



SUSTAINABLE PRODUCT INNOVATION

Innovation is at the heart of what we do. By increasingly embedding sustainability into the innovation process, we can meet consumers' needs, reduce potential risks, have a positive impact and strengthen our business.

SUSTAINABLE PRODUCT INNOVATION CONTINUED

2022 PERFORMANCE

Our ambitions

50% of net revenue from more sustainable products by 2030*

2022 progress

24.4%^{†1}

2021

24.9%[†]

* See [page 3](#) for year-on-year performance of our net revenue from more sustainable products

† Assured by ERM CVS as part of its limited assurance scope. For details, see our [Sustainability Governance, Reporting and Assurance Insight](#)

1. 2022 and 2021 total net revenue from more sustainable products, excluding our Infant Formula and Child Nutrition business, was 28.9% and 29.3% respectively

Innovation is how we develop our brands and make sure we continue to meet our customers' needs with products that are market-leading. Whether through improved formulation that makes products work better or cost less, or better design that makes them more appealing and more sustainable, we aim to continually innovate.

Sustainability is a critical aspect of innovation. By making our products more sustainable, we can reduce their environmental impact while making them as effective, safe, compliant and high-quality as ever. Sustainable innovation can make our products more resilient by finding alternatives to chemicals that could be regulated, or by reducing impacts, like carbon emissions, that may incur higher costs in the future. It also presents growth opportunities, allowing us to gain market share or even create new classes of product.

Sustainable innovation includes R&D specialists applying green chemistry principles (see our [Product Stewardship Insight](#)) to find more natural ingredients or developing lighter plastics. We've mobilised our expertise into nine 'science platforms' that conduct research in interconnected disciplines, from polymers to entomology. This provides data and insights we can harness across our brands and categories. Our designers are critical to this, as their decisions dictate how sustainable a product is at every stage of the value chain.

Making better-informed decisions with our Sustainable Innovation Calculator

Our ambition is that all new innovation and product development improves the environmental impact of the product it replaces. Our Sustainable Innovation Calculator (SIC) helps us make these crucial decisions. It shows the effect of the choices we make on the sustainability of a product, whether we're improving an existing product or developing something completely new.

The calculator is a streamlined lifecycle assessment tool. It examines the water and carbon impact of products, considering their ingredients, the materials used in devices, and the packaging.

Importantly, it also includes the impact from consumers using the product. To be classed as more sustainable, the overall score of a product must be at least 10 points higher than the benchmark. This threshold helps ensure a material improvement is achieved that exceeds the margins of error in each product calculation.

Measuring the impact of each change before the product launches means our product developers can adjust the product design to be more sustainable. To support our product developers in this process, we're working with a network of sustainability champions in our R&D and packaging teams.

To be considered 'more sustainable', our product innovations must score as follows:

DIAL SCORE	CARBON (g CO ₂ e/dose)	WATER (Effective water L/dose)	PLASTICS (Reduction/%PCR/ Recyclability)	PACKAGING (Reduction/%PCR/ Recyclability)	INGREDIENTS (Based on four Green Chemistry KPIs)	OVERALL SCORE (An aggregate score of all five dials)
	≥ 10 points (≥ 10% reduction)			≥ 10 points		MORE SUSTAINABLE ≥ 10 points
	≥ -1.5 points to < 10 points (between 1.5% increase and 10% reduction)			> -10 points to < 10 points		AS SUSTAINABLE > -10 points to < 10 points
	≤ -1.5 points (≥ 1.5% increase)			≤ -10 points		LESS SUSTAINABLE ≤ -10 points

SIC scores referenced in this document are correct as of 2022. SIC scores are subject to change, based on system improvements and updates. For example, emissions factors were updated during 2022 to reflect the latest data on carbon and water.

[➤](#) For more on our approach to R&D, see our [2022 Annual Report](#)

SUSTAINABLE PRODUCT INNOVATION CONTINUED

How we measure progress

Our Finance and Sustainability teams work together to track our net revenue from more sustainable products. This helps us create the business case for sustainability and track progress towards our targets.

Our Sustainable Innovation Calculator helps us track whether a product is more sustainable than the product it will replace, and so whether its revenue counts towards our 2030 target of 50% revenue from more sustainable products. This target, which is linked to our executives' remuneration, ties our sustainability goals to the growth of the business.

Innovation can often come with drawbacks as well as benefits. This means we have to carefully weigh our decisions. For example, a natural ingredient can require more water to produce than the synthetic equivalent it's replacing. Plastic packaging can have a lower carbon footprint than a glass alternative. The Sustainable Innovation Calculator gives us quantitative measures to guide us through this thought process.

We continually update and improve the data behind the calculator to give our innovation teams better insight for better-informed decisions, and have been reporting on our net revenue from more sustainable products since 2013. We last revised the metrics and methods behind the calculator in 2021, introducing extra metrics for the ingredients we use, aligned with green chemistry principles and reflecting our commitment to reduce our chemical footprint.

For more information, see our [Product Stewardship Insight](#)

As a result, the ingredient dial now encourages us to do more than simply avoiding ingredients on our Restricted Substances List. Instead, it gives higher scores for using ingredients from circular feedstocks, which biodegrade better and which have a lower chemical footprint, such as the citric acid sourced from corn in Dettol's alcohol-free hand sanitiser. This helps to future proof our products, meet changing consumer expectations and anticipate regulatory developments.

Communicating the role of the Sustainable Innovation Calculator

We want to make sustainable product development second nature for all our employees. As part of our wider communication on our Sustainability Ambitions, we've trained people across functions to make sure they know the role of the Sustainable Innovation Calculator. We've also produced internal resources about the Sustainable Innovation Calculator with in-depth information on how it works, as well as guidance on how to apply it to specific product categories — for example, air fresheners versus condoms versus infant formula. This communication is helping our people across the business become more engaged with sustainability and raise awareness to the steps we are taking to improve the environmental footprint of our products.



NET REVENUE FROM MORE SUSTAINABLE PRODUCTS

	More sustainable net revenue (m)	More sustainable net revenue (%)
2018 ¹	£1,868	18.5
2019 ¹	£2,397	24.6
2020 ¹	£3,376	30.4
2021 ²	£3,311	24.9
2022 ³	£3,291	24.4 ⁺

- Figures prior to 2021 exclude our Nutrition business unit
 - 2021 figures include our Infant Formula and Child Nutrition (IFCN) business (excluding IFCN: 29.3%)
 - 2022 figures include IFCN (excluding IFCN: 28.9%*)
- * Assured by ERM CVS as part of its limited assurance scope; for details, see our [Sustainability Governance, Reporting and Assurance Insight](#)

MORE ABOUT SUSTAINABLE INNOVATION

Sustainable innovation touches everything we do. It also plays an important role in making sure our consumers trust our brands, and feel confident that our products are safe to use and minimise their environmental impact. For more on these activities, see these Insights:

- Product stewardship** – The processes we follow to use safe, environmentally-friendly ingredients in our products, as well as the transparency and labelling that help our consumers make informed decisions when they buy our brands
- Plastics and packaging** – Our work to use less packaging and more recycled material, and encourage consumers to recycle our products and packs
- Climate change** – Our efforts to reduce carbon emissions across our value chain and become net zero by 2040
- Water** – How we reduce the amount of water it takes to produce and use our products

SUSTAINABLE PRODUCT INNOVATION CONTINUED

Key product innovations

We've been working hard to continue our sustainable innovation programmes despite the challenges created by high demand for many of our existing products: extremely high plant utilisation rates have made it difficult to test new products, for example. Sustainable net revenue growth has remained fairly flat over the previous two years, principally driven in 2022 by a shortage of infant formula in the US which made us devote more resources to ensure existing nutrition products were available. Despite this, we have a strong new product pipeline for 2023 and good foundations for future progress.

Our Hygiene business continues to lead the way on sustainable innovation. By improving our use of the Sustainable Innovation Calculator in our Health business and further strengthening its use in our Infant Formula and Child Nutrition business, we've laid the groundwork in 2022 for better performance in 2023.

In 2022, we introduced sustainable innovations to some of our most popular brands with better ingredients, better packaging and more effective dosing. These innovations help reduce the environmental impact of our products.

Below are some examples of our work in green chemistry, where we've introduced products with more sustainable ingredients. Reformulations of our products also help reduce the packaging materials and water we use, significantly cutting the weight of the products, and thereby reducing carbon emissions generated in distribution:

- We reformulated our Durex and KY lubricants to reduce the overall chemical content in the formula and enhance the texture, delivering on both the consumer need and our sustainability ambitions
- We launched the first ever Aerogard Naturals Fabric Spray Insect Repellent powered by 100% plant-based active ingredients, in a convenient trigger spray format in Australia. The product is formulated with a blend of oil of lemon eucalyptus and other essential oils as active constituents, providing protection for up to four hours. Its unique non-staining, skin-free application offers consumers an effective way to protect themselves from flying insects. To reduce the product's carbon footprint, it was launched in a recyclable bottle that uses 50% recycled plastic

- In Asia, we reformulated Enfa Stage 1 A+ Gentlecare to provide new consumer benefits, reducing its water impact by over 14% per dose and improving its ingredients score

Another key way to lower our products' environmental impact is to reduce or change their packaging. This cuts the volume of raw materials for each dose of the product, along with their water and carbon impact:

- In India, we reduced the weights of 500ml and 975ml bottles of Lizol Disinfectant Surface Cleaner by 9% and 7.7% respectively
- In Brazil, we introduced PCR in bottles across numerous Veja product ranges, with 50% PCR in Veja Perfumed, Veja Aroma Sense and Veja Vidrex bottles, as well as 15% PCR in Veja Kitchen and Veja Bathroom bottles
- In Asia, we replaced Enfa flip-top lids with lighter snap-on caps on cans, reducing the plastic weight per dose by over 70%
- In Mexico, we moved Enfagrow Stage 3 Bag in Boxes from metalised cartons to lighter, non-metalised cartons, which can now be recycled
- In the US, we launched a larger pack size of Queen V pHun wipes, increasing the number of wipes in a pack from 20 to 30 and reducing the plastic per dose
- Our new Dettol powder to liquid solution for hand wash in India allows consumers to reuse both the bottle and pump components up to 20 times. And our 75% paper-based pouch for Finish detergent products will save over 2,000 tonnes of plastic per year once rolled out

➤ For more information, see our [Plastics and Packaging Insight](#)

FINISH QUANTUM ALL IN 1

Finish launched Quantum All in 1 thermoformed tabs as a new mid-tier product across Europe. It reduces dose size by more than 30% compared with hard-pressed tablets and injection-moulded capsules, without compromising performance. The lower amount of chemistry per dose leads to significantly lower carbon and water impacts, reduced by 37% and 30% respectively, as measured by our Sustainable Innovation Calculator. The product also comes in our recyclable stand-up pouch.



SUSTAINABLE PRODUCT INNOVATION CONTINUED

Communicating product benefits and use

Our products benefit people's lives, whether it's Nurofen offering pain relief, Dettol and Lysol protecting against germs, or Durex protecting against sexually transmitted infections. To fulfil our Purpose — to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world — we help consumers understand these benefits.

Our products, Mucinex and Strepsils, provide effective treatments for respiratory illnesses like sore throats. We continue to raise awareness among consumers and healthcare professionals about these benefits. For example, we continue to support the Global Respiratory Infection Partnership, which is committed to addressing antimicrobial resistance. It works with healthcare professionals and patients to promote antibiotic stewardship and conservancy by changing how they deal with upper respiratory tract infections.

We also include information on recycling and disposing of products, such as asking consumers not to dispose of wipes by flushing. Because recycling infrastructure varies across the world, this can be a challenge, and we're looking at ways to help develop these systems.

For more detail, see our [Plastics and Packaging Insight](#)

In 2022, Reckitt was a joint winner of the US Environmental Protection Agency (EPA) Partner of the Year award for our work in the Design for the Environment Logo Redesign Coalition. The logo aims to drive demand for antimicrobial products that meet rigorous health, safety and performance criteria. This coalition included partnership from industry, EPA and NGOs. This builds on Reckitt's previous award in 2019, for our championing of the Design for the Environment logo, and in 2017, for our outstanding leadership in advancing safer products.

Looking ahead

We have a target to generate 50% of our net revenue from more sustainable products by 2030. We've been using the Sustainable Innovation Calculator to make informed changes to our products to help deliver this ambition. Since 2021, we've included the products from our Infant Formula and Child Nutrition business in our sustainable innovation process. In 2022, we made the calculator more routinely part of how we develop our smaller brands and assess potential changes to existing products. In 2023, we'll continue to extend the use of our Sustainable Innovation Calculator to help us reach our goals to reduce the carbon and water footprints of our products, and achieve our ambition to be net zero by 2040.

"BY IMPROVING OUR USE OF THE SUSTAINABLE INNOVATION CALCULATOR, WE'VE LAID THE GROUNDWORK IN 2022 FOR FURTHER PROGRESS IN 2023."



STREPSILS HERBAL

Strepsils launched Herbal + Immune Support lozenges across Europe. The lozenges provide consumers with a herbal formulation, packed into an FSC-certified carton made from 100% recycled material, which contributes to a reduction of carbon and water impact by over 17% per dose.

