

# GENDER PAY. OUR MOST COMPREHENSIVE REPORT TO DATE

## Gender pay for 10 markets:

Brazil, China, India, Indonesia, Mexico, Poland, Russia, Thailand, UK, US

Reckitt Gender Pay Report 2020

### Introduction

## OUR GENDER PAY 2020, EXPLORED AND EXPLAINED

#### Welcome to our Gender Pay Report 2020.

This report builds on last year's report, in which we voluntarily revealed information on five of our key markets. This year we have doubled its scope, with Brazil, Indonesia, Poland, Russia and Thailand added to the original five markets – China, India, Mexico, UK and US. These are our 10 largest countries in terms of numbers of Reckitt colleagues employed, and cover around 70% of our global workforce. The data sets we have used have been assured under ISAE (UK) 3000 by our independent provider, KPMG, and reflect the position as at April 2020.

#### What is a gender pay gap?

The gender pay gap shows the difference between the average (mean or median) earnings of men and women. This is expressed as a percentage of men's earnings.

This shouldn't be confused with 'equal pay'. Every man and woman at Reckitt receives equal treatment with others who perform the same work, or work of equal value. This is laid down in UK law by the Equality Act 2010 (UK).

However, this does not necessarily mean that everyone doing the same job has identical pay. There are valid reasons why one person may earn more than another; for example, because they are more experienced, perform better or are more skilled.



## This report now covers around 70% of our global workforce.

**Ranjay Radhakrishnan,** Chief Human Resources Officer







## **Q&A** with Ranjay Radhakrishnan

## OUR LATEST, AND EXPANDED, Gender Pay Report



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## Shining a light is instrumental in driving change.

**Ranjay Radhakrishnan,** Chief Human Resources Officer In 2020, Reckitt was one of the first FTSE companies to go beyond UK gender pay reporting requirements. This year, Ranjay explains how we have gone even further, doubling the number of markets and covering approximately 70% of our workforce in this report.

#### Q: Last year our Gender Pay Report covered five markets. This year, it is ten. What is driving this level of voluntary disclosure?

Shining a light is instrumental in driving change, and gender pay reporting is a tangible example of our commitment to always do the right thing.

This year, those original five markets (China, Mexico, India, UK and US) are joined by Brazil, Indonesia, Poland, Russia and Thailand. I'm proud to say this means our new report now covers around 70% of our workforce. So we are aiming for an internal colleague profile that mirrors the consumers we serve.

However, a gender pay gap analysis is just one snapshot, the results of which are largely driven by employee demographics. Our overall aspiration is for a more diverse workforce, including a greater gender representation amongst senior leadership positions.

## Q: Although there is still much to be done, the Diversity & Inclusion needle is moving at Reckitt. How are we fostering this progress?

Progress in Diversity & Inclusion can never be static. It sits at the heart of our new purpose, our compass and the leadership behaviours we want to instil.

So in 2020 we launched our Inclusion strategy and, to drive it, we created a dedicated Board of Reckitt business leaders, chaired by our CEO. We also partnered with experts at EY to appraise what we do well in this area and where we can improve. Informed by these findings, we have sharpened our approach on inclusion, focusing on six broad pillars covering 'who we are' (Leadership, People, Policies) and 'what we do' (Procurement, Brands, Partnerships). So expect to see that needle moving further in the medium term. (Find more detail on the 6 pillars on pages 12 and 13.)

## Q: How does our Diversity & Inclusion strategy feed into Reckitt's 2030 Sustainability Agenda?

Our 2030 Sustainability Agenda sets out how we're working towards a fairer, more inclusive and diverse society – not just as an employer but in our value chain, through our suppliers.

What do we mean by 'fairer'? Simply, we aspire to a society where everyone has room to be themselves. A society where Reckitt teams represent the diverse places where we work and the people we serve. And a society in which our business hopes to achieve gender balance at all management levels by 2030.

Although we're progressing well with gender balance among our overall management population, our D&I focus needs to drive this change across all levels, including senior leadership.

## Q: How have the Black Lives Matter protests, and the public's activism around supporting minority groups, influenced and informed our D&I actions?

2020 left a lasting and indelible impression on all of us. However, from adversity comes the opportunity to listen, to learn and to act. Both inside the business and outside, we scaled and accelerated our inclusion actions in response to the challenges that 2020 brought.

Internally, we redoubled our emphasis on Employee Resource Groups (ERGs). These are hosted by our own people and leaders, to provide a safe space where members can share experiences, concerns and ideas.

In parallel, and to build and grow a more inclusive culture, we launched the Stronger Together series of conversations with our colleagues. In 2020 we held six of these sessions – led by our CEO – often attracting as many as 4,000 colleagues to come together to discuss issues that are close to them. These conversations covered areas such as ethnicity and cultural heritage and we're encouraging local markets to follow this lead with Inclusion topics and issues that are most relevant to them.

Ultimately, 2020 taught us that we have an immense opportunity to look inside, reflect, and drive advocacy and change.

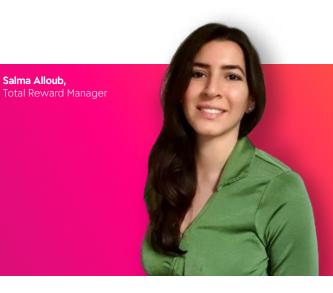
#### Q: And externally, how have we been active there?

We have always had community programmes in place to advance fairness and inclusion, but in the context of 2020 I'd particularly mention our partnership with the United Negro College Fund (UNCF). Their vision is that all Americans will have equal access to a college education, on their way to embarking on fulfilling careers and engaged citizenship. At Reckitt, we have committed to support 100 scholarships for students pursuing studies in public health, nutrition and other STEM-related fields. We will support each of those scholars throughout their four-year enrolment.

Inclusion in education is one of the foundations of that fairer society I mentioned earlier, and we're proud to help set these scholars on their way.

## **Q&A with Salma Alloub**

# THE DATA, AND How to read it



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We can often see gender pay fluctuations year-on-year... it's important to look at trends over a period of time.

> **Salma Alloub,** Total Reward Manager

#### We talk to Salma Alloub about what influences gender pay gaps, and how we should read the data.

## Q: Salma, describe for us the challenge of gathering gender pay data for around 70% of our colleagues worldwide?

It was very involved when you consider we're talking about the top 10 Reckitt countries by workforce size. That's a huge amount of data. Not only that, but each country has its own unique reward/HR processes, payroll system and compensation structures. But we had expert local knowledge to guide us on market practises and there was a great spirit of collaboration with our peers to deliver the project.

#### Q: Did the gender pay data from the additional five Reckitt markets reveal anything different from the original five we covered in the 2019 report?

Interestingly, the results of the additional five countries confirm the trends we had started seeing last year – they're largely driven by two factors. Firstly, the proportion of men and women we employ in manufacturing in these ten different markets. Secondly, the balance of men and women in senior management roles across the business in the markets. This highlights the importance of employee demographics rather than a focus on the average pay gap.

Broadly, our countries fall into two categories. The first includes countries such as Russia, China and Thailand. There, you'll find a roughly equal or higher proportion of women manufacturing workers, and also a high proportion of men in senior – and therefore higher paid – management positions. This usually results in the average gender pay measures skewing towards men across the board.

The second category of countries has significantly more men than women in manufacturing sites and, again, a higher proportion of men in senior management roles. These are countries such as the UK, US and Poland. The impact of the manufacturing demographic will push some measures in favour of women. This is particularly the case when you look at the 'median' – the comparison of the people who come in the middle between the lowest and highest earners.

However, when we look at the mean average, rather than the median, it will typically reflect the higher proportion of men in the most senior roles.

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Gender pay gap trends are driven by two factors: the gender split in manufacturing and the gender split in senior management roles.

> **Salma Alloub,** Total Reward Manager

## Q: What should Reckitt colleagues bear in mind when looking at the data?

A key thing to remember is that gender pay and equal pay are different things. Reckitt practices equal pay. This is explained further on page 15.

We usually expect to see an average pay gap as a by-product of imbalances of male and female representation at different levels within the company. Something Reckitt is working hard to address.

So if, since the last report, a local Reckitt company has hired two senior women executives, this could have a material impact on the total results. Because of this, we often see fluctuations year-on-year. So instead of dwelling on individual statistics, it's important to look at trends over a period of time. We use the gender pay results, as well as other data points, to inform our diversity and inclusion strategy, so it's important to understand and assess how these materialise over the medium term.

## Q: What advice would you give to other companies considering this scale of voluntary gender pay disclosure?

I absolutely encourage all companies to do this. This has been a really valuable project. It's a fantastic opportunity to make meaningful changes that will benefit employees, stakeholders and society as a whole.

#### Q: And how do you personally feel as an employee?

I think it's a really great initiative and I think all colleagues, no matter what their background, should be really proud that the company is pursuing this. When Reckitt talks about Diversity & Inclusion, it really is true to the meaning.

## Gender pay UK

# OUR UK GENDER PAY Performance 2020

In order to give the most representative picture, the statistics we show here reflect all of Reckitt's businesses in the UK<sup>1</sup>. You can also see a breakdown of these UK entities on page 16.

The data sets we have used have been assured under ISAE (UK) 3000 by our independent provider, KPMG, and reflect the position as at April 2020.

#### Comparison with 2019

We measure the gender pay gap in two ways. The 'median', which looks at the gap between middle-earning men and women across our workforce. And the 'mean', which is the gap between the average pay of all men and all women.

As at April 2020: The Reckitt UK median pay gap has moved from -3.8% in favour of Reckitt women to -6.1% in favour of women, whilst the Reckitt UK mean pay gap has decreased from 6.8% in favour of men in 2019 to 5.1% in 2020.

The median gender bonus gap has decreased from 19.6% in 2019 to -17.1% in favour of Reckitt women, whilst the mean bonus gap has decreased from 73.8% in 2019 to 58.2% in 2020 in favour of men.

#### Comparison with the UK national picture

While no company can be happy with a gender pay gap, Reckitt's 2020 gender pay data compares favourably with the national picture (Office for National Statistics). Our full and part-time Reckitt median pay gap is -6.1% vs 15.5% UK nationally (ONS 2020). Our full and part-time Reckitt mean is 5.1% vs 14.6% UK nationally (ONS 2020).

1. By law we are only required to report on UK entities employing more than 250 people, in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. However, we disclose figures including all of our UK entities for transparency.



## **Culture and performance**

# DRIVERS OF Gender Bonus



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Everyone in the same management level is offered the same opportunities to receive bonuses, irrespective of gender.

#### As part of our approach to recognising and rewarding performance, Reckitt's senior leaders have access to both short and long-term incentive plans.

Based on the annual bonus paid, the Reckitt 2020 UK bonus gap was -17.1% (median) and 58.2% (mean).

There is a mean average gender bonus gap, as under our pay for performance model the more senior roles have a higher proportion of their packages as variable pay, and these roles are more likely to be filled by men.

We see the reverse effect when looking at the median. The gender balance in the manufacturing sites is weighted more towards men and, as a result, the median man is in an analyst role and the median woman in a manager role, which typically has higher variable pay.

Although all employees at the same level have the same bonus-earning opportunity, we cannot be comfortable with the consequences of this gender imbalance at senior levels, which we are working to address. To understand the bonus gap, it is important to further note its key components: an annual bonus and a Long-term Incentive Plan (LTIP).

#### Annual bonus

Our annual bonus scheme operates in the same way for all. It incentivises top-line revenue growth and a bottom-line measure of profit growth. This is important as it is gender-neutral and objective. Everyone in the same management level is offered the same opportunity to receive bonuses, irrespective of gender.

Reckitt supports part-time working, so that our employees can balance their personal and professional lives. Pay and bonuses are adjusted accordingly. However, this is not recognised in the calculation of the gender bonus gap. Since approximately two-thirds of Reckitt's part-time employees in the UK are women, this impacts the calculation.



#### Long-term Incentive Plan

The LTIP is designed to reward long-term performance and share price growth. At Reckitt we have a strong pay for performance culture and alignment to shareholder value. An increase in share price leads to a corresponding value in terms of LTIP payout. Like the annual bonus, the LTIP allocation is gender-neutral, which means that everyone at the same level in the organisation is eligible to receive an equal allocation of shares.

However, there are more men than women in roles that offer higher incentive opportunities, and this includes eligibility for LTIPs.

Finally, it is worth noting that the LTIP only rewards long-term performance; three and a half years elapse between an award being made and it potentially paying out.

We are required to include all payouts during the 12 months to April 2020, which due to Reckitt's pay cycle means LTIPs that were released in May 2019. This year's gender pay analysis therefore includes LTIPs awarded in December 2015, and so represents the gender balance at that time.

# RECKITT **GENDER PAY** 2020 GLOBAL SNAPSHOTS





## Gender Pay Global Snapshots 2020: Thailand, China, Russia



## Gender Pay Global Snapshots 2020: Indonesia, Poland, India



# PEOPLE WITH PURPOSE

Our pursuit of equality and inclusion in pay and opportunities is a natural extension of the principles that we bring to work with us every day.



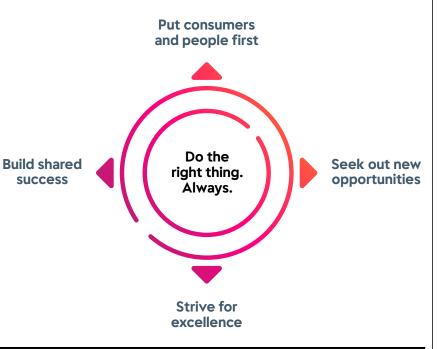
## **OUR PURPOSE**

We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

## **OUR FIGHT**

Making access to the highest quality hygiene, wellness and nourishment a right, not a privilege.

## **OUR COMPASS**



## **OUR LEADERSHIP BEHAVIOURS**

#### **Own**

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

#### Create

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

#### Care

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

### Deliver

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

## **Q&A** with Sara Holton and Carrie Adams

# **DRIVING INCLUSION**



**Sara Holton,** Group Head of Talent & Leadership Development



Carrie Adams, Global Head of Inclusion

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## We're focusing on six pillars that drive our Inclusion agenda.

**Carrie Adams,** Global Head of Inclusion

#### Gender and pay is one part of a bigger picture. We talk to Sara Holton and Carrie Adams about inclusion and our new strategy.

## Q: Sara, along with this annual gender pay study, what else has Reckitt been doing to advance Inclusion across the business?

**Sara:** Gender diversity has been a prime focus area for us since 2015. But in 2020 we also started to think about inclusion in a much broader sense. Together with our new leadership team, we formalised this into our new Inclusion strategy. This is now being driven by a new and dedicated Inclusion Board, comprising senior leaders across the organisation, and chaired by the CEO.

We have also brought in independent consultants EY to assess our policies and practices. Focus groups with colleagues across all levels have given us a lot of rich data, so the Inclusion Board can prioritise the actions that are most important to our people. So, for us, 2020 was a real milestone in our inclusion journey.

#### Q: And Carrie, you became our first-ever Global Head of Inclusion.

**Carrie:** I did indeed, and it's exciting to be able to concentrate fully on driving that inclusion agenda (see overleaf), partnering with the dedicated Board.

## Q: It's early days, but what are the main levers you've identified to help progress that brief?

**Carrie:** We're focusing on six pillars that drive our Inclusion agenda. Three of them can be grouped under 'who we are', and they relate to our people, our policies, and what we want leadership to look like in terms of inclusion. Then a second group of three relates to 'what we do' and how we can leverage our brands, procurement and external partnerships to drive Inclusion. Although the six are global pillars, we are also establishing local inclusion boards, to be able to act on what matters most to our local markets.

## Q: How does Reckitt keep track of employees' views, given that this is such an evolving topic?

Sara: It is, and that's what led us to create the Stronger Together conversation series. This has already given us a crucial insight into some of the challenges that our colleagues can face when it comes to inclusion. We kicked off the series with a conversation around Black Lives Matter, following the events in the US in 2020, and talked about how that impacted our colleagues there and indeed those across the world. We followed this with equally searching conversations in four other areas: LGBTQ+, Women@Reckitt, our Inclusion strategy and Women in STEM.

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#### The bottom line is that inclusion is about everyone feeling they can bring their whole selves to work.

Sara Holton, Group Head of Talent & Leadership Development

## Q: And in that spirit you've encouraged employees to create their own groups?

**Sara:** Absolutely. They're called Employee Resource Groups (ERGs); global groups that provide safe spaces for under-represented communities to express their views, challenges and ideas. Currently, there are two global ERGs, focusing on women, and on LGBTQ+. They are also open to all employees who want to gain a greater understanding, and to help by becoming allies.

The ERGs also have direct access to the Inclusion Board members. This is a group of senior leaders who are passionate and committed to advancing inclusion in all its forms. We're also encouraging markets to form their own local ERGs that reflect localised needs. The bottom line is that inclusion is about everyone feeling they can bring their whole selves to work, and ERGs can help us to create that environment.

## Q: Bringing the focus back to women, are you working on fresh actions to support them?

**Sara:** We created 'DARE' in 2015 to develop, attract, retain and engage talented women at Reckitt. We'd noticed that we were losing many of them, often after five to seven years, because they were struggling to balance career and home lives.

DARE led to many innovations such as mentoring, lean-in support circles and the Accelerate structured leadership development programmes, to name but a few. However, the EY diagnostic revealed that for many women these challenges still exist. Their lived experience suggests uneven support around the world, so we're targeting better global consistency and awareness. Our new Inclusion strategy is also empowering local markets to form their own Women@Reckitt groups. This will deliver effective and locally designed support and give leaders much better visibility of what's needed.

# **OUR SIX INCLUSION PILLARS**



## LEADERSHIP

Senior level focus and sponsorship



## PEOPLE

Build a culture of inclusion



## POLICIES

Continuously improve our policies to raise the bar on Inclusion



PROCUREMENT

Support suppliers

from diverse and

minority communities



## BRANDS

Leverage the power of our brands to drive a more inclusive world



## PARTNERSHIPS

Build selective partnerships

# APPENDIX

## Gender pay gap explained

# **GENDER PAY GAP: THE MEAN AND THE MEDIAN**

We use two ways to measure the gender pay gap. Both the 'mean' and the 'median' help us to understand to what degree women may trail behind men in their pay, due to more senior (and therefore better paid) roles being occupied by men.

#### The median gap

If you take everyone in the company and rank them from the lowest earner to the highest, the median group are the people who come in the middle.

So the median gender pay gap is the difference between the hourly pay for the middle man compared with the hourly pay of the middle woman.

The median gender bonus pay gap is the difference between the annual bonus received for the middle man compared with the annual bonus received by the middle woman.

#### The mean gap

'Mean' is simply another word for 'average'.

Therefore, the mean gender pay gap is the difference between the average hourly pay of all men at Reckitt, and the average hourly pay for all women.

The mean gender bonus pay gap is the difference between the average annual bonus received by all men at Reckitt, and the average hourly bonus received by all women.

# WHAT IS Equal Pay?

## It is important not to confuse a 'pay gap' with 'unequal pay'.

Every man and woman at Reckitt receives equal treatment with others who perform the same work, or work of equal value. This is laid down in UK law by the Equality Act 2010 (UK).

This goes further than just salary, extending to all contractual terms and conditions of employment. This includes holiday entitlements, contractual bonuses, pay and reward schemes, pension payments and other benefits.

However, this does not necessarily mean that everyone doing the same job has identical pay. There are valid reasons why one person may earn more than another; for example, because they're more experienced, perform better or are more skilled. All UK companies with legal entities employing 250 or more people are required to report the gender pay and bonus gaps across their business. This reporting covers six measures:

02.

04

06.

## 01.

Mean gender pay gap in hourly pay Median gender pay gap in hourly pay

## 03.

Mean bonus gender pay gap Median bonus gender pay gap

05.

Proportion of men and women receiving a bonus payment Proportion of men and women in each pay quartile

### **UK businesses**

# OUR UK GENDER PAY Gap: A breakdown

The requirement to report on gender pay does not apply to some of our UK businesses – specifically, those that employ fewer than 250 colleagues.

Even so, Reckitt chooses to include all employees in our reporting below regardless of where they work. That way, we can give the most representative picture of our gender pay and bonus gaps across the UK.

		Proportion of men and women in each pay quartile												
	Pay Gap		Bonus Gap		Proportion receiving bonus		Q1		Q2		Q3		Q4	
Entity	Mean Difference	Median Difference	Mean Difference	Median Difference	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Reckitt Benckiser Health Limited	27.4%	32.5%	74.0%	62.1%	29.4%	25.8%	37.9%	62.1%	39.6%	60.4%	47.6%	52.4%	60.4%	39.6%
RB Corporate Services Ltd	35.4%	32.6%	74.5%	31.9%	65.3%	49.2%	31.1%	68.9%	33.5%	66.5%	53.6%	46.4%	67.2%	32.8%
Reckitt Benckiser (Brands) Ltd	-22.5%	4.1%	-102.0%	6.3%	78.7%	82.9%	60.0%	40.0%	60.0%	40.0%	60.0%	40.0%	60.0%	40.0%
RB UK Commercial Limited	2.1%	-0.2%	12.3%	15.1%	85.9%	82.9%	40.2%	59.8%	41.4%	58.6%	34.5%	65.5%	46.6%	53.4%
RB UK Hygiene Home Commercial Ltd	11.1%	10.7%	35.0%	26.0%	91.6%	91.7%	43.8%	56.3%	47.9%	52.1%	52.1%	47.9%	61.2%	38.8%
Reckitt Benckiser Group plc*	-	-	-	-	-	-	-	-	-	-	-	-	-	
Manufacturing														
RB Healthcare Manufacturing	3.7%	9.1%	59.3%	64.9%	6.7%	9.6%	63.6%	36.4%	77.3%	22.7%	76.1%	23.9%	78.9%	21.1%
RB (UK) Ltd	2.2%	-0.2%	-5.9%	-195.0%	33.5%	67.3%	88.7%	11.3%	77.1%	22.9%	74.3%	25.7%	90.1%	9.9%
RB Healthcare (UK) Ltd HQ	1.4%	9.1%	-65.6%	-1.2%	59.8%	49.2%	62.7%	37.3%	70.1%	29.9%	77.7%	22.3%	77.2%	22.8%
Total UK	5.1%	-6.1%	58.2%	-17.1%	43.4%	45.7%	59.6%	40.4%	61.0%	39.0%	56.3%	43.7%	56.0%	44.0%

\* Entity employs one person, therefore comparative figures not available.



#### Ranjay Radhakrishnan, Chief Human Resources Officer

\*Statutory disclosure: I confirm that the data presented here in this report is accurate and meets the requirements of the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

# NON-UK MEAN Gender Pay Data

For our non-UK markets, this report focuses mainly on 'median' data. That is, the levels of pay of middle-ranking women overall, and men overall.

Median data is generally considered the more robust data point, giving a more representative picture of gender pay. In the interests of transparency, we also show 'mean' (or average) data here.

Country	Mean gender pay gap (%)	Mean bonus gap (%)
Brazil	-7.0*	4.6
China	11.6	27.3
India	-167.8*	-10.8*
Indonesia	20.5	93.2
Mexico	-0.8*	-6.6*
Poland	9.1	-43.9*
Russia	18.6	55.8
Thailand	30.2	56.8
United States	0.7	30.9

\*A negative number represents a gender pay or bonus gap in favour of women.



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