

We're incentivising our employees to prioritise product quality and safety. For example, 100% of high-risk products must have a Product Safety Evaluation Report (PSER). At Reckitt, every new product must have a Product Safety Evaluation before launch, a measure directly linked to the executive target. For more, see our [Product safety and quality insight](#).

Packaging and waste

Consumers are continuing to increase their demands for packaging that uses less plastic and is recyclable. Consumers expect action and our employees also want us to lead in this area. While this is a long-term investment and commitment, we continue to work hard to make progress through innovative packaging, product design and partnerships.

For example, in 2020 we ran a pilot partnership with French start-up Yoyo. We gave 150 households in Lyon Vanish-branded, grocery-type recyclable bags to make it simpler to sort their plastic waste. And that meant our other project partner Veolia could recycle a sample total of 600 kg of HDPE plastic into pellets, which our R&D Vanish team transformed into Vanish packaging. This successful result demonstrated that there are extra ways we can help increase recyclability.

However, COVID-19 also created short-term challenges for our sustainability agenda, as demand for our products surged. High demand for disinfectants outstripped the supply of PCR (recycled plastic) for bottles. This increased our footprint in this product area, as we used more packaging but couldn't increase the percentage of recycled material as much as we wanted.

We've also introduced more recycled paper and cardboard with a lower environmental footprint. See our insights on [Product stewardship](#), [Plastic and packaging](#) and [Waste](#).

Traceable, responsible ingredients and impacts on land and biodiversity

The transparency and traceability of our ingredients, along with the impact of sourcing on the environment, are hugely important as we look to make the world a cleaner, healthier place. We continue to analyse our entire supply chain. This is highly complex given that our suppliers range from, for example, a tiny rubber tree farm in Thailand producing what will eventually become latex in our Durex condoms, to a dairy farm in New Zealand that provides milk that goes into the powder we source from our direct suppliers. We use technology where we can, to help in our analysis. For example, in Indonesia, we're using real-time satellite technology to identify forests at risk from deforestation for palm oil.

We are setting targets for reformulating our products with more sustainable ingredients. However, a surge of demand for Reckitt's disinfectants to protect people from the spread of COVID-19 slowed our progress in switching to more sustainable ingredients. For more, see our [Product stewardship](#), [Human rights](#) and [Protecting ecosystems](#) insights.

Water consumption and quality

We look at both the water we use while manufacturing our products and, more importantly, the water needed for people to use them. This is much harder to tackle because it requires consumers to change their behaviour. Nonetheless, we're making good progress. Our Finish dishwasher detergent continues to make great strides in addressing water consumption by nudging people to waste less water. Its new brand purpose, 'Ease the burden of dishwashing for you and the planet', came to life in a global ad campaign, Poseideon. Initially launched in water-scarce regions like Australia and Turkey, the ad asks consumers to stop pre-rinsing dishes before loading their dishwasher. In Australia this approach helped save over 6.8 million litres of water. For more on our work in this area see our [Water insight](#).

Water is particularly important to us in our manufacturing sites, where we use it both as an ingredient and in production processes and cleaning. Given the impact of climate change and the increasing water stress in



Focusing on what matters continued

many countries, we have prioritised water efficiency programmes in all our sites. In water-stressed locations, where we have 20 sites at the moment, we are introducing water catchment area programmes as part of our ambition to be water-positive locally and contribute to water security for the future.

Fair wages and working practices, and supply chain labour rights

Treating everybody fairly, from employees and partners to suppliers, encouraging fair wages and safe working practices, is essential for developing a responsible and effective supply network. We assess our supply chains and work with our suppliers with these principles in mind. The human rights value chain assessment we carried out in 2020 with our partner, the Danish Institute for Human Rights, identified risks for rubber plantation workers and their communities. We've worked with rubber plantation companies to ensure that our policies on labour standards and human rights are met. Critically 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. It also supports the communities living and working on rubber plantations.

In the UK, Reckitt has been voluntarily paying the living wage for a number of years and last year we formally joined nearly 6,000 Living Wage employers who are recognised as paying a living wage to employees and contractors. This is our commitment to employees and staff; that they will receive a wage that exceeds not just the minimum wage but recognises the actual cost of living in the UK. We are evaluating similar approaches in other countries, considering costs of living locally and the prevailing employment and wage structure. We'll use this to consider our approach to supporting sustainable livelihoods in our value chain, not just for our own teams but for contractors and more, like the latex farmers we work with in Thailand.

COVID-19 posed a set of unique challenges with different nations imposing their own laws and lockdowns. Our priority remains ensuring a safe working environment for all Reckitt employees regardless of where they work. To this end, we launched a comprehensive guide, 'Navigating our New Normal', for employees worldwide, which prioritised their wellbeing and safety.

The global pandemic has accelerated a change in Reckitt's working culture, with more employees working from home and increased emphasis on supporting and recognising our manufacturing colleagues and keeping them safe.

For example, we launched the Sir James Reckitt Award from our CEO to celebrate Reckitt teams doing exceptional work in our fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege. Our Shashi factory in Jingzou, China was the first to win an award. It celebrated how everyone there went beyond their duty to protect Chinese consumers by manufacturing our disinfectants in the face of enormous challenges.

For more, see [Our People](#), [Human rights](#), [Protecting ecosystems](#) and [Health, safety and wellbeing](#) insights.

How things have changed since 2019

Our next formal materiality assessment is planned for 2022, but we know it's vital to keep up-to-date with societal changes and expectations.

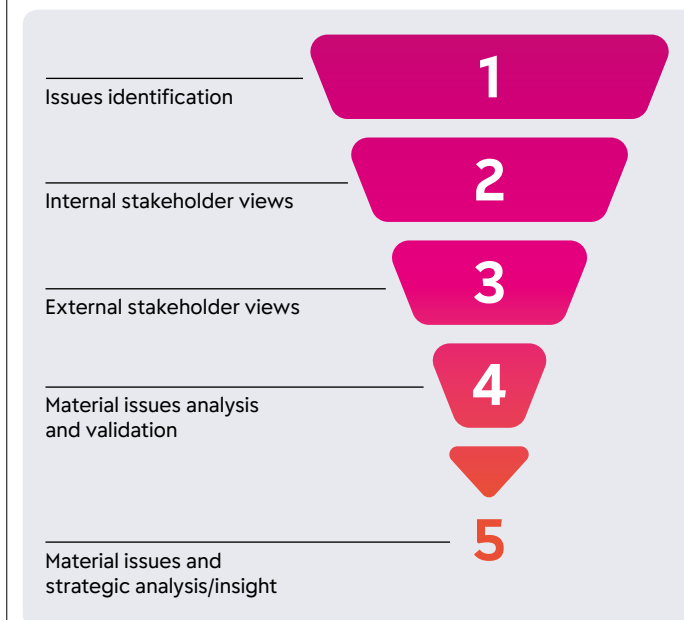
Two areas that have become critical since our last assessment in 2019 are inclusion, and employee health and wellbeing. In 2020, the rise of movements including Black Lives Matter and greater awareness of people's rights to their own gender and sexuality identity have shone a light on equality issues in our workplace. To this end we have:

- Developed new targets on gender representation in our management teams, aiming for gender balance in all levels of senior management by 2030.
- Our CEO hosted a series of 'Stronger Together' virtual town halls in 2020, encouraging employees to talk openly about various areas of inclusion, including gender, ethnicity and sexual orientation. A number of Reckitt colleagues shared their own experiences of discrimination when identifying as an underrepresented person. Opening up these conversations to all employees was critical in raising awareness of our policies and embedding them within our working culture.

Our 2019 materiality assessment

The process of our last materiality assessment had four main steps:

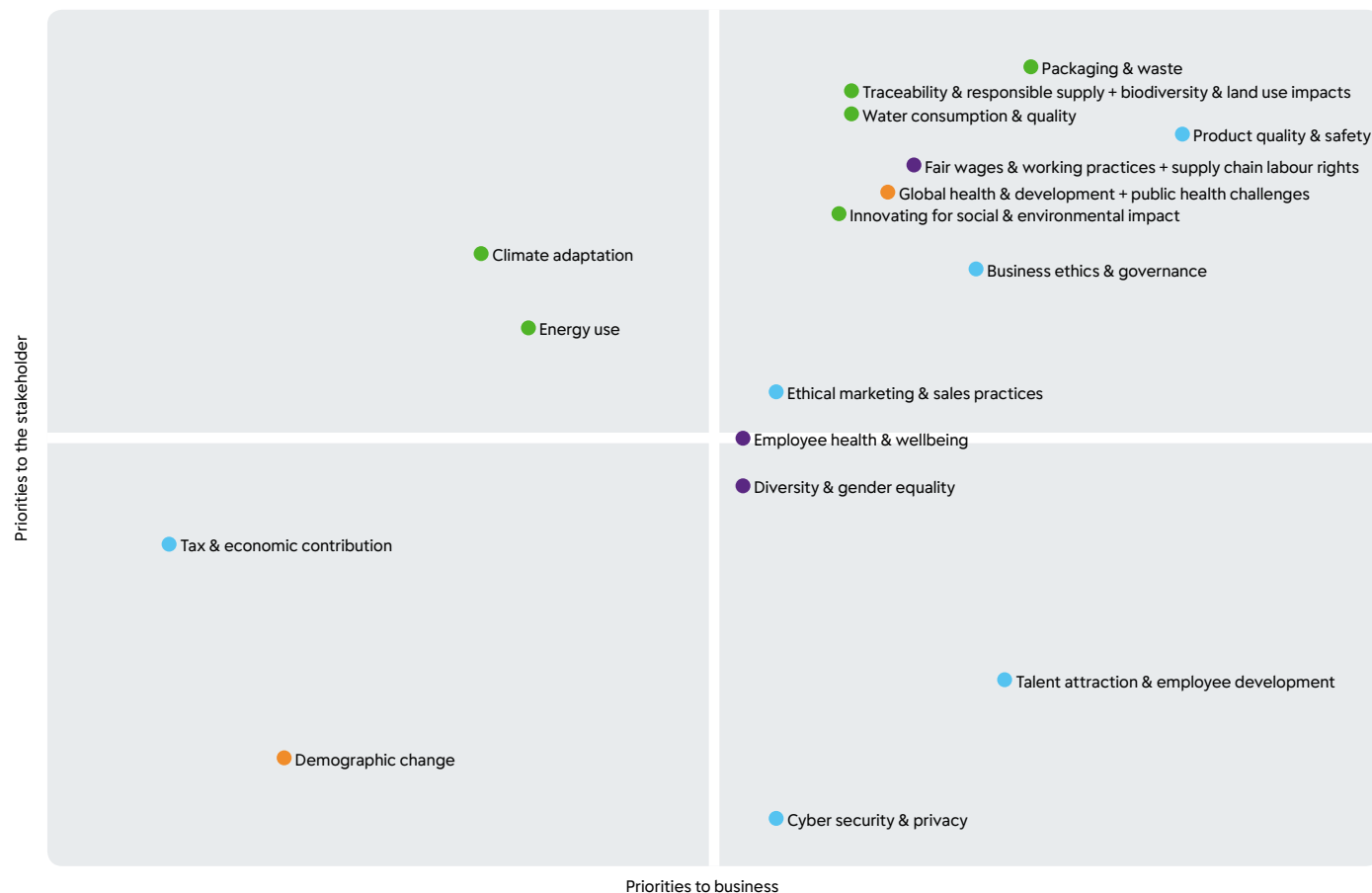
The process



Focusing on what matters continued

Materiality matrix

Our 20 most salient issues



Our most material issues

Our assessment identified the 20 most important issues for our stakeholders and our business. From these, we consolidated some of a similar nature and impact, to leave 17 which we plotted on a matrix to determine their significance. This helps us to focus our sustainability approach, but we also consider other issues, particularly those we think will become more important.

Key

- Economic & governance
- Human rights
- Environmental
- Social

Working with our stakeholders

We value the opinions of all our stakeholders and continue to have regular and ongoing dialogue with many of them. This has continued throughout the global pandemic, albeit with fewer face-to-face conversations. Similarly, our duty as a healthcare company has seen more interactions with key stakeholders in government, national medical agencies and peer companies as we work together to respond to COVID-19. Through our Fight for Access Fund, we supported critical workers and disadvantaged communities to help them protect themselves from the virus. Our programmes involved partnerships with governments and the United Nations, providing an important element in their wider public health agenda during the pandemic. We also worked with peer companies to help them protect their consumers and their own teams. These included partnerships with Hilton, Avis-Hertz and, importantly, Transport for London, which helped people to continue to travel safely.

How we listen to our stakeholders

- Consumers** – through routine dialogue and when we're gathering brand insights.
- Employees** – through virtual town halls for all employees hosted by our CEO; employee surveys; engagement with our Board through dialogue forums; and with our CEO via our 'Ask Laks' forum on the intranet where anybody from Reckitt can pose questions to him, which he then answers on the site, or in an informal discussion video.
- Investors** – through routine discussions and investor forums, often with a specific focus on sustainability. Our involvement with key external indices such as the Dow Jones Sustainability Index, FTSE4Good and CDP (Carbon Disclosure Project) on climate change, water and forestry demonstrates our work to the investment community.
- Customers** – we routinely meet leaders and teams of our key customers to strengthen our partnerships. This helps us to be as effective and efficient as possible in bringing products to the consumers our customers serve, as well as accelerating both partners' sustainability goals. We work with many of our customers through partnerships including the Ellen MacArthur Foundation on plastics, AIM-Progress on labour standards and human rights and the Consumer Goods Forum.

Focusing on what matters continued

In June 2020, we were one of the first companies to join our partner Amazon in signing up to the Climate Pledge, which they co-founded with Global Optimism. The pledge commits us to reach net zero carbon by 2040.

- **Governments and policymakers** – we routinely talk about regulations with government agencies and regulatory bodies across the world.
- **Communities** – through our work with the Earthworm Foundation, the Danish Institute for Human Rights and our Fair Rubber commitment, we are supporting the livelihoods of farmers, workers and their families, ensuring a sustainable latex sector for years to come.
- **NGOs** – through our brand partnerships with NGOs such as Water.org, as well as through the Earthworm Foundation in our work on deforestation. In 2020, we also started working with the not-for-profit organisation Business for Social Responsibility (BSR), and their sustainable development consultant Transitions, through the Action for Sustainable Derivatives (ASD) programme. Companies who sign up aim to make the supply chain more transparent by pooling data and experience, monitoring risks and scaling up commitment to No Deforestation, No Peat, No Exploitation principles (NDPE).
- **Suppliers** – we are in constant discussion with our supply network to ensure we work efficiently together. We also discuss longer-term plans with our key suppliers around the development of safe, resilient and sustainable supply networks, including for natural raw materials, ingredients and packaging. This ongoing dialogue helps us work with our suppliers as partners, understanding trends, issues and opportunities. We've continued our work with the Sustainable Agriculture Initiative's Sustainable Dairy Partnership (SDP). It's a group of suppliers and industry peers who work to make the dairy industry more sustainable through a consistent approach to the commercial relationship between dairy buyers and processors.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

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SELF-CARE

The connection between self-care and wellbeing is at the heart of our purpose. Through our products and partnerships we can protect, heal and nurture for a cleaner and healthier world.

Improving people's wellbeing through self-care

As the concept of health evolves beyond the absence of illness into the desire to live fitter, healthier lives, our potential contribution to improving people's wellbeing grows in importance. Protecting and enhancing health through self-care is a powerful thread that runs throughout our three business units – Health, Nutrition and Hygiene.

For example, we can help consumers protect their households and wider community from viruses through our disinfectant products, Dettol and Lysol. We promote sexual wellbeing through Durex; and supplement childcare nutrition through Enfamil. Indeed, how we enable consumers to live healthier lives through self-care in all its different forms is fundamentally connected to our growth as a business as well as our contribution to society.

Global megatrends

Developing global trends increase both the impacts to public health and the importance of self-care as a preventative measure. Urbanisation is leading to denser populations. When coupled with global warming there are greater risks to public health from the spread of illnesses, which is increasing the demand for good hygiene as the foundation for health. Simultaneously, an ageing population leads to demand for more nutrition solutions, with more personalised approaches enabled by data and technology. The pandemic has seen increased concerns over mental health and wellbeing. In a specific sector for Reckitt, sexual health faces challenges from rises in sexually transmitted disease amongst the growing numbers of the younger generation reaching adulthood. Collectively these trends create a need for greater preventative care and self-care while public health systems come under increasing pressure.

Working in partnership

Promoting the importance of self-care requires many different stakeholders to work together to make it a reality – from governments and healthcare professionals, to NGOs and the wide-ranging private healthcare sector. We work with policymakers and regulators to encourage change in the healthcare system to improve access to self-care products and information. With disinfection products a baseline defence in the fight against COVID-19, partnerships are vital for distribution to vulnerable communities.

Our global research and development group partners with suppliers, academia and research organisations to develop technologies to better enable self-care, prevent illness in a range of ways and to enhance

nutrition and nourishment for better lives. For example, we're working with a team of paediatric gastroenterologists and dieticians in India to assess children's allergies to cow's milk. This will establish the first ever Indian 'milk ladder' to help parents gradually reintroduce milk, step by step, to children with a dairy allergy.

This year, we formed educational partnerships with The Royal Children's Hospital, Melbourne and The Sick Kids Hospital, Toronto to develop courses for healthcare professionals. Similarly, we partnered with a number of healthcare organisations in China such as the China Children and Teenager's Fund (CCTF) to support infant nutrition during COVID-19.



Self-care in the time of COVID-19

COVID-19 brought into sharp focus our fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege. We believe that information and products promoting good health and hygiene are daily necessities for us all.

The conversation around self-care changed during the pandemic. People no longer regard self-care as a 'nice to have' but a fundamental pillar that can relieve the strain from overburdened healthcare systems like doctors' surgeries.

This year saw a huge leap in terms of people's increased understanding of health issues, from knowing the difference between viruses and bacteria, to how illness and disease are spread, and how testing and treatment can work. Similarly, emergency measures to help fight the pandemic accelerated regulatory changes, in weeks rather than years, to create better access to hand sanitiser, medicines and other biocides like disinfectants.

During lockdown, people were forced to take greater responsibility for their own health, such as treating minor ailments themselves at home and relying on pharmacies for advice and medication. This is a trend that will continue to grow, making our philosophy of empowering people to make the right choices to improve their own hygiene, wellbeing and nutrition, more important than ever.

The pandemic has highlighted inequities that prevent some people, or even some countries, gaining access to much-needed basic, preventative or remedial health, hygiene and nutrition. While the world has accelerated solutions for the pandemic, we still need to reach more people with self-care and other solutions. Our Fight for Access Fund mobilised more than £52 million in 2020 to reach vulnerable communities in 66 countries, often those in the most need of assistance. We're committed to maintaining that support by investing the equivalent of 1% of our annual operating profit each year. There are more details in our [Partnering for social impact insight](#).

But to win our fight, we also want to reach and engage more people. Our ambition is to reach half the world with products that contribute to a cleaner, healthier world by 2030. This is both about reaching different consumers, and about innovating with our existing consumers to provide them all with access to the hygiene, wellness and nourishment to enhance their lives. In doing so, we want to engage two billion people with purpose-led partnerships, programmes and campaigns that promote awareness for that cleaner, healthier world, and measure the impact we create for them and society.

Investing in information

Our role as a healthcare provider is also to educate our consumers. If we want to empower them to become better at self-care, we must give them the right tools. Beyond our products, it means providing truthful, accurate information. This is something that's increasingly important with the proliferation of fake news on social media and one of the reasons behind our launch of Covid-19facts.com (see below).

We also have a responsibility to encourage important changes in behaviour, such as frequent handwashing to combat the spread of disease. Our handwashing campaign increased in global urgency in 2020 with the spread of COVID-19 – and our TikTok Dettol #HandWashChallenge was watched over 125 billion times. Over the past six years, our health and hygiene behavioural change messaging has reached 1.41 billion individuals, already meeting our goal to inform one billion by 2025.

Similarly, our sexual education work in Thailand, encouraging people to use Durex condoms, saved the Thai government £12.5 million in avoided STI/STD wellbeing and healthcare costs, £95.8 million in avoided death from diseases like HIV, and £13.4 million from avoided unplanned pregnancies and abortions.

When it comes to our global self-care initiatives, some of the 2020 highlights include:

- **Covid-19facts.com** – our public health campaign to provide accurate, credible information on COVID-19 was launched to counter the misinformation that gained traction on social media. The website reached 2.5 million users across 20+ countries and 38 million through social media. It also evaluated over 80 different claims.
- **Lysol HERE for Healthy Schools** – in partnership with the National Educational Association, we expanded our Lysol disinfectant educational programme in the US to 58,000 schools. With a 'Welcome Back Pack' including interactive and downloadable lesson plans to help kids learn healthy habits, this programme aims to minimise the spread of germs in the classroom.
- **Harpic Together Live** – raising awareness of the importance of good sanitation, we're producing a series of livestreamed events on YouTube in partnership with the global movement, #TogetherBand to achieve the [UN's Global Goals](#). The first event took place in December in Brazil featuring [Seu Jorge](#), a Brazilian musician and Latin Grammy winner, and Brazilian footballer [Willian da Borges](#).
- **GRIP (global respiratory infection partnership) meeting in Mexico City** – As a member of GRIP, we supported a global conference for healthcare professionals on the inappropriate use of antibiotics to treat upper respiratory infections. GRIP brings together healthcare

professionals who advocate an evidence-based approach and intervention for antimicrobial stewardship, with good hygiene practices and infection prevention being one of the pillars of the global WHO strategy. A second event developed a roadmap for the pharmacy community to tackle antimicrobial resistance.

- **TikTok Dettol #HandWashChallenge** – was viewed 125 billion times. The dance teaches people how to wash their hands correctly to help stop the spread of COVID-19. Following the TikTok dance's runaway success in India, Dettol rolled out the campaign to Singapore, Hong Kong, Saudi Arabia, United Arab Emirates, Indonesia, Thailand, Malaysia, Japan and Egypt.



CASE STUDY



HEALTHILY – THE WORLD'S FIRST MEDICALLY APPROVED SELF-CARE APP

Reckitt's 2020 investment in Your.MD, the medical tech start-up, is bringing digital self-care to the masses through our 'Healthily' app in the UK, India and the US. The app enables people to decide whether they need to see a doctor by using artificial intelligence to diagnose symptoms and make recommendations for medical issues that can be treated at home. It also gives free information on healthcare, including sleep and general wellbeing and a vetted directory of healthcare services and products. In September 2020, 'Healthily' launched its first co-branded app with Dettol in India. The app's COVID-19 symptom mapper helps people compare their symptoms against a global tracker. With over four million visits to date, it's collecting valuable data to help public health organisations such as Imperial College, London better understand the virus.

Promoting employee wellbeing

These initiatives also apply to our own teams. Supporting our people's emotional wellbeing and mental health grew in importance during lockdown. Our company-wide wellbeing strategy is based around four categories: physical, emotional, financial and community. We partnered with two global wellbeing specialists to work alongside us to support and share wellbeing resources. These included global education initiatives, with external speakers providing tips on nutrition, exercise and sleep. Over 60 UK employees are now trained mental health first aiders; while, within lockdown, we moved many activities online, enabling yoga, meditation and fitness classes to continue where our teams were based. These wellbeing programmes will continue to develop in 2021 through our wellbeing hub and its associated resources and podcasts on mental health, which have already been downloaded more than 3,000 times. It also offers advice from headspace, the mindfulness app, and practical advice such as tips on coping with quarantine.

Our self-care policy

Reckitt has been working to highlight the importance of self-care for many years, calling on governments and healthcare providers to build self-care into national health policy. The self-care industry plays a fundamental role in maintaining a healthy population, while alleviating the burden of primary healthcare services like doctors' surgeries and hospitals' accident and emergency departments.

We believe that encouraging responsible self-care during critical times, like the global pandemic, frees governments to focus their attention and resources on the vulnerable who need the most care. For this to happen, citizens must have regular access to self-care products such as non-prescription medicines through their local pharmacies, health stores and supermarkets. And they must also be able to understand and access truthful, accurate healthcare information to help them make the right choices. Some of the progress we've made to encourage change in the healthcare industry includes:

- Partnering with industry stakeholders to bring down regulatory barriers to accessing critical self-care products such as hand sanitisers and OTC medicines.
- Working with industry and governments to expand healthcare supply channels. We showcased the important role that e-pharmacies and other online channels could play in providing access to supplies as well as safeguarding public health during the pandemic.

- Launching the Covid-19facts.com information website.
- With antimicrobial resistance regarded as one of the greatest public health threats by the WHO, our Strepsils brand tackled the misuse of antibiotics in treating sore throats. Working in partnership with the Reckitt-sponsored GRIP network, we carried out multiple campaigns and events alongside healthcare professionals, governments, academics and other key stakeholders to create policies that promote the responsible use of antibiotics.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
103–105 Bath Road
Slough
Berkshire
SL1 3UH
UK

SUSTAINABILITY GOVERNANCE, REPORTING AND ASSURANCE

We believe that high standards of corporate governance, combined with a rigorous, open approach to reporting, are central to running our business with integrity and to maintaining the trust of our stakeholders.

Governance

Our Annual Report sets out our full Corporate Governance Report and statement, and you will also find information about our approach to governance on our website. Here we explain how sustainability is governed at Reckitt, and the principles that lie behind it.

At Board level

Our Board of Directors is responsible for the overall stewardship of the Company and delivery against strategy, through our executive leadership team. This includes setting our values and standards, and overseeing sustainability and corporate responsibility. They have regular discussions about the risks and opportunities for the Company and conduct a formal review at least once a year. Sustainability itself is considered one of the Company's key risks, and its status in the risk register has evolved this year from 'emerging' to 'actual'. This reflects the growing importance of sustainability and its central role in the Company's growth strategy – as it becomes a more important opportunity, so too does it become a greater risk. For details of our issues and impacts in this area, see our [Focusing on what matters most](#) insight.

The Board delegates regular oversight of sustainability to a sub-committee, the Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC). The Committee meets quarterly to review our progress against our sustainability strategy, and performance against our 2020 targets. Meetings are attended by the CEO, who has accountability for sustainability performance at executive level. He is joined at the meetings by the Finance Director and other senior executives.

At managerial level

This year we changed the managerial approach to oversight of sustainability matters to reflect the new structure of our business as one single Group with three business units. We now have a single committee for the Group as a whole, the Risk, Sustainability and Compliance Committee (RSCC), chaired by our CEO. This is supported by business unit-level committees, which report up to the RSCC and thus to CRSECC. These committees all meet and report quarterly.

The RSCC is responsible for overseeing the implementation of compliance and ethics activities across the Company, in conjunction with functional department heads, while the business unit committees are responsible for implementation within their own business unit.

This structure of Group committees supported by business unit equivalents provides quarterly updates to the CRSECC and Board on sustainability issues and risks, including ongoing performance against targets to enable their ongoing oversight of activity (see CRSECC report in our Annual Report).

Reckitt Sustainability Governance Model

BOARD OF DIRECTORS



Chris Sinclair
Chairman



Pam Kirby
Non-Executive Director



Nicandro Durante
Non-Executive Director



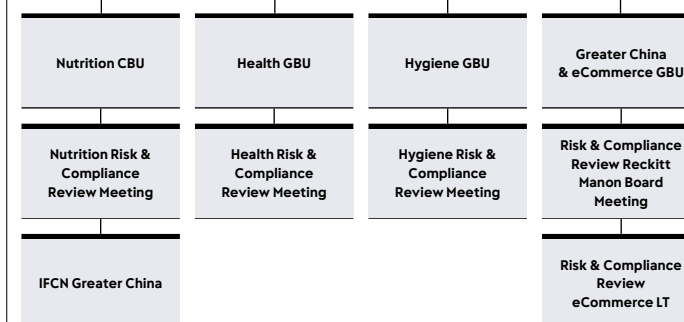
Mehmood Khan
Non-Executive Director

Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC)



Laxman Narasihan
CEO

RSCC – Risk, Sustainability and Compliance Committee



Sustainability governance, reporting and assurance continued

Within the business, our Corporate Affairs & Sustainability function leads strategy development and compliance, while programmes are implemented by our Brands, Supply Chain, R&D, and Safety, Quality, Regulatory Compliance (SQRC) teams. SQRC is responsible for the health and safety of our people, and for product safety and quality, including regulatory compliance with product standards. All functions are represented at, and have oversight from, the Group Executive.

Reporting and assurance

Publicly reporting on sustainability is fundamentally important to our ability to deliver our strategy. After all, sustainability is at the heart of our purpose-led growth strategy and so reporting on it in this detailed way through our insight papers, as well as our Annual Report, simply reflects that truth.

We therefore welcome the increasing focus of investors on environmental, social and governance (ESG) issues, and the regulators' response to begin to emphasise through reporting requirements the relationship between ESG issues and financial performance. This is behind our move this year to join the informal working group to look at developing a Taskforce on Nature-related Financial Disclosures (TNFD). This takes a similar approach to the Task Force on Climate-related Financial Disclosures (TCFD) which has been so successful in putting climate change on the financial agenda. We also began reporting this year against certain disclosures set out by the Sustainability Accounting Standards Board (SASB).

Overall, we support moves to create a consistent set of sustainability standards for reporting, as long as they still allow companies the freedom to report meaningfully on the issues, rather than forcing them down a counter-productive 'tickbox' disclosure route.

Independent assurance is a key part of our approach to reporting. External scrutiny helps us improve, while reassuring our readers that the data we publish is accurate. Again this year, we engaged ERM CVS to provide independent limited assurance over certain sustainability disclosures. Their independent assurance statement can be found later in this insight paper.

Reporting channels

More and more people use smartphones and tablets to find information on a company. They expect a company's website to have up-to-date information as well as giving access to the core reporting content. This is essential as the source of truth, given the rigour with which it is produced and assured. To summarise, our reporting channels are:

- **Annual Report:** reports our performance against our strategy, and includes disclosures against our most material sustainability issues (published in April each year).
- **Insights:** contain more detailed information about our material issues, including our reporting against the Global Reporting Initiative (GRI) and various other frameworks (published alongside the Annual Report).
- **Sustainability section of our website:** gives further details of our approach and performance, and publishes stories showing our strategy in action (updated throughout the year).
- Previous sustainability reports can be found at <https://www.reckitt.com/sustainability/policies-and-reports/>

Audiences

Many stakeholders – employees, customers, shareholders/investors, consumers of our products, and advocacy and campaigning organisations – have an interest in one or more aspects of our sustainability reporting. So our aim is to give all of these stakeholders what they're looking for, while telling a true and consistent story about our work during the year.

Read more about our stakeholders and how we engage with them in our [Focusing on what matters most insight](#).

Frameworks and standards

In the absence of a consistent set of sustainability standards for reporting, we look particularly at frameworks that support the growing interest of investors in sustainability reporting that will meet the needs of investors, key ratings agencies and indices such as MSCI, DJSI and Sustainalytics. These are:

- **UN Sustainable Development Goals (SDGs):** the SDGs are a critical and growing factor for us and our stakeholders. Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world and, in this context, we fully support delivery of all the SDGs by 2030. We believe we can make the biggest impact on five of the goals: SDG 2 – zero hunger; SDG 3 – good health and wellbeing; SDG 5 – gender equality; SDG 6 – clean water and sanitation; and SDG 13 – climate action. These are closely connected to our brands and our social impact partnerships (see the [Partnering for social impact insight](#)). We also contribute to other relevant goals and refer to the SDGs throughout our sustainability reporting to highlight one of the key driving principles for our programmes.

- **Task Force on Climate-related Financial Disclosures (TCFD):** Our TCFD disclosure gives investors climate-related information and insights into how we are mitigating and adapting to climate-related risks. We have disclosed in line with the TCFD recommendations; more information on our disclosure can be found in the Climate change insight.
- **GRI:** we have prepared our 2020 sustainability reporting with reference to the GRI Standards: Core option, and have included a GRI Content Index to help those looking for specific indicators.
- **Sustainability Accounting Standards Board (SASB):** for the first time, we are referencing certain disclosures from SASB's Household and Personal Products Standard. Our SASB index can be found on the Reckitt sustainability web page. In future we aim to report against more of SASB's metrics, to further enhance the relationship between ESG issues and business performance.
- **AccountAbility:** we also reference the criteria and principles of accountability set out in the AA1000 Assurance Standard (2008) and the AA1000 AccountAbility Principles Standard, produced by the consultancy AccountAbility.

Reporting profile, performance data and reporting criteria

Our data is reported for the year to 31 December 2020.

We use KPIs that best describe the performance and impact of our operations in line with our materiality assessment. In many cases, independent external guidance, such as the GRI standards or specific standards on environmental reporting, direct us towards which indicators to use. These enable comparison with other companies. We also look for KPIs that are most practical and add most value across our business and supply chain.

All our 2020 sustainability goals are based on a 2012 baseline year unless otherwise indicated.

Our new commitments and targets have baseline years identified. For example our climate change commitments are based on 2015 emissions, while others are 2020.

The principles and methodologies we have used in reporting our sustainability performance data for 2020, along with our statement of directors' responsibilities in preparing the information, can be found in our [Reporting Criteria and Basis of Preparation document](#).

Sustainability governance, reporting and assurance continued

Independent Assurance Statement to Reckitt Benckiser Group plc

Reckitt Benckiser Group plc (Reckitt) engaged ERM Certification and Verification Services (ERM CVS) to provide limited assurance in relation to specified information in Reckitt Sustainability Insights 2020 (the Reports) as set out below.

Engagement summary

Scope of our assurance engagement		Whether the 2020 data and reported progress as listed below marked * in Reckitt's 'Sustainability Insights 2020' for year ended 31 December 2020, are fairly presented, in all material respects, with the reporting criteria
	Diversity and inclusion	<ul style="list-style-type: none"> • Women employed – Board (% at 31 December) • Women employed – senior management (% at 31 December) • Women employed – global employees (% at 31 December)
	Health, Safety and Wellbeing	<ul style="list-style-type: none"> • Continued reduction of Lost Work Day Accident Rate (LWDAR) • Lost Work Day Accident Rate (LWDAR) (per 100,000 hours) • Lost time Accidents (no.) • Continued reduction of Total Recordable Frequency Rate (TRFR) • Total Recordable Frequency Rate (TRFR) (per 100,000 hours) • Recordable Accidents (no.) • Employee fatalities (no.) • Contractor fatalities (no.) • Severe Accidents (no.)
	Sustainable Product Innovation	<ul style="list-style-type: none"> • 1/3 of our Net Revenue to come from more sustainable products by 2020 • Total net revenue from more sustainable products (£ million)
	Human Rights Across Our Value Chain	<ul style="list-style-type: none"> • Supplier audits completed (no.) • Increase in audit pass rating from the first to most recent audit (%) • Management-level employees completed human rights training (%)
	Water	<ul style="list-style-type: none"> • 1/3 reduction in water impact per dose • Total Water Impact (million e-litres) • Total Water Impact (million e-litres per dose) • 35% reduction in water use in manufacturing by 2020 • Water Use (m3) • Water use per unit of production (m3 per 1,000 CU) • Water Discharge (m3) • Water discharge per unit of production (m3 per 1,000 CU)

Sustainability governance, reporting and assurance continued

Scope of our assurance engagement (continued)	Climate change	<ul style="list-style-type: none"> • 40% reduction in GHG from manufacturing by 2020 • Scope 1 GHG emission (tonnes CO₂e) • Scope 2 GHG emissions (location-based) (tonnes CO₂e) • Energy use (GJ) (manufacturing and warehouses only) • Energy use per unit of production (GJ per 1,000 CU) • Scope 2 GHG emissions (market-based) (tonnes CO₂e) • GHG emissions per unit of production (tCO₂e per 1,000 CU) • 35% reduction in energy consumption by 2020 • Energy use (GJ) (manufacturing and warehouses only) • Energy use per unit of production (GJ per 1,000 CU) • 100% renewable energy by 2030 • % renewable electricity • 1/3 reduction in carbon footprint per dose by 2020 • Total Carbon Footprint (million tonnes CO₂e) with/without IFCN • Total Carbon Footprint (g dose) with/without IFCN
	Reducing waste	<ul style="list-style-type: none"> • Zero waste to landfill at all factories • % of sites Zero Waste to Landfill (% of manufacturing sites) • 30% reduction in waste • Waste (tonnes) (manufacturing and warehouses only) • Waste per unit of production (tonnes per 1,000 CU) • Waste recycled/reused (% and tonnes) • Hazardous Waste (tonnes) (manufacturing and warehouses only) • Hazardous waste per unit of production (tonnes per 1,000 CU)
	Partnering for Social Impact	<ul style="list-style-type: none"> • Inform 1 billion people through health and hygiene educational programmes and behaviour change communications (millions cumulative) • People informed through health and hygiene messaging and campaigns (millions) <p>We have also checked the sustainability information presented in Reckitt's 2020 Annual Report to ensure consistency with the assured data.</p>
Reporting criteria	Reckitt's own internal <u>reporting criteria and definitions</u> .	
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).	
Assurance level	Limited assurance.	
Respective responsibilities	<p>Reckitt is responsible for preparing the specified information and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>	

Sustainability governance, reporting and assurance continued

Our conclusions

Based on our activities, nothing has come to our attention to indicate that the 2020 data and reported progress, as listed in "Scope of our assurance engagement" above and marked + in Reckitt's 'Sustainability Insights 2020' for year ended 31 December 2020, are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

Our objective was to assess whether the reporting of the 2020 indicators and progress is in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation).

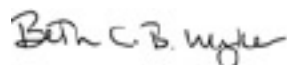
We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- Web-based and telephone interviews with relevant staff at Reckitt's corporate offices to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- A review of the internal reporting criteria, definitions and conversion factors used;
- Conducted virtual site visits with the following six operations: Bangpakong (Thailand), Derby (UK), Evansville (US), Mira (Italy), Nijmegen (Netherlands) and Zeeland (US) where we interviewed relevant staff, reviewed site data reporting methods, checked calculations and data to source and assessed local internal quality and assurance processes;
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation, including further testing of data to source;
- A sample check of the input and output data of the carbon and water impact metrics;
- Further web-based and telephone year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators;
- Checking the sustainability information presented in Reckitt's 2020 Annual Report to ensure consistency with the assured data; and
- Reviewing the presentation of information in the Reports to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given both the available methods for determining, calculating or estimating the underlying information and the dependence on partner organisations to provide performance information. It is important to understand our assurance conclusions in this context. We do not provide any assurance on future performance or the achievability of Reckitt's goals and targets. Where performance is expressed as a percentage change from a baseline year prior to 2018, we have placed reliance on previously reported data.



Beth Wyke

Head of Corporate Assurance 31 March 2021

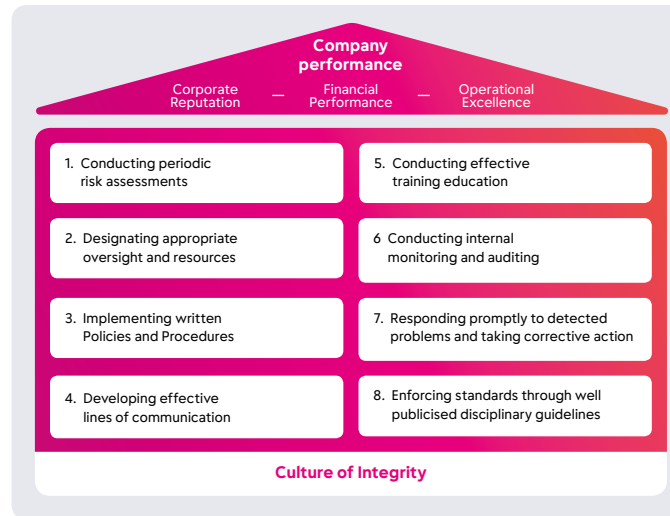
ERM Certification and Verification Services, London

www.ermcvs.com; email: post@ermcvs.com

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS employees that have undertaken this engagement have provided no consultancy related services to Reckitt Benckiser Group plc in any respect.

ETHICAL BEHAVIOUR

Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. And we do not take this lightly. As a FTSE 100 company, with significant business in high-risk countries and some products developed for young children, we know this requires the highest levels of ethical behaviour and responsibility.



Our Compass



Introduction

Our commitment to "Do the right thing. Always" lies at the centre of everything we do. This commitment, alongside our values, is set out in our Compass (see above). We aim to act responsibly and with integrity; put consumers and people first; seek out new opportunities; strive for excellence and build shared success.



Being responsible is core to our business, our success and the way we are viewed by consumers. But, like any business, we always strive to do better. We're working hard to continuously strengthen our approach, improve our processes and tools, and support our people to do the right thing, especially when the choices are not obvious. This is the foundation of our Ethics and Compliance programme and our Code of Conduct.

Ethics and Compliance programme

Conducting our business according to the highest ethical standards, means respecting all the laws and regulations of each country where we operate. This includes, but is not limited to, data privacy, competition law, trade sanctions, anti-money laundering and anti-bribery regulations. We work hard to prevent unethical behaviour and will respond promptly and take corrective action in case of any violation of our policies or ethical standards.

Our Ethics and Compliance programme has eight pillars aligned to our principles and values. It aims to identify risks so they can be assessed and mitigated in good time. The programme develops effective lines of communication to foster a culture of integrity and transparency. It helps us implement policies, procedures and controls to monitor compliance with our guidelines, as well as local and international regulation. As part of the programme, we also deliver effective, innovative training and education.

Our business leaders are committed to creating a culture where people act responsibly and with integrity. This is a key element of Reckitt's Ethics and Compliance programme. The business leaders within Reckitt are responsible for maintaining this programme and our standards. Our Ethics and Compliance team, led by the Chief Ethics and Compliance Officer (CECO), leads our activity and supports the business in achieving its objective. Working as one global team, they help all employees to play by the rules and meet Reckitt's high ethical standards and expectations.

A new Code of Conduct

Our Ethics and Compliance programme is based on our Code of Conduct. In June 2020, we published a new Code of Conduct, which provides clear guidance on our rules and principles, and outlines what we expect from all employees and contractors.

The new Code is more user-friendly and makes it easier for our people to engage with the content. It was launched with an introductory video message from our CEO, Laxman Narasimhan, in 26 different languages.

The Code provides guidance on matters such as fair competition, trade sanctions, anti-bribery and corruption, caring for consumers, health and safety and Speak Up (our confidential channel for employees to raise concerns of unethical behaviour). The Code also contains guidance for managers when facing difficult decisions and how to handle concerns raised by their teams.

2020 highlights

Our work this year

Adapting to new ways of working through a global pandemic often meant using technology in place of our usual face-to-face sessions to complete compliance reviews, monitoring activities, compliance audits and training.

Risk assessment and monitoring

Regular risk assessments are a key element of Reckitt's Ethics and Compliance programme, helping us to mitigate risk and inform Reckitt leaders of challenges they might be facing.

In 2020, we conducted compliance risk assessments in more than 33 countries and across all our global business units to analyse our progress. Ernst & Young assessed our global programme and conducted an independent review of our compliance processes in China, Mexico and India. They recognised the areas where our Ethics and Compliance programme is more mature, and identified where we can strengthen and improve it.

Data protection

Following the completion of our GDPR project in early 2020, under the direction of Reckitt's Global Data Privacy Officer, the Reckitt team developed a three-year Privacy Continuous Improvement Plan to further enhance the maturity of our privacy posture. During 2020, we completed the roll-out of privacy programmes in the US and Brazil to comply with the California Consumer Protection Act (CCPA) and the Data Protection Legislation Law (DPLL). During 2020, Reckitt had no reportable incidents relating to customer privacy breaches (read our Privacy Policy for more information – www.reckitt.com/privacy-policy/).

Policies

We continue to update and create new policies when needed. Building on the launch of our Global Anti-Money Laundering and Sanctions policy, and policy to regulate our interactions with healthcare professionals in 2019, this year we developed a new Corporate Security policy.

Our corporate responsibility framework comprises our Code of Conduct; policies on key topics; procedures we follow; and reporting tools. Our policies and reports cover our position on a comprehensive range of issues and are available on reckitt.com.

Infrastructure

We increased investment in our ethics and compliance infrastructure to improve our data analytics capabilities and boost transparency across the business. This included a new system to report Speak Up issues; a new register for gifts and entertainment, and reports of conflict of interest; and a new process to assess the fair market value of our interactions with healthcare professionals.

Working with third parties

Acting responsibly isn't just about our employees upholding our high standards, but everyone in our global value chain – contractors, vendors and distributors. Our third-party Code of Conduct ensures Reckitt's partners clearly understand our expectations and requirements when working with us. This is helping to strengthen our business relationships by building trust.

Our Anti-Bribery and Corruption Programme is continuously evolving. In 2020, we partnered with Transparency International (the leading global anti-corruption and anti-bribery organisation) to benchmark our own programme against industry peers. The assessment's findings were very favourable and scored our anti-corruption practices amongst the highest levels in our peer group with positive scores.

As part of our Anti-Bribery and Corruption Programme, we are implementing more mature controls to assess third parties. We are currently rolling out an enhanced due diligence process, which will allow us to tailor our due diligence assessments and management approach to each third party's risk profile. This provides us with additional assurance around the third parties we work with.

Training

Every year, all employees and contractors must take our mandatory Compliance Passport training to better understand our Code of Conduct and important corporate policies. We redesigned this training in 2020, which is now composed of seven different modules:

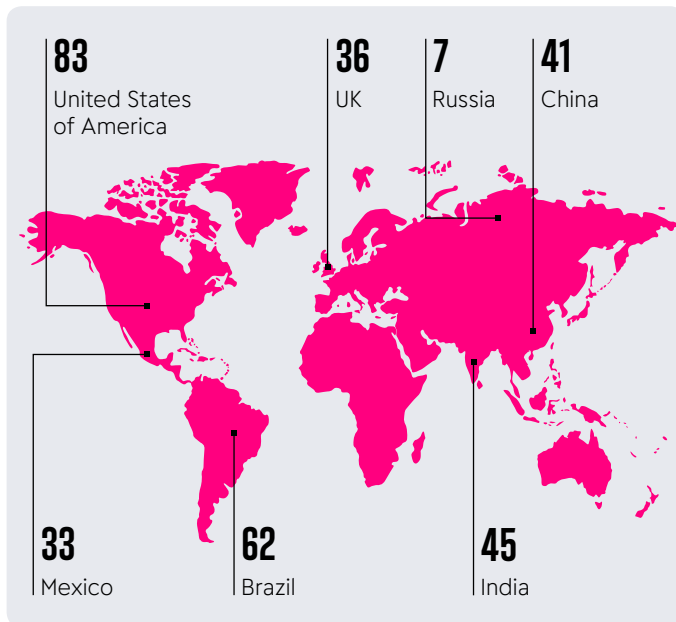
- Code of Conduct
- Speak Up
- Product safety
- Data privacy
- Cyber security
- Anti-bribery and anti-corruption
- Competition law.

In 2019, 98% of our employees completed mandatory Compliance Training. In 2020 the training was divided into two phases and employees have until March 2021 to complete all modules.

Speak Up service

To uphold our high standards, we create a transparent and supportive environment where employees are encouraged to speak out when they see unethical behaviour or violations of our Code of Conduct. Speak Up, our confidential online and freephone service, is a trusted channel for employees to raise concerns. During 2020, a total number of 439 issues were reported via Speak Up. All these matters were reviewed and initiated 360 formal investigations, of which 101 were found to be substantiated. In 2020, 60 employees were disciplined for policy violations and a total of 37 employees were dismissed or voluntarily left the business following the conclusion of Speak Up investigations.

Speak Up reporting hotspots



Ethical marketing

We can only build a responsible business if consumers trust our actions. We use our brands to communicate with our consumers and share brand benefits, as well as to demonstrate Reckitt's values and purpose. We believe in representing the diversity of our consumers through our marketing, advertising and promotional activity and we avoid objectionable stereotypical portrayals. (See the [Inclusion insight](#) for more information.)

Beyond advertising, our ethical marketing principles also apply to our products. This means our products and ingredients must be beneficial to our consumers, with their safety and efficacy supported by adequate scientific evidence. Our products must also comply with legal regulations. In many cases, we go beyond legal requirements. We also expect our suppliers to subscribe to these high standards and to sustainable sourcing policies for all our products, ingredients and components.

Finally, we must safeguard our consumers and their families at home by reinforcing the safe use of our products. We do this by ensuring products that may be harmful to children are clearly labelled. We also use other measures such as safety caps.

We have four principles of ethical marketing:

1. Be truthful and clear in all communications
2. Be fair in our pricing
3. Ensure product transparency
4. Protect consumer data and privacy.

Looking forward to 2030 and beyond

We will continue our journey to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. And we recognise that social, economic and environmental challenges will likely tighten the regulatory environment for all businesses.

Respecting data privacy and competition laws, for example, will become even more important. Consumers will look for more ethical and inclusive companies, with strong and reliable principles and processes.

Reckitt will continue to expand its business in highly-regulated markets, requiring ongoing focus and attention to ensure we abide by all laws and regulations. Faster growth in developing countries also poses potentially higher risks, and we will remain focused on managing those issues.

Despite all the challenges, we remain confident in our Ethics and Compliance programme. We will continue to strengthen the programme, supported by strong leadership and by continuous improvement of our data analytics capabilities to help us identify and address emerging issues.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and giving regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback. What should we keep doing? And where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
103-105 Bath Road
Slough
Berkshire
SL1 3UH
UK



PRODUCT SAFETY AND QUALITY

We are serious about our role of guardian to our consumers and the environment. We want consumers to trust us to make the right decisions, and to do all we can to keep them safe. And we want them to be consistently delighted by the quality and effectiveness of our products. Over the past four years, we have been on a journey to transform our approach to product safety and quality to ensure our standards are consistently high.

Safety and quality across the product life cycle

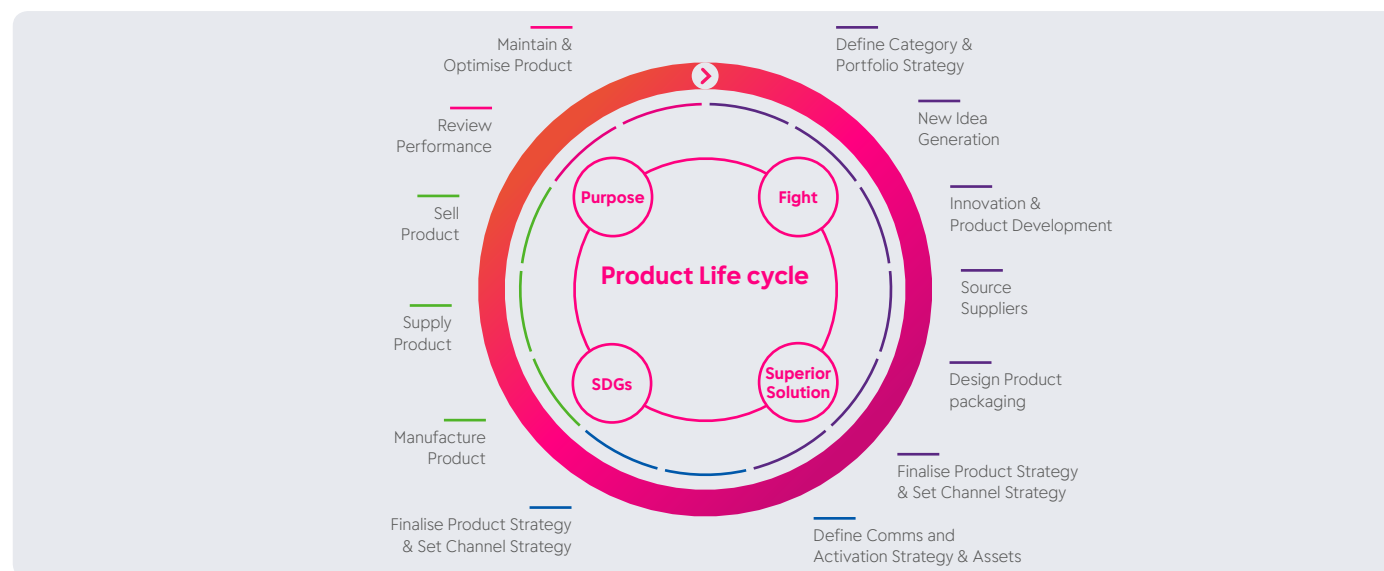
Looking across the whole of a product's life cycle means our approach must cover every aspect of a product's life from design to disposal, and be both proactive and reactive around any risk that can emerge. We design with a holistic approach to protect our consumers and our planet, and then we closely monitor consumer feedback to immediately identify and address any potential risks – and to continuously improve our products and services.

We produce hundreds of products across multiple categories; each one brings a unique set of challenges and potential risks which we manage in order to ensure consumer safety and consistent product quality. We continuously re-evaluate risks, benefits, and the approach we take based on emerging research from our own R&D labs and external sources. We have robust policies and procedures that are applied in every market, in every factory and with every supplier, to maintain not just regulatory requirements but also the higher standards we set for ourselves.

Our approach is made up of 6 distinct stages:

1. Concept and product design – how we identify new product innovations and ways to better meet the needs of consumers
2. Marketing and communications – how we engage with customers and consumers to help their use of our products and gain their feedback about them
3. Manufacture and distribute – our production processes and how we get our brands into people's homes
4. Consumer feedback and recall – listening to what consumers have to say and, if needed, getting products returned to us or our customers
5. Obsolescence and disposal – how we dispose of products that may no longer be at their optimum, either because of age or because we've developed a better alternative
6. Review and optimise – how we continuously consider product quality and safety, across each of the stages of a product's life cycle and develop our approach to continuously improve standards

Our product life cycle



Product safety and quality continued

Our commitment to product safety and quality

We have two key policies: product safety, and our quality commitment. These are underpinned by a raft of supporting policies which identify more specific standards, for example for products, ingredients and ways of working. Together, they comprise our quality manual which covers the entire product life cycle. They are available on our digital quality management system which helps us to track our activity from training our people to monitoring product safety and quality through the supply chain, allowing us to be both agile and comprehensive in how we assess risk.

Our products go through rigorous safety and quality gateways throughout their design and in our manufacturing processes. This makes sure that they consistently meet our safety and quality standards. We also spend a lot of time crafting our information and labelling so that information is simple and accessible in every language and culture.

We do our best to anticipate all the ways a consumer may use our products but sometimes they surprise us. This is something we are always aware of given the potential risks in misusing some products such as household bleach. One example is when a YouTuber created an instructional video on how to make slime for children using an Air Wick refill. Since the product was not designed for use directly on the skin, this presented significant health risks. We made every effort to remove all copies of the video, but social media is pervasive and unfortunately they continue to pop up. We continue to be vigilant and respond to this and any similar issues as they crop up.

Our 2020 performance

This year, the COVID-19 pandemic really put our four-year safety and quality journey to the test. Across the business, safety and quality functions had to oversee sudden and five-fold increases in manufacturing volume. We were able to maintain production at our sites with the support of our site-based teams who, recognising the impact that our brands had in protecting consumers, certainly went more than the extra mile. We worked with governments to maintain our production and to keep supply chains open. For example, the Chinese government helped us maintain Dettol production at our site near Wuhan, the epicentre of the pandemic, which was essential given the importance of sanitising agents in combatting the virus. We met demand in several ways, opening extra factory lines, repurposing others, and bringing on board a host of new suppliers. But to do this meant carrying out strict risk assessment processes, auditing and validation. These changes had to be made at speed and with no room for error, while working remotely for the most part. We're pleased to say that our teams rose to the occasion, enabling us to bring on the extra capacity safely, and with no loss of quality.

Our safety scientists and physicians also played vital roles in responding to various medical challenges during the pandemic. An article in France raised concerns over the use of ibuprofen and its interaction with COVID-19. Given our close involvement with ibuprofen through our Nurofen brand and as the marketing authorisation holder, Reckitt teams carried out diligent research to provide quick and scientifically supported evidence of its safety. They also demonstrated ibuprofen's usefulness in managing various COVID-19 symptoms.

- We have continued to build resilience and excellence, in product safety and quality, with a total investment of £95 million over the past four years. This will continue in 2021.
- We passed 100% of our external quality audits and recorded 100% implementation of our Culture of Quality action plans across our manufacturing sites. We celebrate these as tangible outcomes of our continuous improvement mindset and employee engagement programmes.
- We ran our first 'Safe and sustainable products' week to raise employee awareness throughout each part of our business.

- We began to incorporate big data and artificial intelligence into our processes by launching new digital technology in our two trial sites: Nottingham and Nijmegen.
- We launched an omnichannel platform to enhance the consumer experience and increase engagement, particularly through social media, making it easier for consumers to contact us and provide feedback.
- We grew the headcount of our Global Safety Assurance function by 40%. Further investments are planned in 2021 and 2022 to broaden our capabilities as we look to develop new consumer innovations. We invested in a new platform that also helps us aggregate and analyse product safety data more rapidly, and with our nutrition business unit we have developed new safety standards to further protect against contaminants and bacteria.
- Putting consumers first is fundamental to our business and we strive to do the right thing always. Last year, with an abundance of caution we recalled a single batch of one of our local brands. There was low consumer and business impact as the issue only impacted one batch of one product in one market. Our concerns were addressed and we consider the matter fully resolved.



Product safety and quality continued

Transforming Reckitt into a trusted, resilient, innovative organisation

These programmes mark our ongoing commitment to product safety and quality, building consistent delivery of high standards.

A higher profile, more senior team

We started by transforming our organisational structure, giving the Safety, Quality, Regulatory and Compliance function a more prominent and strategic position. The Safety and Regulatory functions are key members of our R&D leadership team. Our Quality function is a critical element in our Supply Chain leadership. This reflects the necessary functional delivery and capabilities within both the product innovation pipeline from R&D, and the delivery of consistent quality, end-to-end, throughout the full life cycle. In both cases there are Global Executive Committee and Board sub-committee reporting lines to ensure strong accountability, governance and oversight, supported by an independent internal audit programme.

We also expanded the global team with 1,000s of additional people, including two key senior leadership roles, Chief Safety Officer and Senior Vice President (SVP) Global Head of Quality. Each of our global business units (GBUs) now also has three officers on their leadership teams, one each for Safety, Quality, and Regulatory. Collectively, these further strengthen our capabilities in these key functions, and embed leadership of the functions within each business unit.

Reviewing all our pre-2018 products

Also in 2016, we started a £12 million global investigation across all products first marketed before 2018. The Product Integrity Review (PIR) project, which is now coming to a close, assessed and audited 23,000 stock-keeping units (SKUs) across 127 markets, split between the Health and Hygiene GBUs. First and foremost, this gave us the confidence that we were keeping our consumers safe and that we were not at risk of any further safety breaches from products already in circulation. The other outcome was a deep understanding of our product portfolio and its particular quality and safety risks. This laid the foundation for developing a suite of robust policies and procedures, carefully tailored to our business.

Embedding a culture of safety and quality

Our next step was to run a campaign to embed a culture of safety and quality across Reckitt. This quality culture begins with our Compass which reinforces doing the right thing always. This has been at the heart of Reckitt's new strategy to rejuvenate growth and is a constant driver of our product safety and quality programme. In 2018, we ran the 'I am responsible' quality campaign spearheaded by our CEO, Laxman Narasimhan, highlighting the impact that each person has on safety and quality. In 2019, we held our first World Quality Day, led by the

executive team, signalling the importance of the ethos. Shortly afterwards, we relaunched our company purpose, which is centred on protecting, healing and nurturing. To achieve our purpose, our products must be both safe and of high quality. You can read more about our campaigns to develop our Reckitt Culture of Quality in the case study section at the end of the insight.

We've also put product safety front and centre in our business practices, by including a module in the mandatory training programmes for all our people. The training covers things like safety science and practices across the product life cycle; safety checks and product gateways; and the Product Safety Evaluation Report (PSER). The PSER is the most important safety document and must be in place before a product can be commercially launched. By understanding the importance of the PSER, each person in the company can become another gatekeeper for product safety. The training also reminds every employee to report any adverse experience that they learn about, whether through their own use or from others which that they come across in their communities. This helps us stay alert to potential quality issues and misuse of products so we can take appropriate action.

Investing in new infrastructure and systems

The last part of our transformation journey is our investment in new infrastructure and systems.

Laboratories are critical part of our supply chain and quality control. Three years ago we started a global Laboratory Excellence program to improve resilience, which focussed on developing faster and more reliable testing methods, and on building a digital roadmap for our laboratories. In 2020, we began using a digital Laboratory Scheduling tool called SmartQC. Through SmartQC, we were able to make a 'digital twin' of our labs and processes, populate it with our data and use the programme to find efficiencies. Over time, the software helps us to; use equipment better, to reduce the risk of off-spec outputs, to produce at a faster pace and to act quickly when problems occur. It's a great example of how we can use big data and artificial intelligence to drive compliance, efficiency and resilience.

Until this year, consumer relations were managed across several interfaces, leaving them fragmented and siloed. While effective individually, we wanted to be able to interrogate the data more widely, considering different channels such as digital more consistently, so that we were better able to identify trends and act on them. By using technology – our new, omni-channel platform – to produce a single, combined data source, and by adding more social media capabilities, our consumers will have easier and wider access to us using the channel they want. This helps us improve our service and better understand the needs



BUILDING A CULTURE OF QUALITY IN RECKITT

Our Culture of Quality is an important part of the global company ethos. Bringing it to life is important throughout the company, globally and locally. We find ways of doing this that work for each site, from offices and labs to factories and distribution warehouses. Our sites are also spread across all regions, with a remarkable mix of cultures. While there is a global framework, to embed our quality culture we have to respond locally. Each site puts together its own employee engagement activities to suit the context. This year we had to be even more creative in putting together activities that would generate a feeling of community between our people, many of whom were joining online and had spent much of the year in lockdown.

CASE STUDY

A FILMMAKER FOR A DAY

Like all sites, our Salt Lake City team had to come up with something creative for World Quality Day to bring together teams on site and those working from home. So the R&D, Ops, Quality, and Technical teams got together to make short film about our product life cycle and how quality is built into design and manufacture, right through to consumer use.

To make it real for people, they chose a product which we'd reformulated to combat supply-chain issues caused by COVID-19. Airborne Effervescent is a vitamin supplement for strengthening immune systems, so we were very pleased not only to be able to continue our production, but we also managed to increase our output. The film was used as the basis for the day's engagement activities with socially distanced challenges onsite and interactive quizzes online.



of our consumers. This helps us to develop existing products and create new ones that will meet consumers' changing needs. The US and Canada were the first markets to launch the new platform at the beginning of 2020, with India in April 2021, while Latin America and other regions will follow later in the year.

Looking ahead – 2021 and beyond

Looking ahead we continue to strengthen our product safety and quality activities, and ensure Reckitt is a trusted, resilient and innovative organisation. We will be focusing on three key areas:

- Continuing to reinforce capabilities & Culture of Quality. Our quality function acts as a coach, inspires, and trains the rest of the organisation to ensure compliance and that consumer needs are always met.
- Leveraging technology and data to make our processes stronger and more efficient. This will help us become predictive, anticipating issues and reacting quickly to trends.
- Building on our consumer advocacy capabilities. Our consumer relations tools and organisation connects with consumers all over the world, supporting their needs, responding to concerns and addressing their queries. This brings the voice of the consumer firmly into our quality function, providing insights that we act on and develop our brands from. In doing so, the consumer relations team is a powerful advocate for consumers.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
103–105 Bath Road
Slough
Berkshire
SL1 3UH
UK

PRODUCT STEWARDSHIP – INGREDIENTS AND TRANSPARENCY

Our success depends on producing quality products that people want to use. But they must also be products that people trust because they're intrinsically safe. Earning that trust is about being transparent about what goes into our products. Increasingly, it's also about products that are more sustainable.

We must document and demonstrate that ingredients are safe for people and the environment. That applies from the moment we source, transport and use the ingredients in production, to when consumers use and dispose of the products. And we must give clear and honest information to let consumers make informed choices.

Consumers are increasingly attentive when it comes to product ingredients. They're more concerned about health and the environment than ever. There's also increasing focus on our supply chains and the origins of the materials. Transparency is vital to produce the information that consumers depend on and that keeps us in step with regulations. We maintain it through information on our packs and online.

Our policies on ingredients are global, and they go beyond what the law demands. In 2020, overseeing how we follow them across the product lifecycle was down to our Safety, Quality and Regulatory Compliance (SQRC) function.

A hallmark of our evolving approach to ingredients is to anticipate regulatory and scientific developments so that we can adapt well ahead of time. As well as protecting our reputation, this is better business practice than working in a reactive way or waiting until late in the legislative cycle to make necessary changes to products. The more forward-looking we are, the more likely we are to take change in our stride and take a lead position in our industry on transparency.

Overlapping with this is our investment in scientific R&D, which we'll apply across our categories in the coming years to speed up innovation.

2020 highlights

For all our brands, we want to give information covering every stage of products' lifecycle, covering ingredients and the supply chain. It appears on product packs and online. Examples of this include ingredient panels on Finish, Vanish and Air Wick products in the US, Europe and other markets. These show what ingredients we use and why. Our Health brands, like Durex with its Naked Truth labelling, take a similar approach.

We also continue to improve our ingredient transparency websites, which cover products we sell in the US and Canada (www.rbnainfo.com) and share information in a way that's easy to understand. We're looking to build equivalents for other markets.

A centrepiece of our product stewardship work is reporting how we handle ingredients of concern. We also support the use of safer and more sustainable chemicals. We have adopted a science-based approach to innovation across Reckitt. 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.





RECORDING OUR CHEMICAL FOOTPRINT

For the third year, in 2020 we took part in the Chemical Footprint Project (CFP). Through this, we track our progress on managing chemicals, choosing safer alternatives and using and reducing ingredients of concern. Our score was 81%, compared to 73.5% in 2019, and this was the second year we've quantified our footprint. The improvement was down to being more transparent about our footprint, which we've achieved by working with partners on safe and effective alternative ingredients, and with suppliers. We're also continuing to invest in tools to make the measurement more accurate.

Other highlights of 2020

Launching products with smaller chemical footprints The Veet Minima Silky Fresh range includes fragrance and dye-free wax strips and hot sugar waxes, as well as hair removal creams with no urea. We also continued our programme to remove the fragrance ingredient lilial from our portfolio. (For more information on the ingredients we've removed from our portfolio, refer to the table on page 3). Lilial-free versions were due to start replacing current products in early 2021, with no negative impact on fragrance.

Other launches included:

- Durex Natural lubricants in the US, free from parabens and glycerine
- Durex Pro-pH balancing range, which is paraben-free, includes natural-origin materials and has biodegradable wipes
- Air Wick Botanica with renewable and natural fragrances
- Dettol alcohol-free hand sanitiser (a Reckitt first) in China, with bio-renewable actives (lactic acid and citric acid, sourced from cane sugar and corn, respectively) to boost effectiveness. It will roll out to other countries in 2021. It's been proven to kill 99.9% of bacteria and viruses and kills COVID-19.

Improved nutrition Reckitt's dedication to improving our nutrition products is key to our pursuit of a healthier world. Guided by the latest evidence-based medical research, nutrition science and expert recommendations, our team will use the six components to good nutrition – proteins, carbohydrates, fats, vitamins, minerals and water – as guiding pillars in this pursuit to support the nutritional needs of our consumers through every stage in life and across all geographies.

Our first nutrition commitment focused on sugar, which is a carbohydrate essential to providing energy to the body. While there are many types of sugar, lactose is our preferred carbohydrate source as it naturally occurs in human breast milk. In September 2020, we outlined our specific

commitments on sugar for our infant and child nutrition portfolio, to be implemented by March 2024. We look forward to the future and extending our strong foundation of trust from decades of leadership in nutrition science.

Antimicrobial stewardship We're members of the Global Respiratory Infection Partnership (GRIP). This initiative brings together healthcare professionals who advocate an evidence-based approach and intervention for antimicrobial stewardship, with good hygiene practices and infection prevention being one of the pillars of the global WHO strategy. This year, we supported a GRIP global conference for healthcare professionals on the importance of not using antibiotics inappropriately to treat upper respiratory infections. A second event developed a roadmap for pharmacy to tackle antimicrobial resistance. This recognised the role of both effective relief of symptoms and good hygiene practices.

Looking to 2021 and beyond

We are committed to transparency and want to give our consumers all the information they need to make informed decisions about the products they're bringing into their homes, which means giving information that goes above and beyond legislative requirements. We understand that consumers want to know more about the products they buy. To support this growing expectation, we are committed to being clear, honest and transparent and partnering with our suppliers.



Product stewardship – ingredients and transparency continued

The information we provide helps our consumers understand the benefits of our products, together with the ingredients we use, why we use them – and where they come from, in the case of natural raw materials. One way we do this is through the ingredient panels on pack for specific brands, described on page 1. As part of our journey to full disclosure, they clearly communicate what ingredients we use and why we use them. We also have web-based information that expands on the information given on labels.

We're also strengthening our approach to ingredients to make sure we use those most resilient ones for the long term. This means finding purer, simpler ingredients wherever we can, while maintaining product efficacy so consumers can rely on them. To do this, we're updating our tools to help teams choose safe and effective alternative (SEA) substances. This involves evaluating the materials we use and working with stakeholders like the Green Chemistry & Commerce Council (GC3), who help us put emerging principles on sustainable chemistry into action.

Managing ingredients of concern and safe alternatives

We maintain a consistent global approach to minimising and eliminating substances of concern. We do this through our Restricted Substances List (RSL). As we add ingredients to the RSL, we start rework programmes to remove them from the portfolio. It means we've steadily reduced substances of concern since 2012, as the RSL has become a key part of product development.

Ingredient to remove	Completion date	Comments
Lilial	2023	Removal in progress, ahead of regulation
Triclocarban (TCC)	2019	Removal from bar soaps
Fluorosurfactants	2018	Removal
Polyethylene (PE) and Polyurethane (PU) microbeads	2018	Removal
Parabens (butyl, propyl, isoparabens)	2015 (rest of the world); 2013 (EU)	Reduction programme (excluding medically licensed products)

Our Ingredient Steering Group provides governance of our ingredient policies. We also keep a watch list of ingredients with emerging concerns or evolving standards. Our RSL policy defines our commitment and approach, which often means we set global limits or bans on some ingredients beyond what regulations demand. It also includes guidance for formulators on how to choose better alternatives, for example, for colourants and polymers.

Alongside the RSL, the Ingredient Steering Group oversees how we adopt safe and effective alternatives in new or reformulated products. To help us develop safe products with the lowest possible environmental impact, we use the key concepts of green chemistry in product development:

- Designing safer products
- Preventing waste
- Designing for energy efficiency
- Designing for degradation, reuse or recyclability
- Designing for bio-based or renewable raw materials.

Our Ingredient Steering Group is a global, cross-functional task force to screen new and safer alternatives to use across our portfolio. We also screen and test new ingredients to make sure they're effective and safe. In doing so, we will collaborate with industry groups and suppliers to make safe and effective alternatives more available.

Preservatives are one issue we're working to resolve. We want our products to reach our consumers in the best possible condition and that's why we use preservatives to prevent any microbial growth or other unwanted changes. The lack of a wide array of safe preservatives is one of the industry's current challenges, and at the same time, preservatives are under more scrutiny from consumers and regulators. This makes them a priority for developing safe and effective alternatives.

CASE STUDY



VEET MINIMA: FUTURE-PROOFING CHEMICAL CONTENT

Our team wanted to cut down the number of chemicals in Veet Minima hair removal products, and address odours which some consumers found off-putting. They embarked on the biggest reformulation of the range for 30 years, while also strengthening the purity of the ingredients used across the brand.

The team also took the chance to remove or replace other ingredients that could become an issue in the future with regulators or consumers. Veet creams now have 35% fewer chemicals and ingredients, and have lost their ammonia smell, which came from urea used as an ingredient.

We also developed new parts of the Veet range to boost its low-chemical credentials. These included hypoallergenic, fragrance and dye-free cold wax strips with 50% fewer chemicals and ingredients, and hot sugar waxes, also without dyes and fragrances, and with 100% natural ingredients.

Product stewardship – ingredients and transparency continued

Looking beyond the RSL

The Restricted Substances List (RSL) is an effective mechanism for us to keep up transparency about ingredients. But we want to go further. We'll do this by going beyond responding to concerns from our industry, regulators and consumers. As much as possible, we want to set the agenda on ingredients ourselves. This means taking the initiative to understand what future priorities will be, rather than only responding to new regulation as it emerges. Using insights from work like our participation in the Chemical Footprint Project helps us embed this approach.

There are wider benefits. The stronger and clearer our position, the easier we make it for our partners and suppliers to support it. This approach is at the heart of our drive to look forward as much as possible to pre-empt concern and manage our response efficiently.

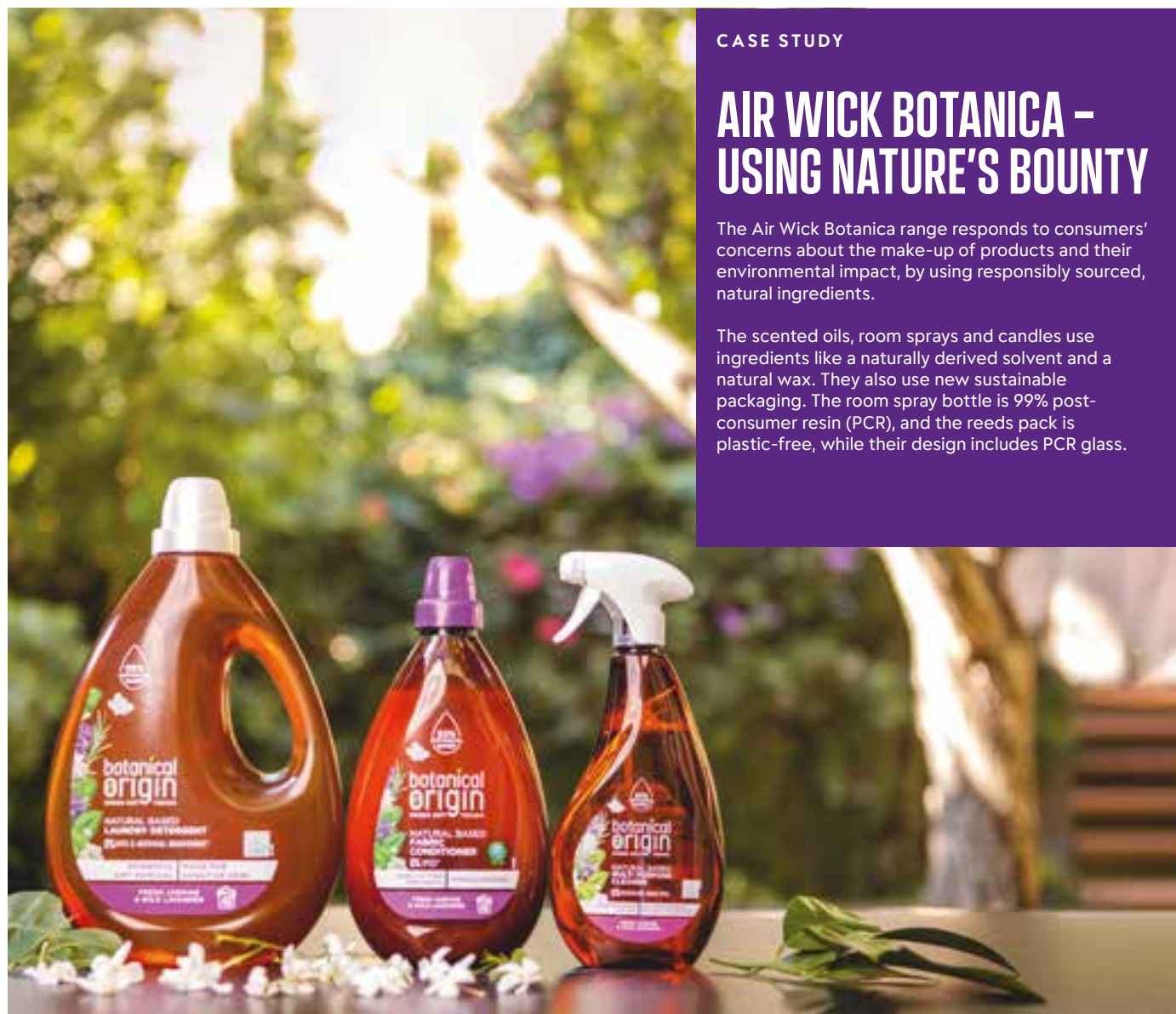
Coping with the COVID-19 challenge

In 2020, we've worked through the challenges posed by the pandemic by focusing first on the substances that most concern scientists, regulators, the industry at large or consumers. We've also prioritised disinfection products like Lysol and Dettol, or OTC pain relief products like Nurofen, as demand for them has been much higher in 2020. In some cases, we had to delay phasing out some ingredients, like the fragrance component lilial, so that we could keep producing much-needed antibacterial products to combat COVID-19. We still plan to replace these ingredients within our planned timescales and regulatory controls. Despite the shifting priorities in 2020, we still exceed legal timelines.

How we stay transparent

We have global standards for product quality and safety. They keep our products consistent and reliable, and in many cases they go well beyond local regulations. In 2020, it was our Safety Quality and Regulatory Compliance (SQRC) function's job to oversee how we follow these standards. For more information, refer to the [Product quality and safety insight](#).

Our quality assurance functions keep a close eye on the quality of processes and products from the overall global level, to regions and individual sites. They also regularly audit key suppliers. This gives us continuous improvement in our raw materials, ingredients and components that's ultimately reflected in our finished products.



CASE STUDY

AIR WICK BOTANICA – USING NATURE'S BOUNTY

The Air Wick Botanica range responds to consumers' concerns about the make-up of products and their environmental impact, by using responsibly sourced, natural ingredients.

The scented oils, room sprays and candles use ingredients like a naturally derived solvent and a natural wax. They also use new sustainable packaging. The room spray bottle is 99% post-consumer resin (PCR), and the reeds pack is plastic-free, while their design includes PCR glass.

Product stewardship – ingredients and transparency continued

The Global Safety Assurance team evaluates the safety of new products and changes to existing ones based not just on how we design them to be used, but also how they could be foreseeably misused. The team monitors product safety in the market, passing on insights to product development teams. Our consumer safety policy has guidelines, standards and procedures for the whole product life cycle.

The Ingredient Steering Group oversees our whole approach. It includes leaders from across the R&D, SQRC and Sustainability teams. They pinpoint new issues, formulate our response, and coordinate any action we take, like changes to products. The group assesses priority ingredients against regulations, also bearing in mind consumer and environmental safety, sustainability and public perception, and exploring whether we can replace them with safe and effective alternatives.

Partnerships with our suppliers, customers, associations (such as GC3), academia and civil society support our approach. We participate in the Chemical Footprint Project, for instance, which Walmart, one of our key customers, also backs. We also currently work with the University of York in the UK, funding research on how materials degrade in the environment when they're disposed of.

Our approach to ingredients

We want the safest and purest ingredients for our products, and we want to use only the ingredients we need, and nothing more. We've supported reductions in hazardous chemicals and committed to them in our sustainability reporting. We committed to voluntarily banning PVC packaging of household products by 2009, formaldehyde in 2006 and polyethylene (PE) beads by 2018. We also backed the California Ingredient Disclosure Bill in 2017 by disclosing product ingredients we use in North America, and we continue to support the agenda behind the legislation.

We're in tune with our industry's awareness of chemicals of concern, and that of our consumers, NGOs and regulators. Our customers increasingly have their own RSLs that suppliers like us must follow. It's important to engage closely with all these stakeholders to keep standards high and fix the right priorities as we move forward together. Participation in the Chemical Footprint Project (<https://www.chemicalfootprint.org/>) is part of this effort. It helps us benchmark our approach to chemicals management, inventory, measurement, public disclosure and verification.

Partnerships and collaborations

Green Chemistry Commerce Council (GC3)

We're part of the GC3's Sustainable Chemistry Alliance group, which promotes policies to accelerate development of sustainable chemistry processes and products. Public policy can trigger innovation that leads to safe and effective alternative ingredients. The GC3 Sustainable Chemistry Alliance has backed the Sustainable Chemistry Research & Development Act, which would give national support for commercialisation, training and education on chemistry research. The Bill has been recently passed and we're working with the GC3 Sustainable Chemistry Alliance to support its implementation.

<https://greenchemistryandcommerce.org/>

European Chemical Industry Council – CEFIC

Our experts represent Reckitt on CEFIC's Long-range Research Initiative projects. These help to steer wider industry research efforts towards a better understanding of the potential impacts of chemicals on human health and the environment. <http://cefic-lri.org/>

Academic partnerships

We continue to support the Ecorisk2050 EU project to better understand the future environmental risks of chemicals. <https://ecorisk2050.eu/>

We're sponsoring the Natural Environment Research Council's new Centre for Doctoral Training (CDT), specialising in managing chemical risks in the environment. From 2021–22, the centre will support three intakes of 13 students.

We also co-sponsor research at the University of York in the UK on the environmental risks associated with polymers.

WHAT IS GREEN CHEMISTRY?

Green chemistry, or sustainable chemistry, is about developing and using chemicals and materials that:

- Are less toxic to health and the environment
- Have lower energy consumption and related emissions
- Have less impact on natural resources
- Are designed to lead to less waste and more reuse or recycling of chemicals and materials across a product's life cycle.

Products using green chemistry show improvements in at least one of these areas, without performance suffering significantly in the others. This could be in how they're produced, used or disposed of, compared to products that use chemicals and materials in similar ways.



CASE STUDY



LOOKING AHEAD

We look for continuous improvement when it comes to the ingredients we use in our products. That means we never stop learning, says Heather Barker, Global Head of Regulatory Hygiene. "Science isn't static. We're continually learning about ingredients and how to make better choices by offering people products that will delight them.

"We want to bring meaningful consumer education and transparency to what is in our products and why," says Heather. "People are looking for more natural ingredients in their products, and we're working hard to make sure we add them in the right way. An ingredient from a natural source could end up having more impurities than the same substance synthesised in a laboratory."

She adds: "Consumers also expect a product to be efficacious – to do what it claims. We aim to distil complexity so people can make informed choices for them and their family."

New 2020 product launches with naturally-derived ingredients include **Botanical Origin laundry products** and the **Botanica range from Air Wick**. We've also got third-party certifications by meeting criteria on ingredients used, and by using EU Flower, Nordic swan and USDA Biopreferred logos on specific product labels.

Explaining the safety of our ingredients

We want to be 100% transparent about our ingredients, through clear labelling on our products and online information. In 2020, 75% of our net revenue came from products where we disclose ingredient information on the pack or online. The other 25% are mainly hygiene products we sell outside Europe and the US, where regulatory requirements are often still evolving and we're working to shift labelling policy so we can give consumers more information.

We also include information about how to recycle or dispose of products, like asking consumers not to dispose of wipes by flushing. Differences in recycling infrastructure across the world make this a challenge, and we're looking at ways to help develop them.

Improving online information for consumers

Websites help us get detailed information to consumers efficiently. We've improved our US ingredients website by adding more technical details, including fragrance information, and by making it easier for consumers to search for information about popular brands. Our European website already has similar information, and we're planning to extend this approach to other markets and to our brand websites.

To keep customer satisfaction high, our Consumer Relations teams around the world respond when consumers get in touch, making sure we capture details of their experience in our Global Consumer Relations database. We track consumer satisfaction through brand perception analysis and by tracking complaints and enquiries to our consumer helpline. Currently, we get 27.71 complaints for every million units we sell.

Promoting the benefits of our products to consumers

Our products have health, hygiene and nutritional benefits, whether it's Dettol and Lysol protecting against germs, Nurofen offering pain relief or Durex protecting against sexually transmitted diseases. In line with our purpose – to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world – we help consumers understand these benefits. We do this through clear and accessible information about how to use our products, what the ingredients are and where they come from.

We continue to raise awareness among consumers and healthcare professionals about the need to protect against the microbes that produce respiratory illnesses. This expertise meant we were ready to respond when the COVID-19 pandemic struck. An example of our efforts here is our continued support of the Global Respiratory Partnership (GRIP). GRIP is committed to antibiotic stewardship and conservancy by changing current healthcare professional and patient behaviour in the treatment of upper respiratory tract infections to avoid building antimicrobial resistance.

We also design our products to have other benefits – so that they produce less waste, or need less energy or water to use, for instance. Some examples are Calgon, which makes washing machines more energy efficient by cutting limescale build-up; while Vanish makes clothes last longer by removing stains. Finish dishwasher tablets are the most effective on the market for the 'eco' cycle setting, and dishwashers use less carbon and water than doing the washing-up by hand. For more about how we're developing more sustainable products, see our [Sustainable product innovation insight](#).

Our animal testing policy

We want to avoid unnecessary animal testing. We won't conduct or commission animal tests on ingredients or finished products, or request our suppliers to, unless required by law, or there's no other way to resolve a specific safety concern. For more details, see our [Animal Testing policy](#).

Listening to our stakeholders

Reporting effectively across our many sustainability issues and giving regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback. What should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

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SUSTAINABLE PRODUCT INNOVATION

Our performance in 2020

Target

One third of our net revenue coming from more sustainable products as measured by our Sustainable Innovation Calculator.

Aim

1/3¹

net revenue from more sustainable products by 2020

2020

30.4%[†]

¹ Excluding our Infant Formula and Child Nutrition business.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Our product designers think about sustainability right at the start of the innovation process. We encourage an innovation culture where sustainability is always considered, and improvements, both big and small, are made at every opportunity.

Creating more sustainable products

Our ambition is that every innovation we make is more sustainable than its predecessor. And everything counts – from major new product launches, to a small incremental change to an established brand. Whether we're improving an existing product range by reducing plastic packaging. Switching to a more sustainable ingredient. Exploring solutions through business acquisitions. Or if we're inventing a completely new product with a lower environmental footprint. Each of these is a step in the right direction.

And sometimes the core DNA of our products means they exist to produce less waste, or ensure less energy or water is used. For example, Vanish makes clothes last longer by removing stains and reviving clothes, while Calgon makes washing machines more energy efficient and longer lasting by reducing limescale build-up.

It isn't enough for us to simply ask our scientists to incorporate sustainability into the innovation process. We need to measure the impact of each change. For example, for us to report a product as 'more sustainable', it must make a 10% improvement on carbon, water or packaging versus the benchmark (see scoring table of page 4). There are always benefits and drawbacks to innovations and we weigh the impact of our decisions carefully. For example, a natural ingredient may score highly on one aspect of sustainability, but have a higher water impact than a synthetic ingredient; or plastic packaging may actually have a lower carbon footprint than a composite equivalent.



The key tool for our work in this area is our Sustainable Innovation Calculator (SIC). It scores our product innovations using quantitative metrics to establish whether an innovation, however big or small, makes a product 'more sustainable'. This means we're able to assess every change to ensure it's helping Reckitt's brand portfolio as a whole become more sustainable. The calculator considers metrics including water, carbon, plastics, packaging and ingredients. The ingredients analysis is based on green chemistry principles and includes preferred sustainability credentials such as certified origins for natural raw materials. This year, while teams were still using the SIC, we worked behind the scenes on a revision to our ingredients metric. From January 2021, product developers now have more tools to help us continuously improve. The SIC encourages moving beyond simply avoiding ingredients on our Restricted Substances List and, instead, using ingredients that are perhaps from recycled feedstocks, have better biodegradability and a lower hazardous chemical footprint. This helps to future-proof our products and meet growing consumer expectations. We will see more coming through in next year's reporting as the SIC gains further momentum. The update incorporated green chemistry, sometimes known as sustainable chemistry, along with additional measures to help Reckitt work towards the circular economy. (For more on green chemistry see our [Product Stewardship insight](#).)

We want to ensure that all Reckitt employees keep sustainable innovation front of mind. We revised our Operating Models and integrated sustainability across the board. We've also refreshed and broadened our training to ensure more of our teams are aware of the Sustainable Innovation Calculator's vital role. We made this accessible to all employees at Reckitt, even if they are not directly involved in product development. It is also part of much wider communication of our sustainability ambitions. Internal communication on World Environment Day, for example, encouraged all employees to consider the importance of protecting the biodiversity of our planet. We're finding that our community is becoming more engaged with sustainability and keen to improve the environmental footprint of our products. This change is visible across the organisation, from the eRB business who look to improve sustainability through investments, to our country representatives working directly with customers and retail partners.

As well as focusing on our operational footprint, we have also reinforced our development activity to scrutinise and improve product footprints in more detail. This included further expanding the use and development of the SIC.



MORE ABOUT SUSTAINABLE PRODUCT INNOVATION

We want consumers to trust our brands; to feel confident that our products are safe and cause no harm to the ecosystems or the people that they touch during their life cycle. The overall topic is covered by several insights to make the subjects more accessible.

They are:

- **Product stewardship** – the processes we follow to use safe, environmentally-friendly ingredients in our products as well as the transparency and labelling to empower our consumers to make informed decisions when buying our brands.
- **Plastics and packaging** – our journey to use less packaging, use more recycled material and encourage consumers to recycle our own products.
- **Our value chain** – the steps we take to ensure that we, our suppliers and our suppliers' suppliers are living up to our values and standards – whether that's on human rights or safeguarding ecosystems and the planet for future generations.

Our performance in 2020

Target

One third of our net revenue coming from more sustainable products as measured by our Sustainable Innovation Calculator.

Although we did not quite reach our target of one third of net revenue from more sustainable products by 2020, we made significant headway in an extraordinary year, achieving 30.4%. In these times, when we've seen unprecedented demand for many of our products, we have not only managed to keep our labs and factories operating safely despite the pandemic, but still managed to implement the many changes to our products that add up to delivering an increase in the share of sustainable net revenue.

2020 also saw a significant increase in product volumes in certain product sectors where water is used, like antibacterials. This is understandable in the battle to combat COVID-19. It meant that some improvements in footprint per dose were overshadowed by the increased production volumes in those sectors, and adversely affected the water per dose. The small improvements in product carbon and water footprints were not what we wanted to achieve, and we will refocus on this as we pursue the science-based targets we have set ourselves for 2030. This includes a 50% reduction in product carbon footprint. Overall, however, we're pleased with the increased sustainability through innovation that we've encouraged over the last three years, which gives us strong foundations for future progress.

Net revenue from more sustainable products¹

	More sustainable net revenue (m)	% More sustainable net revenue
2013	£230	3.0
2014	£350	5.0
2015	£558	5.0
2016	£1,193	13.2
2017	£1,716	18.2
2018	£1,868	18.5
2019	£2,397	24.6*
2020	£3,376	30.4*

¹ Excluding our Infant Formula and Child Nutrition business.

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Looking ahead – our performance in 2021 and beyond

We've updated our target to 50% of our net revenue to come from more Sustainable Products by 2030. We aim to achieve our new ambition in two ways. First, by adding more details to the Sustainable Innovation Calculator (see page 1) so we can consider the sustainability of our products in greater depth. And we will continue to evolve this vital tool to make our sustainable product innovation process as comprehensive and robust as possible.

Secondly, we're applying the calculator's measurement to all three Reckitt business units – Health, Hygiene and Nutrition. From 2021, the products from our 2017 Mead Johnson acquisition will be embedded in our sustainable innovation process. We'll now be more consistent in our approach to sustainable product development across our whole brand portfolio from Enfamil, the infant milk formula in Nutrition, to our hygiene brands, like Finish and our health brands, like Durex.

And as more people buy our products online, Reckitt continues to support this shift through innovation. We continue to develop more sustainable packaging options for this channel. Similarly, our eRB business unit invests in businesses with a focus on purpose and sustainability. Reckitt's 2020 acquisition of UpSpring included a portfolio of natural-ingredient products to help parents find innovative solutions to everyday health and wellness challenges.

Collectively, these measures help steer our course towards our goals of reducing product carbon footprints and supporting our ambition for carbon neutrality by 2040.

2020 product highlights

This year, despite the restrictions and challenges of COVID-19, our new product development pipeline remained strong, with some great innovations from some of our most popular brands. Our sustainable innovations tend to improve on one or more of three aspects, which all help to reduce the environmental impact of our products. First, better ingredients; second, better packaging; and third, more effective dosing.

Our work in **green chemistry**, reformulating existing products with new sustainable ingredients, grows in importance:

- Lysol Disinfecting Spray in the US replaced the main formula ingredient – petroleum-derived ethanol – with bio-based ethanol across the whole product range.
- Dettol's alcohol-free hand sanitiser in China uses bio-renewable actives (lactic acid and citric acid, sourced from cane sugar and corn, respectively) and is proven to kill 99.9% of bacteria and viruses including COVID-19. It will roll out to other countries in 2021.



- Harpic Essential toilet cleaners and toilet blocks, incorporating the use of biodegradable active ingredients and no harsh chemicals, were launched across the EU. The bottles have perforated sleeves that can be easily removed for better recyclability and the toilet blocks' blister packs are made from 80% recycled plastic.

Another key way to lower our products' environmental impact is to **reduce their packaging**. This decreases the volume of raw materials per product and their water and carbon impact:

- Air Wick Freshmatic device reduced its plastic content by 18%. This new version is also more energy efficient, requiring just one battery, rather than two.
- Scholl's Expert Support Insoles range replaced the plastic in the insoles with lighter PU foam and also removed PET film (plastic film) from the packaging. These incremental changes created 18% lighter packaging with a lower carbon footprint and a lower water impact

Concentrated versions of our products also reduce packaging materials and we use and transport less water everywhere. This approach significantly cuts the weight of the products, reducing carbon emissions generated in distribution:

- Lysol Smart, launched in the US in January 2020, is a refillable multipurpose cleaner in a trigger spray format with a reusable bottle that can be used up to 25 times, resulting in a 75% plastic saving. (See case study on next page.)
- Dettol launched its 250ml Liquid Handwash in India, Bangladesh and Sri Lanka, increasing the volume of formula from 200ml while using the same product pack-size. This saw a reduction in carbon emissions and a 20% reduction in plastic per dose.

Although the pandemic saw us prioritise much-needed anti-bacterial and home cleaning products such as Lysol and Dettol, we were still able to make some progress in **switching to more sustainable ingredients**:

- Aerogard Home pesticides' range was launched as a trigger spray format rather than a standard aerosol, in both Australia and Brazil. The formula contains natural active ingredients and recyclable packaging.
- Cillit Bang 'Naturally Powerful' kitchen and bathroom surface cleaners were launched in Germany in May 2020. Formulas contain naturally-derived ingredients, while the packaging contains 75% recycled-content material. The sleeve has been perforated for easy recycling, with on-pack removal instructions.



INVESTING IN MORE SUSTAINABLE INNOVATION

eRB, our dedicated digital business organisation, invests in start-up founders who support Reckitt's fight for access to quality health, hygiene and nutrition. We seek out businesses who are driving real social impact through new sustainable innovation, product design or awareness. Founders get access to Reckitt's experts, capability and scale to help them grow fast and build shared success with Reckitt brands.

They are:

- Oxwash, who is re-engineering laundry from the ground up through recycling water, capturing plastic microfibres and using ozone technology to wash at low temperatures. They've partnered with cross-functional leaders at Vanish to collaborate on new innovative formulas, their purpose and sustainability strategy, and entering the fashion and B2B rental markets.
- Bower Collective is a plastic-free refill subscription service for home and personal care products. In return for business insights to support their growth strategy, Reckitt gains learnings on a new refill subscription model, plastic-free product development and community development.
- With the support of Reckitt's Sustainability team, Grain has been developing their sustainable business model, growth strategy and design principles. Their expertise in household furniture design and sustainable materials gives Reckitt unique insights into the changing behaviours of our consumers in the home.

CASE STUDY



LYSOL SMART – A NEW FORMAT REDUCES OUR IMPACT

With COVID-19 increasing demand for our anti-bacterial products, Lysol Smart enabled us to help US consumers clean and disinfect their homes, while lowering their impact on the planet. Lysol Smart's new refillable trigger spray bottle can be reused and refilled up to 25 times. To use it, you simply fill the bottle to the water-fill line, insert the refill cartridge, attach the spray gun to the neck of the bottle and shake gently. This new format results in a 75% plastic saving.

How we manage sustainable product innovation

Our finance and sustainability teams work hand-in-hand to track our net revenue from more sustainable products. This financial evidence helps to create a strong business case for sustainability. Similarly, a network of sustainability champions in our R&D teams around the world work in each of our product categories to ensure sustainability is a priority when designing and developing products. Moreover, an increased awareness of environmental issues, thanks to sharing sustainability initiatives on our intranet, is uniting the global Reckitt community to think 'sustainability first'.

Sustainable Innovation Calculator – how we measure progress

Our calculator enables us to determine the impact of a product versus existing benchmarks, so we can decide whether it can be considered more sustainable and therefore count its revenues towards our net revenue targets.

The calculator is a streamlined life cycle assessment (LCA) tool that examines the water and carbon impact of products, their ingredients, raw materials and packaging, and also, crucially, the impacts of how they are used by consumers. To be considered more sustainable, a sustainable product innovation must score better in at least one of the categories without scoring worse in any others (see table below).

We continually update, improve and evolve this vital sustainability tool to empower our innovation teams with more data and insight. Starting in 2021, the calculator's new green chemistry metric allows us to factor in regenerative aspects of our ingredients such as the citric acid, sourced from corn, in Dettol's new alcohol-free hand sanitiser.

How the scoring works

To be considered sustainable, our product innovations must score as follows in each of the following categories:

Sustainable Innovation Calculator	Carbon g CO ₂ / dose	Water Effective water l / dose	Packaging		Ingredients Self declaration
			Plastics Reduction / % PCR / recyclability	Weight Effective packaging weight / dose	
Better	> 10% savings	> 10% savings	Plastic score combinations*: • Green, green, green • Amber, green, green • Green, amber, amber	> 10% savings	Complies with Restricted Substances List (RSL) and has a preferred sustainability credential
Same	1.5 – 10% savings	1.5 – 10% savings	Plastic score combinations*: • Amber, amber, amber • Green, green, red • Green, amber, red • Amber, amber, red • Green, red, red	1.5 – 10% savings	Complies with RSL
Worse	> 1.5% increase	> 1.5% increase	Plastic score combinations*: • Amber, red, red • Red, red, red	> 1.5% increase	Does not comply with RSL (or variance)



CASE STUDY

UPSPRING – INSPIRING SUSTAINABLE INNOVATION

Making the shift to more sustainable products means looking outside for companies to help accelerate our progress. UpSpring was a purpose-led acquisition, with the expertise and a naturals-led product portfolio to inspire our existing brands. One example of their approach is the UpSpring Milkflow 100% compostable coffee pod, developed to reduce the number of single-use coffee pods sent to landfill every year. The Milkflow pods are BPI certified 100% compostable, with a plant-based packaging made from corn starch and sugars. They contain zero plastic and zero BPAs (an industrial chemical used to make certain plastics and resins).

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

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PLASTICS AND PACKAGING

Our performance in 2020

Aim	Progress	Aim	Progress
25%	3.5%	100%	61.8%*
post-consumer recycled content (PCR) resin in our plastic packaging by 2025	3% in 2019	of plastic packaging reusable or recyclable by 2025	54% in 2019

Aim
50%
use 50% less virgin plastic in our packaging by 2030

* based on the Ellen MacArthur Foundation methodology and technical recyclability.

Reckitt's Total Plastic Footprint

Total weight (tonnes) of all plastic packaging*	225,310 Metric Tonnes (195,000 MT in 2019)
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* Total plastic packaging weight excludes devices/ gadgets/ aerosol valves/ adhesives/ fill formula (like wipe substrate), aligned with Ellen MacArthur Foundation (EMF) definition.

Our customers, governments and businesses all put plastics and packaging waste towards the top of the list of urgent environmental issues facing the planet. We've set ourselves clear targets to tackle them. Now we're looking to scale up the first results.

The past three years have seen a huge public focus on plastics and packaging. They're centre-stage for our customers, whether it's Amazon with their 'compact by design' standard, or Walmart with their target to make all packaging recyclable by 2025. People who buy Reckitt products, too, are demanding less packaging and more responsible materials. And regulation calls on companies like us to pay for the plastic packaging we put on the market through packaging taxes.

Of course, the challenge is one we accept readily – in fact we see it as an opportunity to improve our environmental footprint and meet a growing consumer expectation. Every manufacturer in the world has a responsibility to curb their use of materials, and plastics in particular. We've been working to tackle these issues for several years, and our efforts are paying off. Now the priority is to move from driving innovations towards large-scale impact.

We must use fewer materials in our packaging. Alongside this, we want the materials we do use to be recyclable, promoting a circular economy that cuts waste. We also want to use better materials, like post-consumer resins (PCR), bio-based plastics – or replace plastics with paper. In some cases, we're removing packaging altogether.

Our pledges demonstrate our commitment and frame our action. Our headline targets are to:

- Use 50% less virgin plastic in our packaging by 2030
- Make 100% of our plastic packaging recyclable and reusable by 2025
- Use 25% post-consumer recycled content (PCR) resin in our plastic packaging by 2025.

To achieve these targets, we can't work in isolation. We're strengthening our global, cross-sector commitments by joining the Consumer Goods Forum and their Plastic Waste Coalition, and working as part of the Ellen MacArthur Foundation's New Plastics Economy. We also have country-level platforms such as the UK and US Plastics Pacts. And we work closely with our suppliers on innovative solutions – companies like Veolia, Dow, Mondi and many more.



Success is also about sustainability becoming central to how we operate. Our brands review how to reduce their packaging footprint. We've made our Sustainable Innovation Calculator, which measures the sustainability of plastic and packaging inputs for every new innovation, fundamental to each stage of product development. We also train our pack designers in sustainability. This is how we make sustainable packaging part of innovation and decision-making from the start, not something that's retrofitted later. It also underlines how, for us, sustainability and business benefits converge. A pack made with less materials speeds us towards our pledge targets by cutting our environmental impact and, often, the cost.

We track the impact of these changes on our packaging and processes by reporting them through the New Plastics Economy Global Commitments. We give full disclosure in our external reporting, making them part of our own governance processes.

Progressing on our pledges

We've moved forward on our plastics pledge targets in 2020. We've created more recyclable packaging, including more recycled plastics, and, perhaps most importantly, are progressively using fewer materials overall. This is in line with our new target to reduce the amount of virgin plastic we use by 50%. As well as looking at opportunities to reduce our existing packaging, we are also innovating new ways to drastically reduce our footprint. A good example is the new Lysol SMART refill solution launched in the US, which reduces the amount of plastic used by 75%.

Plastics and packaging continued

Progress against aim

Aim	Progress
100%	98%
paper and board from certified or recycled sources, excluding third-party manufacturing sites	
97% in 2019	

In addition to plastic (see page 1), we measure the footprint of our other major packaging materials.

	Total Weight (metric tonnes)	Recycled and/or Certified Material (% of total weight)
Paper and board	227,567	98%
Metal (tinplate & aluminium)	78,842	32%
Glass	28,771	23%

We've strengthened our review of paper and board origins, so that we're even more rigorous about traceability to either certified or recycled origins for paper pulp. This has affected the data we get from suppliers. Our percentage of paper (pulp) from certified or recycled sources is higher than in 2019. But we narrowly missed our goal of 100% of paper and board to be from certified or recycled sources. We aim to reach this as soon as possible, and before 2025.

In some of our sectors product turnover can be slow, especially in Health, with its regulatory requirements. The cycle from idea to product launch can easily take as long as two years, requiring us to demonstrate the stability of products over time. And of course we must also ensure that our products are not just attractive and sustainable, but also safe. Even so, work we've done since 2018 to develop our plastics pledges, and to research, test and trial our concepts has produced tangible results in 2020, including:

Reducing plastic and packaging

- We removed plastic clamshells from Mucinex in the US.
- We replaced the plastic laminate on Veet hair removal cream bottles with a paper skilet.
- An optimised plastic tub was introduced for Vanish in Mexico, which reduced the amount of material required. We've also started to transition from bottles to flexible pouches here.
- In our vitamin, mineral and supplements category, we launched Blackwell in the US, with a formula-fill weight of almost half its predecessor product but double the amount of product. Taking an 'ecommerce first' approach in development also meant we could remove the cardboard box used to protect bottles sold in brick-and-mortar stores.

Making products more recyclable

- Our fully recyclable stand-up pouches for Finish All in 1 achieved technical validation through our partnership with global packaging company, Mondi. Full roll-out in 2021 will cover European production of the Finish Quantum range.
- We replaced the non-recyclable pump from the Durex 100ml Lube bottle with a cap, making the bottle fully recyclable.



CASE STUDY



DETTOL HANDWASH GOES 100% PCR

In October 2020 we launched our first 100% PCR bottle for Dettol liquid handwash in India. The 200ml black bottle helped raise public consciousness about plastic recycling while also addressing hygiene concerns around the COVID-19 pandemic.

Proceeds from sales of the handwash will go to the ASSOCHAM foundation for plastic waste recycling, among other environmental causes.

CASE STUDY



YOYO – COLLECTING MORE PLASTIC FROM CONSUMERS

Even in countries with good recycling infrastructure, the supply of good-quality recycled plastic is under pressure because households don't recycle enough plastic.

In France, households use an average of 7kg of HDPE plastic a year. But only 30% of that is recycled. We teamed up with French start-up Yoyo for a pilot project to see if we could change consumers' behaviour and collect more HDPE plastic bottles.

We gave 150 households in Lyon Vanish-branded grocery-type recyclable bags to make it simpler to sort their plastic waste. Despite COVID-19, we managed to collect all the households' HDPE for five months. We are now working with our packaging supplier, Veolia, to see if we can add the plastic we collected back into our packaging for re-use.

Increasing recycled content

- We launched a 50% PCR Finish Rinse Aid bottle in Germany in early 2020, with other markets due to follow in early 2021. Finish detergent gels contain 35% PCR packs that will roll out in 2021, starting in Italy.
- India introduced PCR for the first time on Harpic products, as part of our collaboration with Banyan Nation, a local company helping global brands use more recycled instead of virgin plastic (see case study, right).
- Our Air Wick PET blisters have been through a second phase of PCR addition, which has gradually increased the amount of PCR to over 85%.
- Launching a 75% PCR recycled high-density polyethylene (HDPE) bottles for a Cillit Bang eco-product in Germany, alongside perforated sleeves for the trigger spray to increase recyclability rates.
- Calgon Ecological+ with 75% PCR bottles was launched in Italy and will roll out on EU shelves throughout the first half of 2021.

Projects like these are a foretaste of how we want to move forward in the years to 2025 and beyond. Our technical progress is encouraging, given the challenges involved in replacing some plastics such as using and obtaining some substitutes. But our priority now is to increase the scale and impact of these programmes, across regions, over the next two to three years.

Overall, we've added 1,700 metric tonnes of PCR to our processes. We may only be at 3.5% of our PCR target currently, but we forecast this will rise to 10% in 2021–22.

Looking for transformational impact

We've long sought to minimise our use of materials by making bottles, packs and lids smaller and taking the unnecessary air out of packaging. We're now looking for new ways of getting our products to consumers that are more transformational – but still work well for people, as well as shrinking our environmental footprint.

These include refilling and re-use. A bottle refilled with fresh product is a bottle kept out of the waste cycle, and a bottle we don't have to use material or expend resources to replace. In the US, Lysol SMART saved 75% plastic compared to the traditional format of buying new bottles again and again. We're working with the recycling company Terracycle on more refill ideas. Terracycle recycling programmes are set up for flexible packaging for some of our brands in the UK, including Finish, Dettol, Air Wick and Vanish. These products are not able to be collected through kerbside recycling, but can be delivered to drop-off locations or collected at home, before being sent to Terracycle for recycling.

For the next generation of products, we're investigating other ideas like:

- Even more effective refill solutions, reducing and in some cases, eliminating the need for packaging
- Using more safe-to-use concentrates to cut down on packaging materials
- Replacing a bottle of liquid product with a compressed solid alternative.

The overall result will mean we use less plastic, as well as reducing the amount of water and air we transport around the world.



Using alternative materials is another key element of our approach, whether it's plastic substitutes, recycled plastic or paper, or novel materials like bio-based plastics. Our Air Wick Botanica room spray bottle, for instance, has 99% recycled content, and we plan to extend this initiative across other brands as we move towards our global 25% recycled content target for the whole company.

We are also finding ways to address our consumption of other materials, like metal and glass. We're working alongside our suppliers to track our progress here.

Facing recycling challenges

Looking beyond our own processes, we're influencing consumer behaviour to boost recycling rates globally. In the UK, for instance, only around 25% of household plastic goes to recycling. In the US, it's only around 9%. So we're helping to improve or create recycling systems in areas where infrastructure is lacking. The more good-quality plastic that goes into recycling, and the better the systems for processing it, the better the supply of materials like PCR, and the more viable the cost (see Yoyo case study, left).

Plastics and packaging continued

In 2020, we joined the Holy Grail project, which is developing an industry-wide watermark and tracing system to improve sorting in the recycling infrastructure. In 2021, we'll choose products to submit for watermarking and labelling trials.

COVID-19 has created some new recycling challenges for us. High demand for disinfectants has outstripped the supply of PCR for bottles. This could increase our footprint in this product area, as we used more packaging but couldn't increase the percentage of recycled material as much as we wanted. Recyclers collected less plastic, restricting the supply of waste feedstock for PCR. Also, crude oil prices fell, increasing the cost gap between virgin and recycled plastics. And extra urgency to produce hygiene products left us with longer lead times on packaging trials, particularly with our teams being unable to use labs during lockdowns.

Despite these short-term setbacks, we expect to push ahead strongly in 2021 with efforts to back recycling infrastructure through partnerships, and to boost our own innovation pipeline. Teams are already moving forward on this agenda, with ideas like using vacuum techniques to make Finish boxes and recyclable pouches more compact, and cutting packaging weight. Across Reckitt products we'll also be increasing the use of recycled board, and removing metallised material from cartons so they can be recycled.

Joining forces for more impact

Whether it's researching new materials formulations, sharing ideas, or helping to improve recycling systems in parts of the world where they're less developed – to succeed we must work alongside others, so that new ideas achieve more, faster.

In 2020, Reckitt joined the Consumer Goods Forum to work with many retailers and manufacturers on sustainability issues. In 2020 the Forum introduced guidelines for making plastic packaging easier to recycle.

Alongside our participation in the UK Plastics Pact, we also joined the US Plastics Pact, a collaborative initiative to move towards a circular economy for plastics in the US by 2025. As a founding Activator, we'll work with others on defining a list of problematic or unnecessary packaging by 2021 and eliminating it by 2025. Also, by 2025 the USPP aims to:

- Make all plastic packaging 100% reusable, recyclable or compostable
- Recycle or compost 50% of plastic packaging
- Make sure plastic packs contain an average of 30% recycled or responsibly sourced bio-based content.

Other highlights from our partnerships in 2020 include:

Stimulating the market for recycling with global waste management services provider Veolia. Our partnership to develop PCR by turning an affordable material into a clear, clean and odourless feedstock has continued in 2020, following our 2019 work pioneering rigid Finish containers for use with detergents. We've now launched our first Vanish packaging containing 35% PCR. The big technical challenge was to make sure the iconic pink colour wasn't visibly different from virgin plastic packaging.

Defining our approach to using bioplastics in a responsible way, working with the European Bioplastics organisation and University of Amsterdam. We've focused on responsible sourcing, and how to confirm through life cycle analysis that impacts are better than virgin stock, and that bioplastics are compatible with local recycling infrastructure.

Looking to the future

Our targets take us to 2025 and 2030, but our thinking goes further. Our long-term emphasis is on delivering our products in new ways that minimise or eliminate packaging, and still work well for consumers. Our work on refilling and re-use is an example. By 2025, all our plastic

packaging will be recyclable and our use of better materials like PCR will be rising. Our new Polymer Science function in the global packaging team is responsible for the next generation of plastics; and finding new ways of recycling, including dissolution and chemical recycling. Right now, we're enhancing mechanical PCR as a first priority.

Listening to our stakeholders

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The Sustainability team

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OUR PEOPLE

Our culture starts with our people. We're all united in our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We aim to create the space and the opportunities to help our people make a difference, and do the right thing, always.

Our purpose, fight and compass guide us



Our leadership behaviours

Own

- Live our purpose, fight and compass
- Know our business cold
- Make decisions

Care

- Actively listen, learn and include
- Speak direct with respect
- Act to unleash potential

Create

- Spot opportunities
- Innovate, iterate and scale
- Relentlessly build better

Deliver

- Focus on what matters
- Move boldly and at pace
- Join forces to win bigger

Empowering our colleagues to make a difference

Reckitt became a key strategic player in the global fight to stop the spread of COVID-19. This would never have been possible without the heroic efforts of our more than 43,000 diverse and talented individuals across the world. It was truly inspiring to see how our culture came to the fore this year, driving our people to do their best in very challenging circumstances.

We have all had to learn a lot, and fast! We managed an organisational and cultural change alongside dealing with issues from the pandemic, at home and at work. It has been a year when our global organisation had to unlearn many set ways of working and living and form new habits. But we stepped up to the challenge.

We offered a range of support for employees affected by the pandemic, conscious that their wellbeing is paramount. This included local assistance programmes, global webinars and learning resources, and podcasts with senior leaders sharing their top tips. Additionally in 2020, we paused our global operations twice so that our people could rest and recover in a stressful year.

Our priority was to keep our frontline people safe so they could continue to meet the needs of our consumers and safely produce essential supplies to fight the spread of COVID-19, such as our disinfectants, Dettol and Lysol.

But we didn't lose sight of the longer-term themes that are so important to our people. We believe a good business is one that reflects not simply the world we live in, but the best version of the world we live in, in all its diversity. This year, we laid the foundations of placing inclusion at the heart of our culture. We established a new global Inclusion Board chaired by our Chief Executive, undertook a diagnostic of current practices, and gathered feedback from our people through global listening groups. (See our [Inclusion insight](#) for more details.)

2020 highlights

2020 was an extraordinary year for everybody. Aside from keeping our frontline operations running, our office-based staff had to switch almost overnight to working from home. In doing so we all formed new ways of working, learning to do all the things we'd usually do in person, online – onboarding new starters and leadership training, for example. Some of our highlights include:

- **Inclusion** – alongside a global listening exercise and diagnostic completed by our external partner, EY, we established a new Inclusion Board and launched a new inclusion strategy with six workstreams. We've also updated our gender balance target, aiming for an equal split of men and women across our business at all management levels by 2030. (See more in our [Inclusion insight](#).)
- **Stronger Together** – we launched our new global conversation series, a five-year commitment to discussing the inclusion issues that matter most to our people, hosted by our CEO, Laxman Narasimhan. (See more in case study below and our [Inclusion insight](#).)
- **Glint employee surveys** – we replaced our biennial employee survey Culture Pulse with more frequent Glint employee surveys. In 2020 we ran five surveys in total – two general ones for all employees and three specific, COVID-related responses. In June 2020, 82% of employees agreed they would 'recommend Reckitt as a great place to work.' (See more on the results below.)
- **Leadership behaviours** – we developed our new leadership behaviours with the Global Executive Committee, clearly setting out our expectations of leaders at Reckitt and reinforcing the culture shifts we are making.
- **Workforce Disclosure Initiative** – we were placed in the top quartile of 140+ Workforce Disclosure Initiative companies for transparency on sharing information on pay, contract types, diversity and supply chains with a score of 82%, compared with the 66% industry average.
- **Gender pay gap reporting** – we extended our statutory gender pay gap reporting, to include five key markets in 2020. We have since extended this to ten markets and will report on these in 2021.

2020 countries	2021 additional countries
UK	Poland
US	Thailand
India	Brazil
China	Russia
Mexico	Indonesia

Working through COVID

Our people step up and offer support in times of crisis. We saw this time and again during the COVID-19 pandemic, as our people responded to the global emergency in our relentless pursuit of a cleaner, healthier world. We ensured that our frontline colleagues in Reckitt manufacturing sites could safely continue to make essential products and meet the needs of our consumers – particularly for our disinfectants Dettol and Lysol, to fight the spread of COVID-19. (See case study, below.)

We also swiftly set up remote working for our people who were able to work from home. We shared advice including how to take care of your mental health, as well as ensuring the correct desk set-up to avoid injuries and take care of your physical health. We've since shared our Return to Work policies as opensource documents externally, so other organisations can benefit from our thinking and planning.

We put a number of tools in place to help our people navigate the changing workplace in COVID-19. Some of these tools were new, and some, like our Employee Assistance Programme, already existed, but were expanded and became more important during the pandemic. They included:

- **Frontline recognition and support**, including monetary bonuses, gift vouchers, free meals, care packages and additional days of annual leave.
- **Our 'Navigating our New Normal' book** shared guidelines to keep all our employees safe at work, whether on the frontline in our manufacturing sites or adjusting to the realities of home working. We followed five guiding principles – putting our people first; locally-led decisions to reopen; a phased and gradual return to the workplace; mutual accountability through involving our employees in the decision to return; and protecting our frontline. (See more in [Health, safety and wellbeing insight](#).)
- **Employee Assistance Programme (EAP)** offers all Reckitt employees confidential, anonymous, impartial advice on topics from mental health to financial challenges. Help comes via multi-lingual web resources, as well as telephone support from a professional adviser. We now have EAPs across all countries (See [Health, safety and wellbeing insight](#) for more.)
- **Remote working hub**, offering comprehensive support on working from home sharing resources on team engagement, team meetings and time management
- **Wellbeing hub**, bringing together our resources to support our people's wellbeing, including practical advice, tools and education for all.

- **Financial support** for employees to enable them to work from home safely.

Internal communication

Internal communication and engagement was essential in 2020. And although we could not make many site visits or hold face-to-face meetings, many of these meetings were held virtually instead. For example, the leadership team and Board Directors held virtual focus groups and town halls to share key messages. All our colleagues were encouraged to connect directly with senior leaders through email and during live-streamed Q&A sessions.

Similarly, our Chief Executive, Laxman Narasimhan made virtual internal engagement across the company a priority. For example, his popular car pool conversation – informal chats with team members on their commute – had to stop during the pandemic. However, he continued to connect with colleagues through regular virtual 'sofa chats' and the Stronger Together series.





CASE STUDY

RESPONDING TO THE CRISIS IN CHINA AND THE PHILIPPINES

Jingzhou city in Hubei province is home to one of Reckitt's biggest manufacturing plants for Dettol. And it's close to Wuhan, where the COVID-19 epidemic began. When Hubei went into lockdown, the factory's products were desperately needed, but most of its 400 workers had left the city for their Chinese New Year celebrations. Nearly 300 colleagues returned to work, often making challenging journeys during the holiday period. Reckitt arranged for accommodation to be provided for employees, to avoid commuting during the time when the virus was particularly prevalent. We also made sure the factory working environment was safe from the virus, through additional hygiene precautions and temperature checks. Nobody at the factory contracted the virus. The factory was awarded Reckitt's highest accolade, the Sir James Reckitt Award, for its efforts. Similarly, in our Makiti infant formula factory in the Philippines, our people continued working under strict quarantine conditions to maintain production of vital children's supplies under curfew conditions. Portions of the office were converted into accommodation for workers willing to stay on site for this emergency period, and a shuttle service transported other employees from their homes to work.

Setting global standards

While we celebrate our entrepreneurial culture and give people the freedom to succeed, this is always within a framework. We have clear expectations and policies which set global standards across our organisation. You can read more about these policies in our [Code of Conduct](#), as well as our [Health, safety and wellbeing](#), and [Inclusion](#) insight.

Our global workforce

Employment ratios by business unit

% at 31 December 2020 ¹	Business unit (excluding contingent workers)				
	CHQ (Reckitt Corporate)	Reckitt eRB & Greater China	Reckitt Health	Reckitt Hygiene	Reckitt Nutrition
Board	100%				
Executive Committee ²	75%	–	8%	8%	8%
Group leadership team	17%	9%	31%	26%	17%
Senior management team ²	11%	7%	32%	28%	21%
Global employees	3%	13%	29%	31%	24%

1 2020 global employed data for women and nationalities is based on data for 39,577 global Group employees, which is 44% of the average number of people employed by the Group during 2020.
2 Numbers do not equal 100% due to rounding.

Hires and employee turnover

	Business unit (excluding contingent workers)				Location (excluding contingent workers)					Age (excluding contingent workers)				Contract type		
	Total	Women	Men	Not recorded	Reckitt Corporate	Reckitt eRB & Greater China	Reckitt Health	Reckitt Hygiene	Reckitt Nutrition	<30 yrs	30–50 yrs	>50 yrs	Not disclosed	Permanent	Temporary	Third party contracts
Reckitt employees (total number)	39,577	17,482	22,061	34	1,142	5,253	11,630	12,131	9,421	8,037	26,624	4,913	3	38,219	1,358	7,022
New hires (total number)	8,157	3,772	4,342	43	264	786	2,742	3,011	1,354	3,577	4,156	423	1	6,701	1,456	5,854
New hires (rate) %	21%	22%	20%	126%	23%	15%	24%	25%	14%	45%	16%	9%	33%	18%	107%	83%
Total employee turnover (total number)	5,544	2,499	3,043	2	112	942	1,626	1,914	950	1,715	3,158	671	–	4,671	873	4,987
Total employee turnover (rate) %	14%	14%	14%	6%	10%	18%	14%	16%	10%	21%	12%	14%	–	12%	64%	71%
Voluntary leavers	3,419	1,586	1,831	2	85	589	1,036	1,118	591	954	2,075	390	–	3,202	217	NA
Percentage of voluntary leavers %	9%	9%	8%	6%	7%	11%	9%	9%	6%	12%	8%	8%	–	8%	16%	NA
Involuntary leavers	2,073	887	1,186	–	27	351	587	760	348	739	1,067	267	–	1,433	640	NA
Percentage of involuntary leavers %	5%	5%	5%	–	2%	7%	5%	6%	4%	9%	4%	5%	–	4%	47%	NA

Our commitment to respecting the right to freedom of association is embodied in our global [Code of Business Conduct](#), and [Policy on Human Rights and Responsible Business](#) available on [Reckitt.com](#). Reckitt fully complies with all applicable global and local laws regulating collective bargaining and recognises the right to freedom of association. This means that consistent with the law and with company policy, employees have the right to assemble, communicate and join associations of their choice, or not. As of 30 September 2020, 20% of our employees are represented by an independent trade union or covered by collective bargaining agreements.

Reward and recognition

Benefits

We offer a range of different benefits at Reckitt. Some, such as pension and medical care plans, annual health checks, and health, accident and disability insurance provide important stability for employees and their families. We also offer life insurance for all our global employee population. Others, such as salaries, bonuses and long-term incentives, are linked to performance. Our benefits vary depending on location and are reviewed regularly to ensure they're locally competitive. For example, our pension scheme is offered to more than 70% of our global employees. Exceptions might happen in local markets where pensions are provided by the state or where pensions are not commonly offered by employers. Reckitt's global parental leave policy provides 26 weeks' paid and 26 weeks' unpaid maternity leave, and four weeks' paid and four

weeks' unpaid paternity leave. The policy recognises that today's families come in all shapes and sizes, so the same principles apply to all LGBTQ+ employees, as well as and including adopting and surrogacy families.

Salary and bonus

We pay our employees based on performance and this is applied consistently throughout the organisation. We reward on-target performance with total cash (i.e. salary plus bonus), but offer a high proportion of variable pay to encourage outstanding performance and creation of shareholder value. Employees are paid in relation to their role and location, with internal pay equity, pay ranges and external market benchmarks taken into account.

- Salary increases are determined by line managers based on factors such as individual performance ratings, talent ratings and local market practice. Country-specific conditions such as inflation are also taken into account.
- Our Annual Performance Plan ('APP') is operated consistently across the organisation and has more than 15,000 employees participating. In common with the Executive Directors, bonus payouts are based on Reckitt's financial performance, with all employees being incentivised on net revenue and a profit measure, which varies based on role. In addition some roles have a third measure related to market share, net working capital or innovation.

- We also operate local bonus plans, for example for employees in sales and factories.

For more details on how we pay our executives, please read the 2020 Annual Report. For details on gender pay, please read the [Inclusion insight](#) and our [Gender Pay](#) report.

Living wage (UK)

We have been paying the living wage in the UK for a number of years, but in 2019, we were formally recognised as a living wage employer by the Living Wage Foundation. Our commitment to employees and contractors is that they will receive a wage that exceeds the minimum and also recognises the actual cost of living in the UK.

Share ownership

Our award-winning, all-employee share plan fosters a culture of ownership among our people. It gives employees the chance to save over a three-year period to buy Reckitt shares at a 20% discount to the share price at the start of this period. They can save anything from £10 to £500 and the scheme is risk-free, as people can take back the amount they've saved at any time. Around 55% of Reckitt employees globally take part in one of the three share plans on offer. Over the last three-year period (2018–2020), over 9,250 employees saved a total of £48 million to purchase Reckitt shares, making a gain of around 16% over the period (based on the average closing price in Q4 2020 of £68.45).

Developing talent

We need our people to have the right skills, capability and knowledge to perform at their best every day. All Reckitt employees have their performance reviewed each year against personal and business objectives. It's also a chance for them to talk to their managers about their career ambitions. We use these reviews to help identify people with the potential to take on leadership roles in the future. 49% of open positions are filled by internal candidates.

We continue to believe in helping our people grow and develop through experience, moving colleagues to new roles and new markets. With global mobility more restricted during lockdowns, we ensure our people moving with Reckitt's international transfer policy travel only when it is safe to do so. To support their moves, we offer benefits such as international healthcare, international pension, school fees, tax return support and home leave to foster our people's international development.

Our digital learning platform, launched in 2018, played a key role during the pandemic. It meant that we could continue to develop our people as they accessed remote learning programmes. This included our global leadership capability programmes, as well as functional development programmes. In 2020, our employees also accessed training topics including unconscious bias, crisis management and health and safety. This saw them participating in 264,826 hours of training in total during the year, an average of 7.08 hours per employee.

Supporting young people to live our purpose

Now in its seventh year, the Reckitt Global Challenge has become an important graduate recruitment tool, growing from a university competition. University students are challenged to come up with a business idea based on a Reckitt product that shows performance, profitability and a social purpose. In 2020, the competition attracted hundreds of entries and participants came from 32 countries on three continents. The teams were asked for ideas that contribute to positive social change. The national winners had the chance to work at Reckitt, with their ideas going into our innovation pipeline and mentoring available to support their development.

We're also proud supporters of One Young World, a programme bringing together young people from around the globe to discuss and try to solve the big environmental, social and human problems we face. The One Young World summit was cancelled in 2020 due to COVID-19, but we're looking forward to its return in Munich in July 2021.

Promoting wellbeing

The wellbeing of our employees is vital if they are to thrive at home and work. And supporting our people's emotional wellbeing and mental health grew in importance during lockdown. Our company-wide wellbeing strategy is based around four categories: physical, emotional, financial and community. We partnered with two global wellbeing specialists to work alongside our Global Head of Wellbeing to support and share wellbeing resources. These include:

Wellbeing leadership training, to empower our leaders to support their own and their teams' wellbeing.

- A series of global education initiatives featuring external speakers to share wisdom and top tips on issues like sleep, nutrition, exercise and managing your energy.
- Pilot programmes including the launch of a social wellbeing platform in the US, Mexico, UK and India. We will measure and review the success of these programmes before rolling them out globally.
- Over 60 of our employees in the UK are trained mental health first aiders.



- During lockdown we moved our fitness, yoga and meditation classes online and launched new local activities from cook-alongs to stepathons and triathalons.
- We update our global employee wellbeing hub regularly with different resources and podcasts on mental health, with over 3,000 downloads to date. The hub also offers meditation from Headspace, the mindfulness app, and practical advice such as tips for coping with quarantine.

Listening to our people

In 2020 we replaced Culture Pulse with Glint, which asks employees for feedback more frequently. In June 2020, over 70% of our global employees responded, with 82% responding favourably to 'I would recommend Reckitt as a great place to work'. This generated a score of 81 (+7 compared to a global benchmark). In October 2020, 66% employees responded and 76% of these said they would recommend Reckitt as a great place to work, with a 78 score that was still four points higher than the global benchmark.

The highest scoring question in the October survey, cited by 86% of our employees was 'We act responsibly and with integrity'. Our surveys also identified opportunities where we could improve. While our colleagues were broadly positive about our equal opportunities policy, investment in people and our status as a smarter, leaner workplace, we were not seen as an industry leader in these areas. We have set up our global Inclusion Board and implemented more focus in this area to address this feedback.

We also regularly check in with our employees through town hall meetings and our intranet. And we hold forums, focus groups and listening sessions with leaders, so everyone can have their say.

Our confidential online and freephone service, Speak Up, is a safe, trusted channel for employees to raise concerns about violations of our policies and any unethical behaviour. (Read more about this in our [Ethical behaviour](#) insight.)

Looking ahead – focus for 2021 and beyond

In common with many other businesses, we found that the constraints from working through a pandemic also unearthed new possibilities. In July 2020, we launched Freedom Forum, a new crowdsourcing platform for employees to contribute to decisions in how we work in the future. We request ideas for a particular theme and the top five are proposed to leadership. Our first forum, workplace of the future, attracted over 600 ideas and 10,000 votes. Our next theme will be sustainability.

Highlighted by the pandemic, a desire for smarter, more flexible working practices was a common response. We are addressing all of these areas in a spirit of continual improvement. And we're interested in how flexible working might enhance wellbeing and our culture, as well as practical considerations.

As our people spend longer working from home, they also want to find ways to balance their workload more effectively. We're looking more broadly at how we can dedicate more time and resources to supporting their wellbeing and mental health. Although we've done some good work improving our provision for our people's wellbeing, there is more to do.

We've laid solid foundations to improve our progress in diversity and inclusion through initiatives such as our Employee Resource Groups and Stronger Together conversations. But we will continue to work hard to make our culture more inclusive and get better at measuring our progress, including the best way to manage our ethnicity reporting. Becoming a more diverse and inclusive organisation is central to our goal of doing the right thing, always.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

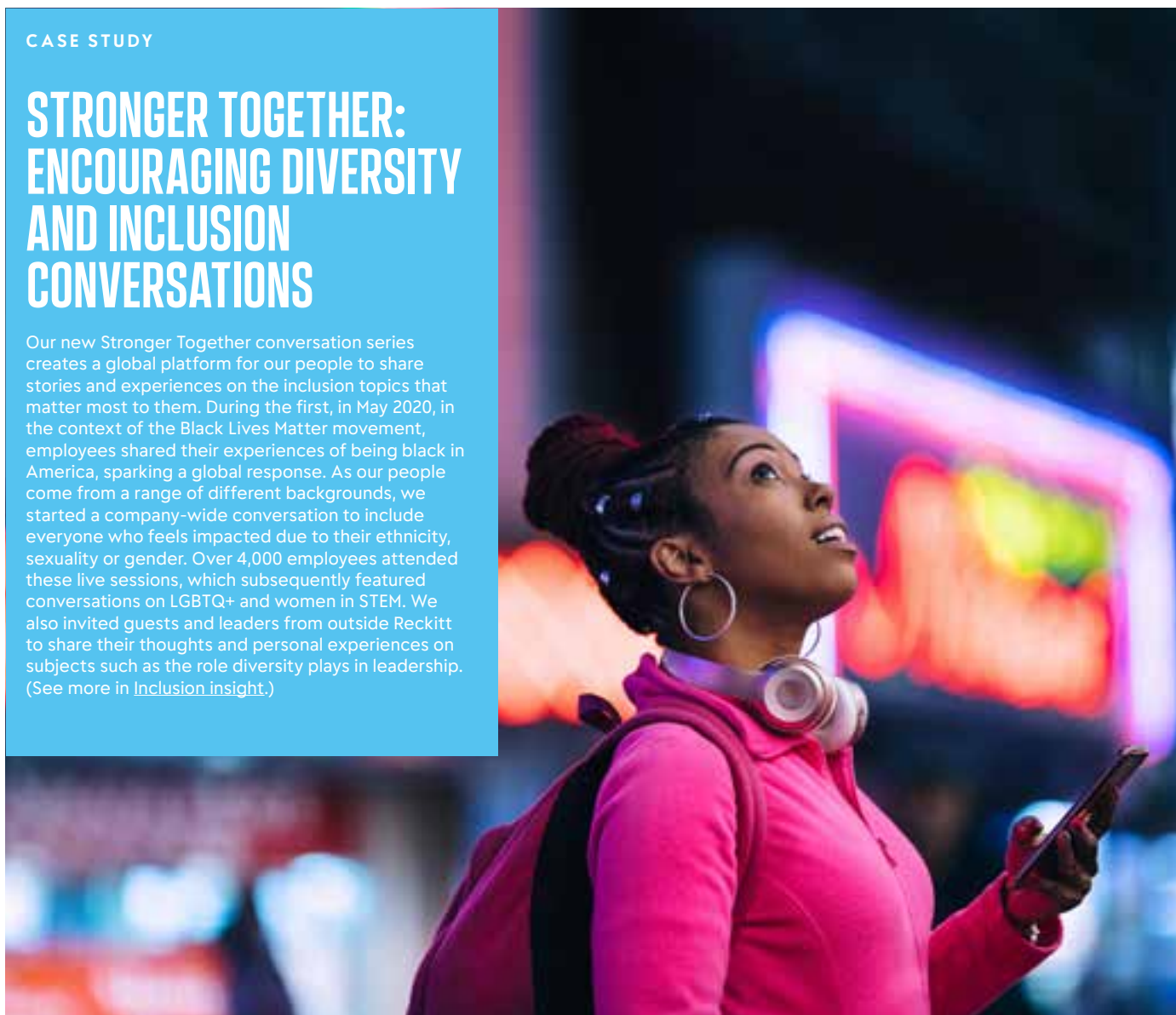
The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
103–105 Bath Road
Slough
Berkshire
SL1 3UH
UK

CASE STUDY

STRONGER TOGETHER: ENCOURAGING DIVERSITY AND INCLUSION CONVERSATIONS

Our new Stronger Together conversation series creates a global platform for our people to share stories and experiences on the inclusion topics that matter most to them. During the first, in May 2020, in the context of the Black Lives Matter movement, employees shared their experiences of being black in America, sparking a global response. As our people come from a range of different backgrounds, we started a company-wide conversation to include everyone who feels impacted due to their ethnicity, sexuality or gender. Over 4,000 employees attended these live sessions, which subsequently featured conversations on LGBTQ+ and women in STEM. We also invited guests and leaders from outside Reckitt to share their thoughts and personal experiences on subjects such as the role diversity plays in leadership. (See more in [Inclusion insight](#).)



INCLUSION

We believe in doing the right thing, for everyone, always – whether they're our people, our customers, partners, or the wider global community. Being diverse and inclusive is not an additional principle for us. We want it to be integral to the way we think and act.

Embracing our diversity to build a more inclusive world

We focus on inclusion because it's the right thing to do – not just for our company, but for society.

We are over 43,500 people of 120 different nationalities, operating in 60 countries across six continents. It is our collective responsibility to build Inclusion into everything we do, while ensuring to represent the people we are and the global community we serve.

Our purpose – 'to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world'; and our fight – 'to make access to the highest quality hygiene, wellness and nourishment a right, not a privilege' are ambitious and inclusive by design. Only through every one of us playing our part in a united and inclusive culture will we achieve our purpose and our fight.

Across the globe we have an interconnected vision that all our people have the Freedom To Succeed. For us, that starts with an inclusive environment where everyone feels able to participate and realise their full potential. Our company's DNA is steeped in a rich, 200-year history of working collaboratively across the globe. The innovative, entrepreneurial spirit of our people is at its best when diverse teams unite, share ideas and create pioneering solutions.

There is more to do. The world is changing at a faster pace than ever and as it does, so do the needs of our people and the consumers we serve.

That's why we are focusing on inclusion its broadest sense, working to collectively shape our company and the broader society to be a place where everyone feels included and treated fairly and equitably; whether as consumers, partners or colleagues.

Progress against aim

Our aim is to have gender balance at all management levels by 2030. Currently, 30% of global senior management team roles are held by women and we want this to be 50% by 2030. This extends our previous target of 40% of our senior management team being women by 2022.

The Reckitt Inclusion Board

Leaders have a powerful influence in changing culture. In 2020, we launched the Reckitt Inclusion Board, a cross-functional team of 13 global senior leaders chaired by our CEO, Laxman Narasimhan. Our global Employee Resource Groups – women@reckitt and LGBTQ+ – are represented on the Inclusion Board, along with all functions and parts of the world. This enables the Board to make inclusive, informed decisions based on the needs of our people.

Our Inclusion Board drives our inclusion agenda and is accountable for:

- Strategic delivery
- Governance
- Monitoring, reporting and communication.



CASE STUDY

PARTNERING FOR PROGRESS

In 2020, Reckitt established a partnership with the United Negro College Fund (UNCF) in the US. This followed feedback from our people who said we could do more in this area. UNCF wants all Americans to have equal access to a college education. Our partnership will provide 100 scholarships for public health, nutrition or other STEM-related fields and we've committed to supporting our scholars throughout their four-year studies.

Listening and learning

We want to be better at inclusion. Our first step comes from listening to our people, assessing where we are and developing our understanding of how we can improve. In 2020, Reckitt partnered with EY to undertake an independent diagnostic to assess our progress and performance in terms of inclusion. This involved a review of our current practices and processes, and a global listening exercise in which more than 2,000 people shared their opinions and ideas on a range of inclusion topics. We also ran 121 interviews with key stakeholders including the Inclusion Board, Global Executive Committee (GEC) and other Reckitt leaders.

This insight, alongside the assessment of our current state, identified our strengths and highlighted opportunities for improvement. It's helped us expand our existing strategic roadmap for key areas to prioritise this year and beyond.

Our inclusion strategy focuses on six key pillars which we believe will make a major contribution in our progress at Reckitt – people, policies, partnerships, brands, procurement and leadership.

Building an inclusive culture for our people

We want to make sure everyone at Reckitt feels included. We will make this happen through ongoing engagement and interaction on the topics that matter to our people, using tools such as our Stronger Together conversations, training, and Employee Resource Groups (ERGs). (See page 3 for more information on these initiatives.)

Continuous improvement of our policies to raise the bar on Inclusion

Our policies define our approach, so it's essential they are framed through a diversity and inclusion lens. From recruitment, learning and promotion opportunities, to celebrating religious holidays and parental leave, we want our policies to work for everyone. We review them regularly with this in mind. For example, our global parental leave policy is open to all new families, including LGBTQ+ employees, as well as adopting and surrogacy families.

Building selective partnerships

Beyond Reckitt, it's important for us to set the right tone with our partners. We want to form partnerships with organisations who share our beliefs and principles. We want to learn from our partners, to improve our thinking and actions around inclusion. We also want to drive external awareness of our commitment to these issues through our partnerships.

Using our brands to encourage a more inclusive world

All around the world, our iconic brands like Durex and Dettol have served billions of people for generations. We know our brands are powerful messengers, helping to encourage healthier habits and change

behaviour. For example, Durex's sexual health educational work in Thailand saved the government £122 million per annum by preventing, among other things, sexually transmitted diseases, which can have a disproportionate impact on women and school-aged girls.

Supporting suppliers from diverse and minority communities

We want to buy from suppliers that demonstrate the same clear commitment to diversity and inclusion as we do. This is a new area of consideration, but we are proud to work with some suppliers who already have these policies in place. For example, one of our suppliers, BCI Packaging, offers vocational training for people with disabilities. We also welcome suppliers who create opportunities for women or disadvantaged young people.

Senior level focus and sponsorship

We want all our leaders to be confident in their support of driving inclusion – leading change, developing trust, building our capability in this area and making things happen locally. We support this through our inclusive leadership training.

Stronger Together conversations

In 2020, our Chief Executive, Laxman Narasimhan hosted regular 'Stronger Together' conversations – virtual town halls for all employees to talk openly about their concerns. This is a five-year commitment to shine a light on the inclusion topics that matter most to our people. We aim to host global Stronger Together conversations every few months, with an invitation sent to all those with a Reckitt email address. All sessions are also available to watch on demand.

In the first of these conversations in May 2020, in the context of the Black Lives Matter movement, Reckitt people spoke about the realities of being black in America. We also had a company-wide conversation to include everyone regardless of background, who feels impacted due to their ethnicity, sexuality, or gender. Since then, our conversations have also focused on LGBTQ+ and women in STEM, as well as our broader inclusion agenda.



Our Stronger Together conversations act as a platform for the Reckitt community to share their own experiences. For example, volunteers from the Reckitt community shared their stories of identifying as an underrepresented person, and the discrimination they faced. We also invite guests and leaders from outside Reckitt to share their thoughts on subjects such as the role diversity plays in leadership, and their own personal experiences. These stories help us all consider how different experiences affect people's life chances.

As well as listening and learning, we hope that by opening up the conversation to all employees we can also raise awareness around our work on inclusion – to help embed it within our workplace culture and foster a more inclusive environment.

We also encourage Stronger Together conversations at a local level. In Malaysia in 2020, around 150 employees took part in a virtual Stronger Together conversation run over two sessions. They discussed individual experiences of discrimination and concluded with a series of commitments. Similarly, in August 2020, Greater China held a Stronger Together Lunch and Learn session from its Guangzhou head office. The UK and the US ran Black History Month, and both markets plus others ran LGBTQ+ Month.

Employee Resource Groups

Our new Employee Resource Groups (ERGs) offer a network and safe space for our employees to share experiences, concerns and ideas. We will listen and learn from these groups, and want them to help inform Reckitt's progress on building better inclusion. To date, we have two global ERGs – Women@Reckitt and LGBTQ+.

We also encourage the creation of local ERG groups to address specific needs and serve underrepresented or disadvantaged groups within their community. In the US, for example, we have five local ERGs – LEAP (focusing on Leadership education for Asian Pacific); BOLD (Black organisation focusing on leadership development); HOLA (Hispanic/Latinx network); LGBTQ+; and Women@Reckitt.

Women@Reckitt

This group focuses on advancing women in the Reckitt workplace and is an evolution from our original D.A.R.E. (Develop. Attract. Retain. Engage) programme set up in 2015. The group provides opportunities for people to meet, collaborate and discuss the key issues that affect them. During the COVID-19 pandemic, of course, the group meets virtually. We have 'lean-in' circles for networking across our global business, offering Reckitt women the chance to informally connect, and share stories and insights to help one another.

Women at Reckitt today

Lean in Circles	44
Total accelerate delegates since 2016	468
Total accelerate delegates in 2020	167
Managers who benefited from supporting parental leave webinars in 2020	441
Colleagues who benefited from parental leave webinars in 2020	453
Woman in senior management position in 2020	30%
Overall % of women employees	44%
Target % of women in senior management positions in 2030	50%
Women in junior management positions	53%
Women in revenue-generating positions	49%
Women in STEM-related positions	35%

LGBTQ+

This group is for the LGBTQ+ community and their allies. The network provides a safe space, support and resources for Reckitt's LGBTQ+ community to express their true selves at work. It holds forums for people to come together and discuss key topics, including what needs to change in society and at work to empower this community. For example, in February 2021 we launched our LGBTQ+ History Month, including a Lunch and Learn with members of the transgender community. This helped the wider Reckitt community understand why the use of pronouns is important, and explained some of the terms and language associated with LGBTQ+.

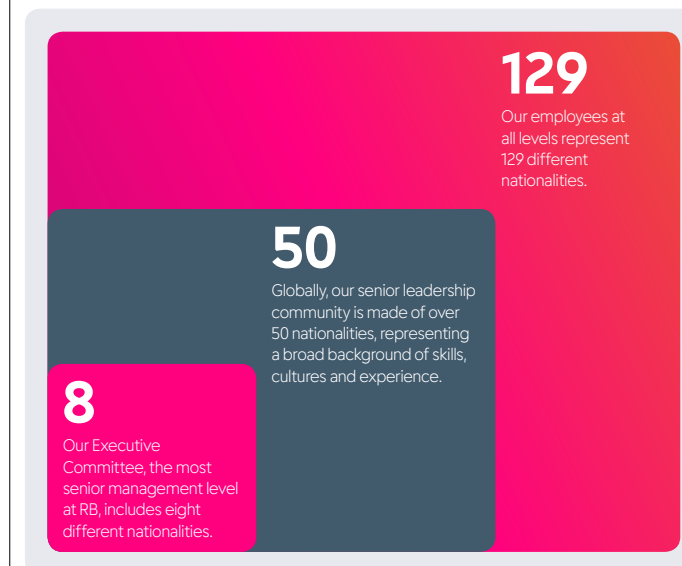
Our progress in 2020

Improving our gender balance is critical for us – from our hiring policies, through to our leadership development and succession planning. We also offer access to mentoring, global parental webinars and tailored leadership development programmes for women.

Although just under half of our employees are women, we are less balanced at senior leadership level. Currently, 30% of global senior management team roles are held by women. We want this to be 50% by 2030. While we have made progress, we still have a way to go before we achieve better female representation within senior management. While we have made progress, we still have a way to go before we achieve better female representation within senior management.

Our Group Board consists of five women and seven men, meaning women make up 42% of our Board, up from 36% in 2019.

Diversity across Reckitt employees



Diversity across Reckitt employees

As of 31 December 2020

	2019	2020
Nationalities in management – Executive Committee	5	8
Nationalities in management – Group leadership team	14	17
Nationalities in management – senior management team	55	50
Nationalities of global employees	120	129
Women employed – Executive Committee*	11%	17%
Women employed – Group leadership team*	11%	19%
Women employed – senior management team*	26%	30%
Women employed – global employees*	45%	44%

The Senior management team includes the Group leadership team (GLT), which itself includes the Executive Committee.

2020 global employed data for women and nationalities is based on data for 39,577 global Group employees, which is 44% of the average number of people employed by the Group during 2020.

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

CASE STUDY

INCLUSION IN ACTION IN THAILAND

In Thailand, we're working hard to ensure our female and LGBTQ+ communities are well represented at work. Initiatives included executive talks, in which Reckitt leaders share their thoughts on diversity; and new development programmes to better equip women for senior positions. Our Bangpalong site was recognised by the UN's Office of Women's Affairs and Family Development as one of the top 30 organisations in Thailand offering inspirational models that support gender equality and diversity.



2020 highlights

- Reckitt celebrated Pride month in June 2020. This was an opportunity for everyone to listen, learn and understand more from and about the LGBTQ+ community.
- In Pakistan, 'Veet X Women on Wheels' helped to train 1000 girls to ride a bike, in partnership with the Salman Sufi Foundation and Women on Wheels.
- The proportion of women we employ in Greater China is 62%, up from 59% in 2019, as the country focuses on improving its retention rate of women in middle and senior level managerial roles. The number of women in senior management has risen from 35% to 44% since last year, and 47% to 59% in the Nutrition China department.
- Accelerate, our tailored leadership development programme for women, benefited 167 women in 2020, bringing the total since 2016 to 468.
- Parental transition programmes – 453 colleagues and 441 managers benefited from these virtual group sessions in 2020.

Closing the gender pay gap

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. We're a business committed to doing the right thing, and gender equality is crucial for us as an organisation as well as society as a whole. By being more transparent and reporting gender pay for more markets, we will encourage others to do the same. So we've extended our reporting to ten of our main markets, covering 70% of our people.

A summary of our gender pay statistics:

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

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

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

1. A negative number represents a gender pay gap in favour of women.

2. In India, 99% of our employees in manufacturing are male. The impact of these demographics has resulted in a significant median pay gap in favour of females.

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

Global parental leave and benefits

We want our people to be excited about starting or extending their families without having to worry about their role at work, or be uncertain about parental leave. In 2015, we were one of the pioneers of a global maternity leave policy. We enhanced this policy in 2019 by increasing fully paid maternity leave from 16 to 26 weeks, for anyone who has been with us for one year. Similarly, we offer four weeks of fully paid paternal leave with the option of four more weeks of unpaid leave. The same maternity and paternity arrangements apply to everyone, including those having a child through adoption or surrogacy, and for LGBTQ+ employees becoming parents. For returning mums, everyone (subject to local law) can join a Stay in Touch programme and ask for a return-to-work mentor who has also recently come back from maternity leave.

Embracing diversity

Whilst we've made progress in improving our gender balance and developing talented women, we recognise that fostering a more diverse and inclusive culture at Reckitt is about much more than gender alone. Here are some of our highlights in 2020:

- In March, Reckitt Spain set up a diversity and inclusion committee. It has since collaborated with the NGO, Down Catalunya Foundation, to create a new sex education manual to empower young women with Down Syndrome.
- Reckitt Pakistan organised gender neutral restrooms.
- Reckitt Philippines included LGBTQ+ partners as dependents under its healthcare policy, as well as including HIV (and STDs) in the list of issues covered.
- Reckitt India won the Diversity, Equity and Inclusion award at the Global DEI (Diversity, Equity and Inclusion) Summit. This followed efforts including revised policies for paternity leave and creche support, management training on unconscious bias and a new Rediscover programme to invite women on career breaks back to work.
- More than 1,200 of our senior managers went through inclusive leadership training in 2020.

Looking ahead – 2021 and beyond

There are three other important actions which will help improve our progress in diversity and inclusion in the future.

- First, we will continue to listen to all of our people through our channels such as the employee Glint survey. This will help us better understand what's important to them in terms of diversity and inclusion. We will use these insights to frame what we think and do in the future. For example, in February 2021 we celebrated LGBTQ+ History Month, following feedback from our people that we could do more to support our LGBTQ+ colleagues. The dedicated focus across the month helped increase knowledge and empathy among our wider employee base.
- Second, we will continue to communicate our thoughts, concerns and progress in this area regularly with our people, through our senior leaders and global initiatives like Stronger Together.
- And third, we will continue to ask more questions so we can measure our progress in inclusion. We've been focusing on how we should report our ethnicity data in the right way and we'll be putting this into action this year. We'll also begin to track progress on our new target of gender balance at all management levels by 2030, aiming for an equal split of men and women across our business.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

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HEALTH, SAFETY AND WELLBEING

Our performance in 2020

Aim Continued reduction of lost work day accident rate (LWDAR)	2020 53% [†] reduction in LWDAR since 2012	Aim Continued reduction of total recordable frequency rate (TRFR)	2020 65% [†] reduction in TRFR since 2013
Aim All manufacturing sites to be covered by Group certification to ISO 45001	2020 96% of manufacturing sites covered by Group certification to ISO 45001		

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.
 Note: All accident reporting KPIs are based on 100,000 hours worked

As an employer of over 43,500 people around the world, we’re proud of the standards we set and the care we take over the health, safety and wellbeing of everyone who works with us – whether they’re full-time, part-time or contractors.

Our approach to health, safety and wellbeing

Today, health and safety means much more than simply reducing workplace accidents and employee illnesses – it’s also about safeguarding and enhancing our people’s wellbeing. And with wellbeing and self-care at the heart of our purpose as we work to protect, heal and nurture for a cleaner and healthier world, it makes sense that we must also support our people’s mental health and wellness.

We want all our employees, wherever they are in the world, to experience the same high standards of health and safety. Our health and safety standards cover all of our sites in 190 different countries, setting the bar higher than local, national or regional laws. And, of course, safety hazards vary depending on whether our people are working from home, or at a commercial office, manufacturing facility, R&D lab or warehouse.

We’re making continuous improvements to strengthen our duty of care to our people across the world. This includes improving the robustness of our systems by investing in technology to improve how we report, manage and solve health and safety issues. We’re also continuing to embed our processes in order to deepen our people’s understanding and awareness of the precautions they need to take. We continue to both train our employees and give them the necessary tools to improve their health and safety at work.

Our duty of care to our people is also about improving resources to safeguard their wellbeing. With many more of our employees working from home this year due to COVID-19, the increased blurring between work and home life brought their wellbeing into sharp focus. We’ve invested in partnerships with world-leading health and wellbeing experts to share advice and tools, run seminars and build awareness of healthy living practices among our employees.

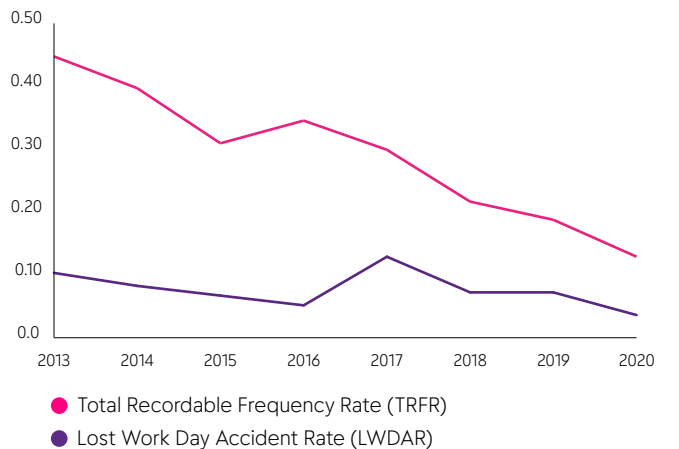
Health and safety performance

We continued to improve our health and safety performance this year. We had 36% fewer lost work day accidents compared with 2019.

Year	TRFR	LWDAR	Total accidents	Actual lost work day accidents
2019*	0.19	0.076	181	74
2020*	0.14	0.050	132	47

We also saw a reduction in the number of accidents per 100,000 hours worked, by 26% compared to 2019, a 65% drop since 2013.

Reckitt accident performance



It’s important to apply consistent and recognisable health and safety standards across Reckitt. We use the globally recognised safety certification, ISO 45001 to audit our manufacturing sites, because we believe it complements our existing health and safety internal audit programme and governance processes. This has seen us evolving our standards from OHSAS 18001 to ISO 45001. In 2020, 96% of our manufacturing sites were accredited to this international and independent certification standard.

Health and safety performance over time

This table lays out our health and safety performance since 2012. Please note, we make some assumptions when calculating working hours (used for our LWDAR data) which are outlined in our [Reporting Criteria and Basis of Preparation](#).

Metric	Units	2012 ¹	2013 ¹	2014 ¹	2015 ¹	2016	2017 ²	2018 ³	2019 ³	2020 ^{3*}	Change vs 2012
Lost workday accident rate (LWDAR) ⁴	per 100,000 hours	0.107	0.107	0.093	0.080	0.084	0.121	0.084	0.076	0.050	-53%
Employee fatalities	Number	1	0	0	1	2	0	1	0	0	-
Contractor fatalities	Number	0	0	0	0	0	0	1	0	0	-
Severe accidents ⁵	Number	1	1	2	3	1	2	4	3	0	-

¹ Assured by EY in 2012–2015.

² Assured by PwC in 2016 and 2017.

³ Assured by ERM CVS in 2018, 2019 and 2020 see our Governance, Reporting and Assurance Insight for further information.

⁴ At manufacturing, warehouse and R&D commercial sites, resulting in at least one day of lost time, per 100,000 hours worked. LWDAR 2018–2020 also includes organised travel.

⁵ A severe accident is a permanent disability, including loss of sensory motor dexterity: e.g. loss of a fingertip.

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

2020 highlights

Health and safety

Our accident rates continued to improve in 2020 despite our manufacturing operations having to meet increased global demand for some of our products because of COVID-19. Many sites had extra people to support increased production of important antibacterials such as Dettol and Lysol in response to the pandemic. Highlights include:

- Creating the Global Environment, Health and Safety (EHS) Centre of Excellence – we strengthened the collaboration and communication of our environmental, health and safety teams across the world with a new virtual hub for our EHS employees.
- Establishing a new virtual EHS network that uses video conferencing technology to connect all 150+ EHS employees so they can share relevant content such as new legislation or new standard operating procedures (SOPs).
- Launching a global EHS intranet page that enables EHS teams to share resources such as policies, videos and posters.
- Holding regular virtual town halls and webinars where EHS senior management share best practice, case studies and news.
- Revising our EHS standards into interactive PDFs so that they're more engaging and user-friendly for employees. The new format has more functionality, like scoring. With ten completed so far, we'll continue to roll these out in 2021.

- Creating a new global framework that provides a roadmap to develop the skills in our EHS teams to encourage career development. It outlines how employees can move from one role to another with the expectations, knowledge and experience needed for each role.

Wellbeing

If we can empower our employees to be their best more of the time, they can perform better at work and at home, and feel better about life in general. Highlights include:

- Expanding our global, comprehensive wellbeing strategy, which is based on four categories: physical, emotional, financial and community.
- Partnering with two global wellbeing specialists to work alongside our Global Head of Wellbeing to support and share wellbeing resources such as Headspace, the meditation app.
- Running a series of global education initiatives featuring external speakers to share wisdom and top tips on issues like sleep, nutrition, exercise and managing your energy.

New ways of working in health and safety

This year, we introduced some new ways of working, some of which were in response to COVID-19:

- Risk profiling our auditing programme so that we can focus on higher risk areas in our manufacturing and R&D sites. This means we allocate our resources more efficiently and audit high-risk sites more frequently.
- Using mobile and video technology meant our teams could conduct virtual audits even during the COVID-19 travel bans.
- Holding regular EHS governance calls that allow our regional teams to share global and local health and safety issues. This frequent discussion is particularly important to keep up to date with changing rules.
- Introducing a new self-taught safety training module for staff at our Sitarganj site in India, some of whom were working from home due to COVID-19. Alongside this, we provided extra learning and a weekly assessment via a mobile messaging app group.
- Launching a global online reporting tool and mobile app that makes it easier and faster for employees to report potential issues.

Boosting awareness of health and safety

Technology and data gathering is only part of the solution. We also need to continue to make sure that our employees are engaged, mindful and knowledgeable about health and safety.



CASE STUDY



KEEPING OUR PEOPLE SAFE: NAVIGATING OUR NEW NORMAL TOGETHER

We put the health and safety of our employees first following the outbreak of COVID-19. We swiftly launched a comprehensive guide to keep all our employees safe at work, whether on the frontline in our manufacturing sites or adjusting to the realities of home working.

We followed five guiding principles – putting our people first; locally-led decisions to reopen; a phased and gradual return to the workplace; mutual accountability through involving our employees in the decision to return; and protecting our frontline. Our latest guide can be found [here](#).

Despite COVID-19, in 2020 we did this by:

- Running virtual training through town halls and webinars. We also released new eLearning modules to make sure the global pandemic didn't stall our progress.
- Delivering three virtual training sessions on accident investigation for European and global teams, with plans to roll this out in Asia in 2021, and three sessions on machine safety for the engineering and facility teams as well as the health and safety community.
- Coaching and training our teams virtually on how to manage accident investigations.
- Introducing a monthly health and safety update called Safety Tips. These regular, topical tips offer simple advice and guidance for site teams to review, share and discuss.

- Improving our behavioural safety campaign and Safety Observation Programme, giving employees access to our global online reporting tool and mobile app to simplify, speed up and encourage reporting.
- Welcoming three graduates to the safety team for six-month placements as part of our three-year UK graduate scheme. We hope this will embed safety in other functions as the graduates move into their permanent roles after completing the scheme.

Boosting awareness of wellbeing

We continue to raise employee awareness of the wellbeing resources we offer. The diagram below outlines our Liveyourbest programme.

Liveyourbest

Our four pillars



Reckitt markets access global resources and also develop their own initiatives to best support our people:

- Our UK-based healthcare division ran a wellbeing day to build awareness of healthy living practices through balanced diet, regular exercise and mental health support.
- Globally, we run Liveyourbest seminars on issues like sleep, nutrition, exercise and managing your energy.
- Local offices run their own initiatives to suit their people and working environment, on topics like exercise, sleep, and stress management through town halls, manager sessions and training sessions run by HR.
- We improved our facilities with an eye to wellbeing, for example by ensuring many of our sites have subsidised canteens with healthy food options, and we have a multi-faith and meditation room in Hull.
- Our global wellbeing hub and remote working hub offer employees relevant content and resources from podcasts to practical advice on meditation and comprehensive support on time management, for example (see case study on this page).
- This year, due to COVID-19, we moved our fitness, yoga and meditation classes online and launched new local activities from cook-alongs and stepathons to triathalons.

Managing health and safety

Our health and safety management systems are developed in line with our **Occupational Health and Safety Policy**, global standards, Code of Business Conduct and location-specific guidance. And we regularly review and revise our global standards.

All our systems are independently verified via external health and safety audits, which we carry out at all sites on a three-year cycle. These audits generate detailed improvements when needed, which our sites then carry out with the support of our global health and safety team. For example, in 2020:

- We improved road safety at our sites in Tatabanya in Hungary and Hosur in India with speed bumps, safety barriers and speed restrictions.
- In Cileungsi, Indonesia, we installed entry gates and additional CCTV around the site to improve security and help our incident investigations.



CASE STUDY

EMPLOYEE WELLBEING HUB: PROTECTING THE MENTAL WELLBEING OF OUR PEOPLE

With mental health under increasing pressure due to the pandemic, we wanted to support our employees. Drawing on insights from our employee survey, Glint, we hosted forums to normalise and destigmatise mental health by asking our Global Executive Committee members to share their own experiences. And our Global Executive Committee also contributed to our podcast series, which was downloaded over 2,000 times in its first month. We encourage the wider Reckitt community to get involved by submitting their own questions.

Our global employee wellbeing hub is regularly updated with different resources and podcasts on mental health, with over 3,000 downloads to date. It also offered meditation from Headspace, the mindfulness app, and practical advice such as tips for coping with quarantine. Similarly, our remote working hub offered comprehensive support on working from home, sharing resources on team engagement, team meetings and time management.

Despite COVID-19, we audited 26 sites virtually using video and tablet technology. This means 96% of our manufacturing sites have now achieved ISO 45001 certification, up from 94% last year. We have two more sites left to audit, and aim to certify them in 2021, bringing our certification up to 100%.

Similarly, all Reckitt's locations complete an annual health and safety assessment to make sure they're working in line with our global standards. Our global health and safety audit programme then verifies the site's self-assessment, examines the audit results and makes a call about how frequently the site needs to be audited in the future.

Listening to our people

Our Glint surveys, launched in 2020, are a new way to listen to our employees and better understand their wellbeing. Replacing the Culture Pulse survey, which focused on employee satisfaction, Glint also asks our people questions about wellness, mental health and other wellbeing issues. 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. (Learn more about Glint in the [Our people](#) insight).

Supporting mental health

To support our people who are struggling, we continued to make our Employee Assistance Programmes (EAPs) more consistent globally. We now have EAPs in each country. We also have a clear plan for people who need more support from a qualified line manager or HR colleague. We improved the mental health section on our intranet site by adding local mental health training for line managers and HR. This supplements last year's training of 60 mental health first aiders from our UK business.

Working policies

We also support our employees' wellbeing through our working policies and our parental leave provision. Highlighted by the pandemic, people increasingly want smarter, more flexible working practices. We're addressing all of these areas in a spirit of continual improvement. And we're interested in how flexible working might affect wellbeing and our culture.

Similarly, we recognise that some benefits are less resonant in a global pandemic. But they're still important in the long term and can boost employees' wellbeing. Our core benefits include global parental leave, an employee assistance programme, a global all-employee share plan, health insurance (where not provided by the state) and an international

transfer policy. (More details on our benefits and policies can be found in the [Our people](#) insight.)

Work/life balance

For our employees, working from home brought different challenges for different groups. From working parents needing to homeschool or look after babies and toddlers with no childcare, to those living alone distanced from friends, family and colleagues.

Our new working from home hub helped to share advice and encourage better habits with articles and tips and tricks forums. Listening to employee feedback from our Glint survey, we also established new rules. These included reducing meetings from one hour to 50 minutes to create some downtime as meetings increased. We're also reviewing the timing of the start and end of the working day to take account of this new normal.

In 2020, to thank Reckitt employees for their hard work during our fight against COVID-19, we gave them two extra days of leave.

Our focus for 2021 and beyond

It's difficult to say what the world might look like after the global pandemic. But our five guiding principles will continue to inform our approach both for when employees return to work in the office, and in terms of protecting frontline staff in our manufacturing facilities. We believe there will be a phased return to the workplace with decisions made locally.

Health and safety

In 2021, we'll be looking to improve our health and safety processes so we can deepen our understanding of incidents.

One of the ways we can do this is by taking full advantage of our environmental, health and safety technology. We're already beginning to move away from physical audit forms to equivalents on mobile and tablet devices to boost efficiency.

New tools and technology can improve how we report and analyse incidents, deepen understanding through risk prediction and therefore contribute to better performance. The more deeply we understand the reasons behind the incidents by spotting trends or commonalities, the more we can adapt our working practices to create an even safer environment.

Similarly, we don't yet capture and analyse data around process safety, which are non-people related incidents. These might include spills of liquids or other materials. We'll develop ways of monitoring and tracking these incidents.

At the moment we take a local-led approach to behavioural safety development, but we're looking at how we can be more globally consistent to improve standards in some local sites. We know that safety isn't simply about tools and policies, it's also about encouraging a safety culture across the business. We plan to improve our Safety Culture assessment programme by developing a new auditing process that will look beyond legal compliance to measure the culture of our sites.

Wellbeing

There is still much to do to make wellbeing a priority for all our people. Feedback from employees across all regions tells us that support and resources around resilience, mindfulness, sleep, nutrition and stress management would be popular. We will continue to address these issues. And we've introduced activities in Liveyourbest for these areas around mental wellbeing, plus pilot programmes including the launch of a social wellbeing platform in the US, Mexico, UK and India in 2021.

Finally to make a meaningful difference, we need to be able to measure our employees' health and wellbeing. It's not easy. But one of our priorities in employee health this year is to identify these wellbeing metrics through our Glint survey so we can track our impact and progress. We'll be looking to identify the key themes and links between wellbeing, engagement and performance.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
103-105 Bath Road
Slough
Berkshire
SL1 3UH
UK

PARTNERING FOR SOCIAL IMPACT

Social impact lies at the heart of our fight to ensure access to the highest quality hygiene, wellness and nourishment is a right and not a privilege. We develop strong partnerships to empower people and invest in communities where we can make the most difference, in our pursuit of a cleaner, healthier world.

Everyday changes make a lifetime of difference

Through our brands and working hand-in-hand with our partners, we're empowering people to make small changes in their daily lives that can transform the wellbeing of a whole community. To promote awareness for a cleaner, healthier world, our ambition is to reach half the world with our products and engage two billion people through our programmes, partnerships and campaigns. Our own impact is through our purpose-led brands, our business throughout our value chain and the partnerships and social investment we create, especially through our Fight for Access Fund.

Our social investment programme focuses on projects where we can make a measurable, sustainable and meaningful difference. One such activity is Project Hope in Pakistan, where we train rural women as door-to-door 'sehat aapas' ('health sister' in Urdu) to encourage good

habits like handwashing and boiling water, while selling a basket of Reckitt and partner health and hygiene products. Not only does this provide these women with a livelihood, it also helps them help others by improving the hygiene and health of their neighbours. Another example is our partnership with the United Negro College Fund in the US, in which we provide 100 four-year scholarships to students from marginalised communities.

Our brands can also contribute to the wider government and public health agenda. For example, Durex's sexual health educational work in Thailand contributed around £122 million per annum to the government's public health agenda by preventing, for example, sexually transmitted diseases. Similarly, an Oxford Economics study showed that we helped

to reduce US national healthcare costs. Our self-care products mean that consumers can get treatment over the counter from their local pharmacy, for example, therefore saving \$2.6 billion (£1.85 million) of clinicians' time each year.

These projects are all partnerships for a reason: we can't make the positive impact on people's lives that we want to by working alone. We don't have all the answers. That's why we work closely with expert partners in local communities to change lives for the better, focusing on the three areas where we believe we can make the biggest difference:

- Clean water, hygiene and sanitation
- Sexual health and rights
- Maternal and child health.



Partnering for social impact continued



Our progress in 2020

In 2020, we continued to evolve and improve our social impact programme, working with existing partners, and some new ones, so that we now have projects in 66 countries compared with 27 in 2018. These projects cover our three focus areas (see previous page).

In an extraordinary year, clean water, hygiene and sanitation took centre stage in the collective and urgent battle against the spread of COVID-19. Our total investment of £52.8 million in 2020 far exceeded our £12.2 million investment in 2019. We've committed to allocating the equivalent of 1% of our annual adjusted operating profit every year. This target isn't simply about a financial investment, but includes the work our brands are doing on the ground; the time our people volunteer; and the products we donate in emergencies.

Making a difference through the Fight for Access Fund

In March 2020, we launched our Fight for Access Fund, marking a new phase in our strategy to serve communities. We put this money to work, through our brands, on programmes that have a lasting, positive impact on people's lives. Our fund is already helping to improve access to better health, hygiene and nutrition in a number of ways, like donating funds to organisations on the ground and providing education and information.

Due to the COVID-19 pandemic, our immediate interventions were aimed at breaking the chain of infection and supporting people, including the most vulnerable, with access to vital health and hygiene products and resources. Reckitt's support included product donations and media space donations to governments for public health ads; brand-led campaigns promoting the importance of good hygiene, handwashing and self-care; and supporting emergency relief organisations and on-the-ground partners. As a result, the 2020 performance figures on the right were higher than previous years. Consequently, the target 'inform one billion people with health and hygiene messaging and behavioural change communications by 2025' has now been reached, and the new target is included in our new 2030 strategic ambitions (see below). We've furthered our ambitions to create lasting impact and a fair, diverse and inclusive society as a responsible employer, and in our value chain.

Our strategic ambitions

By 2030 we pledge to:

- Engage two billion people with purpose ledged partnerships, programmes and campaigns to promote awareness for a cleaner, healthier world
- Deliver a lasting difference in communities through our Fight for Access Fund and programmes
- Donate one million volunteers by 2030.

2020 performance

Total investment

£52.8m

(2019: £12.2m)

Additional funds leveraged

£11.3m

(2019: £11.6m)

People engaged face-to-face (engage)

33.6m

(2019: 16.5m)

Total number of people informed through health and hygiene messaging and campaigns (inform)

457m[†]

(2019: 191m)

People who have experienced a measurable and sustained positive improvement in their lives (impact)

771,202

(2019: 596,268)

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

We've made significant progress against our previous 2025 targets due to Reckitt's social impact initiatives and investments in 2020. Whilst the pandemic increased our investment and engagement within communities, many of our employees lived in lockdown so our volunteering time was less than in 2019. However, in 2020, Reckitt employees still gave 23,147 hours of support to good causes globally through our Give Time scheme. For more information, see page 5.

Combating COVID-19

In 2020, our immediate and urgent priority became the collective battle to stop the spread of COVID-19. £52.8 million from our Fight for Access Fund supported governments and frontline health workers in 66 countries, primarily for COVID-19 support but also for our ongoing programmes. The fund also matched donations from our local markets provided they addressed an unmet need, linked to a brand, and were given to a recognised charity or government organisation.

Our local countries donated to the cause in four different ways, through:

- Cash donations, including the purchase of essential PPE supplies
- Vital hygiene products such as Dettol and Lysol
- Time and expertise
- Media time and space for public health ads.

Many of our local markets donated their media spend. This was redirected away from Reckitt brand advertising to organisations making COVID-19 public health campaigns on TV, digital, print and outdoors. Donated media constitutes some of our 2020 numbers on informing one billion people through educational programmes and communications. Some of the donated media space was given to local governments; and we also helped amplify public health messaging through our own brand campaigns.



For example, our TikTok Dettol #HandWashChallenge dance taught people to wash their hands correctly and has been viewed 125 billion times. Indeed, #HandWashChallenge was especially successful at spreading a vital public health message to a younger audience. Similarly, our public health information campaign through covid-19facts.com reached 38 million through social media and had 2.5 million users across 20+ countries, helping to combat fake news on the virus. (See our [Self-care insight](#) paper for more on this.)

Examples of how we helped battle the spread of COVID-19 include:

- Globally, we donated over 27 million products, including one million litres of Lizol and Harpic disinfectant for Indian hospitals, and 10 million bars of Dettol soap to vulnerable communities in India
- We donated over 15 million face masks to frontline workers across the world
- In China, we gave £6 million to support frontline workers in Wuhan with urgently needed medical equipment
- In the UK, we distributed 150,000 care packages to help frontline workers stay safe, and donated £1 million to help protect NHS workers with vital supplies
- We donated pre-purchased media space to the UK government to help amplify its public health messaging campaign
- Lysol provided \$2 million (£1.4 million) in matched funding to the US Center for Disease Control (CDC) Foundation.

Fairness across the value chain

Our responsibility goes beyond our own employees and communities to people working in our value chains, even those not directly employed by us. Supporting human rights across our value chain is an important part of our community engagement. We want to ensure people have decent and sustainable livelihoods and good working conditions because this in turn will strengthen the health and wellness of their communities.

For example, our programmes help improve productivity for the smallholder farmers that provide us with natural raw materials, or recognise sustainably sourced suppliers with premium payments. You can read more about our approach in our [Human rights](#) and [Ecosystems](#) insights.

Looking ahead to 2021 and beyond

We'll continue to work to meet our pledges through developing and growing our partnerships, while looking for new ways to solve the issues in our three focus areas. Our swift response to the COVID-19 emergency demonstrated that our purpose to provide health and hygiene protection has been effective. We know that we make a bigger difference when we work with our partners, rather than alone, and we'll continue to grow our partnerships to make lives better.

How we partner for social impact

As a company we're judged on our results, and we expect the same from our social impact programmes. We want to invest in people, communities and countries where we can have the most impact. And we recognise that working in partnership creates wider resources, wider capabilities and creates greater change.

We have robust processes to guide how we select new partners, design projects and measure the impact of our initiatives. And during COVID-19, despite our immediate and urgent response, we continued to maintain due diligence as we worked with our existing partners.

We don't compromise on standards of governance and the strict criteria from our 2019 governance plan applies to all our social impact partnerships. We measure the impact of every partnership against strict key performance indicators. We are guided by the London Benchmarking Group framework, the global standard for measuring companies' social investment and impact. And a digital platform, the Goodera measurement system, tracks all our globally funded partnerships and reports their impact. The management overheads of our social impact programmes are £250,000.

Our [Social Impact Report](#) details more of our programmes. We work hard to ensure we measure the impact of our initiatives as best we can. We want to both ensure we're making a difference where it matters, but also to learn how we can strengthen our programmes and improve our performance.

CASE STUDY



DISINFECT TO PROTECT FROM COVID-19

In Asia, Lysol and the Philippine Red Cross (PRC) joined forces to break the chain of COVID-19 infection by improving hygiene and boosting early diagnosis through our campaign, Disinfect to Protect. Lysol Philippines contributed PHP36 million (£560,000) to boost mass testing. Half of this donation built a mass testing facility, The Philippine Red Cross Molecular Laboratory. The other half supported a COVID-19 Samaritan fund that prioritises testing for 4,500 of the most vulnerable Filipinos including pregnant women, the elderly and those with pre-existing health conditions. Lysol supplemented this financial support with product donations to keep frontline health workers safe in the testing facilities and labs.

Partnering for social impact continued



Clean water, hygiene and sanitation projects

The issues of clean water, hygiene and sanitation are built into the DNA of our brands and business. And beyond our urgent activities to battle the spread of COVID-19, we've continued to promote handwashing and good sanitation as part of our longstanding social impact programmes across Africa, Asia and the Middle East. In some instances, these programmes have been adapted to include COVID-19 messaging.



The Banega Swachh India (BSI) campaign

Our BSI campaign has been stressing the importance of hygiene as a foundation for health since 2014. The spread of COVID-19 through India added urgency to the programme:

- Since launch, BSI has changed the behaviour of over 13 million school children, reducing diarrhoea and improving school attendance.
- BSI launched 'Healthily', the digital self-care app, to empower families to treat some medical issues at home ([see our Self-care insight](#)).
- The campaign donated return-to-school kits with sanitiser, face masks and public health posters to over one million schools.

Harpic's Mission Paani – India

Harpic's partnership with India's News 18 in 2020 served to highlight the water crisis with a nationwide publicity campaign to encourage water conservation. Over the past three years, it also set up community pilot programmes in some villages to construct and renovate water harvesting structures, which collect and store water from rainfall, swollen rivers and streams in monsoon season. In response to the pandemic, the partners launched the Swachhta aur Paani campaign in October. This emphasised the importance of maintaining clean water supplies for good hygiene.

Expanding our partnership with water.org into Kenya

In Kenya, where we've led handwashing campaigns to encourage good hygiene for many years, the biggest obstacle has always been access to clean, safe water supplies. In 2020, we extended our longstanding partnership with water.org into Kenya, donating KSh69 million (£460,000) from our Fight for Access Fund. This funding will enable water.org to help 68,000 Kenyans living in poverty over the next two years to access safer water and sanitation.



Lysol's Here for Healthy Schools Program in the US

Over the next three years, Lysol will invest over \$20 million (£14.3 million) to expand its Here for Healthy Schools Program. By 2022, it aims to reach 15 million school children in 58,000 'Title 1' schools across the US, which often serve low-income families. Lysol's initiative provides educational resources to support the reopening of schools and encourage children to learn healthy habits to protect against the spread of germs.

Sexual health and rights projects

Through our brand, Durex, we have a longstanding commitment to combating HIV and AIDS, which is a particular challenge in Africa. Here are just some of 2020's social impact programmes.

UNAIDS

We partnered with the United Nations Programme on HIV/AIDS (UNAIDS) to protect people with HIV and AIDS during the pandemic. We used the UNAIDS network to distribute hygiene packs to around 220,000 people across Africa containing a three-month supply of Dettol soap and JIK bleach.

Keeping Girls in School

The existing Durex partnership with (RED) and Global Fund in South Africa continues its great work in keeping girls in school. To date, the programme has had a positive impact on 54,410 girls' lives, provided 75,284 HIV tests and distributed 372,829 condoms to young men and women.

This initiative to keep girls in education is match-funded by the Bill and Melinda Gates Foundation. The \$10 million (£7.1 million) programme aims to reduce new HIV infections in young women, reduce teenage pregnancies, improve access to sexual reproductive health services and encourage girls and young women to stay in school.

Maternal and child health projects

For building long-term health, we believe the first 1,000 days of life – from conception and gestation in the womb up to a child's second birthday – are critical. For this reason, we support a number of different initiatives including the following.

Best Start in Life

In China, we doubled our existing partnership with China Children and Teenager Fund (CCTF) to provide \$10 million (£7.1 million) by 2025. The Best Start in Life programme provides vital advice and nutrition packs for pregnant mothers, monitors their health during pregnancy and encourages exclusive breastfeeding for the first six months of life. It continues to be particularly important to support expectant mothers throughout the pandemic and lockdowns.

Partnering for social impact continued



We're hoping that this programme will help to break the cycle of malnutrition in the remote western regions of China. One common and damaging side effect of poor nutrition is when a child's height falls too far below the healthy average for their age, leading to health problems. This condition affects over eight million children in China. We're working with rural hospitals, training 5,000 professionals in local maternal and child healthcare centres to reduce the prevalence of this condition by 50–80% by 2022.

Following the success of our programme in China, we rolled out similar initiatives to support mothers and children in their first 1,000 days in Mexico, Thailand, India and the Philippines.

Finding new ways to volunteer during the pandemic

Another way we make a positive social impact is through our employees' volunteering time and expertise to needy causes. Although the COVID-19 pandemic made volunteering much more difficult this year, our people rose to the challenge and found entrepreneurial ways to give time virtually instead. Some spoke to elderly and vulnerable people on the phone, helping to alleviate loneliness and isolation. Others wrote letters to key workers, carers and health professionals to thank them for their important contribution during COVID-19.

Give Time

Our employee volunteer programme, Give Time, offers Reckitt people, all around the world, the chance to work within their communities for two paid volunteer days per year. In 2020, Reckitt employees gave 23,147 hours of support to good causes globally through this scheme. By donating skills, expertise and time they were able to add real value to issues close to their hearts.

Raleigh International

There is also an opportunity for Reckitt people to volunteer on a longer-term basis through our 13-week programme in partnership with Raleigh International. In the beginning of 2020, before the spread of COVID-19, four Reckitt employees managed teams of young volunteers in rural community projects in Nepal, Tanzania and Costa Rica. This brings together young leaders with local communities to build long-lasting, positive initiatives such as replanting forests and constructing toilets and handwashing facilities in schools.

Lead 2030

Formed by One Young World, Lead 2030 is the world's biggest prize for young leaders making an impact on the UN's Sustainable Development Goals (SDGs). Reckitt volunteers provided online mentorship for young people seeking funding for their social enterprises. Our mentors shared practical and business tips to help them develop marketing strategies, e-commerce platforms and other key resources for their business plans.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
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Berkshire
SL1 3UH
UK



A RESPONSIBLE APPROACH ACROSS OUR GLOBAL VALUE CHAIN

We have a responsibility to map, monitor and manage the impact we make across our value chain. To this end, we're developing ways of measuring every aspect to make sure we, our suppliers and their suppliers stick to our values and standards.

Our responsibilities start right at the origins of the raw materials in our products, and end only with a product's use by consumers. The starting point could be on a tiny rubber tree smallholding in Thailand producing what will eventually become latex in Durex condoms, or an Irish family-owned dairy farm which supplies milk for our Enfa infant formula. We also think about the working practices of our suppliers and business partners, and the human rights of people who work for them. That goes for our own manufacturing operations, too, and the communities around them. And it goes for the standards followed by our customers, from global retailers, to small independent stores and e-commerce networks. It also includes the way our products are distributed, used by consumers around the world and eventually disposed of.

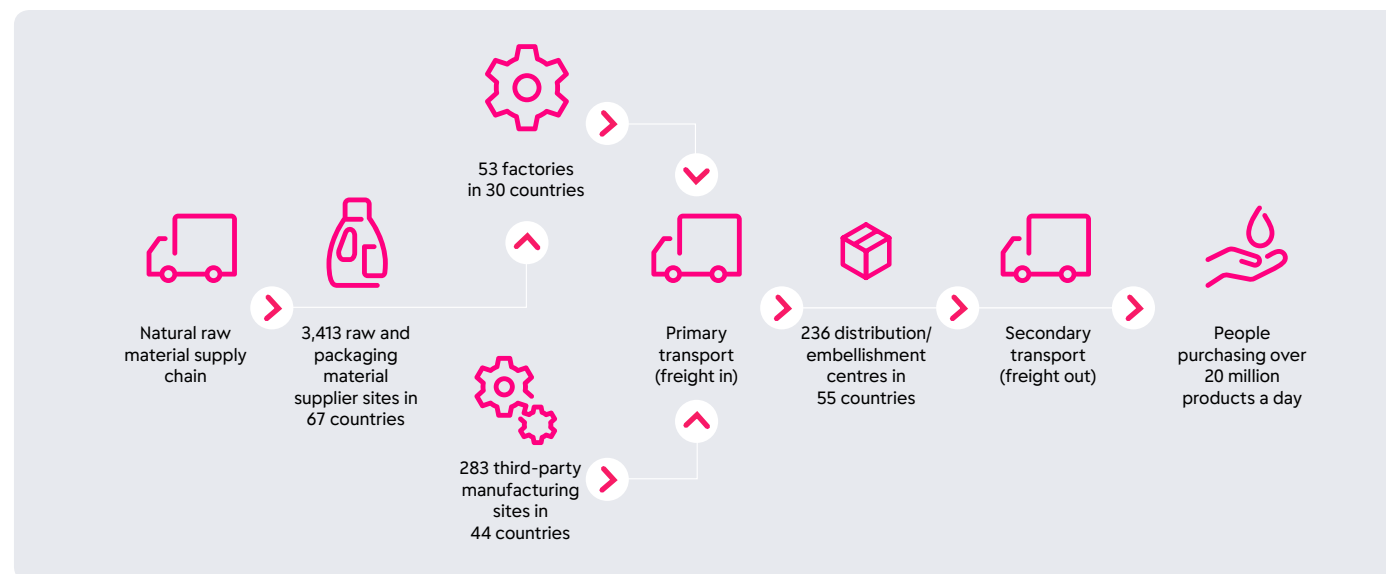
All these factors affect the environmental footprint of our products. As we design new products and packaging, we're taking them into account to reduce the carbon and water footprint while progressively making sure they reflect the need for consumers to use energy or water when they use our products. In the longer term, and even now in some cases, such as in water scarce countries, this may be critical to how well our

products fare in the marketplace and how well we service the needs of consumers around the world.

We know it's a large and complex task to measure and understand the impact our value chain has, and could have. We also know there's a lot still to do. But we know the work makes a difference to tackling global challenges like widespread biodiversity loss, climate change and the rights of some of the poorest workers in society. It also has benefits for Reckitt. This care for the value chain is more essential than ever to the long-term strength and success of our purpose-led brands. Today, everyone is paying ever closer attention to how businesses like Reckitt conduct themselves, how we contribute to tackling global issues and how we set ourselves and our brands up to be resilient and successful in the future. And how we measure up has a direct effect on our reputation and success.

Here, we lay out our global value chain and how we aim to manage it sustainably by protecting its ecosystems and the human rights of people living and working in it.

Our product value chain



OUR SIX PRINCIPLES

We believe we can make a positive, long-lasting difference by focusing on:

1. Transparency and traceability
2. Safeguarding the human rights of people throughout our value chain
3. Protecting biodiversity and ecosystems
4. Reducing environmental impacts
5. Animal welfare
6. Partnerships to help deliver impact and scale

Find out more about each area in these insights: [Human rights and responsible business throughout our value chain](#), [Protecting ecosystems](#), [Product stewardship](#), [Climate](#), [Water](#), and [Social impact](#). For more on how we support our own people, see our insight: [Our people](#).

Working with our suppliers

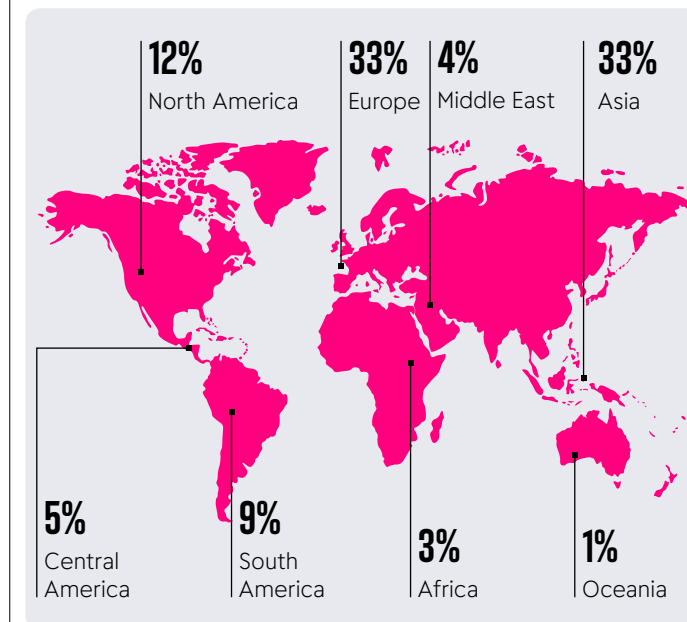
Good relationships with our suppliers are the bedrock of everything we're trying to achieve. We choose suppliers based on quality, cost, location and how they follow our policies and standards, including our [Human Rights and Responsible Business](#) and [Responsible Sourcing of Natural Raw Materials policies and standards](#). They range from large, multinational companies with their own business and ethical conduct programmes, to small local businesses, often in emerging markets, and many have good working practices despite a lack of formal programmes.

Many of our relationships with suppliers are direct. But even here, it can sometimes be hard to gauge the effect we have on natural and human ecosystems. For latex, for example, it means assessing our suppliers but also the farmers who tap the liquid latex from the rubber trees on their plantations. The success of their farms is depends on their productivity – how much latex they can tap and how much they get paid for it. World prices have been low and this create challenges for farmers at a basic level to support their families. We've been working with the farming communities through our partner, Earthworm Foundation, to help strengthen farm productivity and create more ways to strengthen livelihoods. This year we're going further by introducing our Fair Rubber commitment. This provides latex farmers in Thailand with a price premium that supports their livelihoods. It helps farmers with a more sustainable livelihood and also sustains the supply of latex we depend on. We're also working with the farmers to reinforce sustainable farming principles and even improve the quality of latex so that, in the future, they can supply more.

In other cases, where we don't work with farmers or growers directly, we must understand the origins of our ingredients. This is particularly important with fragrances, where we work with specialist developers who create fragrances using botanicals from all over the world. Whether it's Moroccan geraniums or lavender grown in southern France, we need to be sure we understand the ultimate source.

Some of the places from which we source our natural raw materials have less formal supply chains, dominated by smallholder farms. Establishing traceability here is more difficult, but it matters just as much. It also means we can help support farmers' livelihoods where we need to. We currently back smallholder farmer programmes in Malaysia, Indonesia and Thailand.

Global distribution of Reckitt's manufacturing facilities, direct suppliers and third-party distribution and embellishment centres



A responsible approach across our global value chain continued

Understanding the risks in our supply chain

We've examined our operation and our suppliers to spot the biggest risks to human rights, health and safety, and environmental and business integrity. With help from experts inside and outside our business, we've looked at factors including country of operation, the commodity supplied and the sector's profile.

Based on that, the risks we focus on most are:

- Working hours
- Fair wages
- Health, safety and environment
- Freedom from forced labour
- Freedom of association
- Gender, diversity and inclusion
- Effective grievance mechanisms
- Access to water and sanitation
- Sexual health and rights
- Access to health, hygiene and nutritional products
- Marketing practices
- Product safety
- Data privacy.

As well as these risks, we focus on particular countries and regions: Malaysia and the Middle East, which have large numbers of migrant workers; and Africa and Asia, where understanding of labour rights is less developed and enforcement is weak.

Certain kinds of suppliers represent a high risk, too, including third-party manufacturers, embellishers, distribution centres and some raw and packaging material suppliers, mainly in Latin America, the Middle East, Africa, North and South Asia. These are a priority for our programmes to audit and monitor suppliers and develop their capabilities.

To help, we keep up to date with research from external sources and work with NGOs and peers to better understand key risks and how best to deal with them.

We take a similar approach when it comes to the natural raw materials we use and the value chains they're part of. We look at risks to the ecosystems themselves, like deforestation, water scarcity and intensive farming. Also, many people live and work in these ecosystems, and depend on them. So we also consider their human rights, and those of their communities.

We currently focus on five raw materials as a priority:

- **Palm oil** – in Southeast Asia, we're working with suppliers and partners to monitor deforestation and establish which most need conservation efforts. We're also establishing traceability to the mills and plantations and safeguarding workers and ecosystems, often through partnerships.
- **Latex** – we're improving standards for plantation workers and smallholders' livelihoods in South East Asia, as well as protecting ecosystems through our partnerships such as Earthworm Foundation.
- **Dairy** – most of our dairy farming suppliers are in western Europe, Australia, New Zealand and the US. Here, we focus on animal welfare and effective environmental action through the Sustainable Dairy Partnership (SDP).
- **Natural fragrance** – working through partnerships with suppliers, we focus on traceability in informal supply chains to protect ecosystems. This can be challenging because infrastructure and support are limited.
- **Timber** – used in our paper and cardboard for packaging, timber can be from many sources. So we use internationally accepted certification schemes to combat deforestation. We also use recycled paper to reduce the amount of virgin paper from newly-cut forest plantations.

We're embedding our policies and standards with the suppliers of these priority materials. This helps make sure our business is equipped to source natural materials that will bring sustainable benefits to the whole value chain, as well as to our consumers. For more information on these raw materials, see our [Protecting ecosystems in our value chain insight](#).

When we design our products, we use our Sustainable Innovation Calculator to consider their overall environmental footprint. This means we can progressively design products to reduce their carbon and water footprints, considering each stage of the value chain, from ingredients all the way through to consumer use. Selecting different ingredients and packaging, or designing a product to be used by consumers in a different way, helps reduce the environmental footprint. This contributes to our ambition to be carbon neutral by 2040. For more information on our approach, see our [Sustainable innovation insight](#).

Listening to our stakeholders

Reporting effectively across our many sustainability issues and giving regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback. What should we keep doing? And where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

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HUMAN RIGHTS ACROSS OUR VALUE CHAIN

Our brands, operations and business relationships touch millions of people around the world. We want to make sure their human rights are respected, from their working conditions to their access to health, nutrition and hygiene products. So we make a worldwide effort with our suppliers and partners to see that this happens.

Supporting the rights of people in our value chain isn't just vital to running a sustainable business. It's also the right thing to do. This impulse sits at the heart of all we do, alongside our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

Our global value chain involves an enormous range of people. They could work directly for us, or for our suppliers, producing goods or providing services. Or they could be far upstream in our supply chain, farming the raw materials we use. Our impact also reaches into the surrounding communities and extends to the consumers who use our products.

It's essential for us to identify and address the impact on human rights across our value chain, putting right problems where we can and working with others where we can't deliver change alone.

Good working conditions and labour practices are fundamental to this work. Practices like charging workers recruitment fees and demanding they give up their passports can't be part of our supply chain, and we do all we can to prevent them. In recent years, we've focused most on sectors and regions where the risk of human rights infringements is greatest. But with audit and engagement programmes firmly in place, we're now broadening the scope of what we do so that we can cover a growing number of lower-risk suppliers too. We're also expanding our due diligence into our indirect supply chain, including contract labour, promotional goods, haulage and shipping.

Increasingly, we're taking a broader view of human rights. Our fight to make access to the highest quality hygiene, wellness and nourishment a right, not a privilege, reflects this. We've invested in internal resources, including regional human rights managers covering Asia, the Middle East and Africa. And since 2017, we've trained 98%* of management employees assigned the training on human rights. This helps knowledge of human rights issues permeate how we think and work day to day.

Many of the issues central to our work on human rights are complex and culturally deep-rooted. We prioritise people who are especially vulnerable, like children and migrant workers. Where they face exploitation and discrimination, this is often part and parcel of long-established employment practices and business behaviour, and in many cases quite legal. These are issues not just for us, but for industries, nations and the world as a whole. We can't fix them with instant measures. Instead, we work with partners, NGOs and governments, and stay close to our suppliers to find the most practical, equitable answers that bring progressive change.

We strive to understand the socio-economic forces at work across our supply chain and how they shape the actions of the people they touch. This lets us make interventions to sustain livelihoods, which keep our supply chain resilient. Ultimately, this is sound business. If we support a smallholder, it maintains the quality of the raw materials they supply to us. If we take steps to make sure people work a manageable number of hours a week for a fair wage, they're likely to be more productive. And facilities they work in are less likely to suffer down time.

For more on our global value chain and how we manage it, see our [Responsible approach across our global value chain insight](#). Our work on human rights links to how we protect ecosystems and communities – see our [Protecting ecosystems across our value chain insight](#). And find out more about how we support our employees in [Our people and Inclusion](#) insights.



HIGHLIGHTS FROM 2020

Progressing despite COVID-19

We have a critical role to play in tackling the direct and indirect impacts of COVID-19 across our value chain by:

- Making sure consumers have access to products that break the chain of infection
- Protecting the health and safety of our people
- Safeguarding the rights and wellbeing of people in our supply chain.

Visits to factories, plantations and other sites are an important way for us to find out more about human rights issues in our supply chain, and improve our suppliers' capabilities. COVID-19 posed our programmes a clear challenge in 2020, as it stopped us making these visits. But our regional human rights managers have good relationships with suppliers and know their standards well. So we've been able to respond by conducting remote audits, including virtual tours, interviews and document-checking. That's let us carry on due diligence work and make sure workers' rights are respected, as well as supporting suppliers. We also brought in 25 new suppliers to meet higher demand for our hygiene products.

We audited 179 suppliers in 2020, with 67% (117) achieving a pass rating – an improvement of 16% on 2019. Also, we're seeing tangible improvements in standards at suppliers we've supported for a number of years, with the pass rate increasing from 31% to 69% since their first audit.

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Broadening work, deepening partnerships

In 2020, we added 82 higher-risk raw and packaging material suppliers to our programme. We continued our raw and packaging material supplier audit programme by auditing 71 sites primarily across China, India, Thailand and Brazil. We'll also continue to support the raw and packaging material suppliers we assessed in 2020 by building their capability and sharing best practice.

In 2020, we also started to review and risk-assess our indirect supply chain to better understand and define how we can increase human rights engagement in 2021.

We continued our partnership with the Danish Institute for Human Rights (DIHR), which is helping us evolve our human rights programme, gather valuable information and shape our priorities for action. In particular, we worked with the institute to identify human rights impacts across the whole value chain in Thailand for Durex condoms and Enfa infant formula (see case study on this page).

In March 2020, we joined the Consumer Goods Forum (CGF)'s Human Rights Coalition of Action – Working to end Forced Labour. It aims to advance the CGF's Forced Labour Resolution and Priority Industry Principles, in line with the UN Guiding Principles on Business and Human Rights (UNGPs). Members act individually or together through business and supply chains to target forced labour and support responsible recruitment.

We've broadened our natural raw materials agenda to look beyond our main ingredients (latex, palm oil and timber). We're also tackling ingredients in fragrances, surfactants (used in detergents) and dairy for our infant nutrition brands. We'll carry on expanding our policies to focus on the materials with the highest human rights and ecosystems risks. See more in our [Protecting ecosystems across our value chain insight](#).

Finally, we conducted a pilot with BetterBuying, an initiative focusing on good purchasing practices that will change relationships between buyers and their suppliers, to examine the impact of our purchasing practices on the financial, environmental and social sustainability of our suppliers. This will help us understand where we need to improve our buying practices to create stronger, mutually beneficial partnerships with suppliers.

CASE STUDY

GAUGING THE ECONOMIC IMPACT OF DUREX CONDOMS IN THAILAND

After assessing the human rights impacts of our Durex and Enfa value chains in Thailand with the Danish Institute for Human Rights, we wanted to understand our positive and negative impact in economic terms. So we partnered with the consultancy Route2 to assess the total economic contribution of our Durex condom value chain in Thailand. Here are the highlights:

Our total economic contribution to Thailand through sourcing, manufacturing and using Durex condoms in 2019 was £142 million.

- **Sourcing** – our supply chain procurement activity generated a value of £3.8 million, amounting to £0.11 for every £1 we spend. We also created 2,790 jobs in our supply chain.
- **Manufacturing** – our own factory and commercial operations related to Durex condoms generated a value of £16.4 million. The biggest positive impact was through local employment (£1.1 million), vocational qualifications (£1.4 million) and training (£1.1 million).
- **Consumer use** – the biggest contribution came from people using Durex condoms, which generated £122 million of value: £12.5 million in avoided STI/STD wellbeing and healthcare costs, £95.8m in avoided deaths from diseases like HIV and £13.4 million from avoided unplanned pregnancies and abortions. This is equivalent of £1.75 a year for every person in Thailand or £103.19 a year for consistent condom users.
- **Brand partnerships** – by supporting the Planned Parenthood Association of Thailand (PPAT)'s programme of sexual health initiatives to Thai and Myanmar workers in Thailand's natural rubber supply chain, we reached 1,883 people, creating a total benefit of £74,609, with a benefit to each person worth between £17 and £872.



CASE STUDY

GOING BEYOND AUDIT TO TREAT SUPPLIERS AS PARTNERS

We've noticed that auditing our suppliers' approach to human rights doesn't always lead to lasting improvement. In many cases, we've audited suppliers again and again, only to see the same issues appearing.

Suppliers don't always have the capabilities or resources to spot and understand the root causes of issues, or grasp the changes it will take to stop them. So they need support to build their understanding and boost their performance.

Our Capability Building Programme has been underway since 2018. It's a mixture of training workshops, site visits and regular technical guidance. In 2020, we've conducted more than 25 in-person and virtual visits to sites, developing a far closer, more partnership-based relationship with our suppliers. We'd planned to do more visits, but COVID-19 meant we had to switch to a virtual approach to support suppliers.

Niroshan Dalpethado, General Manager at CDDEF, one of our third-party manufacturers in Sri Lanka, said: "It's always an indispensable learning, every time

we interact with Reckitt, whether it's an audit, training session or knowledge-sharing. These engagements enable us to lift our standards to a par with global ones. This adds immense value to our systems."

Workshops have helped make improvements in workplace safety and working hours, and modern slavery issues like employers keeping workers' passports and charging recruitment fees. This creates a better, fairer working environment for thousands of people in our supply chain. Despite COVID-19, we've carried on supporting our suppliers virtually to keep up progress.

Vishal Gupta, our General Manager in Bangladesh and Sri Lanka, says the switch from compliance to making lasting improvements has led to, "visible and fantastic progress, both in the infrastructure and mindset of our suppliers. They're more aware of our human rights requirements, and committed to lasting improvement."

Human Rights Due Diligence Process

In addition to our traditional direct and indirect suppliers, all significant investment agreements (greater than £50 million) undergo a due diligence analysis of human rights. This is conducted mainly through our manufacturing due diligence and factory visits. On the rare occasions that access to a facility is not possible, due diligence is carried out by accessing publicly available information on the Company's human rights performance.

Our focus for 2021 and beyond

We're increasingly focusing on understanding our societal impact, creating a framework to capture what we learn, and developing programmes to deal with issues we discover. We're implementing the recommendations that came out of our work with the Danish Institute for Human Rights (DIHR) in 2019. This includes publishing our human rights impact assessment (HRIA) from Thailand, and running assessments in other countries and contexts.

The study in Thailand was our first country-level human rights impact assessment, examining the value chain for our Durex and Enfa brands. Alongside our report with DIHR from 2019, it's given us a valuable perspective on human rights issues in our value chain. It's also given us a list of priorities to work on.

Now that we've identified our salient human rights impacts (see next page), we can frame our human rights ambitions for the future. We'll maintain our audit programme but continue to expand our work to embed human rights, develop activity throughout our value chain and measure the impact of our work.

Our ambitions are to:

- Embed the UN Guiding Principles on Business and Human Rights into our business, implementing the recommendations from the DIHR's corporate gap analysis
- Conduct human rights assessments for the ten highest-risk markets by 2030 and establish country-level human rights governance mechanisms
- Tackle our salient human rights issues
- Train 100% of our employees on human rights by 2025
- Publicly report on progress in line with UNGP guidelines by 2022.

Our partnerships

We can't solve human rights issues alone, or even just by working with suppliers. We must also work with our extended supplier network, government, industry, NGOs and other stakeholders to develop the insight and tools we need to make meaningful change happen.

Danish Institute for Human Rights

We've worked with the DIHR to make the UN Guiding Principles on Business and Human Rights (UNGPs) part of our work. We see this as central to respecting everyone in our value chain.

A corporate-level analysis of our human rights performance in 2019 led to 35 recommendations. They ranged from making human rights part of our policies and procedures to defining our position on issues like contract labour management, procurement practices and working conditions.

In 2020, the DIHR supported us to map our salient human rights issues to help us focus on the ones most at risk through our activities and relationships across our value chain. To test this mapping, we also got the views of internal and external stakeholders, including NGOs, customers, investors and peers. In the future, we'll target and report progress on:

- Working hours
- Fair wages
- Health, safety and environment
- Freedom from forced labour
- Freedom of association and right to collective bargaining
- Gender, diversity and inclusion
- Effective grievance mechanisms
- Access to water and sanitation
- Sexual health and rights
- Access to health, hygiene and nutritional products
- Marketing practices
- Product safety
- Data privacy.

Oxfam GB Advisory Services

Our partnership with the DIHR has highlighted opportunities to enhance our approach to making sure there's respect for human rights across our value chain. We're now working with Oxfam in areas including:

- **Workers' wellbeing** – developing a scalable approach to assessing wellbeing in our supply chain to complement our existing audit and capability-building work.

- **Site-level grievance mechanisms** – developing a toolkit to help suppliers implement grievance mechanisms. This will give workers effective channels to raise grievances without fearing consequences, and in the knowledge that they'll be investigated properly and fairly.
- **Gender equality and women's economic empowerment** – integrating gender into our supply chain sustainability activities to promote gender equality.

Our other partnerships

- **AIM-Progress** – we're on the leadership team of this global sustainable sourcing forum of top FMCG manufacturers and suppliers. We also co-chair the Capacity Building workstream. In 2020, we co-sponsored a series of virtual supplier webinars and eLearning courses on responsible recruitment in Malaysia to help suppliers better understand our expectations and get practical guidance on how to strengthen their recruitment and employment practices for migrant workers.
- **Consumer Goods Forum** – being part of the CGF helps us work with other leading brands, manufacturers and retailers committed to social and environmental sustainability. In turn, this helps us boost our collective impact through safe, resilient and sustainable value chains. In 2020 we joined the CGF's Human Rights Coalition of Action – Working to End Forced Labour. This aims to advance the CGF's Forced Labour Resolution and Priority Industry Principles, in line with the UNGPs, by targeting Forced Labour and supporting responsible recruitment markets.

Tackling modern slavery

We're working with suppliers, peers and experts including NGOs to tackle ongoing challenges facing migrant workers. They include employers keeping workers' passports, poor accommodation and excessive recruitment fees paid in workers' own countries. We particularly face these issues in Malaysia and the Gulf States.

In 2020, we negotiated with a contract manufacturer in Malaysia to repay around \$800,000 of recruitment fees to migrant workers from February 2021. And in the Middle East, we negotiated with a supplier to return passports to 432 workers at multiple sites. We'll continue to work with peers, NGOs, suppliers and governments to make progress in tackling these practices.

Reinforcing our standards

We want to make sure everyone's rights are respected. To reflect the dynamic human rights landscape and our new ambitions on sustainability, we've started a review of our human rights and responsible sourcing policies, which we'll complete in 2021.

CASE STUDY

RETURNING PASSPORTS TO MIGRANT WORKERS IN THE MIDDLE EAST

In the Middle East, passport retention by employers is widespread. Around 35 million migrants, mainly from Asia and Africa, live and work in the region. We've been working with some of our strategic suppliers to make sure employees have free access to their passports. And that's led to one of our suppliers returning the passports of 432 workers at all three of their sites. Where workers ask their employer to hold their passport for safekeeping, we insist there's written consent, with a clearly documented and understood process for workers to ask for their passport back at any time.



Passport storage lockers at a supplier site

For details of our approach and activities for our employees, see the [Our people insight](#).

Our compliance monitoring programme

Our compliance monitoring programme helps us identify and address any human rights shortfalls in our business and value chain. It's run by a team including four regional experts in China, South Asia, the Middle East and Africa, who work with our suppliers, sites and procurement teams.

The programme has five stages:

1. **Engagement** – we communicate our requirements and expectations to all Reckitt facilities and suppliers. For our suppliers, this is at the start of any commercial relationships and is integrated into the commercial contract.
2. **Self-assessment** – for suppliers, this is completed on Sedex and builds awareness, engages and gives suppliers access to eLearning and training resources to allow them to improve their practices. All Reckitt facilities have to complete an annual self-assessment of compliance.
3. **Site risk assessment** – all Reckitt facilities are assessed on the inherent risk associated with their country of operation, product area, sector profile and site function as well as their management controls risk. These are coupled with previous audit ratings, which reflect management controls and are considered in assigning a site a risk rating. Suppliers also undergo a site-level risk assessment and are assigned an overall risk rating. This overall risk consists of inherent risk and, if applicable, the latest audit rating.
4. **Auditing and addressing non-conformities** – critical and high-risk sites are audited at least once every three years, through our own teams or external specialist support. After the audit, sites have to complete a time-bound Corrective Action Plan which is reviewed by our Human Rights team before being accepted. We give support to sites if they need it.
5. **Training** – engagement and training help build understanding of issues, put them right and stop them happening at all. This can be done through on-site or online capacity building visits, as well as sharing resources and best practices. We also co-sponsor supplier events, which builds up the capability of our suppliers in key regions.

For more details of our monitoring programme, see our [Modern Slavery Report](#).

Reports from our Speak Up! Service

As well as our audit work, we have grievance processes in all countries, in line with local laws. In 2020, we received 439 cases through Speak Up!, our formal whistleblowing channel. For more details about Speak Up!, see our [Ethical behaviour insight](#).

We initially earmarked 173 cases that could raise issues that breach our policy on human rights and responsible business. As of 4 January 2021, 96 of these cases had been closed following internal investigations, with 38 cases being partially or fully substantiated. Of the 38 cases*:

- 5% relate to disciplinary practices.
- 76% relate to discrimination, including sexual, moral or verbal harassment, favouritism, or gender and race discrimination.
- 11% relate to working hours, pay and pay disputes.
- 8% relate to health and safety (mostly working conditions).

Actions taken ranged from training and changes to policies or procedures, to disciplinary action and dismissal. Of the remaining 77 cases, 26 have been referred elsewhere for informal review (e.g. employee relations matters) and 51 cases are still pending closure.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and giving regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback. What should we keep doing? And where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
103–105 Bath Road
Slough
Berkshire
SL1 3UH
UK

* percentages are rounded

CASE STUDY



TACKLING RECRUITMENT FEES IN OUR MALAYSIAN SUPPLY CHAIN

In 2018, we found critical issues for migrant workers at a supplier in Malaysia. They included passport retention, poor accommodation and discriminatory and unethical recruitment practices that saw workers charged recruitment fees, often leaving them in debt.

We've been working with another multinational company that uses the same supplier so we can tackle these issues and improve conditions. In 2019, we piloted a scalable, five-step approach to end the practice of charging recruitment fees, which is endemic. It's based on developing responsible recruitment practices that employers can use in the future, and paying back recruitment fees to existing workers.

In 2020, we negotiated repayment of around \$800,000 of recruitment fees to workers from February 2021. We're now looking to use the same approach with other suppliers in Malaysia and the Middle East.

PROTECTING ECOSYSTEMS IN OUR VALUE CHAIN

Most of our products use natural raw materials, which we source through a large global network of suppliers, from large companies to smallholders. This has an impact on both natural and human ecosystems. We work hard to monitor that impact, and manage it, by working with our suppliers and partners.

We use natural raw materials in about 70% of our products, including packaging. It could be milk in Enfa infant formula, latex in Durex condoms, or palm oil in the surfactants that go into our detergents. These materials come from a network of direct and indirect suppliers around the world, including farms, plantations, smallholdings and large global companies. We might not buy the materials in their raw form, but we're their ultimate user. That makes us just as responsible for their sustainability as the suppliers we deal with.

We work hard to map the journey our natural raw materials take. This means we can monitor and manage our impact on both natural and human ecosystems. And this helps us address major global challenges, including loss of biodiversity through deforestation, maintaining human rights and improving livelihoods across our supply chain.

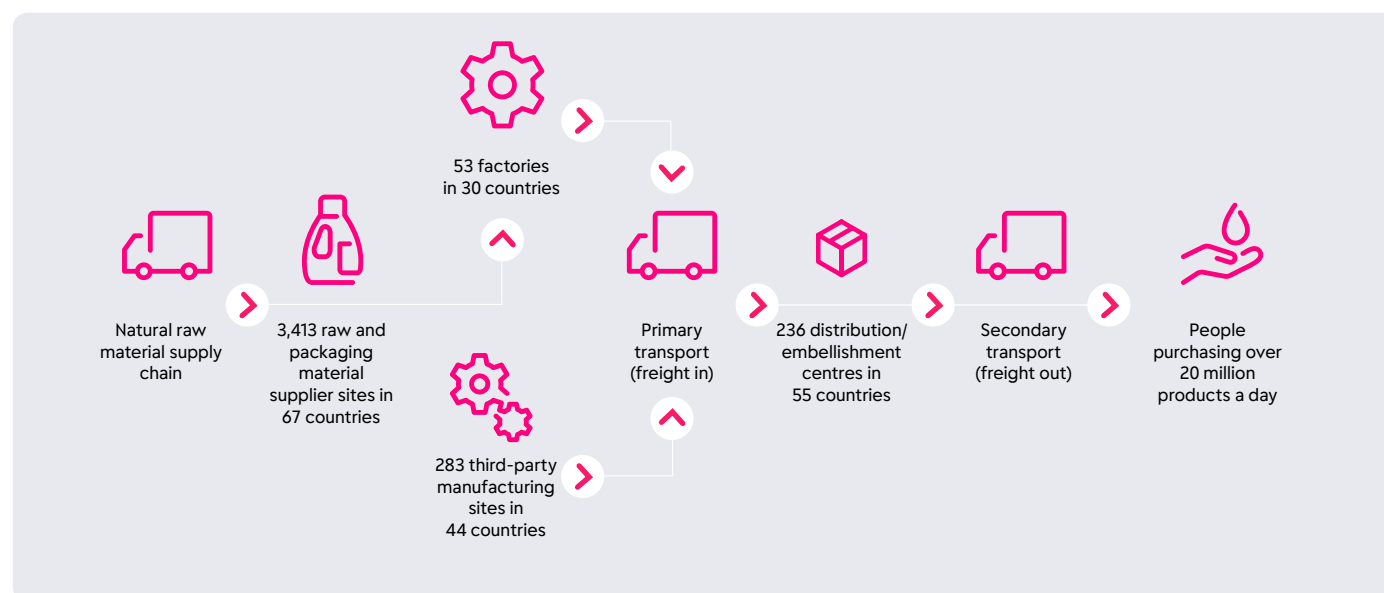
It's a large and complex task. But since we set our first targets in 2012, we've made a lot of progress. We've created standards to guide our decision-making and put programmes in place to track and reduce our

impact. We realise there's still much to do, though, and we're working all the time with our suppliers, partners and other stakeholders to monitor what we do, and change what we need to.

Here, we look at our impact on ecosystems across the supply chain, and on people who live and work in those ecosystems, farming and harvesting natural raw materials. This includes protecting vulnerable groups, like children, migrant workers and smallholders. And it means improving conditions for communities by understanding socio-economic conditions to strengthen their livelihoods.

We also look at ongoing work with third-party initiatives we're part of, and that we've joined this year. These programmes help us measure and control our impact. And we sum up our work on key raw materials like latex, palm oil and dairy in this insight.

Our product supply chain



Highlights in 2020

Boosting the traceability of palm oil

One of our priorities is to work with our suppliers to identify the plantations and processing mills that provide the palm oil we use. This enables us to pinpoint the greatest challenges in meeting our No Deforestation, No Peat, No Exploitation (NDPE) commitment on palm oil. To achieve this, we're working with the not-for-profit organisation Earthworm Foundation and our suppliers to establish traceability in our complex palm oil supply chains.

In 2020, we also started working with the not-for-profit organisation Business for Social Responsibility (BSR), and their sustainable development consultant Transitions, through the Action for Sustainable Derivatives (ASD) programme. This is helping to identify better ways to achieve our NDPE commitments in the supply chains for our surfactants. We and the other companies involved are aiming to make the supply chain more transparent by pooling data and experience, monitoring risks and increasing commitment.

Among other things, ASD also aims to:

- Create a global map of the palm oil derivatives supply chain
- Harmonise approaches to transparency, risk monitoring and evaluation
- Find ways to work together on new tools, methodologies and field projects
- Increase recognition for the complexity of the palm derivatives supply chain.

Through this, we aim to include complex ingredients like surfactants into our targets and report on them in 2022.

Strengthening our paper traceability

We've strengthened our review of paper and board origins, so that we're even more rigorous about traceability to either certified or recycled origins for paper pulp. This has meant more challenges to the data we get from suppliers. Our percentage of paper (pulp) from certified or recycled sources is higher than in 2019. But we narrowly missed our goal of 100% of paper and board to be from certified or recycled sources. We aim to reach this as soon as possible, and before 2025.

Engaging with suppliers

In 2020, we engaged even more with our suppliers of important ingredients like palm oil, latex and dairy. This included using a ten-point questionnaire based on our Responsible Sourcing Standard, to help us understand how suppliers match our principles. We used the results for meetings to help suppliers conform more closely to our standard, and make them aware of our programmes to monitor and manage ecosystem impact.

So far, we've worked in this way with the suppliers of 70% of our palm oil ingredients, plus eight dairy suppliers and two suppliers of fragrances.

In January 2020, we visited palm oil mills and plantations in Indonesia and Malaysia to better understand human rights in the supply chain, working with international ethical trade consultancy Impactt, and Earthworm's human rights-focused Respect Programme in Malaysia. This helped highlight action for individual suppliers to take, but also showed that many human rights issues in the palm oil supply chain are endemic to the industry and need collective action. This is why we're supporting a mix of projects with mills, plantations and smallholders including:

- Making Earthworm's Tools for Transformation more widely available through our direct soap noodle supplier, IOI
- Implementing our supplier Wilmar's child protection policy with tier 2 suppliers, through BSR's Children in Plantations initiative in Malaysia and Indonesia
- Backing Earthworm's Ethical Recruitment Initiative, aimed at curbing exploitation of migrant labour
- Assessing individual mills on their human rights. We assessed a third-party mill with Wilmar and Earthworm in Indonesia in 2020, and plan to do similar work in future.

With Earthworm, we also worked with direct suppliers to engage with palm oil processing mills close to deforested areas and understand any role they had in the deforestation. Making sure suppliers don't buy from plantations established on recently deforested land or from plantation owners implicated in forest clearance is part of how we implement our NDPE policies.

OUR PRODUCT INSIGHT PAPERS

We want consumers to trust our brands; to feel confident that our products are safe and cause no harm to the ecosystems or the people that they touch during their life cycle. Product stewardship is ultimately about the overall integrity of our products, which combines several aspects of responsible business. The overall topic is covered by several insights to make the subjects more accessible.

They are:

- Product stewardship – ingredients and transparency: the processes we follow to consistently innovate and produce safe, environmentally friendly products, and our work on ingredient labelling to help our consumers make informed decisions when buying them.
- Protecting ecosystems across our value chain (this insight): the steps we take to safeguard our planet for future generations.
- Plastics and packaging: how we seek to use less material, reduce virgin material, and use recycled and recyclable components in our packaging.
- Sustainable product innovation: how we develop our products to make them more sustainable for the future.
- Product safety and quality: how we maintain and control the safety of our products to safeguard our consumers and the environment, and how we consistently achieve the same standards of quality when manufacturing those products around the world.

2020 PROGRESS AGAINST TARGETS

- 88% palm oil traceable for suppliers globally, excluding surfactants, one of the many compounds that make up detergent (90% in 2019).
- 98% paper and board from certified or recycled sources, excluding third-party manufacturing sites (2020 target 100%; 97% in 2019).

Supporting programmes on the ground

This year, despite COVID-19, we were able to carry on supporting programmes on the ground that help us monitor and curb our impact on ecosystems. We also joined initiatives to progress this work.

For instance, we reinforced our commitment to NDPE principles by joining the Consumer Goods Forum's Forest Positive Coalition of Action. It includes 18 of the world's leading consumer goods retailers and manufacturers. Together, we're committed to eliminating deforestation, and forest degradation and conversion from commodity supply chains. The aim is to transform how we do business and make a positive impact on the world's forests. We also expect everyone we work with – producers, traders and suppliers – to do the same. Working with the CGF and through its partnerships with other NGOs like ProForest and the Tropical Forest Alliance, we can have even greater impact on the ground.

We took part once again in the Carbon Disclosure Project (CDP) Forest Survey Report, scoring B for timber, B for palm oil, B- for cattle and B- for soy. We feel CDP is an effective way to measure our impact on forest ecosystems, and we'll continue to use it in 2021.

We're part of Production and Protection Beyond Concessions (PPBC), a working group of the Palm Oil Collaboration Group (POCG), which is made up of a variety of producer, trader, FMCG and retailer companies looking at how to protect forests that are being cleared outside of legally sanctioned concession areas for oil palm. It's estimated that over 40% of deforestation happens in those areas. So we're working with suppliers and the PPBC group to create common ways of working and take action with supply chain partners to address the risk of further deforestation and illegal land use.

Working with our suppliers, we've built up our understanding of upstream supply chains. For example, with our soap noodle supplier IOI, we've used Earthworm's Tools for Transformation to engage with 85 mills in Malaysia. This helps us understand how IOI can implement NDPE principles and also provides practical NDPE tools.

Looking ahead to 2021 and beyond

We're strengthening our standards for key natural raw materials, as well as looking for ways to go further where we can. This includes independent certification where it's available. We've also started new partnerships with NGOs to help control risks in specific natural raw materials like latex.

We introduced a new Responsible Sourcing Standard in 2020, updating the original from 2015. It gives us a clear set of principles for sourcing natural raw materials in the right way. We'll use this to drive our commitment to live our values in our upstream supply chains and to pave the way to achieve more. By 2030, we want to achieve a tangible contribution to biodiversity, through the practice of regenerative agriculture, and to have made a significant contribution to restoring lost ecosystems in the supply chains of commodities that are important to us.

To further drive compliance with our new standards, we're working with the assurance, inspection, testing and certification company Intertek to assess natural raw materials suppliers. Through Intertek's Inlight system, each supplier will get an overall risk rating of critical, high, medium or low which will let us prioritise engagement with suppliers. We're also utilising the standard across our business from R&D to marketing, and brands like Air Wick are already using it. Reflecting the focus of brands like Botanical Origin and Air Wick on natural fragrances, we're working to restore ecosystems, such as in the Great Plains in the US.

In 2021 we'll continue to evaluate the risks to biodiversity and ecosystems across everything we do. From this evaluation, we'll develop appropriate targets to protect and regenerate the biodiversity and ecosystems where we have most impact, through both sustainable agricultural practice and regeneration programmes. We'll be sharing more detail of our approach and plans for the future during 2021 as we complete our evaluation.

CASE STUDY



OUR WWF PARTNERSHIP

Reckitt is partnering with WWF over three years to create a movement to fight for nature. WWF and Reckitt's Hygiene business will together:

- Preserve and restore 2,100 km of freshwater across two major river basins in the Amazon and Ganges (two of the world's most important freshwater ecosystems).
- Innovate for a more sustainable world, including improving understanding of the impact of household products on aquatic environments, and explore how to improve the innovation pipeline.
- Inspire millions to fight for nature through impactful brand partnerships with our consumers and engaging our employees.

As part of our partnership, Air Wick is working with WWF to bring its purpose to life and connect people to nature. The Air Wick team is activating this purpose in various markets, including Australia, the UK and US, to raise awareness of the importance of nature and how we can all do more to protect and restore it. Reckitt will support WWF projects to restore wildflower habitats to reverse the decline of biodiversity. For example, in the US, Air Wick is helping to reseed one billion sq ft of native grasslands and wildflower habitat in the Northern Great Plains.

How we protect ecosystems

Our natural raw materials come from all over the world. This gives us a wide array of challenges. The measures to tackle them, from the private sector, government and civil society, also vary across regions and crops. So we need a policy framework that gives us consistency in the midst of inconsistency.

Our policy covers all natural raw materials and helps protect the ecosystems they come from, as well as the livelihoods and human rights of the workers and communities involved in them. Our detailed standards set out what we expect for the natural raw materials (NRM) we use in our products, and strengthen our approaches to:

- **Traceability and transparency** – the origins of our natural raw materials have to be clear, whether it's a smallholding or a plantation for palm oil, a dairy farm for milk or an ocean for krill. This also applies to the location where natural raw materials are first processed, for example the palm oil mill near to the plantation.
- **Protecting vulnerable groups** – including women, children, migrant labourers and smallholders.
- **Protecting important ecosystems** – including areas defined by the International Union for Conservation of Nature as Protected Areas, nature reserves, wilderness areas, High Conservation Value, primary forest, peatlands and marine-protected areas.
- **Reducing environmental impacts** – to monitor and promote reductions in Greenhouse Gas (GHG) emissions, water use, energy consumption and waste in NRM supply chains.
- **Animal welfare** – we're committed to the internationally recognised Five Freedoms, which protect animals from hunger and thirst, fear and distress, and discomfort, pain, injury and disease, and enshrine the freedom to behave normally.

We look at emerging good practice and bring in outside partners to help us assess the sustainability risk of our natural raw materials. Our priorities are about the impact we make through the material we use, and how vulnerable the material itself is. We're mainly focusing now on palm oil, latex, dairy, natural raw materials for fragrances, krill, and timber used in our paper and cardboard. Our approach to managing each is different, because each has its own circumstances, ecosystem and human rights issues.

We're making our [policy](#) and [standards](#) central to how our suppliers work. This makes sure we source natural materials that will bring sustainable benefits to the whole value chain and consumers. For more on human rights, see our [Human rights](#) insight.



Palm oil

Palm oil uses less land and costs less to produce a higher yield of oil than similar crops can. The downside is that this efficiency and the wide range of applications palm oil can be applied to has meant large areas of forest and peatland have been converted to cultivating oil palm, destroying landscapes and the biodiversity they support.

We know we have a responsibility to restrict this impact, even though we're a relatively small user of palm oil. When the World Wildlife Fund assessed us in 2019, we got a rating of 6.5, or 'lagging behind', on their palm oil scorecard. This was largely because of our limited use of certified oils. The scorecard is a helpful tool. But it doesn't cover all the issues, especially with oil that's highly processed in many locations, making certified traceability difficult and costly. We've committed to buying 15% more certified oils in 2021, increasing by 15% every year until all our palm oil is certified. We recognise the contribution of certification but we also want to make sure we capture and limit negative socio-economic impacts not always covered by certification. This will help create change in wider production landscapes, plantations and farms through our support of landscape-level programmes. We're working with the many stakeholders involved, including NGOs, governments, industry, local communities and the smallholders who make up around 40% of the whole palm oil network.

An example of this is our support of Earthworm Foundation's programme to promote sustainable production. The outcomes include:

- Suppliers better equipped to implement strong sustainability policies and robust NDPE commitments, while promoting support for smallholders within their supply network

- Building sustainable livelihoods with communities that improve living standards and reduce the motivation to expand farms into forest areas
- Better welfare for workers through effective monitoring and targeted interventions which include safeguarding vulnerable children working in agriculture.

We buy products derived from palm oil, sourced from refineries in Malaysia and Indonesia. To help us source responsibly, we work to understand every step of the oil's journey to mills which supply the refineries. In 2021, we'll publish an updated list of these mills and direct suppliers on our website.

In 2020, we've worked with our NGO partners and suppliers on:

- **Traceability and transparency** – with Earthworm Foundation and Airbus, we're using the Starling platform to monitor our palm oil supply chain with real-time satellite technology to understand the impact of our supply chains on deforestation. Satellite imagery and radar data from the Airbus Starling system shows us how land use changes over time. This pinpoints risk-prone areas and how close mills in our supply network are to them. It also helps predict deforestation patterns and means we can work with our suppliers to eliminate deforestation over time. Building on our 2018 pilot in Malaysia, we're now using the platform in Indonesia, so we can hugely enhance our supply chain monitoring.
- **Child labour** – we've worked with specialist non-profit consultancy Business for Social Responsibility (BSR) to help implement our supplier Wilmar's child protection policy further up the palm oil supply chain. We've supported workshops to build capacity of tier 2 suppliers of Wilmar and others.
- **Migrant labour** – we've continued supporting Earthworm's Ethical Recruitment Initiative to develop practical tools and training resources for suppliers to help identify and mitigate risks to avoid migrant worker exploitation. Earthworm worked with one of our suppliers to identify a pilot site for the tool in 2021.
- **Smallholders** – we've continued our involvement in Earthworm Foundation's Rurality programme, which develops better agricultural practices to diversify farmers' incomes and improve rural livelihoods. Small farmers under economic pressure are more likely to cut down forests to grow more crops. Highlights in 2020 included:
 - Remote training and coaching for over 300 smallholders, with over 7,000 views on live webinars and videos in Sabah, Malaysia
 - Over 7,000 ha of land monitored and managed by Human-Elephant Conflict (HEC) Committee which includes plantations, smallholders and the Sabah Wildlife Department

- Government approval of around \$1.3 million in financial support for replanting 656 hectares of oil palm plantation. The Rurality team in Riau Province, Indonesia, helped 231 farmers apply for the help
- Through these initiatives, we contributed to the Indonesian government's targets to improve land productivity. In Riau Province, the annual replanting target was 25,000 ha, and in Pelalawan & Indragiri Hulu district, the target was 5,500 ha.



Latex

Natural latex is the main ingredient we use to make Durex condoms. We source it largely from Malaysia and Thailand, with smaller amounts from India and Brazil. Trees take up to seven years to mature, and plantations can be vulnerable to disease. To prevent this, our suppliers use different clonal varieties of rubber trees so that any plant disease that affects one variety won't spread through the whole plantation.

Rubber farming for latex has challenges including supply chain resilience and deforestation. But the few farms and plantations that produce the high-quality latex that our Durex brand needs are well-known to us. They're generally long-established, with up to 100 years of carefully managed history in some cases. So our relationship with these suppliers helps us to manage risks and find better ways of working to support longer-term supply and better farm and worker standards.

Latex plantations and farming pose potential challenges to the human rights of plantation workers and farming communities. They can include exploitation of migrant workers, challenges to the community's land rights or poor livelihoods for smallholders. Livelihoods are connected to the global price for natural rubber, which is often heavily influenced by the price of the synthetic rubber used in much larger quantities for products like car tyres.

The human rights value chain assessment we carried out with the Danish Institute for Human Rights identified these risks. We've worked with our rubber plantation companies to make sure they meet our policy on labour standards and human rights. Critically, we've also introduced our Fair Rubber commitment. This will give latex farmers in Thailand a price premium to support their livelihoods and strengthen the supply of latex we depend on, and reinforce sustainable farming principles. The premium will also support the communities living and working on rubber plantations. Overall, this will enable us to deliver on our commitment to embed human rights in our business by addressing the issues raised by our assessment. Most importantly, we're supporting the livelihoods of farmers, workers and their families, which will mean a sustainable latex sector in the years to come.

In Thailand we'll continue to work with Earthworm Foundation to improve the livelihoods smallholder latex farmers, helping the supply network to be more resilient for the future. We're prioritising:

- Increasing farmer and household income from latex and other sources, such as livestock-raising
- Adopting regenerative agriculture practices such as agro-forestry, which can improve productivity and enhance ecosystems
- Improving living and working conditions, for example through the better use of personal protective equipment
- Enabling farmers to invest in their farm community for their long-term livelihoods.

Dairy

Infant formula products joined our portfolio when we acquired Mead Johnson Nutrition in 2017. We've since taken steps to map and understand the sustainability of our dairy supply chains. We've continued our work with the Sustainable Agriculture Initiative's Sustainable Dairy Partnership (SDP). It's a group of suppliers and industry peers who work to make the dairy industry more sustainable through a consistent approach to the commercial relationship between dairy buyers and processors. Members take responsibility for challenges like greenhouse gas production, human rights, deforestation and animal welfare.

Our largest suppliers are active members of the SDP. So far, we've helped to:

- Fund a digital platform for dairy processors and buyers to improve traceability and transparency by sharing data
- Develop training and communications materials for processors and buyers.

Related to this is a partnership between SDP and WWF to define an approach to tackling deforestation in dairy supply chains. We're part of this because soy is in the feedstock for cows which provide milk that goes into our infant formula products.



CASE STUDY



BOOSTING BIODIVERSITY IN EUROPE

Our manufacturing site at Nowy Dwór in Poland has joined a national project led by Poland's League of Nature Conservation. It means our staff will look after four beehives, with support and training from the league's experts. The league also collects and packs the honey, which the bees are expected to start producing from spring 2021.

At Reckitt Hygiene in Germany, graduates are also venturing into beekeeping with the help of a local beekeeper. And they're planning an allotment both to produce fruit and vegetables and act as a habitat for insects and endangered species.

They're also following up ideas that pursue the UN's Sustainable Development Goals and our vision to create a cleaner world, while contributing to the local community. This is part of our Future Leader training programme. Three groups are making a social impact by volunteering, making their working environment more sustainable and working on ways to improve Reckitt's sustainability training.

Paper and board

We use paper and cardboard to pack almost three-quarters of our products. While we use a small amount compared to some sectors, we still want to use sustainable sources of paper. In 2012, we said that by 2020 all our supplies should either be recycled or approved by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). We're now applying even more stringent measures to improve traceability and data robustness. Although we improved our paper traceability this year we fell narrowly short of our target. But we're still committed to our goal for 100% of our paper and board to be from certified or recycled sources. We aim to reach this as soon as possible, and before 2025.

For primary packaging, like product cartons, we usually combine virgin paper from certified origins with recycled paper. We also use the highest practical percentage of recycled cardboard for the boxes used to transport our products.

Krill

We use krill in MegaRed oil supplements. Krill oil has human health benefits, but it's also vital to the Antarctic food chain and supports a protected ecosystem including penguins, seals and whales. Environmental NGOs are calling for more marine-protected areas

in the Antarctic. They also want fishing companies to do more to safeguard the marine ecosystem by seeing regulations as a baseline and voluntarily going beyond them. To keep our krill sustainable, we chose our supplier, Aker BioMarine, based on:

- **Third-party verification** – their Antarctic fisheries are certified by the Marine Stewardship Council (MSC).
- **Engagement with the Antarctic scientific community** – Aker BioMarine works with the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), the body that regulates krill fishing and decides on conservation measures.
- **A network of relevant stakeholders** – our suppliers' decision to back a network of ocean sanctuaries in the Antarctic was important in strengthening political momentum to protect sensitive Antarctic waters.
- **A united industry approach** – Aker BioMarine has been involved in setting up the ARK group, which brings together 85% of krill fishing companies. ARK has worked with the CCAMLR and others to develop a single, workable sustainable fishing approach including a voluntary agreement to restrict fishing in the buffer zones that protect penguin colonies in the breeding season.





CASE STUDY

THE JOURNEY TOWARDS NATURE-RELATED FINANCIAL DISCLOSURES

Reckitt has joined the informal working group creating an approach to financial reporting that could steer finance towards work that allows nature and people to flourish. The working group has been set up by the Taskforce on Nature-related Financial Disclosures (TNFD) and includes the UK government and the World Economic Forum.

In a two-year programme, the group will aim to determine the reporting, metrics and data that will let financial institutions understand the risks and dependencies and their impact on nature. The group will develop reporting frameworks in 2021 and look to test them in 2022 before launching them worldwide. It's hoped the initiative will help the financial sector recognise investment and lending opportunities to support nature.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and giving regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback. What should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

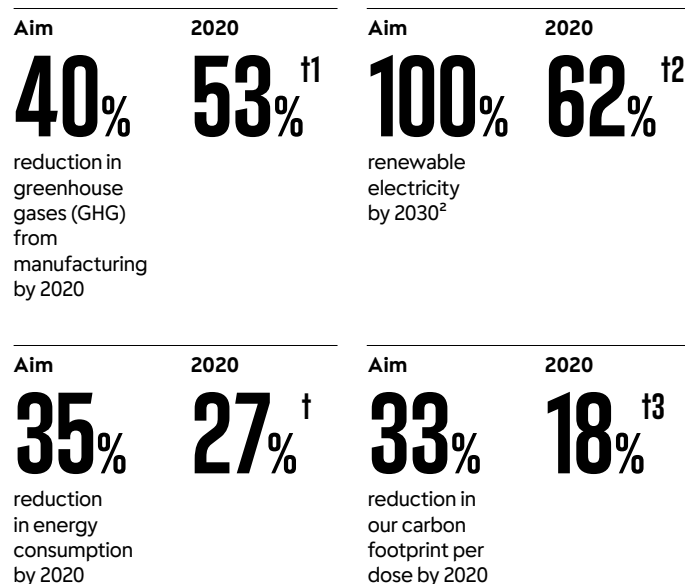
Or write to:

The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
103–105 Bath Road
Slough,
Berkshire,
SL1 3UH
UK

CLIMATE CHANGE

Our performance in 2020



* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

1 Excludes IFCN and includes manufacturing and warehouse.

2 For manufacturing only.

3 Excludes IFCN.

Climate change is increasingly centre stage in global consciousness, and in our work.

We've set new targets to help us make our contribution to keeping global warming to less than 1.5°C. It means scrutinising our own operations and those of our suppliers along the full value chain, so we use as little energy as possible and keep carbon emissions down. And it means focusing on product design to make sure our products have a low carbon impact when our consumers use them.

As scientific knowledge and public awareness of climate change grow, so the urgency increases for business to do everything it can to halt the threat. We accept the challenge. We know that what we do now can make a significant difference, whether it's switching to renewable energy or using less energy and water to make our products.

Climate change threatens ecosystems and the world's social fabric. Changing weather patterns, including floods and droughts, undermine livelihoods, dislocate communities, create unrest and force economic migration. Every business has a duty to address the causes and consequences of this existential issue for humanity. Fulfilling this duty means being sustainable in all we do, from how we gather and source materials, to how we run our operations and our value chain.

Setting a new ambition

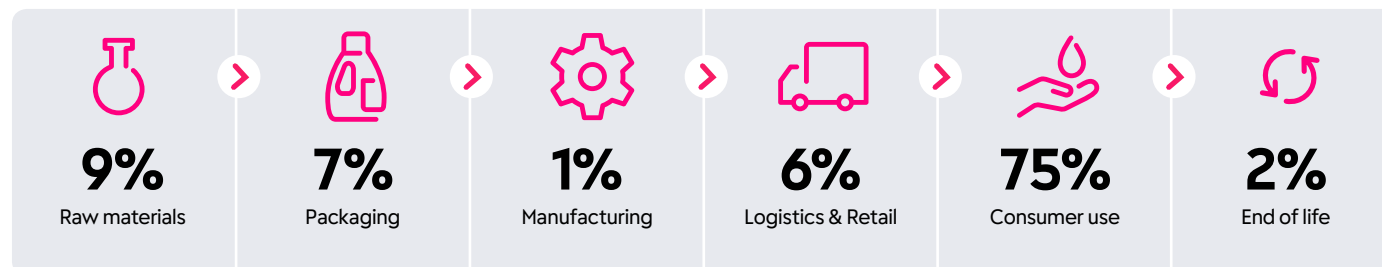
Since 2012, we've made progress against the targets we've set ourselves. In particular, we've surpassed our 2020 target to cut greenhouse gas (GHG) emissions by 40%. Also, as of 2020, all our manufacturing sites in Europe, the US and India, and all our Hygiene business, only buy renewable electricity. This gives us confidence to push on to bigger achievements.

But we haven't hit all our targets. We've fallen short of our target to cut energy consumption by 35% by 2020. In 2020, we achieved a 27% reduction per unit of production compared to 2012, while overall energy consumption went down by 17%. At a product level, we reduced carbon by 18% and water impact by 13%, both a step forward on 2019 but still behind our target of 33%. Since 2012, our focus has been on manufacturing emissions. But we're increasing activity on product footprints and we've strengthened our Sustainable Innovation Calculator to help make our product pipeline more sustainable. We've made some progress in 2020 but know we need to do more. This year we set ourselves a new task to contribute to the global effort for net zero emissions by 2050, in line with the Paris Agreement commitment to keep global warming below 1.5°C. In fact, we want to reach net zero at Reckitt by 2040.

Our work on climate change is framed by science-based targets, and we commit to:

- Cutting Scope 1 and 2 GHG emissions by 65% by 2030, compared to 2015
- Cutting Scope 3 GHG emissions by 50% by 2030, compared to 2015
- Sourcing 100% renewable electricity by 2030, compared to 5% in 2015.

Our carbon impact



These targets have been approved by the Science Based Targets initiative (SBTi). This independently assesses and approves companies' targets in line with its criteria for targets needed to keep global warming to 1.5°C and the IPCC's recommendations, while ensuring best practice in science-based target setting.

We're encouraged that we've succeeded in cutting carbon emissions directly under our control, which come mainly from our manufacturing operations. But more than 75% of our carbon footprint comes from consumers using our products, with another 6% from transporting goods around the world. This is complex to deal with, and change comes slowly. So reducing our emissions in these areas is difficult. With our Finish dishwasher products, for instance, the carbon footprint is made up of consumers using electricity to power their dishwashers as well as us using energy to produce the product itself.

So we need to tackle how people use our products, as well as how we make them. This means looking at everything from how we design products and packaging to the ingredients we use, and the energy and water that go into using them. This includes how we deliver the product to consumers, and how consumers then use and dispose of them. We can shrink the overall footprint by using different ingredients, using recyclable or recycled packaging and changing product design so the product needs less water or energy to be effective. It's about working with suppliers on the one hand, and appliance manufacturers and consumers at the other end of the value chain. This is how we reduce emissions over time.

The close link between climate change and water stress is also important. Some of our biggest and fastest-growing markets, like the Middle East and India, are in water-stressed areas. We must adapt products to reflect this reality, which creates extra complexity. Also, the impact of climate change means these water-stressed regions also have the biggest difficulties accessing hygiene and health services, making our products all the more important. We need to look at the whole context of every product, and make sure that in striving to cut emissions, we arrive at the right outcome for our consumers and our planet. For more on how we manage our water resources, see our [Water insight](#).

Our full value chain, from sourcing raw materials and manufacturing products to consumers using and disposing of them, is a complex sequence of inter-dependent parts. Cutting carbon emissions in one part of the chain might increase them in another. For instance, we manufacture some of our products in a more concentrated form to reduce packaging material, and reduce carbon emissions from transport. But there are trade-offs with consumers then having to use and potentially heat more water to use the product. We consider these aspects in the product design phase, using our Sustainable Innovation Calculator.

Our new science-based targets help us manage this complexity and see the steps we need to take to play our part in keeping global warming under 1.5°C.

Progress against our targets

In 2020, we surpassed our target to reduce greenhouse gas emissions from our manufacturing and warehousing operations by 40%. This was partly down to energy savings, but more significant was our growing use of renewable energy: 100% of the electricity we bought for our Hygiene factories came from renewable sources, compared to 79% in 2019.

Since joining RE100, the global initiative to use 100% renewable electricity by 2030, we've more than doubled our use of renewable electricity – and we're now over 60% of the way towards this target. In 2020, switching supply to renewable electricity contracts, direct renewable power purchase agreements (PPAs) or investing in on-site renewables means sites in India, the US and EU have 100% renewable power. This year, we also installed extra solar capacity at our Mauripur factory in Pakistan.

In 2020, COVID-19 disrupted our usual audit programme. But we were still able to complete audits using our normal methodology and scoring systems, based on our environmental standards. We replaced site visits with virtual methods including self-assessment questionnaires and interviews. This will continue into 2021, though we expect to return to our usual methods when we can.

Energy consumption

Our company-wide energy monitoring and reporting system helps us continually improve how we use energy across our sites, regions and business units. In 2020, despite the disruption of COVID-19, we found more opportunities to save energy including:

- At our Anhui site in China and Mauripur site in Pakistan, we brought in a system that uses exhaust air to warm inlet air, reducing steam heat use and saving energy and natural gas. The Anhui team also upgraded from a manual to an automated water circulation system, which meant more energy, water and cost savings.
- At Cileungsi in Indonesia and other sites, we upgraded steam traps to continue the efficient recovery of condensation water, which cuts the water and energy we use.
- In Nottingham in the UK, we installed electric chillers to supply the factory with water, replacing an absorption chiller and cooling tower and saving over 30,000m³ of water a year, as well as over 2,000 tonnes of GHG emissions. This is equivalent to around five million miles driven by an average petrol-fuelled car. We also installed more efficient chillers at our Bangkok facility in Thailand.

CASE STUDY



CUTTING CO₂ EMISSIONS ON LOGISTICS

We're working across our value chain, from the design and manufacture of our products to consumer use. For instance, the team at our Barcelona logistics centre have taken on the challenge by switching from lead to lithium ion batteries for their warehouse vehicles such as forklifts because they charge faster, last longer and have a bigger capacity. Taking advantage of this different technology was a new opportunity for the logistics centre and has led to a 16% cut in GHG emissions at the site.

The team at Barcelona has also worked on ways to load trucks on the Madrid route more efficiently, which has cut the number of trucks we need to use. That's meant another 30% cut in GHG emissions at the centre. The team is now looking to make this change on other routes.

Greenhouse gas emissions across the whole value chain (Scopes 1-3)¹

Total carbon footprint impact 2020 (Reckitt exc. IFCN)	Raw materials	Packaging	Manufacturing	Logistics & retail	Consumer use	End of life	Total
Carbon total (million tCO ₂ e)	3.1	2.6	0.3	1.8	27.5	0.5	35.9*
Carbon g/dose	4.9	4.1	0.5	2.8	43.4	0.8	56.5*
Carbon % split	9%	7%	1%	5%	77%	1%	100%

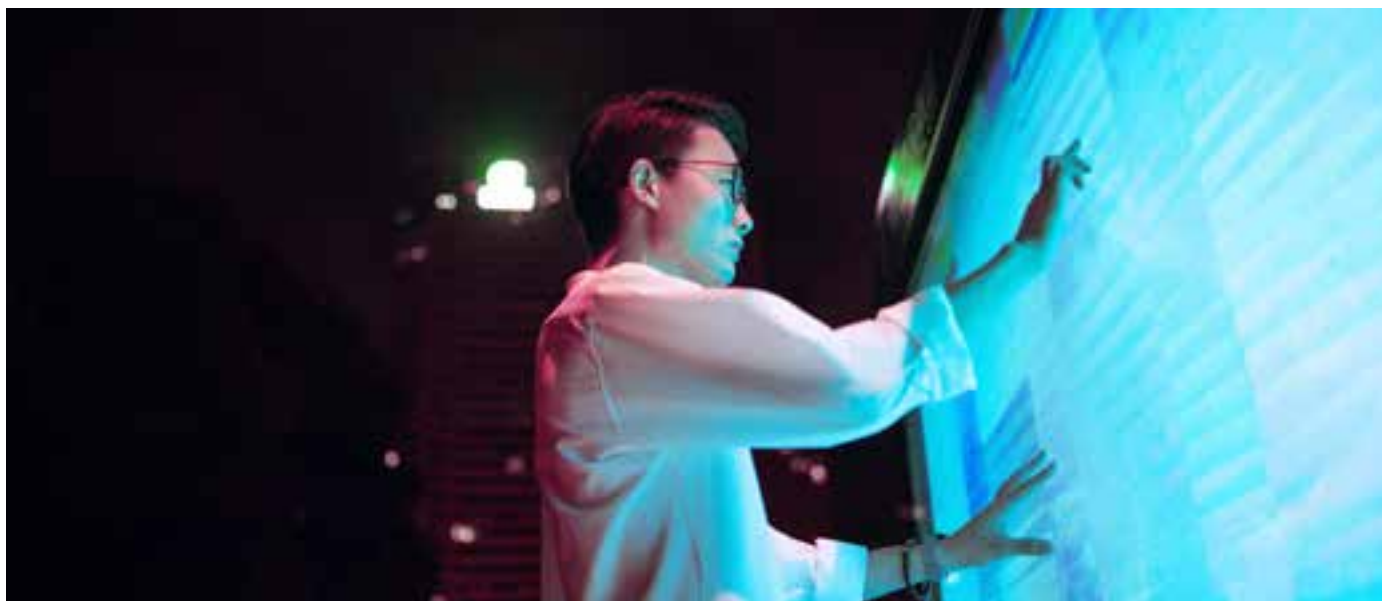
The system had been developed with reference to the requirements and principles of recognised international standards such as PAS 2050:2011 and the greenhouse gas protocol.

Total carbon footprint reductions (Reckitt exc. IFCN)	2012 (baseline)	2019	2020*	% change vs. 2012	% change vs. 2019
Carbon g/dose	68.6	62.1	56.5	-18%	-9%

Total carbon footprint impact 2020 for IFCN	Raw materials	Packaging	Manufacturing	Logistics & retail	Consumer use	End of life	Total
Carbon total (million tCO ₂ e)	0.4	0.2	0.1	0.8	2.2	0.1	3.9*
Carbon % split	11%	5%	3%	21%	58%	2%	100%

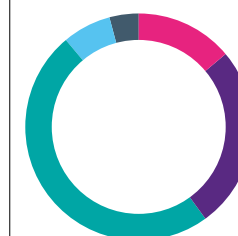
¹ Pre-acquisition data for our IFCN business is not available. To ensure like-for-like comparisons, target performance trends vs. 2012 exclude IFCN.

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.



In 2020, we used 4,830,166 GJ of energy across our manufacturing and warehousing sites. We illustrate the breakdown below:

Energy breakdown



- Electricity (Non-renewable)
650,076 GJ
- Electricity (Renewable)
1,273,699 GJ
- Fuel (Non-renewable)
2,372,761 GJ
- Fuel (Renewable)
329,055 GJ
- Other indirect purchased energy (e.g. heat, steam or other non-renewable purchased energy)
204,575 GJ

Our operations use different types of energy, from traditional forms of electricity and thermal energy to renewables and landfill gas. Together with our ambition to decarbonise our operations, we continue to look for ways to improve our energy efficiency and the way we use and reuse energy in our facilities. In 2020, our energy use (per unit of production) improved again, with a 27% reduction compared with 2012. Our overall energy consumption also went down by 17%. We did this by continuing to invest in new and more efficient equipment, as well as piloting new forms of digital intelligence to optimise operational energy use, like HVAC (heating, ventilation and air conditioning) systems. This year our total energy use was 2% lower than 2019, despite the increase in production during 2020.

CASE STUDY



ADDING SOLAR ENERGY CAPACITY

We first installed solar power at our site in Mauripur, Pakistan, in 2018. The objective was to cover 50% of the factory's energy demand from solar sources as soon as possible. We reached this in 2020 by adding a 370kW system to the 107kW already in place and the 30kW we added in 2019. This means the site's GHG emissions will come down by 420 tonnes a year – equivalent to the effect of planting 70,000 trees.

Energy and Greenhouse gas (GHG) data

Energy usage	Units	2012	2013	2014	2015	2016	2017	2018	2019	2020	Change vs 2019	Change vs 2012
Energy use per unit of production	GJ per 1,000 CU	0.4704	0.4488	0.4130	0.3959	0.3939	0.3767	0.3640	0.3672	0.3455	-6%	-27%
GHG emissions per unit of production ¹	tCO ₂ e per 1,000 CU	0.0402	0.0392	0.0374	0.0347	0.0313	0.0278	0.0260	0.0232	0.0190	-18%	-53%

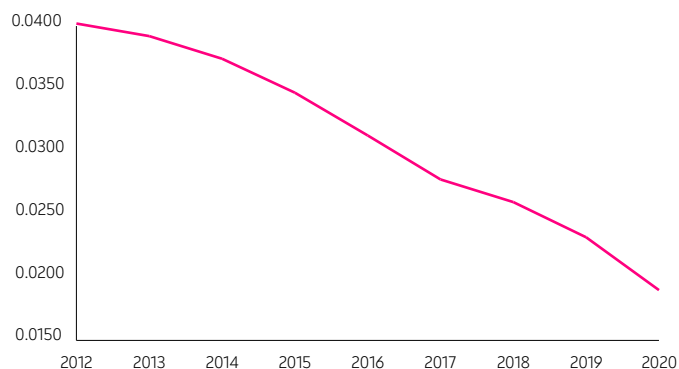
Note: all data for manufacturing and warehouses unless otherwise stated.

¹ GHG emissions data are in line with Scope 1 and 2 GHG protocol market-based approach.

² Pre-acquisition data for our IFCN business is not available. To ensure like-for-like comparisons, target performance trends vs. 2012 exclude IFCN. Including IFCN, 2020 manufacturing data and warehouse GHG emissions were 0.0291 tCO₂e per 1,000 CUs and energy use was 0.5888 GJ per 1,000 CUs.

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

GHG emissions per unit of production



Carbon footprint per dose

Carbon footprint per dose is the only one of our four targets that includes emissions across the whole value chain (Scope 3). As we've seen here, these emissions are hard to reduce because they include consumer use. But, after focusing mostly on our own emissions, we're increasingly broadening our work to tackle emissions both upstream and downstream of our operations. We're also working to increase the share of our revenue that comes from sustainable products. For more on this, see our [Sustainable innovation insight](#).

As our understanding of our impact has grown, we've looked more closely at product design and worked with our suppliers to shrink our products' impact up and down the value chain. At the same time, we have to make sure our products still deliver their health and hygiene benefits. Our science-based targets will help shape and guide this work.

Other emissions

We're not a significant user of ozone-depleting substances (ODS), so we don't report on them here. Also, whilst we do emit low quantities of common industrial air emissions like sulphur and nitrous oxides (SO_x and NO_x) and particulates (dust), these emissions are below set regulatory limits. For example, in 2020 our direct NO_x emissions figure is 13.6 metric tonnes.

Looking ahead to 2021 and beyond

We've gone beyond our 2020 GHG targets and set new ones for 2030, as part of our science-based targets. But we haven't made as much progress on energy efficiency as we wanted. This is partly down to our focus on the quality of our product, and the impact of COVID-19 with the need to maximise ventilation to support the safety of our teams.

This hasn't stopped us resetting our priorities, with a new vision for sustainability underpinned by a focus on people, planet and product. This is the backbone of our efforts to tackle climate change and support the drive to net-zero emissions – by 2040 in our own case. In 2020, we started a long-term partnership with the Centre for Risk Studies at the University of Cambridge Judge Business School. This will help us model our climate risks in detail and shape our priorities for the next decade.

We also want to show how we can help fight climate change by improving people's health and hygiene around the world, here and now. That's what's behind our efforts to improve access to water in water-stressed areas and turn them into water-positive areas by 2030.

It also motivates our fight to open up access to health and hygiene products in ways that mean more people around the world can afford them. We'll also be supporting the 2021 Climate Change Conference in Glasgow (COP26) with our hygiene products.

As well as new targets on GHG emissions and renewable energy, we'll continue our work on making more sustainable products. In particular, we'll keep looking at ways to reduce our Scope 3 impacts through how we design products, the ingredients and packaging we use and how we encourage consumers to use and dispose of them. For more detail on this, see our [Sustainable product innovation insight](#).

We're looking particularly at:

- Our infant formula manufacturing sites – these factories are our largest users of energy and water
- The type of energy we use and the form it takes in our operations.

For the emissions from our operations, we'll continue to focus on:

- **Improving energy efficiency:** this includes refining processes and site design to reduce energy, as well as action plans for sites based on energy audits and new modelling tools. These target high energy processes, such as compressed air, to optimise them. And we're progressively empowering our global community of environmental specialists with new digital tools so they can share good practice quickly across our network.
- **Switching to less carbon-intensive energy sources:** as members of the RE100 group, we've pledged that, by 2030, all electricity we buy will be from renewable sources. This commitment is an important part of meeting our GHG emissions target, given the large contribution electricity makes to our overall emissions. We're also ending our use of coal even though it's still common in some markets. For example, we're replacing coal in South Africa in 2021 and will also complete new solar generation projects in two factories in Thailand this year.
- **Innovation for transformational change:** this includes more renewable energy from on-site technologies like solar, and progressively finding renewable sources for thermal energy. We're examining how much heat our production plants and processes need to run efficiently so we can plan routes to decarbonise. We're also developing partnerships with our suppliers to cut emissions. Our Environmental Performance Programme, run with our partner Manufacture 2030, helps our contract manufacturers improve in areas like energy efficiency. We're planning similar action for 2021 and beyond.

We'll also carry on using modelling tools to assess different options for reducing our overall impact. For example, since launching our carbon

offsetting Trees for Change programme in 2006, we've seen we can make bigger inroads into reducing our carbon footprint through other means. But we'll carry on maintaining the programme's woodlands, and we won't rule out more use of carbon offsetting.

We've developed a tool for our sites to forecast and track projects' carbon and water impact as they evolve from concepts and proposals to approved projects. We've done this with Eco-Act, an international climate consultancy. The tool lets sites integrate future projects with current and past performance, so they can connect them to our environmental targets. And it includes financial data to let sites see return on investment alongside environmental gains.

We've also developed an Eco-Opportunities tool with consultancy ERM to help sites consider new opportunities based on sister sites' initiatives on energy, water and other areas, plus external proposals. The tool lets them examine concepts based on investment cost, return on investment and environmental savings.

Climate-related risks and opportunities

Governance

Our Board is responsible for oversight of our climate change strategy, which the Executive Committee and management team deliver.

We report performance quarterly to our Business Unit and Global Risk Committees, and the Board's Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC). Our monthly KPI reporting lets site, regional and functional teams monitor performance and adjust what they do to stay on track to meet our targets and deal with emerging issues. For more details on how we report performance to senior leadership and the CRSECC, see our [Sustainability governance, reporting and assurance insight](#).

We also take part in external benchmarking and indices. For climate change, the most recognised is the Carbon Disclosure Project (CDP) – we've scored an A- for our climate change disclosure in the last three years.

Strategy

We recognise the ever-closer connection between the health of the planet and the health of its people. Our business strategy sees the macro-trend of climate change as a key factor influencing both our development and society's. So our approach seeks to mitigate and adapt to the risks that climate change will pose. At the same time, we look for opportunities to support society and people's hygiene and health in the future. This is at the heart of living up to our purpose: the relentless pursuit of a cleaner, healthier world.

In 2018, we reviewed climate-related risks under various scenarios in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our approach included scenario analysis from a physical and transitional risk perspective, looking at world temperature increases of 2°C and 4°C and their possible implications. This includes risks and opportunities at the level of products and physical assets. For example, increasingly common extreme weather patterns could affect our manufacturing sites. We're also considering the emerging policy landscape to address climate change and how low-carbon transition policies might affect our business. Our approach involves looking at risk in the short term (up to three years), medium term (three to six years) and long term (six to 12 years, and beyond). For more on this and our wider approach to corporate risk, see our 2020 Annual Report (pages 80–92).

Analysing scenarios had led us initially to focus mostly on our supply chain, building on work since 2012. We then broadened our work to focus more on product footprint. This complements the new objectives underpinning our 2030–2040 climate change ambitions, which are to:

- Use a science-based targets approach to accelerate delivery of the Paris Agreement on climate change by 2030, helping to limit the increase in the average global temperature to 1.5°C
- Reduce product carbon and water footprints, including ingredients and their supply chains, and further increase energy efficiency and use of renewable fuels
- Be carbon neutral by 2040.

At a site level, this also includes impacts like flooding or water stress. We recognise that some of our sites are in water-stressed locations, and we're taking action to mitigate this risk. The initial analysis showed that in both the 2°C and 4°C scenarios there's likely to be a risk to manage, but that it wouldn't yet have a material impact on our business. We're continuing to look into the potential risks and how we can mitigate and adapt to them in our value chain, specifically in product design and development.

Building on the initial analysis, in November 2020, we started working with the Cambridge Centre for Risk Studies, to deepen our understanding of the climate risks we face. They include policy developments, carbon pricing and physical risks to our operations, supply chain and commodities (e.g. palm, latex and dairy). This will also include modelling a digital twin of our business to help us visualise risks and opportunities under different scenarios and let us plan a response. We'll publish the findings of this assessment, which will continue into 2022, in future Annual Reports.

Risk management

In managing climate change risk, we look at our business operations as well as our products and value chain, and focus on where we can have the biggest impact. Through our Company-wide risk management process, we've identified sustainability as a risk. We identify and assess risk at the functional, business unit, corporate and Group levels to give both a 'top-down' and 'bottom-up', three-dimensional view of risk.

Specifically, on climate-related risks, our 2018 scenario analysis gave us more detail on:

Transition risks and opportunities

Carbon pricing and regulation

Commodity costs might rise through low-carbon land management and international carbon pricing systems. Our procurement teams continually review supply chains to mitigate rises like this, and in the longer term we might consider alternative ingredients and materials.

An increasing carbon price, whether from market dynamics or policy intervention, might similarly affect manufacturing and energy costs. Our progressive improvements in energy efficiency will continue to mitigate this, alongside investing in renewable energy and more sustainable innovation. Our overall approach includes plans and targets for each of our sites. These contribute to our annual objectives and our ambition to become carbon neutral by 2040.

Physical risks and opportunities

Extreme weather and water stress

More frequent extreme weather events might increase commodity prices and make them more volatile, with impacts on agricultural markets like palm, latex and dairy. We continuously evaluate supply risk, keeping a balance of suppliers and origins where we can. We invest in latex supply in a way that aims to underpin sustainable supply, product quality and the livelihoods of the farmers at the heart of that supply chain.

More frequent weather events, like flooding or drought, can also have an impact on operational capacity at our sites, and our supply chain. We run global assessments of our sustainability risks, including climate change, flooding and water scarcity. To mitigate risks, we have activity underway in our water-stressed markets. These include progressively improving water efficiency and adopting a catchment area approach, which includes harvesting water and returning it to the local area. These measures support our broader aim to be water-positive in all these locations by 2030. We currently have 20 sites in water-stressed locations, and we're running a water scarcity study to better understand how we can develop products that keep risks to water sources as low as

possible. For new sites, we look to start activities that develop a sustainable long-term water supply to lower the risk of water stress.

Rising mean temperature and consumer preferences

Rising mean temperatures or other weather events might lead to changes in consumer preferences, demand and spending patterns. To mitigate this, when we develop products, we look at issues that apply in specific markets, like water stress. This has led, for example, to us developing liquid soaps for the Indian market under the Dettol brand to help people stay hygienic even when water might be scarce. Similarly, when we develop products, we use our Sustainable Innovation Calculator (SIC) app to assess how we can cut carbon and water footprints, whether it's how we source natural raw materials or how consumers use and dispose of products. For more on sustainable innovation and how we manage our impact, see our insight on [Sustainable product innovation](#).

For more details on climate-related risks and opportunities see our Carbon Disclosure Project (CDP) responses – <https://www.cdp.net/en/companies>.

Metrics and targets

As a leading global consumer goods company, we've established ambitious climate-related targets and metrics to boost performance in areas we can control directly, and across our value chain. These targets are in step with the Paris Agreement on climate change.

To help reach the Paris Agreement's target to keep global warming to below 1.5°C, and realise our own ambition to be carbon neutral by 2040, we've set science-based targets (SBTi) for Scope 1, 2 and 3 emissions, and reaffirmed our commitment to RE100 to:

- Reduce absolute Scope 1 and 2 GHG emissions by 65% by 2030 from a 2015 base year
- Reduce absolute Scope 3 GHG emissions by 50% by 2030 from a 2015 base year
- Increase annual sourcing of renewable electricity from 5% in 2015 to 100% by 2030. We've already achieved 62% of this, as we buy all electricity for manufacturing in the US, UK and Europe, India and several other countries from renewable sources.

We're also aiming to improve energy efficiency by another 25% compared to 2015. We've made progress since 2012, achieving 27% so far. We have plans to do more, with a focus on high-energy processes that are common in many sites. Alongside this, we're choosing newer, more energy-efficient equipment when it's time for routine replacement.

Beyond that, we're evaluating ways to decarbonise our operations that give us the best value. We're focusing specifically on thermal energy

switching. What we do, and how fast we do it, will depend on emerging carbon pricing policies and the availability of renewable thermal energy technology. We've already started generating solar power at several sites.

These measures have so far helped us cut GHG emissions per product by 53% since 2012. We've moved from focusing on Scope 1 and 2 emissions to look also at our products and their footprints. This includes work on product design and development, and emissions in logistics, as well as activity with suppliers. We're committed to halving our Scope 3 product footprint by 2030 with our science-based target approach and using our Sustainable Innovation Calculator (SIC). This also reflects the fact that consumers are increasingly well-informed about sustainability and expect manufacturers to offer sustainable products.

Reducing water footprint is part of reducing product footprint, and we aim to halve ours by 2040. We've continued our water efficiency programmes, with a reduction of 39% since 2012 in the water we use to make our products. We've begun managing catchment areas in the most water-stressed locations, with measures like harvesting rainwater and returning it to the local area. To reach our goal of making all our water-stressed locations water-positive by 2030, we'll do this at two to three more sites each year.

Our climate-related metrics appear not just in this insight, but also our Sustainability governance, reporting and assurance insight, Water insight and our Annual Report (pages 24–27).

In the relentless pursuit of a cleaner, healthier world, we're increasingly better-placed to meet our consumers' growing demand for more sustainable products. By understanding our climate-related risks better, we can not only mitigate them but also use them to trigger more sustainable innovation and growth.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and giving regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback. What should we keep doing? And where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (Reckitt)
103–105 Bath Road, Slough
Berkshire SL1 3UH
UK

WATER

Our performance in 2020

Aim	2020	Aim	2020
33% reduction in water impact per dose by 2020	13% [†] reduction since 2012	35% reduction in water use in manufacturing by 2020	39% ^{1†} reduction since 2012

¹ Manufacturing and warehouse only.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight. Excludes IFCN.

The water we use, and the water our consumers use, are vital measures in our overall sustainability. That's why we're looking hard at how to use less water, be more efficient with what we do use, and recycle the water we harvest on our sites.

Millions of people live in parts of the world where water is scarce, or not safe enough to drink. And because of climate change, these numbers are set to rise. This makes it vital for companies like Reckitt to play their part in managing water carefully. Not only is it good for the planet and its people, but it's good for business because it makes our supply chain more resilient.

We have to look closely at the water we use to run our business and make our products. But we must look just as intently at the water people need when they use our products, whether it's Finish dishwasher tablets or Enfamil infant formula. We've been focusing on both these measures in our value chain since 2012, as we push to cut our impact on water.

Our work also includes helping people get better access to clean water and sanitation in the communities where we work. And through the products we make, we back efforts to ease the problems of water-stressed areas in support of UN Sustainable Development Goal 6, which calls for clean water and sanitation for all.

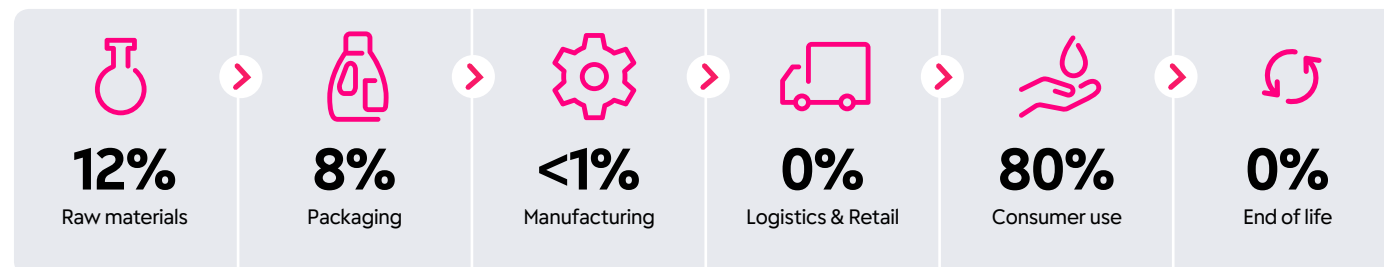
In the last few years, we've cut water use in our own operations substantially. But the water we use for manufacturing makes up less than 1% of our products' footprint. Individual sites have hit their water reduction targets, used water more efficiently and treated wastewater more effectively. Some sites now discharge no industrial wastewater at all. Because COVID-19 increased demand for our hygiene products in 2020, we had to boost production, and that's meant we've used more water overall than in 2019. But, per unit of production, we've improved our water efficiency.

The infant formula and child nutrition (IFCN) business we acquired in 2017 uses water as a key input in its ingredients and processes. So we've integrated this into our sustainable innovation programme and reporting systems. It will also be part of our targets from 2020 onwards.

We know there's much to do as we focus on water in the complete life cycle of our products. We're continuing initiatives to lower our impact in terms of how much water consumers use. They include reformulating our products using ingredients with a smaller water footprint, and showing consumers how they can save water when they use our products. For instance, our Finish campaign to save water, which started in Turkey and Australia in 2019, has expanded to the UK and US in 2020.

We're also looking well into the future. In 2020, we launched a new partnership with the Centre for Risk Studies at the University of Cambridge Judge Business School. This will help us further understand climate risks and opportunities for our business, which includes pinpointing areas where access to water could become a significant concern in the future, and understanding what we can do to deal with these risks.

Our water impact



Managing our water resources

We operate under a Group certification for ISO 14001, with all sites independently certified in 2020, except two which were delayed because of COVID-19 restrictions and are planned to be certified in 2021. Reckitt sites must also meet our Global Water Management standard. This goes beyond compliance, requiring all sites to reduce their water impact, which supports our planning for the future. All sites have a water management plan in place, and these are reviewed every 3 years as a minimum.

We've made progress on reusing and recycling water at several of our sites. Some, including Hosur, Mysore and Irungattukottai in India, and Bangplee in Thailand, have achieved zero liquid discharges. That means they're purifying, recycling or putting back into production all wastewater they generate on site. Some, including Hosur again, have started harvesting water, both to conserve it and as part of our wider catchment area approach to water stewardship.

Saving water

At our Anhui factory in China, the team saved water in 2020 by upgrading and automating the water circulation system to add a 'sleep' mode and an automatic shut-off when production ends. In Nottingham, in the UK, we've switched to electric chillers, replacing an absorption chiller and cooling tower and saving over 30,000m³ of water a year. And in Hull, also in the UK, the team have run a programme of incremental water efficiency improvements across many processes. They include vacuum pump controls, reducing pump flows and installing a new water filtration system. Individually they look small, but collectively they've cut the whole site's water consumption by 6% in less than a year and increased its water efficiency by 13% compared to the previous year.

At each stage of product development, we run models using our Sustainable Innovation Calculator (SIC) to make sure we're keeping water use to an absolute minimum. Our R&D teams use the SIC to check if new products are more sustainable than our existing products, and the measures include water. We're one of very few global consumer goods companies to do this. For more on this, see our [Sustainable product innovation insight](#).

Reusing water

We assess water scarcity at our sites using tools including the WRI Aqueduct tool, and through local site assessments. This shows where we can have the biggest positive impact, and where we need to do more. We look to improve water performance across all our sites, but especially in areas where water is scarce.

A priority for us is making sure we treat and reuse as much water as possible in these areas. This means challenging ourselves to find new ways to reuse water and use as little of it as possible.

Our factory in Agbara, Nigeria isn't the largest user of water across our global sites, but we still want to lower our impact on the surrounding environment. That's meant cutting down on the amount of water we use, which in this region is ground water. Because the water often has high ion content, making it unsuitable for production, pre-flushing used to be a recognised practice. Now we have a system for collecting the water that doesn't meet our production standard. This lets us divert it to non-production needs, significantly reducing our overall water use in the process.

Understanding our impact

We currently have 20 facilities in regions potentially affected by water-stress, and we have more to do to understand how we can mitigate risks by working in our sites' water catchment areas. This has already led to initiatives like water harvesting, which captures rainwater

so we can reuse it, or return it to agriculture. Our work with the Cambridge Centre for Risk Studies, begun in 2020 to help assess climate risk, will give us deeper insights into the developing risk of water scarcity, so we can make informed decisions to manage it effectively. This could include working alone or with others to create sustainable access to water. Water withdrawals in these areas in 2020 was 1,791,618m³ and water consumption was 1,199,662m³ (21% of our total withdrawals and 49% of total consumption).

How we performed in 2020 – the data in detail

We measure and report on the water we use in our operations, our water impact by product, and the wastewater we discharge by destination and volume. All our reporting is against a 2012 baseline, except our Infant Formula and Child Nutrition (IFCN) data, which we show separately. We were pleased to keep our leadership status for water stewardship in the Carbon Disclosure Project (CDP). In 2020, we kept our A- score for water security, which we first got in 2019. We've maintained the focus on disclosure, policies and water accounting that saw us improve from B- in 2018.





Product water footprint¹

Total product water use 2020
(Reckitt excl. IFCN)

	Units	Raw material	Packaging	Manufacturing	Logistics & Retail	Consumer use	End of life	Total/average
Water use 2020	total (million litres)	699,400	557,800	5,800	0	1,862,900	0	3,125,900 ⁺
	litres/dose	1.1	0.9	<0.1	0	2.9	0	4.9 ⁺
	% split	22%	18%	<1%	0%	60%	0%	100%

Total product water use reductions (Reckitt excl. IFCN)

	2012 (baseline)	2019	2020	% Change on 2012	% Change on 2019
Water use (litre/dose)	5.4	5.2	4.9 ⁺	-8%	-6%

	Units	Raw material	Packaging	Manufacturing	Logistics & Retail	Consumer use	End of life	Total/average
Water use 2020	total (million litres)	602,700	79,200	4,200	0	352,700	0	1,038,700 ⁺
	% split	58%	8%	<1%	0%	34%	0%	100%

¹ Pre-acquisition data for our IFCN business is not available. To ensure like-for-like comparisons, target performance trends vs 2012 exclude IFCN. IFCN results are shown as a separate entry.

⁺ Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Figures in the above tables have been rounded for presentation purposes.

Product water impact⁺

Total product water impact 2020
(Reckitt excl. IFCN)

	Units	Raw material	Packaging	Manufacturing	Logistics & Retail	Consumer use	End of life	Total/average
Water impact 2020	total (million e-litres)	316,400	353,800	5,200	0	3,897,800	0	4,573,200 ⁺
	e-litres/dose	0.5	0.6	<0.1	0	6.1	0	7.2 ⁺
	% split	7%	8%	<1%	0%	85%	0%	100%

Total product water impact reductions (Reckitt excl IFCN)

	2012 (baseline)	2019	2020	% Change on 2012	% Change on 2019
Water impact (e-litres/dose)	8.3	8.8	7.2 ⁺	-13%	-18%

	Units	Raw material	Packaging	Manufacturing	Logistics & Retail	Consumer use	End of life	Total/average
Water impact 2020	total (million e-litres)	282,200	50,300	900	0	128,400	0	461,800 ⁺
	% split	61%	11%	<1%	0%	28%	0%	100%

¹ Pre-acquisition data for our IFCN business is not available. To ensure like-for-like comparisons, target performance trends vs 2012 exclude IFCN. IFCN results are shown as a separate entry.

⁺ Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

In 2020 we didn't incur any fines or prosecutions for environmental breaches or pollution, and we didn't experience any significant spills.

We used more water this year than in 2019. This was mainly down to higher demand for our hygiene products in the COVID-19 pandemic, which meant we increased production. But the pandemic didn't stop our teams' efforts to monitor our water performance virtually through meetings, workshops and town halls. Nor did it stop us bringing in new water efficiency measures and product innovations.

For instance, at our factory in Cileungsi, Indonesia, we've installed a water recovery and recycling system that recovers de-ionised water rejected by reverse osmosis, so we can use it in production.

At a product level, water impact reduced by 13%, which is an improvement on 2019 but still some way short of our target. This is because absolute water impact is driven by sales of a few key segments (most notably bar soap). Coupling this with increased sales reduced the water impact per dose. Since 2012, our focus has been mostly on the water we use in manufacturing, and how efficient we are with it. But we're now focusing more on product footprints and we've strengthened our Sustainable Innovation Calculator to help our product developers. We've made some progress in 2020, but know we need to do more.

Our focus for 2021 and beyond

We've set new targets which will focus our efforts in all parts of our work to limit our water impact:

1. Be water positive in water-stressed areas by 2030.
2. Reduce products' water footprint by 50% by 2040.
3. Reduce water in our operations by 30% by 2025 versus 2015.

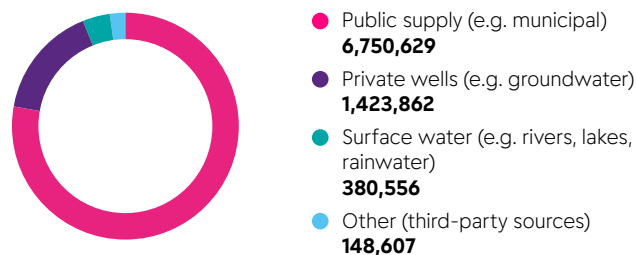
Over the coming years we'll be working harder to understand the impact our products have all the way through their life cycle. So far, we've focused mainly on manufacturing, but we know we must also take the

end-to-end view. This will mean looking for ways to cut our water impact at each stage, from design and manufacture, and ingredients and materials, to how people use and dispose of our products. For example, in 2020, Gaviscon launched a larger 48-unit pack of double action liquid sachets, for conventional and online sales channels in Germany and Belgium. This meant a significant reduction of water per dose.

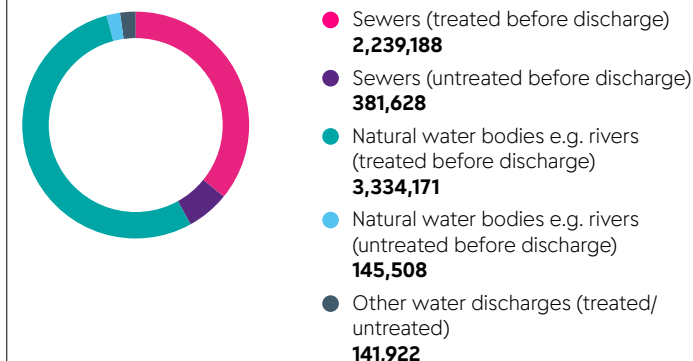
How we use water in our operations

Our operations use water from a number of different sources, depending on the local area. Since 2012, we've reduced our water use by 39% (per unit of production). A factor in this was more efficiency in the way we use water in production, for example through cooling tower operations or during routine cleaning, while maintaining the same standards of hygiene. This year, our total water withdrawals (including IFCN sites) were 8,703,654m³, an increase in absolute terms of 4% compared with the previous year, while we recycled and reused 241,179m³, up 8% since 2019.

Total water use (withdrawals) in our operations in 2020 in m³



Wastewater discharge by destination/volume



Wastewater discharge

Total wastewater discharge this year was 4% higher than 2019, in line with our increased production and water efficiencies.

Wastewater discharges – quality

	Units	2016	2017	2018	2019 ¹	2020
Direct chemical oxygen demand	metric tonnes	1,421	1,517	1,338	1,856	3,218

1. 2019 figure restated due to improvements in site estimated and reported data.

Water use – manufacturing and warehouse operations¹

Metric	Units	2012	2013	2014	2015	2016	2017	2018	2019	2020 ⁺	Change vs 2019	Change vs 2012
Water use per unit of production	m ³ per 1,000 CU	0.964	0.788	0.718	0.675	0.657	0.612	0.598	0.605	0.592	-2%	-39%
Water discharge per unit of production	m ³ per 1,000 CU	0.496	0.344	0.289	0.281	0.289	0.238	0.246	0.268	0.268	0%	-46%

1 Pre-acquisition data for our IFCN business is not available. To ensure comparison with our 2012 target baseline, 2020 data shown excludes IFCN. Including IFCN, 2020 manufacturing and warehouse water use was 1.061 m³ per 1,000 consumer units (CU) and water discharges were 0.761 m³ per 1,000 CUs.

⁺ Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Listening to our stakeholders

Reporting effectively across the breadth of our sustainability issues, and giving regular updates on our many programmes and activities, is always a work in progress. So we look forward to hearing your feedback. What should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

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CASE STUDY

FINISH CAMPAIGNS TO SAVE WATER IN THE UK AND US

After launching campaigns to cut water use in Australia and Turkey in 2019, Finish has done the same in the US and UK.

In the UK, Finish teamed up with more than 40 organisations to back **Save Water, Clean Clever**, a campaign to get people to cut down on the 143 litres

of water they use each day through activities like pre-rinsing dishes. Partners include Love Water, a campaign involving more than 40 environmental groups, water companies, charities like Water Aid and the regulator OFWAT.

In the US, the **Skip the Rinse** Campaign, backed by National Geographic, The Nature Conservancy and GE appliances, is also aiming at behaviour change to stop households wasting water. For every household that pledges to 'skip the rinse' and save up to 2,996 gallons of water a year, Finish will donate \$1 to The Nature Conservancy up to a maximum of \$400,000. By February 2021, pledges added up to 7.1 million gallons saved.



CASE STUDY

COMBATting COVID-19 WITH MISSION PAANI

Harpic and news channel News18 launched Mission Paani in 2019 to raise awareness across India about water conservation and better sanitation. But in 2020, the campaign switched focus to emphasise the value of saving water to boost hygiene and combat COVID-19.

Mission Paani launched two new projects during the year:

- A three-year pilot initiative with Water for People India Trust to make water conservation part of communities' everyday life with a mixture of communication tools and community projects. The aim is to change behaviour by encouraging people to 'measure-reduce-reuse', backed by community organisations and Panchayati Raj institutions, which are a key part of rural governance.
- A water conservation and stewardship project with sustainable development NGO MYRADA to build and renovate water harvesting structures in ten villages. In three years, the projects aim to benefit over two million people directly or indirectly with water storage and a 10% increase in ground water level.

CASE STUDY



HARVESTING WATER IN INDIA

We want to become water-positive by 2030 in areas that are water-stressed. For our manufacturing sites, this currently includes 20 locations. At our Hosur factory in India, we've taken a step towards that target with a rainwater harvesting pond.

With new slopes and drains, it gathers rainwater that falls on roofs, gardens and pavements, and filters it with perforated pipes, gravel and sand. The water would otherwise run off into drains, but we can give it back to the environment on site instead. The 4,250m³ pond will help us give around 12,750m³ of water back to the environment each year.

REDUCING WASTE

Our performance in 2020

Aim	2020	Aim	2020
30%	28% ^{2†}	100%	96% ^{1†}
reduction in waste from manufacturing	reduction in waste per unit of production versus 2012	waste to landfill	of our manufacturing operations with zero waste to landfill

¹ Includes IFCN, for manufacturing operations only.

² Excludes IFCN, for manufacturing and warehouse operations only

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

We've come close to the point where our sites send no waste to landfill. Now we're building on that to reuse and repurpose waste and, most importantly, produce as little of it as we can. It makes environmental sense, but it's also good business.

Waste is one of the biggest challenges facing our planet. Businesses like Reckitt have a responsibility to limit their impact and make sure not only their own operations but also their supply chains generate as little waste as possible, whether it's from production or packaging.

Cutting waste from manufacturing to disposal

We focus on waste all the way from when we source and process ingredients to when consumers use our products. We have most control of this in our manufacturing processes. Minimising waste here makes us not just a good corporate citizen, but a better business: a less wasteful business is a more efficient and cost-effective one. We've had considerable success here in recent years. In 2013, 48% of our sites sent zero waste to landfill. In 2020, 96% had reached this target, as we both reduced waste and recycled, reprocessed or found better disposal options such as waste-to-energy. That drive to avoid waste has meant a 28% reduction since 2012.



Reducing waste continued



We also focus on what happens to our products once consumers buy them. This means working to cut down on packaging waste by developing more recyclable and reusable packaging. Our Plastics and packaging insight has more on this.

In 2020, we continued to develop and track the impact of initiatives to cut waste in our manufacturing sites. While we're close to our zero-waste-to-landfill target, two of our US sites are an exception because the waste-to-energy facility they used has now closed. We're looking for alternatives in the region to prevent waste going to landfill, as well as continuing to reduce waste in these factories in the first place. We're also bringing the Mead Johnson business we acquired in 2017 into line with our waste standards, and they're included in our targets for 2030.

Following regulations, updating standards

We continue to follow and aim to go beyond local and national regulations on waste management. In 2020, we reviewed all of our global environmental standards, including waste management, raising the bar on what we expect within the business. Among other things, it means we comply with waste legislation and set clear targets and objectives for people involved in waste management. This is our baseline and our approach, embodied in our waste management standard, is to progress through a waste hierarchy so we eliminate waste wherever possible. Where waste arises, we aim to reduce, recycle or recover materials. By

segregating waste, we increase recycling and we work to find ways to recover materials so that we or others can reuse them.

Our factory at Chonburi in Thailand already avoids sending any waste to landfill, and has taken its waste management to the next level. No waste is incinerated – our first Nutrition site to achieve this. We did 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 who can use it as animal feed. This points the way to a growing part of our work on waste – to reuse and repurpose it. We're also able to cut waste directly from our product packaging, for instance by removing secondary shrink-wrap from Durex products in China and Thailand.

In our supply chain we're working to cut waste by monitoring site waste, promoting waste reduction and urging our suppliers to use more recyclable and reusable materials. In 2020, we partnered with Manufacture 2030, a programme which allows retailers and manufacturers to measure environmental impacts. The programme will initially reach 289 third-party manufacturers spanning 40+ countries. More suppliers will join the programme through 2021 and beyond. We'll be actively supporting suppliers in reducing their environmental impacts to create a cleaner world. Through Manufacture 2030's cloud-based platform, the Bee, we encourage environmental performance improvement at an individual factory level, including waste efficiency.

Waste in our manufacturing and warehouse operations

	Units	2012	2016	2017	2018	2019	2020 ¹	% Change vs 2019	% Change vs 2012
Waste per unit of production ²	Tonnes per 1,000 CU	0.01170	0.00940	0.00919	0.00863	0.00849	0.00841	-1%	-28%
% of sites with zero waste to landfill	% of manufacturing sites	–	98%	100%	93% ¹	96% ¹	96% ¹	n/a	n/a
Hazardous waste per unit of production ²	Tonnes per 1,000 CU	0.00160	0.00126	0.00133	0.00140	0.00163	0.00180	10%	13%

¹ Includes zero waste to landfill status of our IFCN sites, acquired in 2017.

² Pre-acquisition data for our IFCN business unit is not currently available. To ensure comparison with our 2012 target baseline, 2020 data shown excludes IFCN. Including IFCN, 2020 (manufacturing and warehouse waste was 0.0120 tonnes per 1,000 CUs and hazardous waste was 0.00173 tonnes per 1,000 CUs).

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.



Reducing waste continued



Waste from manufacturing and warehouse operations by type and disposal method

	2016*	2017*	2018	2019	2020
Total waste generated (mT)	71,410	70,064	95,822	95,881*	98,488*
Total waste recycled, reused (mT)	68,174	64,051	81,947	66,301*	69,813*
% waste recycled	96%	91%	86%	69%*	71%*
Total waste disposed (landfill) (mT)	2,696	6,031	13,875	29,580	5,365

* Prior to IFCN acquisition.

* Assured by ERM CVS as part of their limited assurance scope; for details, see our sustainability governance, reporting and assurance insight paper.

Managing waste from our operations

Each of our manufacturing sites is accountable for managing and disposing of its waste. Our Global Waste Management Standard applies across all our manufacturing sites, covering every aspect of waste management, recycling and compliance. Sites report monthly on their progress and are assessed through our performance management process, as part of our overall Global Environment Standards management and compliance assessments. Also, detailed site audits, part of our annual audit programme, assess standards and controls on waste and other environmental risks and performance. The audits include assessment of proper disposal of all waste, including hazardous waste. In 2020, COVID-19 disrupted initial audit plans, but we were able to run virtual audits in the second half of the year and completed our programme for 2020.

Cutting waste beyond manufacturing

Our manufacturing sites are part of our global ISO 14001 environmental management certification. This, as well as our company waste standards, means they develop measures and controls to reduce waste and manage its disposal carefully. The standards encourage recycling and reprocessing of waste, with site environmental specialists identifying the best ways to do this locally.

Beyond our manufacturing operations, we have similar aims. Our offices are also helping to cut waste. In India, our team has redesigned invoices to dramatically reduce waste paper. Invoices have to be printed out in India for legal reasons, but in their old form the documents ran to nine pages. We estimate this used as much as 99% of Reckitt India's

stationery. The new layout has cut the document down to just two pages, saving a projected five million sheets of A4 paper in 2020. As well as cutting waste and the use of paper, it's also saving 100 tonnes of carbon emissions a year.

Overcoming challenges

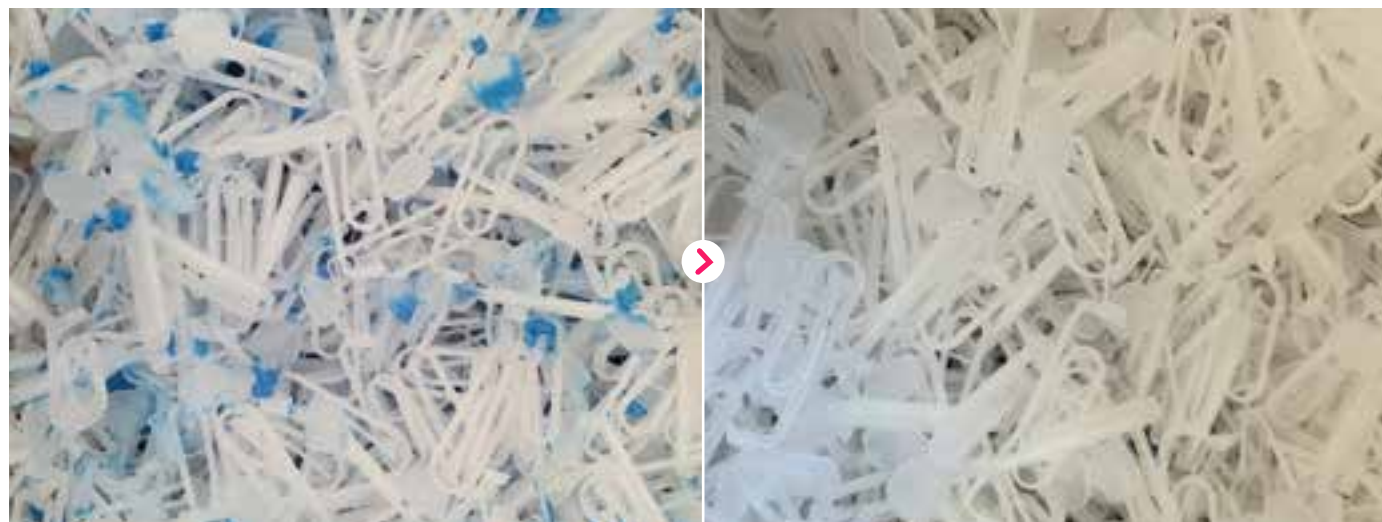
Keeping waste to a minimum means more than just making our own production processes more efficient. For instance, changes in quality control, manufacturing equipment, labelling or consumer preferences can lead to unused or obsolete stock. We try to avoid issues like this by planning well and working with consumers to be able to anticipate how their preferences might change. This planning reduces waste at our manufacturing sites, eliminating materials that we wouldn't use as we change the products we make. We also work with consumers, helping them recycle packaging. We aim to choose materials and design packaging so that it's readily recyclable. For example, we only use one type of material in our award-winning trigger sprays, we've stopped using laminates of different plastics and we use new flexible films that can be recycled. More information on this is in our Plastics and packaging insight. For packaging that's harder to recycle, we've also developed programmes to help consumers dispose of it and allow it to be reprocessed. An example is our partnership in the UK with Terracycle, a free scheme where people can drop off waste packaging which is then repurposed through reuse, upcycling or recycling.

Another challenge for us is the high cost of alternatives to landfill in some regions. Recycling waste for a new purpose or even waste-to-energy is preferable to landfill. But it can often involve more costs. It may mean extra costs for upcycling, transporting and storing the material because there are several stages before it's reused. Also, facilities could be further away. We continue to find environmentally preferred and cost-effective ways of managing waste and move up the waste hierarchy in how we dispose of waste.

Recovering, reusing and repurposing materials

Where we can, we'll rework and reuse materials to avoid waste altogether, but our overriding aim is to maintain the safety and quality of our products. At our factory in Anhui, China, for instance, instead of having waste sludge from processing and manufacturing incinerated, we now send it to a supplier who makes it into fertilizer. Our team worked with third-party inspectors to make sure the material passed safety inspections.

At our Hygiene products factory in Tatabánya, Hungary, the team uses an ultrasonic washing machine to recover and rework plastic hooks from packaging that didn't initially make manufacturing standards but can be reworked to the required level. As well as being environmentally better by saving 95% of hooks from recycling, it saves €50,000 a year in recycling costs.



Recovering and reusing plastic hooks at our Tatabánya factory

Reducing waste continued



In South America, our colleagues are looking at innovative ways of repurposing waste, for example our waste latex from our Brazilian Durex factory becoming soles for shoes. Similarly, our factory in Cali, Colombia, sends 12 tonnes of waste corrugated cardboard a month to Smurfit Colombia, which supplies its cardboard boxes. It also sends two tonnes of waste polyethylene a month to make coloured plastic bags for sorting waste at recycling points. And the team is piloting the use of laminate waste from doypacks to make plastic storage pallets. When production starts, they estimate this will cut laminate waste by 30 tonnes a year.

Looking ahead – our focus for 2021 and beyond

This year we announced new targets for 2025 and beyond. Our ambition for zero waste to landfill from 100% of our sites continues. We've also set our sights on reducing waste from manufacturing and warehouses by 25% by 2025. This builds on the 28% reduction since 2012 levels that we achieved by 2020 and extends our goals across our newly established Nutrition business unit.

We'll carry on looking for better ways to avoid, reduce, dispose of or recycle our waste. For example, by committing to 'green chemistry' principles, we're starting to identify more recycled ingredients. For more on this, see our [Product stewardship – ingredients and transparency insight](#).

Our brands are also getting in on the act, encouraging consumers to behave in ways that avoid generating waste. An example is the partnership between Vanish and the British Fashion Council.



Our Cali factory is undertaking a pilot, using plastic waste to make pallets

CASE STUDY



VANISH MAKES FASHION MORE SUSTAINABLE

Vanish has started a partnership with the British Fashion Council (BFC) to make the fashion industry more sustainable, and to get people to find new uses for old clothes instead of throwing them away. Vanish also sponsored the 2020 London Fashion Week and is a founding partner in the Institute of Positive Fashion, the BFC's new initiative to help make the British fashion industry more resilient by adopting circular principles. Vanish is co-sponsoring research on what it will take to create a viable circular fashion industry in the UK. It will also run a year-long programme with industry experts and influencers to get people to think differently about old clothes so they can be used again and again. That includes looking after clothes better, wearing them for longer and buying more used clothes. This aligns with Vanish's purpose to give clothes many lives.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and giving regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback. What should we keep doing, and where can we do better?

Email us at sustainability@reckitt.com.

Or write to:

The Sustainability team

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