



OUR SUSTAINABILITY AMBITIONS

Reckitt Sustainability Insights 2021

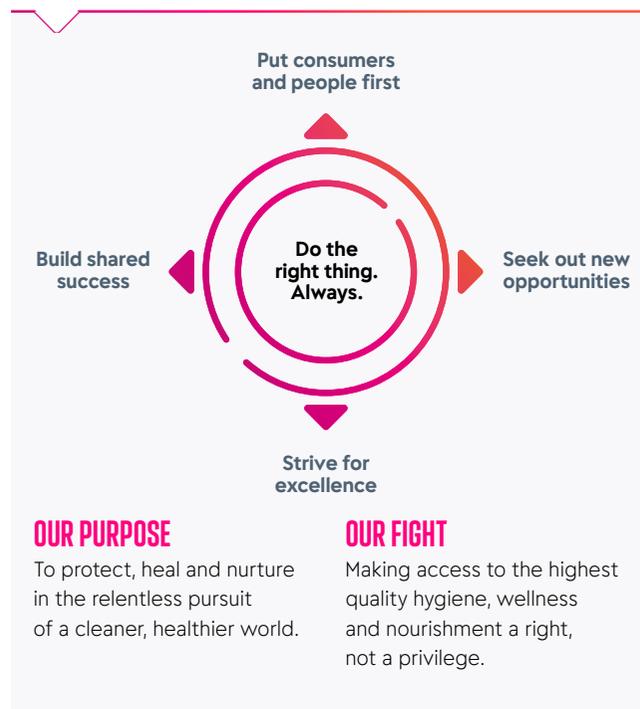


OUR SUSTAINABILITY AMBITIONS



Scrutiny of businesses' sustainability credentials is growing, as are the expectations on business to consider their impact on the planet. It's vital that we respond with bold ambitions, but also tangible evidence of progress. Our corporate purpose entwines sustainability with our business strategy and puts us in a good position to match aspiration with achievements.

OUR COMPASS



UNDERLINING OUR PURPOSE

Our presence at COP26 was a chance for us to emphasise sustainability's central place in our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. Our focus on purpose-led brands, a healthier planet and a fairer society is indivisible from who we are as a company and why we exist. Sustainability is embedded in our purpose, not an add-on to it.

We underlined this earlier in 2021, relaunching our corporate brand and announcing our new sustainability ambitions on the same day. These ambitions include generating 50% of our net revenue from more sustainable products, a 65% cut in Greenhouse Gas (GHG) emissions in operations against a 2015 baseline as well as our aim to be carbon neutral by 2040.

We've made these commitments at a time when interest has never been higher in businesses' efforts to mitigate their environmental impact and address societal challenges. Quite rightly, stakeholders including investors, regulators, NGOs and customers are scrutinising corporates ever more intently. They're demanding higher standards of accountability and disclosure, pushing for tangible progress, and asking for risks to be mitigated and opportunities created.

We're ready to respond to that demand. Businesses that want to thrive in a world increasingly concerned about climate change, biodiversity loss, pollution and social inequality have to see that sustainability is crucial to their growth, not a barrier to it.

The challenge of climate change grows ever more urgent, as governments, businesses and other organisations battle to find solutions and keep global temperature rises down to 1.5°C. This sense of urgency was particularly clear at the United Nations Climate Change Conference COP26, held in Glasgow in November 2021.

Reckitt was there as Hygiene Partner, helping to provide a safe environment for the 30,000+ delegates with our Dettol products and the safety protocols we developed for the event. We were also there as a participant and to convene important conversations, leading discussions on the close connection between the climate crisis and human health, and other issues including consumer behaviour and biodiversity.



COMBINING GROWTH WITH CORPORATE CITIZENSHIP

Our prospects and business strategy are bound up with global challenges which drive our growth. As a business, we're helping to tackle four of the world's biggest problems in our core activity. Urbanisation and global warming combine to leave denser, city-based populations needing better hygiene to protect their health. Intensifying pressure on healthcare systems leaves people relying more on self-care as a first line of defence against illness and infection. Growing populations also need good nutrition, as well as help to safeguard their sexual health. Reckitt brands meet all these needs, and in the process they also contribute to meeting the UN Sustainable Development Goals (SDGs), shaping our credentials as a good corporate citizen.

To be able to contribute fully, our brands must do more than fulfil the intrinsic functions of their products. This is why many of them are associated with issues that are connected with those products, whether it's Vanish working with British Fashion Week to promote cleaning and reusing clothes, Durex focusing on sexual health or Dettol and Harpic focusing on water and sanitation for health and hygiene.

FIGHTING FOR ACCESS TO HEALTH, HYGIENE AND NUTRITION

To contribute to a healthier planet, our products must also be within people's reach. This is why we fight to make access to the highest quality hygiene, wellness and nutrition a right, not a privilege. We invest the equivalent of 1% of our adjusted operating profit in our Fight for Access Fund, launched in 2020 to improve access to high-quality healthcare, hygiene and nutrition products, and provide education and information. Our ambition by 2030 is to reach half the world with brands that help people live cleaner, healthier lives to enable a cleaner, healthier world.



HIGHLIGHTING THE LINK BETWEEN A HEALTHY PLANET AND HEALTHY PEOPLE

This is becoming a more important goal all the time as evidence grows that climate change and human health are closely linked. According to the World Health Organization, environmental factors, including air pollution, unsafe drinking water, zoonotic diseases and weather-related disasters, cause more than 12 million deaths a year. Extreme weather claims lives directly and indirectly, putting food systems, infrastructure and the availability of care at risk.

As a creator of products that protect, heal and nurture, we see it as part of our duty to draw attention to this, which is why it was central to our presence at COP26. We also commissioned research from the London School of Hygiene and Tropical Medicine and EcoHealth Alliance showing that by 2100, extreme heat could kill as many people as obesity and dietary illnesses do now. We hope that

COP27, in Egypt in 2022, will break new ground by hosting a themed health day for the first time. In the meantime, we continue our work to empower people to improve their own hygiene, wellbeing and nourishment.

MARKING OUR ACHIEVEMENTS

Although our sustainability ambitions are relatively new, the activities that will help us reach them have been in place for some time across our global value chain. Our programmes, campaigns and projects cover everything from how we source materials to how we monitor working conditions for our suppliers' employees.

Among our highlights this year, we:

- conducted a climate-related risk and opportunities scenario analysis to consider the longer-term impacts of **climate change**;
- published our **report** on human rights impacts across our value chain in Thailand;
- established activity going beyond just protecting ecosystems by assessing and measuring biodiversity impacts and the ways we can strengthen ecosystems; and
- launched our **Sourcing for Sustainable Growth Policy**. This strengthens resilience in our supply chain by providing a framework that sets out how we are working to create a more responsible and sustainable supply chain.

Drawing on our 200 years of heritage, we also began backing a new initiative centred on our home-town of Hull, in the UK. We've joined public and private sector and educational organisations to make Hull and the neighbouring Humber estuary the UK's first carbon neutral region. This is quite an undertaking, as the area currently produces around a quarter of the UK's emissions. But it's also home to the world's largest offshore wind farms, as well as being at the forefront of establishing a new hydrogen economy and securing investment from global businesses behind green technologies. So we and our partners believe it can still become a blueprint for other estuary economies looking to build back better.



FOCUSING ON CONSUMERS' BEHAVIOUR

For organisations of all kinds, mitigating climate change and becoming more sustainable is about many things. Infrastructure, technology, innovation and new skills are all crucial, as is redirecting capital towards climate solutions. But how consumers behave matters just as much. Up to three quarters of our emissions are down to what happens after people buy our products.

Making a dent in this is partly about the messages which accompany those products, whether it's encouraging people to wash their hands in cold water instead of hot, or urging them not to rinse their plates before using our Finish dishwasher tablets. If everyone in the UK alone made the first of those changes to their daily routine, it would save the equivalent emissions of 290,000 cars. So this really matters. For this reason, we're evolving our marketing policy and training staff on why the UN SDGs matter and how to bring them to life in our marketing. Of course, we also understand that people will only make these changes if they know that we too are doing our bit. That's why delivering on our ambitions is so important – for us, for others, and for the planet.

MAKING THE MOST OF OUR PARTNERSHIPS

Sustainability is an all-embracing quest. The issues and challenges it touches on are systemic, complex and interconnected. No one entity can tackle them alone. This is why we put such a high value on our partnerships. Again, take the downstream impact of our products when they reach our consumers. How people use and dispose of them has a huge bearing on our environmental impact. Product innovation can and does make a difference, for example by producing a Cillit Bang bottle made of 75% recycled high-density polyethylene (HDPE). But that relies on a supply of good-quality HDPE, and even in countries with good recycling infrastructure, households still recycle less than 30% of their plastic. To improve this, we need the help of partners to run awareness campaigns that lead to lasting behaviour change. And we need a close relationship with our packaging suppliers and recyclers to make best use of the recycled material.

In other spheres, partnerships help us to understand and map our impact, so we can take the right steps to mitigate it. These partners include Risilience, which provides a data-driven analytics platform that uses approaches pioneered by the Centre for Risk Studies within the Judge Business School at the University of Cambridge, who have worked with us to analyse our climate-related risks and opportunities. Another is the Earthworm Foundation, who works with us on a range of issues relating to social and natural ecosystems.

BUILDING ON OUR FOUNDATIONS

We've seen encouraging signs of progress in 2021, not least in how respected third parties recognise our efforts. We re-entered the Dow Jones Sustainability Index and were awarded the S&P Global Gold Class award. This award is given to the highest scoring companies completing the Corporate Sustainability Assessment (CSA), an annual evaluation of companies' sustainability practices which covers over 10,000 companies from around the world. Our MSCI ESG rating rose from A to AA. Meanwhile, we've completed our first ever sustainability-linked loan, a three-year £1bn sustainability-linked committed bank facility which takes into account our MSCI and Sustainalytics score. Although the latter fell due to some new policy positions, and for us a delay in updating our policies on alternatives to animal testing and ethical marketing, we hope it will now improve as those are put in place. MSCI's research on how companies' climate targets align with the global goal of keeping average temperature rise this century to well below 2°C, published at COP26, showed that our sustainability ambitions would be aligned with a 1.38°C rise in global temperatures. That reflects our climate change ambition and our work to deliver on it.

Recognition of this kind tells us we have the right foundations in place. These Sustainability Insights contain details of all the achievements mentioned here, and many more. But while these are important moments and sources of encouragement, we can be under no illusions. There is much to do, and many challenges ahead if we are to achieve our ambitions. Our main task now is to further improve our data management capability to let us measure and report on our impact in ever more detail. This is how we turn promises into progress, and that is the key to trust.

MIGUEL VEIGA-PESTANA

Head of Corporate Affairs & Chief Sustainability Officer



LISTENING TO OUR STAKEHOLDERS

Reporting effectively across our many sustainability activities 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:

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