



# HUMAN RIGHTS ACROSS OUR VALUE CHAIN

We work with suppliers and partners, governments, NGOs and global corporates, initiatives and forums, to ensure that everyone's human rights are respected, from their working conditions to their access to health, nutrition and hygiene products.

## HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

### 2022 PERFORMANCE

Our ambitions	2022 progress	2021	2020
Sustainable livelihoods and working conditions			
Our teams and communities throughout our value chain have livelihoods that enable their health & wellness			
Embed human rights through impact assessments and actions plans in our key value chains by 2030			
Other human rights metrics			
Number of suppliers audited	<b>217</b>	232	179
Pass rate of those audited (%)	<b>67%</b>	61%	67%
Percentage of employees completing human rights training (cumulative since 2021 launch)	<b>99.9%</b>	70%	-

Protecting the rights of people in our global value chain goes to the heart of our Purpose to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world. We're developing tools and approaches to help us pinpoint, tackle and prevent human rights violations and make a positive, lasting impact on workers and communities.

We have a truly global value chain that includes people who work directly for us, or for our suppliers. They might supply goods or services, or farm the raw materials we use. They also include the communities we work alongside and the consumers who use our products. It's important for us to understand the human rights impacts within this value chain, directly solve any problems we can, and work with others to make change happen.

To focus our activity, we've identified our salient human rights issues. Our assessment was conducted by the Danish Institute for Human Rights and considered resources including internal supply chain audit data, as well as external resources and risk assessments. It was supported by discussions with internal and external stakeholders, including NGOs, customers, investors and peers. Our salient issues 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

The relevance of these issues varies across different countries and sectors, so our activity centres on where the potential threat to human rights is greatest. For example, much of our work to combat modern slavery focuses on manufacturing and palm oil in Malaysia, and manufacturing in the Middle East. We also prioritise auditing and monitoring suppliers (distribution centres, third-party manufacturers, and some raw material and packaging material suppliers) across the Middle East, Africa, Asia and South America. This is particularly to develop their standards and capabilities around health and safety, working hours, wages and grievance mechanisms. To support this,

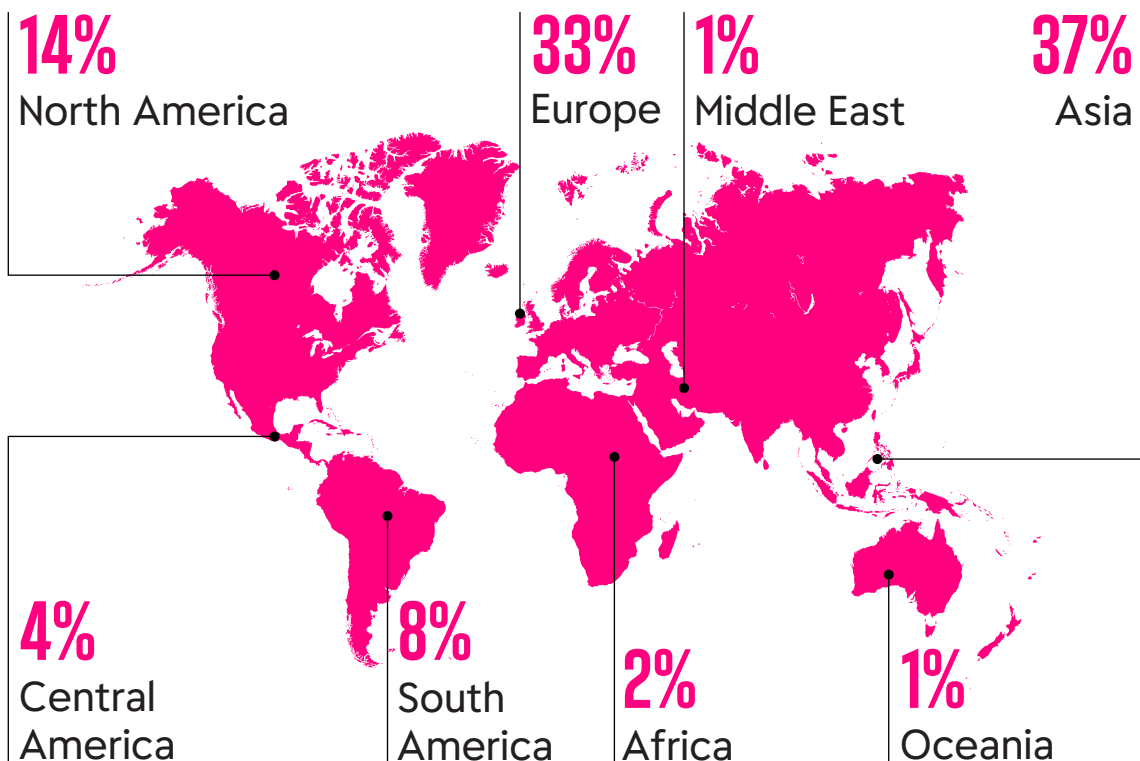
we keep up to date with external research and work with NGOs and peers to better understand risks and how to deal with them effectively.

Human rights are an absolute and universal requirement. We are committed to respecting those outlined in the International Bill of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We are also committed to implementing the UN Guiding Principles on Business and Human Rights. We also follow the OECD Guidelines for Multinational Enterprises, and support the Ten Principles of the UN Global Compact. Where international human rights, standards and national laws differ, we follow whichever offers the greatest protection. Where they conflict, we comply with national laws, seeking to respect internationally recognised human rights as far as possible.

In 2022, we consolidated and scaled up our initiatives, which has included new policies, our grievance mechanisms toolkit, and innovative tools to help us spot risks in the supply chain. To reinforce our policies and standards, we have three distinct but interrelated streams of activity to drive respect for human rights across our value chain and enable a more sustainable supply chain, focusing on our Human Rights programme, Sustainable Sourcing programme and Responsible Workplace programme.

## HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

GLOBAL DISTRIBUTION OF RECKITT'S MANUFACTURING FACILITIES, DIRECT SUPPLIER AND THIRD-PARTY DISTRIBUTION AND EMBELLISHMENT CENTRES



### Human Rights programme

We focus on understanding the broad range of human rights impacts across our value chain by conducting Human Rights Impact Assessments (HRIA). We have risk assessed all our markets using a tool developed with the Danish Institute for Human Rights. This risk assessment considers a range of factors such as our supplier, operational and brand footprint, inherent human rights risk, proportion of net revenue generated and market growth rates. Through this, we have identified 10 priority markets in which we plan to conduct HRIsAs by 2030.

We conducted our first HRIA in 2019, assessing our Durex and Enfa brand value chains in Thailand. Our second HRIA was delayed due to COVID-19; however, during the second half of 2022 we started an assessment of our Brazilian operations. We plan to complete this and publish the report in 2023.

We engage with stakeholders for these assessments, which help us to evolve our policies, procedures and activities to tackle any negative impacts we identify. We report our findings and any action we take. We also look to promote specific human rights where our business and brands are well-placed to drive positive impact. For example our Durex brand promotes sexual health and rights.

### Sustainable Sourcing programme

This focuses on environmental and social issues in our natural raw material commodity supply chain, from our tier 1 suppliers to the commodities' origins. We map the origins of our high-priority natural raw materials: palm oil, latex, dairy, timber and natural fragrances. This helps target our work with suppliers, NGO partners and other actors to safeguard workers and communities, protect ecosystems and reduce environmental impacts. We're also continuing to assess others, and will widen our programme as we need to.

## HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

### Responsible Workplace programme

This programme helps us identify and address any human rights shortfalls in our business and direct supply chain. It's run by a team including four regional experts in China, South Asia, Africa and the Middle East, who work with our suppliers, sites and procurement teams. The programme has five stages:

1. **Engagement** – we make sure all our Reckitt facilities and suppliers know what we expect. For our suppliers, this happens at the start of any commercial relationship and is part of our commercial contract and outlined in our purchase order terms and conditions.
2. **Self-assessment** – our suppliers complete an assessment on Sedex, which helps them build awareness and access e-learning and training resources to improve their practices. Teams at all our facilities must complete an annual compliance self-assessment. Out of 579 suppliers, 305 have completed a Sedex self-assessment.
3. **Site risk assessment** – we assess all our facilities on the inherent risk associated with their country, product area, sector profile and function as well as risks associated with their management controls. We couple these assessments with previous audit ratings, which reflect the strength, or otherwise, of management controls, and which we take into account when assigning a site a risk rating. We assess suppliers' sites in a similar way, considering their inherent risk and, if it exists, the latest audit rating.
4. **Auditing and addressing non-conformities** – we audit critical and high-risk sites at least once every three years, using our own teams or external specialist support. After the audit, sites must complete a time-bound, corrective action plan, which our human rights team reviews before we accept it. We give support to sites if they need it and follow up on action plans to make sure suppliers raise their standards.
5. **Training** – engagement and training build people's understanding of issues, helps them put things right and can help stop the issues arising at all. This can be through on-site or online capacity-building visits, as well as sharing resources and good practice. In 2022, we trained 25% of suppliers. We also co-sponsor supplier events, which builds our suppliers' capability in key regions.

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



Image: Photos credited to Martin Kunz, Fair Rubber Association

## HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED



### ENHANCING THE LIVELIHOODS OF SMALLHOLDERS IN OUR LATEX SUPPLY CHAIN

The effect of low rubber prices on the livelihoods of smallholder latex farmers was a key impact identified when the Danish Institute for Human Rights carried out a Human Rights Impact Assessment of our Durex value chain in Thailand in 2019. In 2021, we committed to paying a price premium for latex, through the Fair Rubber Association (FRA), to enhance the livelihoods of latex farmers and tappers. In turn, this effectively enables us to invest in their communities to ensure a consistent, good quality source of supply.

During 2022, we made progress in rolling out the FRA standard and started paying a price premium to farmers and tappers in our Thai supply chain. We worked with the FRA to engage with farmers, helping them establish a local Farmer Association to receive the premium and decide how to invest it in their community. We also helped the association hold its first Annual General Meeting to appoint board members and recruit over 1,000 members. We've paid over €970,000 of premium to the association in 2022, with farmers already agreeing to spend it on

a joining bonus, subsidised organic fertiliser and grant funding for income diversification activities including mushroom growing and livestock fattening.

We're now helping the association to establish the governance it needs to manage itself and develop a long-term plan for how to invest the premium.

We're also working with Earthworm Foundation to improve farmers' livelihoods in ways that make the supply network more resilient, including:

- Boosting farmers' and households' income from latex and other sources, like livestock-raising
- Encouraging regenerative agriculture practices like agro-forestry, which can improve productivity and enhance ecosystems
- Improving living and working conditions, for example with personal protective equipment

### Underpinning and communicating our approach, policies and performance

We want to be transparent about our value chain human rights impacts and what we do to address them. We regularly report on our commitments, risks, activities and progress through our sustainability reporting.

The issues in our human rights work are often complex and cultural. The exploitation and discrimination that vulnerable groups like children, women and migrant workers face can be part of deep-rooted employment practices and business behaviour, which, in some parts of the world, are not unlawful. No single organisation or instant measures will put them right. This is why we work with partners, NGOs and governments, as well as our suppliers, to look for practical routes to sustainable change.

**"WE TARGET OUR WORK WITH SUPPLIERS, NGO PARTNERS AND OTHER ACTORS TO SAFEGUARD WORKERS AND COMMUNITIES, PROTECT ECOSYSTEMS AND REDUCE ENVIRONMENTAL IMPACT."**



Image: Photos credited to Martin Kunz, Fair Rubber Association

## HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

### Reports from our Speak Up! service

We have reporting processes in all countries, in line with local laws. In 2022, 644 concerns were raised through Speak Up!, our whistle-blowing service.

 For more details about Speak Up!, see our [Ethical Behaviour Insight](#)

We initially earmarked 121 concerns that could involve breaches of our policies on human rights and responsible business. As of 28 February 2023, we'd closed 104 of these cases after internal investigations, with 51 cases partially or fully substantiated.

Of the 51 cases:

- 0% related to disciplinary practices
- 90% related to discrimination, including sexual, moral or verbal harassment, favouritism, or gender and race discrimination
- 6% related to working hours, pay and pay disputes
- 4% related to health and safety (mostly working conditions)

Action we took ranged from training and changes to policies or procedures, to disciplinary action and dismissal. The remaining 17 cases are still pending completion.

### Overhauling our policies and standards

We published our updated sustainability policy and standards for business partners – our [Sourcing for Sustainable Growth Policy](#) – in early 2022, and communicated it to key suppliers and internal stakeholders through the year.

### Mobilising our sales teams

Given the human rights risks associated with manufacturing, selling and distributing our products, we expanded our Responsible Workplace programme into our sales function. We created a checklist for the sales team along with a Human Rights Aide Memoire to help them identify and flag any human rights or environmental concerns in our distributors. We piloted this in 2022 with training for the sales team in Egypt. In 2023, we'll look to expand this to further high-risk markets and to lower-risk regions in Europe.

### Embedding human rights into our business

In 2022, we made significant progress embedding human rights into our procurement and supply functions. We added human rights and environmental metrics to the balanced supplier scorecard for key suppliers, as well as them being part of the formal supplier qualification process for raw material and packaging suppliers. We also integrated sustainability screening of all vendors, regardless of who they are, where they're based or what service they provide, as part of Reckitt's third-party due-diligence programme overseen by our Legal Compliance team. Finally, we embedded sustainability indicators into our procurement team's Supplier Vulnerability Tool to give us a holistic assessment of suppliers' resilience and the risks associated with them.

### Extending into our indirect supply chain

We continued to involve our indirect procurement team and prioritised engagement with our European point of sale (PoS) suppliers, including sustainability targets and recommendations in the PoS Supplier Playbook. We also partnered with business sustainability ratings specialist EcoVadis to roll out the assessment to our top PoS suppliers. The assessment covers a broad range of non-financial management systems including environmental, labour and human rights, ethics and sustainable procurement impacts. We'll continue to work with these suppliers to improve their EcoVadis score. We'll also expand the scope of our indirect supply chain activity in 2023.

### Auditing our suppliers

We audited 218 suppliers in 2022, with around 67% achieving a 'pass' rating. This is higher than the 61% achieved in 2021 and demonstrates the improving maturity of the suppliers in our programme. However, we're conscious that there's more work to do and we will continue partnering with suppliers and our procurement team to improve standards in our value chain.

### Promoting sustainable livelihoods

For us, enabling a sustainable livelihood goes beyond paying a living wage. We also focus on providing a working environment that promotes health and wellbeing, equality, employment rights, long-term financial security and skills to support ongoing career development. We've now assessed all our operations in our top 10 markets, covering 64% of all active full-time employees, with less than 1% paid below a living wage. We've made plans to address this and aim to assess the rest of our markets in 2023.

### Rolling out e-learning

In December 2021, we launched refreshed human rights training and broadened it to cover all employees as part of our annual compliance passport training. This will help employees better understand human rights and the role of business in respecting them, as well as our salient human rights issues and what we're doing to make sure there's respect for people's rights across our value chain. The training includes tools, knowledge and advice to recognise and report breaches of human rights. Since we launched the training, 99.9% of employees have completed it.

### Tackling modern slavery

Exploitative recruitment practices, like demanding excessive recruitment fees and imposing substitute contracts, are forms of modern slavery that affect many migrant and vulnerable workers. Many of these practices occur deep within the migrant labour supply chain, enabled by weak state governance, corruption and wider criminality.

In 2021, we worked with The Coca-Cola Company to support technology business Diginex in developing diginexLUMEN, a tool to give businesses insights into their suppliers' risks around exploitation and forced labour. In 2022, we gave the Diginex recruitment questionnaire to a further 24 suppliers in the Middle East and Malaysia to better understand their recruitment policies and practices, and the migrant worker supply chain. To assess the validity of suppliers' responses, we invited migrant workers to complete a survey on their experience of the recruitment process. In 2023, we'll review the insights and look to engage suppliers where there are inconsistencies and room for improvement.

 For more information on what we're doing to tackle modern slavery, see our [Modern Slavery Statement](#)

## HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

### Our partnerships

Solving human rights issues means working alongside our extended supplier network, government, industry, NGOs and other stakeholders. This helps develop the insight and tools to clarify issues and tackle them.

#### Oxfam Advisory Services

We've worked with Oxfam since 2020 to develop ways to make sure human rights are properly respected across our value chain, and have focused on issues including gender equality and workers' welfare by:

- Developing a toolkit to help suppliers create grievance procedures for their workers
- Developing a survey to assess workers' wellbeing, which we'll pilot in 2023
- Defining gender diversity and inclusion data to collect within our supply chain to address barriers and promote gender diversity and inclusion

#### AIM-Progress

We're a leading member of AIM-Progress, a forum of leading fast-moving consumer goods (FMCG) manufacturers and suppliers working to enable and promote responsible sourcing practices and sustainable supply chains. It's a global initiative supported by AIM, the European Brands Association. The goal of AIM-Progress is to make a positive impact on people's lives and ensure respect for human rights, while delivering value to members and their supply chains. We're on the leadership team and co-chair the Capacity Building work stream, helping members to build strong responsible sourcing programmes.

#### Consumer Goods Forum (CGF)

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 2022, we continued to support the CGF's Human Rights Coalition on working to end forced labour.

### Supporting communities most affected by climate change

Human rights and the environment are inextricably linked, with the right to health and water, among others, under threat without a safe, clean and healthy environment.

Our work to promote planetary and public health includes programmes such as Banega Swachh India and partnerships such as those with the London School of Hygiene and Tropical Medicine to research and find solutions to the impact of climate change on health. These translate to activity in communities, for example with Water.org on sanitation, and our work with the Earthworm Foundation on livelihoods in farming communities. They aim to make sure that communities we work in have access to health, hygiene and nourishment. Our Fight for Access Fund targets this overall, and helps convene partners and wider stakeholders around programmes. We're also calling for all public health strategies to take account of climate change to support this need (see our [Climate Change Insight](#) for more information). This has been a specific focus of our activity at recent climate change COPs in the UK and Egypt.



Image: Photos credited to Martin Kunz, Fair Rubber Association

### Looking ahead

We recognise the need to evolve our approach to human rights to drive long-term systemic change. This will involve blending our focus on compliance with an increased drive for positive impact where there are systemic or even cultural barriers to human rights. Examples will include work on sustainable livelihoods, equality, migrant labour forces and working hours. With our partners, our suppliers and civil society, we're well-placed to influence and create this impact, given the nature of our business and brands.

Audits and assessments will continue to be part of our approach, but we'll also use other tools and ways to engage, while keeping people at the heart of our activity. Audits show promising results over time, with our suppliers' performance improving as their understanding of labour and human rights develops, and the 'pass' rate progressively improves. That, coupled with our broader approach, will help overcome some of the systemic challenges and strengthen access to other rights.

Our approach will look at how each phase of our value chain can contribute to the key human rights issues we target. The various innovations and pilots we've been working on over the last two years are a good start and will help to shape our thinking. As we do this, we'll:

- Look beyond audit, to actively identify and address potential human rights impacts before they materialise
- Use data and technology like blockchain and digitised records to get a clearer view of the supply chain, pinpoint risks and monitor them
- Collaborate with stakeholders – engaging with peers, suppliers, NGOs, governments and rights holders to understand their perspective and co-create sustainable solutions that make a tangible difference