

# DIRECTORS' REMUNERATION REPORT

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## The members of the Committee meetings attended during the year were:

Member	Meetings Attended
<b>Alan Stewart (Chair)</b> Member of the Committee from 1 February 2022 and Chair from 20 May 2022	3/3
<b>Nicandro Durante</b> Member until 1 September 2022	2/2
<b>Olivier Bohuon</b> Member for the whole year	3/3
<b>Mary Harris</b> Member for the whole year	3/3
<b>Chris Sinclair</b> Member for the whole year	3/3
<b>Jeremy Darroch</b> Member from 1 November 2022	1/1

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**ALAN STEWART**  
CHAIR OF THE  
REMUNERATION COMMITTEE

Central to our remuneration philosophy are the principles of pay for performance and shareholder, as well as strategic, alignment.



## LETTER FROM THE CHAIR

**On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2022.**

Firstly, I would like to thank shareholders for their approval of our new Directors' Remuneration Policy at our AGM on 20 May 2022, which received a vote in favour of 92%. In addition, our Annual Report on Remuneration was approved at the AGM with a strong vote in favour of 92%. I would also like to thank shareholders for their time taken in providing feedback to the Committee as we consulted with them ahead of the 2022 AGM, and to shareholders whom I met in October to understand their views in my new role as Remuneration Committee Chair.

### Context for executive remuneration at Reckitt

Reckitt strives for leading global performance. Our management team is multinational, and we compete for talent against global peers. Our remuneration philosophy continues to be based on the principles of pay for performance and shareholder, as well as strategic, alignment. Combined with Reckitt's Compass and business model, these principles define how decisions are made, how people act and how we assess and reward them.

The majority of the Executive Directors' remuneration packages continue to be made up of variable at-risk pay, which are linked to stretching financial and environmental, social and governance (ESG) targets that align with our strategy and shareholder value creation and are largely delivered in Reckitt shares. In addition, we continue to have market-leading shareholding requirements for executives. This approach is cascaded throughout our senior leadership.

### Changes to the Board

During the year, Reckitt announced several changes to the Board. As announced in September 2022, Nicandro Durante, who had served as a Non-Executive Director since 2013, was appointed as CEO to succeed Laxman Narasimhan who stepped down as CEO on 30 September 2022. Nicandro ceased to be the Senior Independent Director and stepped down from the Nomination, Remuneration and CRSEC Committees of the Board on 1 September 2022, following which he was appointed as CEO Designate on 2 September 2022 and took over as CEO on 1 October 2022.

Jeremy Darroch and I joined the Board and the Remuneration Committee during 2022, and I was appointed to the position of Remuneration Committee Chair at the 2022 AGM. I would like to extend the Board's and my thanks to Mary Harris, who had been Chair of the Remuneration Committee since 2017. Mary will continue to be a member of the Remuneration Committee.

The remuneration arrangements for outgoing and incoming directors are in line with the Remuneration Policy approved by shareholders. The remuneration for the new CEO was disclosed at the time of the announcement. On appointment as CEO Designate, Nicandro received a salary of £1,100,000 p.a. He did not receive a salary increase in 2023. He does not receive any pension allowance, and the APP opportunity and LTIP award levels are the same as for the former CEO. Laxman Narasimhan received salary, benefits and pension up to 30 September 2022. All his unvested incentive awards lapsed in full. There was no payment in lieu of notice or other payments associated with Laxman's departure, and he will be subject to the post-employment shareholding guideline in line with our policy. Further detail is set out in the Annual Report on Remuneration.

## DIRECTORS' REMUNERATION REPORT CONTINUED

**Annual bonus in respect of 2022 performance**

Reckitt operates an annual bonus plan that is strongly aligned to performance, measured against stretching targets of net revenue and adjusted profit before income tax.

From a financial perspective, 2022 marked a very strong year of growth and profit delivery for Reckitt, with 7.6% like-for-like (LFL) net revenue growth, outperforming market expectations and ahead of the peer group average. We also saw continued momentum, with two consecutive years of mid-single-digit revenue growth from 70% of the portfolio less sensitive to COVID-19 dynamics, and market share growth with 62% of our Core CMUs holding or gaining share.

The adjusted operating profit margin was 23.8%, in line with guidance, and ahead of our peer group, with our operating profit at £3.4 billion. The proposed dividend is 183.3p, an increase of 5% on last year, as we aim to deliver sustainable dividend growth in future years. As set out in further detail on pages 135 to 138, these results reflect very strong performance ahead of expectations and demonstrate the success of the transformation programme over the past three years.

Subsequently performance exceeded the targets set and the 2022 annual bonus for the CEO and CFO is 100% of maximum, in line with all other employees on the same Group-wide measures.

The bonus for Nicandro is pro-rated for the period as an Executive Director. One-third of bonus payments to Executive Directors is deferred into Reckitt shares.

**Vesting of the 2020-2022 LTIP**

The Reckitt LTIP is designed to align participants with shareholders through making awards with stretching performance conditions denominated

in both performance share options and performance share awards. Vesting of awards under the 2020 LTIP was dependent on stretching LFL net revenue growth, earnings per share (EPS) and Return on capital employed (ROCE) targets which, as set out in the 2021 Directors' Remuneration Report, were adjusted for the disposal of IFCN China, given the size of that transaction, to ensure that the new targets were no harder or easier to achieve than the original targets.

As set out on page 139 the resultant vesting is that 100% of the total award vests, with vesting in respect of each element reflecting outperformance of the stretching targets set. This outturn follows two years of zero vesting and one year of 21.5% vesting in the last three years.

In line with our policy, there is a further two-year holding period attached to Jeff Carr's LTIP award. As set out earlier, Laxman's 2020 LTIP award lapsed when he stepped down as CEO.

**Assessment of incentive outcomes**

The Committee also carried out a thorough evaluation of the performance of both the Group and the Executive Directors in the round and with regard to broader circumstances to assess whether the formulaic incentive outturns are appropriate and justified. The framework which the Committee applied is set out on page 133. In addition to the financial operating performance as summarised above, as in every year, this year's assessment included, amongst others, the following areas:

**Strategic delivery:** The Committee has recognised that we entered 2023 as a strengthened business with enhanced financial, operational and brand resilience, and continued growth momentum. After three years of successful transformation, we are a

bigger business with stronger brands, and are now realising the benefits of our reinvigorated innovation pipeline and operational improvements, including a more agile supply chain and improved customer relationships. 2022 was a year of delivery, ending the year as a business 28% larger than 2019 on a LFL net revenue basis. Despite cost inflation of almost 20%, in 2022 we grew our adjusted operating margin by 90bps (excl. China IFCN). This enabled us to grow adjusted EPS by 18.4%, significantly exceeding market expectations, and to increase our free cash flow by 61% to over £2 billion. The Group enters 2023 as a stronger, more resilient business and is well placed to deliver its stated medium-term ambition of mid-single-digit growth.

**Competitive performance:** The Committee reviewed financial and market share performance against competitors. In both cases Reckitt has performed strongly. There has been strong market share growth during 2022 with 62% of our Core CMUs holding or gaining market share; Reckitt's LFL net revenue growth of 7.6% is very strong and is markedly ahead of market expectations. On a three-year basis, for LTIP purposes, our growth of 26.8% is equivalent to 8.2% p.a. and is better than the peer group upper quartile.

**People and culture:** Last year we continued to embed our culture change agenda and made progress on wellbeing and inclusion, recognition, and Leadership Behaviours. We continued to host our Stronger Together conversations with an emphasis on mental health and race and ethnicity. We also implemented a mid-year global initiative to support our people in navigating increasingly difficult personal circumstances due to the cost-of-living increases, with an overall spend of an additional £15.8 million across c.18,000 employees. We were proud to be named a Top Employer 2023

in the UK, the US, Spain, Italy, Canada, China and South Africa, by the Top Employers Institute.

**Sustainability:** We improved our performance in the Dow Jones Sustainability Index with a household products sector leading score and presence in the world group and gold class. In the key ratings of MSCI and Sustainalytics, our performance was broadly maintained, ranking at AA and 22 respectively, positioning Reckitt well above average for our industry group. We continued our ESG and sustainability agenda, following the 2021 launch of our Sustainability Ambitions for 2030, including our first ESG-focused capital markets day in May 2022 and a programme to engage on the impact of climate change on health at COP27 in Egypt.

**Challenges:** The Committee also reviewed the challenges that the business faced during the year and how leadership responded to them. This included unprecedented cost inflation, with commodity and freight cost inflation in the high-teens, as well as COVID-19 restrictions in China and the ongoing Europe energy crisis as a result of the Russia-Ukraine conflict. The Committee also noted the positive revenue impact of the US Nutrition competitor supply issue and the work involved to respond to this.

Taking all of the above into account, as well as the wider stakeholder experience, the Committee concluded that the level of annual bonus payout and the total vesting level of the LTIP are appropriate and justified in this context and that no discretion would be applied.

**2023 remuneration**

Salaries for 2023 are £1,100,000 and £760,000 for the CEO and CFO, respectively. There was no salary increase for the CEO and a 5.4% increase for the CFO. The increase for the CFO was determined

## DIRECTORS' REMUNERATION REPORT CONTINUED

taking into account Group and individual performance, and salary increases for the wider workforce. This was below the salary increase budget of 6% for the UK employee population.

There are no changes to the bonus opportunity for the CEO and CFO, remaining at 120% and 100% of salary at target respectively. Performance measures and weightings for the 2023 annual bonus will be the same as for 2022, being net revenue and adjusted profit before tax, with the addition of a downwards modifier based on net working capital (NWC). The NWC measure will act as a downward modifier only and is intended to hold executives more formally accountable for, and incentivise delivery of, cash conversion as a key element of Reckitt's earnings model. NWC has been used as a bonus metric for a number of years for a significant proportion of the business and the Committee is of the view that aligning the bonus measures for our Executive Directors, as well as other senior leaders, with other areas of the Group, is appropriate. In line with prior years, the Committee has set the performance targets at a stretching level having considered the internal business plan and external expectations. As in prior years, the Committee will carry out a thorough assessment of performance in the round taking into account a wide range of factors before determining bonus payouts.

There are also no changes proposed to LTIP award levels for 2023, which have been reviewed in light of share price performance, Group performance and individual performance. Nicandro's 2023 LTIP award will consist of 150,000 performance share options and 75,000 performance shares and Jeff's award will be 80,000 performance share options and 40,000 performance shares. These awards are expected to be made following the

AGM in May 2023. There are no proposed changes to the performance measures or weightings.

During the year, the Chairman and Non-Executive Director (NED) fees have been reviewed, taking into account the time commitment required to meet the scope and responsibilities of the roles, the increases given to the wider workforce and market practice. The fee for the Chairman has been increased to £660,000, effective from 1 January 2023, which is now positioned around the median of the FTSE 30. This is a 5.3% increase, which was below the budgeted increase of 6% for the broader UK workforce.

The basic NED fee was increased by 4.1% to £102,000, with effect from 1 January 2023. 25% of the fee continues to be paid in shares. There are no changes to the additional fees for the role of Senior Independent Director (SID), Committee Chair, Committee member, or Designated Non-Executive Director for engagement with the company's workforce.

### Context for remuneration of the wider workforce

During the year, we continued to develop and improve the workforce initiatives that have been introduced over the last few years and also developed a global framework to address the difficulties that the increasing cost of living has had for our people.

Faced with the particularly challenging economic environment last year, we implemented a mid-year global initiative to support markets in providing additional financial reward (one-off appreciation bonus or salary increase) to our people to recognise their ongoing commitment, demonstrate our care for them, and acknowledge the increasingly difficult personal circumstances of cost-of-living increases. 34 markets participated in the framework with an

overall spend of an additional £15.8 million across c.18,000 employees below senior management level. In addition, the 2023 global pay review budget was 70% higher than that for 2022.

We have been an accredited Living Wage Employer in the UK since 2020. In 2021 and 2022, we went beyond just the Living Wage and developed our Sustainable Livelihood Framework to capture broader work on providing a working environment that promotes health and wellbeing, equality, employment rights, long-term financial security, and skills development to support ongoing career development for our people. We now pay all our employees the Living Wage in our top 10 markets, which covers 67% of our total full-time employee population. In 2023 this will be extended to cover all our employees.

We continued to have strong take-up in our all-employee share plans from the most recent launch and 45% of our people globally are participating in one of the plans. Our efforts in building inclusive and accessible launch campaigns last year have been recognised as we were short-listed for the best communication of an employee share plan at the 2022 ProShare Annual Awards.

We continued to monitor gender equality within the organisation and again we have voluntarily disclosed the gender pay gap for our 10 largest markets by workforce in our 2022 report. We hosted a number of Stronger Together conversations throughout the year that focused on diversity and inclusion (D&I) and belonging topics that matter most to our people. In partnership with Hintsia, we offered personal Wellbeing Performance Coaching to all People Leaders as part of our global wellbeing programmes. Our people were highly engaged in providing feedback and we had a response

rate of 83% for our latest all-employee survey, which showed an improved 'recommend' score of 76% recommending Reckitt as a great place to work. Through the Global Compass Awards, we also celebrated role models in excellence of living our Compass and Leadership Behaviours which we established and rolled out in 2021.

During the year we also communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider company pay policy and how decisions are made by the Committee, giving employees the opportunity to ask any questions on these topics.

Lastly, whilst no longer the Remuneration Committee Chair, Mary Harris continues in the role of the designated Non-Executive Director for engagement with the company's workforce. In this role she has been involved in key conversations with the workforce allowing her to feed back employees' views to the Remuneration Committee as well as the Board.

Further information on wider workforce remuneration, and how this compares to the remuneration of our Executive Directors, is set out on pages 143 to 146.

### Conclusion

I trust that you will find this report a clear account of the way in which the Committee implemented the Remuneration Policy during 2022 and intends to implement it for 2023, and I look forward to your support at the upcoming AGM. I will be available to answer any questions shareholders may have at the company's AGM on 3 May 2023.

**ALAN STEWART**  
CHAIR OF THE REMUNERATION COMMITTEE  
Reckitt Benckiser Group plc

28 February 2023

## DIRECTORS' REMUNERATION REPORT CONTINUED

## RECKITT'S REMUNERATION AT A GLANCE

To reinforce our philosophy, the majority of the Executive Directors' remuneration packages are made up of variable at-risk pay, linked to stretching targets that align with our strategy and shareholder value creation, and are largely delivered in Reckitt shares. In addition, we have market-leading shareholding requirements for executives. This approach is cascaded throughout our senior leadership.

As discussed in the Chair's letter, Reckitt strives for leading global performance. Our management team is multinational, and we compete for talent globally. Central to our remuneration philosophy are the principles of pay for performance and shareholder, as well as strategic, alignment. Combined with Reckitt's Compass and business model, these principles define how decisions are made, how people act and how we assess and reward them.

### Context for remuneration at Reckitt Reckitt's Compass



### Reckitt's strategic priorities

- Target mid-single-digit top-line growth
- Achieve sustainable increased medium-term earnings growth
- Maintain disciplined capital allocation
- Embed Sustainability Ambitions
- Deliver sustained shareholder value creation

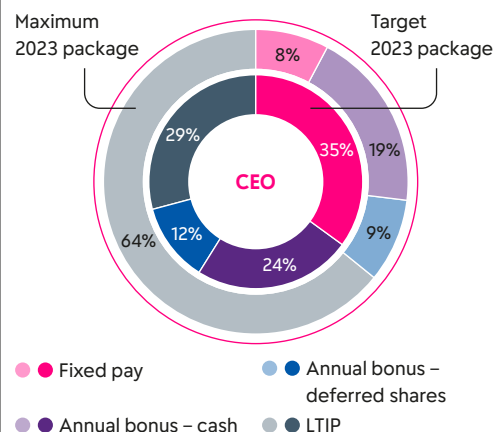
### Reckitt's remuneration philosophy



### Combining Reckitt's Compass, strategy and remuneration philosophy drives Reckitt's remuneration principles

1

#### HIGH PROPORTION OF VARIABLE PAY



Note: Value of the CEO's target and maximum 2023 package. Target illustrates fixed remuneration, plus target payout of annual bonus and threshold vesting of the LTIP. Maximum illustrates fixed remuneration, plus full payout of the annual bonus and full vesting of the LTIP awards including 50% share price growth.

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#### ATTRACT AND RETAIN THE BEST GLOBAL TALENT

- Engage highly performance-driven individuals
- Reflect global competitive practice across our industry peer group

2

#### MARKET-LEADING SHARE OWNERSHIP POLICY

	In-employment shareholding requirement		
	Number of shares	Value of shares <sup>1</sup>	% of 2022 annual salary
CEO	200,000	£11,644,000	1050%
CFO	100,000	£5,822,000	800%

	Post-employment shareholding requirement <sup>2</sup>		
	Number of shares	Value of shares <sup>1</sup>	% of 2022 annual salary
CEO	100,000	£5,822,000	525%
CFO	50,000	£2,911,000	400%

1. Based on the average closing share price in Q4 2022 of £58.22

2. Reflecting 50% of in-employment shareholding requirement

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#### ENSURE ALIGNMENT WITH STRATEGY ACROSS THE BUSINESS

- Alignment of performance metrics with strategic priorities
- Alignment across the business of metrics and ownership

## DIRECTORS' REMUNERATION REPORT CONTINUED

## Summary of our Remuneration Policy

The table below summarises the current Directors' Remuneration Policy which can be found on page 160 to 167 of the 2021 Annual Report and is also available on our website in the Corporate Governance section. The Committee is of the view that the current remuneration framework remains fit for purpose and therefore no changes to the Policy were proposed for 2023.

Element	Key features of operation of policy	How we will implement for 2023	Link to strategy	2023	2024	2025	2026	2027	2028
<b>Salary, benefits and pension</b>	<ul style="list-style-type: none"> <li>Salary increases and pension contribution set in context of wider workforce</li> <li>Salaries and benefits set competitively against peers</li> </ul>	<ul style="list-style-type: none"> <li>Zero salary increase for CEO. CFO increase of 5.4%, below that of the wider UK workforce</li> <li>CEO does not receive a pension. CFO pension contribution of 10% of salary in line with the wider workforce in the UK</li> </ul>	<ul style="list-style-type: none"> <li>To enable the total package to support recruitment and retention</li> </ul>						
<b>Annual bonus (APP)</b>	<ul style="list-style-type: none"> <li>Target bonus of 120% of salary for CEO and 100% for CFO</li> <li>One-third deferred into awards over Reckitt shares for three years</li> <li>Malus and clawback provisions apply (in circumstances including material misstatement of financial results, gross misconduct, corporate failure)</li> </ul>	<ul style="list-style-type: none"> <li>Targets set for net revenue and adjusted profit before income tax</li> <li>Net working capital target to act as a downward modifier</li> <li>Threshold performance results in zero payout, with maximum of 3.57x target for truly exceptional performance on both metrics</li> <li>Remuneration Committee assessment of performance in the round</li> </ul>	<ul style="list-style-type: none"> <li>To drive strong performance, with significant reward for overachievement of annual targets linked to Reckitt's strategic priorities</li> <li>Use of deferral for longer-term shareholder alignment</li> </ul>		Cash APP paid			Deferred APP vests	
<b>LTIP Performance shares and performance share options</b>	<ul style="list-style-type: none"> <li>Three-year performance period and two-year holding period</li> <li>Malus and clawback provisions apply (in circumstances including material misstatement of financial results, gross misconduct, corporate failure) until two years after vesting</li> <li>Options have seven years to exercise post vesting</li> </ul>	<ul style="list-style-type: none"> <li>Targets set for LFL net revenue growth (40% weighting); ROCE (25% weighting); relative TSR (25% weighting); ESG (10% weighting, split equally between two metrics)</li> <li>Performance conditions are applied to both performance share options and performance shares</li> <li>Remuneration Committee assessment of performance in the round</li> </ul>	<ul style="list-style-type: none"> <li>To incentivise and reward long-term performance and align the interests of Executive Directors with those of shareholders</li> <li>Two-year holding period for longer-term shareholder alignment</li> </ul>	Award granted				Award vests	Holding period ends
<b>Shareholding requirements</b>	<ul style="list-style-type: none"> <li>CEO: 200,000 shares</li> <li>CFO: 100,000 shares</li> </ul>	<ul style="list-style-type: none"> <li>Period of eight years from appointment to achieve</li> <li>Two-year shareholding requirement post-departure</li> </ul>	<ul style="list-style-type: none"> <li>Promotes long-term alignment with shareholders</li> <li>Promotes focus on management of corporate risks</li> </ul>						



## DIRECTORS' REMUNERATION REPORT CONTINUED

## Summary of performance achieved vs targets

## Annual performance plan

Performance measure	Threshold (zero bonus)	Maximum (3.57x target)	Achieved	Multiplier
Net revenue	< £12.58bn	£13.21bn	£13.66bn	1.89x
Adjusted profit before income tax	< £2.66bn	£2.93bn	£2.94bn	1.89x
<b>Total</b>				<b>3.57x</b>

● Target range ● Achieved

## Long-Term Incentive Plan

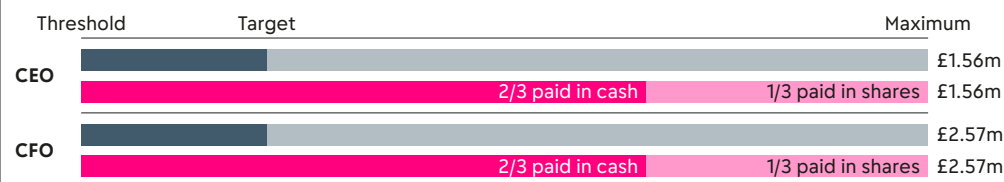
Performance measure	Threshold (20% vesting)	Maximum (100% vesting)	Achieved	Vesting (% of total award)
LFL net revenue growth (3-year CAGR) (50% weighting)	1.9% p.a.	4.9% p.a.	8.2% p.a.	50%
EPS (final year) on an actual foreign exchange basis (12.5% weighting)	283 pence	318 pence	342 pence	12.5%
EPS (final year) on a constant foreign exchange basis (12.5% weighting)	304 pence	341 pence	349 pence	12.5%
ROCE (final year) on a constant foreign exchange basis (25% weighting)	13.5%	14.8%	14.9%	25%
<b>Total vesting</b>				<b>100%</b>

● Target range ● Achieved

## Pay outcomes for current Executive Directors in the year

## Annual performance plan

The performance outcome for the annual bonus was 100% of maximum. A third of the bonus is deferred, by way of an award over Reckitt shares.

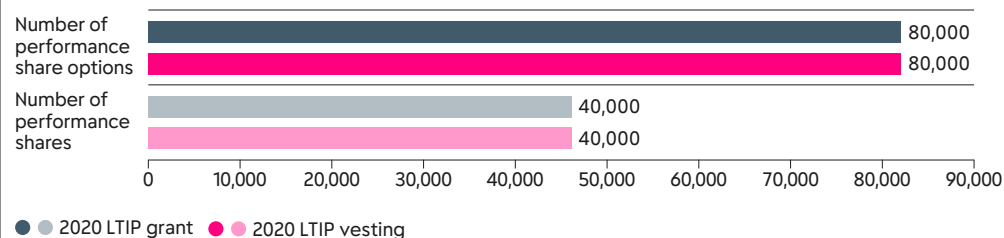


● Target APP ● Max APP  
● Actual APP payout in cash ● Actual APP payout in shares

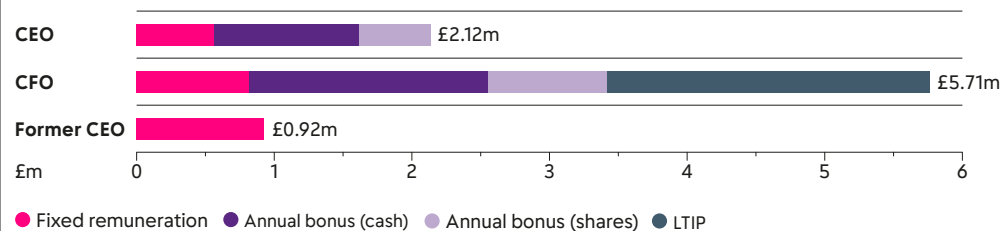
1. The APP for Nicandro Durante is a pro-rated amount for the period from 2 September 2022 as an Executive Director

## Long-Term Incentive Plan

The 2020 Long-Term Incentive Plan has vested at 100% of maximum for the CFO, against the performance conditions over the three year period.



## 2022 single figure



## DIRECTORS' REMUNERATION REPORT CONTINUED

**Remuneration Committee governance****Who's on the Committee**

The Remuneration Committee is made up entirely of Non-Executive Directors who are appointed by the Board on the recommendation of the Nomination Committee. Membership of the Remuneration Committee during the year was as follows:

Alan Stewart<sup>1</sup> (Chair), Olivier Bohuon, Jeremy Darroch<sup>2</sup>, Nicandro Durante<sup>3</sup>, Mary Harris<sup>4</sup>, Chris Sinclair

1. Joined the Board as a Non-Executive Director on 1 February 2022 and was appointed to the Remuneration Committee on the same date. Appointed to the position of Remuneration Chair upon confirmation at the 2022 AGM on 20 May 2022
2. Joined the Board as a Non-Executive Director on 1 November 2022 and appointed to the Remuneration Committee on the same date
3. Stepped down as a member of the Remuneration Committee on 1 September 2022 before being appointed the CEO Designate on 2 September 2022
4. Stepped down as Chair of the Remuneration Committee on 20 May 2022 but remains a member of the Committee

**Our role**

The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly, are designed to support the strategy and long-term success of the company and take account of the generally accepted principles of good governance.

On behalf of, and subject to approval by, the Board of Directors, the Committee primarily:

- regularly reviews and provides feedback on the company's overall remuneration strategy;
- in respect of the Chair of the Board, the Executive Directors and members of the Group Executive Committee, sets, reviews and approves:
  - remuneration policies, including annual bonuses and long-term incentives;
  - individual remuneration arrangements;
  - individual benefits including pension arrangements;
  - terms and conditions of employment including the Executive Directors' service agreements;
  - participation in any of the company's bonuses and LTIPs; and
  - the targets and outcomes for any of the company's performance-related bonuses and LTIPs.
- reviews wider workforce remuneration and related policies and the alignment of incentives and reward with culture, taking these into account when setting the policy for Executive Director remuneration and when determining variable pay outcomes;

- takes into account employees' views on remuneration; and
- when determining Directors' Remuneration Policy and practices, considers the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

The Executive Directors and the Chair of the Board are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors.

**Meetings**

During the year the Committee held three scheduled meetings. The attendance of members at meetings is set out in the table on page 126. In addition, during the year the Committee considered ad hoc topics between meetings such as the exit terms for Laxman Narasimhan and the package for Nicandro Durante, as CEO.

The Chief Human Resources Officer was Secretary to the Committee throughout the year. Meetings were also attended by the CEO, CFO, General Counsel & Company Secretary and Group Head of Reward by invitation. Deloitte was the appointed advisor to the Committee throughout the year.

Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.

The key activities at the Committee's meetings in 2022 are summarised below:

Meeting	Topic
February 2022	<ul style="list-style-type: none"> <li>– Reviewed final feedback from shareholders in relation to the Directors' Remuneration Policy</li> <li>– Approved the Directors' Remuneration Policy</li> <li>– Reviewed performance to 2021 in respect of bonus outcomes and LTIP vesting</li> <li>– Carried out assessment of wider performance of the company and Executive Directors</li> <li>– Final approval of 2021 bonus payout</li> <li>– Final approval of 2019-2021 LTIP vesting</li> <li>– Approved 2022 LTIP award and performance targets</li> <li>– Approved changes to the 2020 and 2021 LTIP targets to reflect M&amp;A activity</li> <li>– Approved APP deferral arrangements for the Group Executive Committee</li> </ul>

## DIRECTORS' REMUNERATION REPORT CONTINUED

Meeting	Topic
July 2022	<ul style="list-style-type: none"> <li>– Reviewed 2022 AGM voting</li> <li>– Reviewed wider market trends</li> <li>– Considered assessment of performance to date for the 2022 bonus and 2020-2022 LTIP</li> <li>– Reviewed wider workforce remuneration arrangements</li> <li>– Reviewed how ethics and compliance are considered in the design of incentives</li> <li>– Approved changes to the all-employee share plan rules</li> </ul>
November 2022	<ul style="list-style-type: none"> <li>– Reviewed updates to shareholder guidelines and corporate governance</li> <li>– Determined 2023 remuneration packages for the Executive Directors</li> <li>– Determined 2023 remuneration packages for Group Executive Committee members</li> <li>– Determined 2023 bonus measures and targets</li> <li>– Agreed 2023 LTIP award date, performance measures and weightings</li> <li>– Reviewed current shareholdings for senior employees with share ownership requirements</li> <li>– Approved awards under all-employee share plans for participants outside the UK</li> <li>– Approved Remuneration Committee terms of reference</li> <li>– Reviewed Remuneration Committee effectiveness</li> <li>– Considered assessment of performance to date for the 2022 bonus and 2020-2022 LTIP</li> </ul>

**Assessment of incentive outcomes**

The Committee thoroughly evaluates the performance of both the company and the Executive Directors in the round to assess whether the formulaic level of annual bonus payout and long-term incentive vesting are appropriate and justified. The Committee has formalised its approach to this assessment and the framework which is applied is illustrated below.

**WHAT IS THE FORMULAIC OUTCOME?**

Committee to consider year-on-year change, whether this reflects performance trend and impact on the single figure outcome

**Consider the quality of earnings**

Committee to review the results to ensure they reflect the underlying performance and also consider any exceptional items

**Compare outcome against the shareholder experience**

Committee to consider absolute and relative shareholder return over the relevant periods, the dividend payment(s) and the likely shareholder response to results based on broker feedback

**Compare outcome with overall company performance**

For example, market share, competitor benchmarking, sustainability, people & culture, strategic progress, wider stakeholder experience and analyst feedback

**Consider any events and other input**

For example, reputation/risk related, any change of accounting standards etc.  
Draw on input from CRSEC Committee, Audit Committee and management functions and consider the impact of any external head or tailwinds

**Compare with historical use of discretion**

In addition, consider whether bonus and LTIP outcomes are consistent

**FINAL APP AND LTIP OUTCOMES**

Committee to agree whether adjustments are required to formulaic results and determine the final outcomes for APP payouts and LTIP vesting



## DIRECTORS' REMUNERATION REPORT CONTINUED

**Reckitt's Remuneration Policy and the Corporate Governance Code**

Reckitt's Remuneration Policy reflects the philosophy of pay for performance, shareholder alignment and strategic alignment over the short, medium and long term. When determining the current Policy, Provision 40 of the UK Corporate Governance Code was taken into account as follows:

<b>Clarity</b>	Arrangements are transparent, and reflect shareholder alignment and Reckitt's strategic priorities, thereby effectively engaging with the wider workforce and shareholders. The Committee consulted with shareholders as part of the design phase of the Policy and communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider pay policy, and how decisions are made by the Committee; it also gave employees the opportunity to ask any questions on these topics.
<b>Simplicity</b>	The Policy is simple and clear, comprising fixed pay, such as salary and benefits, pension schemes that are offered to most of the workforce, plus variable pay which incorporates the annual bonus, LTIP (performance share options and performance share awards), and a clear Share Ownership Policy for senior members of the business. Variable pay is set against financial targets to incentivise short- and long-term financial performance and alignment with shareholders.
<b>Risk</b>	The malus and clawback provisions which apply to annual bonus and LTIP awards encourage the right behaviours, which lead to long-term shareholder alignment and sustained value creation. The Committee has discretion to adjust the formulaic bonus and LTIP outcomes both upwards and downwards.
<b>Predictability</b>	The total of fixed pay and variable pay (target and maximum) illustrated in the scenarios of total remuneration in our Policy provide an estimate of the potential future remuneration of the Executive Directors, including the total remuneration if a 50% share price growth is achieved.
<b>Proportionality</b>	There is a clear link between pay for performance and business strategy, with stretching financial targets applied to annual bonus payouts and LTIP vesting.
<b>Alignment to culture</b>	Financial targets apply to the annual bonus and LTIP awards across the wider workforce to drive business performance. These targets are reviewed on an annual basis. Malus and clawback provisions apply to annual bonus and LTIP, and together with deferred annual bonus, holding periods and share ownership for the Executive Directors (and any other relevant senior employees), drive the right behaviours expected within Reckitt. The remuneration arrangements of the wider workforce reinforce employee engagement.

**ANNUAL REPORT ON REMUNERATION**

The rest of this report sets out how we have implemented our Remuneration Policy in 2022, and how we intend to implement the Policy in 2023.

**2022 performance and remuneration outcomes**

In reviewing Executive Director remuneration, the Remuneration Committee also took into account remuneration decisions for the wider workforce and individual performance of the Directors. The Committee also reviewed market practice, primarily against the FTSE 30 (excluding financial services companies), and took into account an international remuneration peer group, comprising 21 companies as set out below. The latter peer group is the same group used to benchmark remuneration of senior managers across the company. The companies included are Abbott Laboratories, Bayer, Campbell Soup, Church and Dwight, Clorox, Coca-Cola, Colgate, Danone, GSK, Henkel, Johnson & Johnson, Kellogg, Kimberly-Clark, Kraft Heinz, Nestlé, Novartis, PepsiCo, Pfizer, Procter & Gamble, Sanofi and Unilever. From 2023 this will include Haleon.

**Arrangements for Nicandro Durante**

Upon appointment as CEO Designate on 2 September 2022, Nicandro received a salary of £1,100,000 p.a. He receives benefits in line with Reckitt's Remuneration Policy, however he does not receive a pension allowance. As Nicandro moved to the UK, he is eligible for relocation benefits. He is eligible to participate in the company's annual bonus plan with a target opportunity of 120% of salary; in line with our Remuneration Policy this has a maximum of 3.57 times target, with one-third of any bonus deferred into Reckitt shares for a period of three years. He received an LTIP grant of 75,000 performance shares and 150,000 performance share options, for the three-year performance period 2022-2024, followed by a two-year holding period. In line with the Remuneration Policy, bonus payments and LTIP awards will be pro-rated for time employed.

His share ownership requirement is 200,000 shares and there is a formal post-employment shareholding requirement, for two years after departure. There were no buyout awards or sign-on bonuses for Nicandro.

**Leaving arrangements for Laxman Narasimhan**

As set out elsewhere in this report, Laxman stepped down as CEO on 30 September 2022. Laxman was paid salary, benefits and pension until 30 September 2022. There was no payment in lieu of notice or any other payments made in connection with his departure. Laxman is not eligible for a 2022 APP award and all unvested deferred bonus shares and LTIP awards have lapsed in full. These are set out in detail on pages 153 and 154.

Laxman is subject to the post-employment shareholding requirement for two years following cessation of employment (to 30 September 2024).

## DIRECTORS' REMUNERATION REPORT CONTINUED

**Base salary**

Base salaries are reviewed taking into account the salary increases for the wider workforce and Group and individual performance. During 2022, the Remuneration Committee reviewed salaries for 2023. The CEO did not receive a salary increase and the Remuneration Committee determined that there would be a 5.4% salary increase for the CFO in 2023, below the salary increase budget for the UK wider workforce. The 2023 salary increase budget for the UK employee population was 6%.

The table below sets out annual base salaries with effect from 1 January 2023:

Executive Director	Annual base salary 2022	Annual base salary from 1 January 2023	Percentage increase
Nicandro Durante	£1,100,000	<b>£1,100,000</b>	0%
Jeff Carr	£721,000	<b>£760,000</b>	5.4%

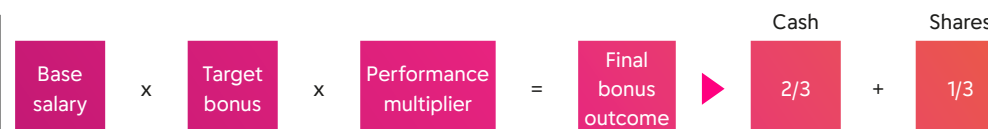
**Annual bonus in respect of 2022 performance****Executive Director 2022 bonus opportunity**

In line with the Remuneration Policy, the CEO and the CFO had target bonus opportunities of 120% of salary and 100% of salary, respectively. Actual payments can range from zero to 3.57x target depending on performance against the stretching performance ranges as follows:

- For each performance measure a range is set
- A performance multiplier is calculated for each measure, calculated by the extent to which the performance for that measure is achieved. These multipliers can be up to 1.89x for outperformance of the stretching range set by the Committee
- The two individual multipliers are then multiplied together to provide the total performance multiplier

Net revenue multiplier (up to 1.89x)	x	Adjusted profit before tax multiplier (up to 1.89x)	=	Performance multiplier	(Threshold = 0x Target = 1.0x Max = 3.57x)
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- The total performance multiplier can range from zero for performance at threshold or below to 3.57 for truly exceptional performance. The 3.57 multiplier will only be awarded if maximum performance is achieved on both metrics (i.e. 1.89 x 1.89)
- This total performance multiplier is then applied to the target bonus opportunity to calculate the overall formulaic bonus outcome. This is different to usual UK market practice whereby performance measures are assessed independently and payment under one metric may result in payout regardless of performance in other metrics. In Reckitt the two measures combine to give the resultant payout



- The effect of the multiplicative approach means that a high-performance multiplier can only be achieved for outperformance on both top-line and bottom-line performance
- Similarly, underperformance in one of the performance metrics will reduce the overall bonus payout, even in the case of outperformance of the other
- For example, if we grow net revenue above the stretching requirement for maximum performance but fail to meet the profit threshold, the bonus payout will be zero (i.e. 1.89 x 0)
- One-third of any APP is deferred into an award over Reckitt shares, to strengthen alignment with shareholders

**2022 performance targets**

The Remuneration Committee set targets for the Executive Directors prior to the 2022 financial year. These were based on net revenue and adjusted profit before income tax targets, both measured in GBP at a constant exchange rate. They were primarily based on the business plan at the time, with reference also being made to external expectations of performance and market practice of companies in a similar stage of the business cycle to Reckitt.

At the time the Committee finalised the targets, consensus expectations were 2.1% for like-for-like net revenue growth. In setting the targets, the Committee also had regard to competitor performance with average three- and five-year like-for-like growth in net revenue amongst our peers being 3.3% and 3%, respectively.

During the year, the Committee reviewed the targets in light of the strategic disposals of E45 and Dermicool. In line with our current shareholder-approved Remuneration Policy and shareholder views on adjusting targets, the APP targets were adjusted where needed to ensure that participants are no better or worse off and in line with shareholder expectations.

**2022 financial performance against APP targets**

As stated earlier in the Annual Report, 2022 marked a year of very strong growth and profit delivery. LFL net revenue growth was 7.6% resulting in the bonus metric of £13.66 billion (on a constant foreign exchange basis), outperforming more than three times market expectations when the targets were set. This was also a year of strong market share growth with 62% of our Core CMUs holding or gaining share.

## DIRECTORS' REMUNERATION REPORT CONTINUED

For 2022, operating margin was 23.8%, in line with guidance, resulting in the bonus metric of adjusted profit before income tax (on a constant foreign exchange basis) of £2.94 billion which reflects performance exceeding the top end of the target range set by the Committee at the start of the year.

The chart below illustrates this performance compared to the targets:

Performance measure	Threshold (zero bonus)	Maximum (3.57x target)	Achieved	Multiplier
Net revenue	< £12.58bn	£13.21bn	£13.66bn	1.89x
Adjusted profit before income tax	< £2.66bn	£2.93bn	£2.94bn	1.89x
<b>Total</b>				<b>3.57x</b>

● Target range ● Achieved

As illustrated above, 2022 net revenue and adjusted profit before income tax both exceeded the maximum level of the performance ranges set for the 2022 annual bonus resulting in a formulaic bonus multiplier of 3.57x of target (100% of maximum).

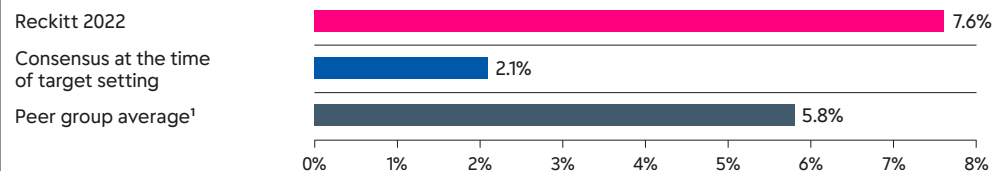
These results reflect very strong 2022 performance, ahead of expectations, with two consecutive years of mid-single-digit revenue growth from 70% of the portfolio less sensitive to COVID-19 dynamics, and double-digit adjusted operating profit growth. E-commerce net revenue grew by +14% in 2022. This business has more than doubled over the past three years, and now accounts for 13% of Group net revenue. Total adjusted diluted EPS was 341.7p in 2022, +18.4% over 2021, with free cash flow at £2,031 million in 2022, increasing from £1,258 million in 2021. After three years of our successful transformation programme we are a bigger, strengthened business, with stronger brands nearly 30% larger than in 2019. The 2022 proposed full-year dividend of 183.3p represents a 5% increase versus 2021, as we aim to deliver sustainable dividend growth in future years.

#### Overall Group performance taken into consideration

As it does every year, the Committee thoroughly evaluated the performance of both the Group and the Executive Directors in the round to assess whether the level of annual bonus payout is both appropriate and justified. The framework that the Committee applies is set out on page 133 and more details are set out below:

#### Competitor performance

*Top-line performance significantly better than peers*

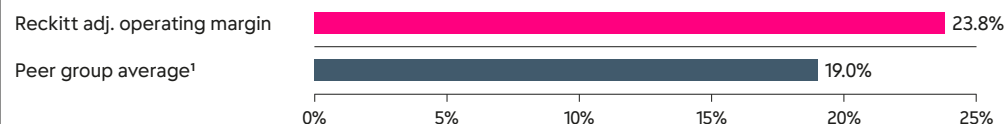


1. Peer group data based on latest data publicly available for FY2022

#### Continued strong growth in majority of our portfolio

Two consecutive years of mid-single-digit growth from **70%** of the portfolio less sensitive to COVID-19 dynamics

#### Adjusted operating margin ahead of peers

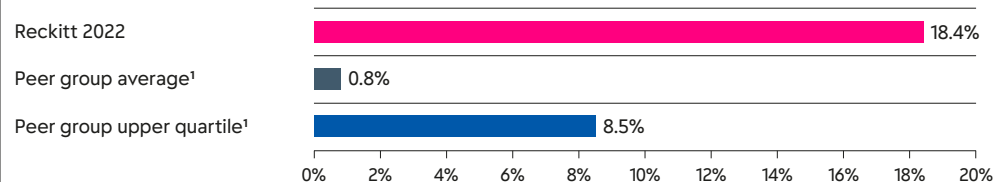


1. Peer group data based on latest data publicly available for FY2022

#### Strong market share performance

**62%** of Core CMUs holding or gaining share

#### Double-digit growth on adjusted diluted EPS



1. Peer group data based on latest data publicly available for FY2022

## DIRECTORS' REMUNERATION REPORT CONTINUED

The Remuneration Committee also reviewed the progress on delivery of the strategy and wider people, culture and sustainability, a summary of which is provided below:

## Strategic delivery

**Continued strong progress on our strategic objective of rejuvenating sustainable growth**

- Delivered LFL net revenue growth of 7.6% with broad-based growth across most of our categories, offset by the expected normalisation in our Lysol disinfectant, which was lapping high, COVID-19 related comparatives

**Strong market share performance**

- 62% of our top Category Market Units (CMUs) held or gained share

**A bigger, stronger business, well placed for further growth**

- Strong delivery in 2022 has enabled us to create a business 28% larger (on a LFL net revenue basis) than in 2019
- The business enters 2023 stronger and more resilient, and is well placed to deliver its stated medium-term ambition of mid-single-digit growth (excluding the lapping impact of the competitor supply disruption in our US Nutrition business in 2022)

**Continued operational progress**

- Improved customer service – 100bps improvement in customer Advantage Group 2022 survey of retailers scores and multiple customer awards
- Improved execution – 70bps increase in share of total distribution points
- Further productivity efficiencies – £800m of productivity savings delivered, enabling us to reach our £2bn target 12 months early
- Stronger, larger innovation pipeline
- Improved agility and resilience in our supply chain with a significant step-up in output on our OTC and US Nutrition products in the face of unprecedented demand

## People and culture

**Pay and recognition**

- Implemented a mid-year global initiative to support our people in navigating increasingly difficult personal circumstances of cost-of-living increases, in those countries hardest hit; 34 markets participated, providing a one-off appreciation bonus or salary increase, with an overall spend of an additional £15.8m across c.18,000 employees below senior management level

- Our January 2023 global pay review budget was 70% higher than that of the previous year

- Continued to be an accredited Living Wage Employer and paying at least the Living Wage of £10.90 in 2023 to all our UK employees and contractors

- Reviewed Reckitt's top 10 markets covering 25,665 employees (67% of the total full-time employee population). Of these only 38 employees were paid below the Living Wage for their country, and all were within 4% at the time of the study. We have addressed this and in 2023 we will roll out the approach further to all our markets

**Inclusion and wellbeing**

- Continued with our Stronger Together conversations series focusing on mental health and race and ethnicity, which have attracted more than 1,000 participants each time
- New Global Disability Employee Resource Group (ERG) launched in 2022 and together with other ERGs are represented on the Global Inclusion Board and provide input on consumer perspectives which informs our innovation process
- 1in4 of our people have undertaken the Conscious Inclusion programme that focuses on the role we all play in building an inclusive culture
- Continued to embed our 'Future of Work' approach and encourage the hybrid working model, and build a welcoming office environment that enables our people to Connect, Create, Coach and Collaborate

## Sustainability

**Sustainability Ambitions for 2030**

- Continued work across the three pillars of Our Ambitions: purpose-led brands, a healthier planet and a fairer society following 2021 launch of 'For a Cleaner, Healthier World'
- Held our first ESG-focused capital markets day in May 2022 sharing priorities developed from a new double materiality study together with various roadmaps on activity including climate change with different stakeholders

- Our Sustainability Ambitions on sustainable products, climate action, inclusion and human rights contribute to delivering the United Nation's Sustainable Development Goals (SDGs) whilst also creating opportunities with consumers and increased resilience to contribute to our business strategy for growth

**Raising awareness of the impact of climate change on health**

- Continued to work with governments and international agencies to raise awareness of the impact of climate change on people's health
- Attended COP27 in Egypt with a programme that engaged governments, the World Health Organization, peers, and partners including Water.org and the London School of Hygiene and Tropical Medicine

**Further development of our work on ecosystems and biodiversity**

- Our programme with Nature-based Solutions at the University of Oxford has measured the biodiversity and carbon impacts within key value chains for latex and more recently palm oil
- Invited to join the established Taskforce on Nature-related Financial Disclosures and contribute to the emerging guidance based on our landscape and nature-based insetting activity

**Climate change**

- Continued use of renewable electricity with more on-site generation together with evaluation of fuel-switching from gas to reduce carbon impact
- Used renewable landfill gas alongside instead of natural gas in our spray-drying process at our Evansville infant formula site plant and evaluated ways to increase this for further decarbonisation

## DIRECTORS' REMUNERATION REPORT CONTINUED

## Strategic delivery

**A year of delivery**

- Despite cost inflation of almost 20% we grew our adjusted operating margins by 90bps (from 22.9% to 23.8% excl. China IFCN). This was driven by a combination of positive mix, productivity initiatives and pricing
- The very strong top-line growth and margin expansion enabled us to grow adjusted EPS by around 18% in 2022 at actual FX rates, exceeding market expectations at the beginning of the year by over 10%
- Cash conversion of our earnings delivery was also strong. Free cash flow was over £2bn, an increase of 61% year on year, and a cash conversion of 82%
- Delevered the Balance Sheet during the year to 2.1x adjusted EBITDA, a level which is highly sustainable

**Dividend increase recommended**

- The Board is recommending a 5% increase in the dividend this year, and announced its aim to deliver sustainable dividend growth in future years, subject to any significant internal or external factors

## People and culture

**People development**

- Focused on embedding and bringing to life our Leadership Behaviours of Own, Create, Deliver and Care, and celebrated role models in excellence of living our Leadership Behaviours and Compass through the Global Compass Awards
- Expanded the moment of learning and development for our people by launching four more functional academies, helping us build functional capabilities at scale

**Employee engagement**

- Ran a full Employee Engagement Survey in August 2022 with an 83% response rate and an improved 'recommend' score +1 compared to the previous and in line with the external benchmark
- We were proud to be named a Top Employer 2023 in the UK, the US, Spain, Italy, Canada, China and South Africa, by the Top Employers Institute

## Sustainability

- Piloted the use of recycled vegetable oil as a replacement for diesel fuel in road haulage in the UK.

**Continued sustainable sourcing activity**

- Continued focus on key ingredients including palm oil and latex with increased use of certified sustainable palm oil and the first deliveries of Fair Rubber Association certified latex. Our Durex brand will carry labelling to this effect beginning in 2023 and the approach has gained recognition from Amazon's Climate Pledge Friendly programme
- Continued collaboration on landscape programmes with our suppliers and with other Consumer Goods Forum members including partner, Earthworm Foundation

**External benchmarks of progress**

- Reckitt improved its performance in the Dow Jones Sustainability Index with a household products sector leading score and presence in the world group and gold class
- Secured Reckitt's ongoing position in the FTSE4Good index
- In the key ratings of MSCI and Sustainalytics, our performance was broadly maintained, ranking at AA and 22 respectively
- CDP rankings were: Climate Change B; Water A-; Forests (Timber, Palm Oil B) (Cattle Products, Soy B-)

**Decision on 2022 bonus outcomes**

Taking into account the very strong year of financial performance, significantly ahead of expectations, amidst continued challenging and dynamic market conditions, and the wider assessment of performance as described above and in the Remuneration Chair's letter, which shows the benefits of three years of successful transformation, the Committee concluded that the formulaic APP payout based on performance against targets is justified and no discretion will be applied.

Under the Remuneration Policy, one-third of the annual bonus will be delivered by way of an award over Reckitt shares and deferred for a three-year period. The bonuses are as follows:

	Base salary	x	Target bonus	x	Performance multiplier	=	Total bonus	=	Cash	Deferred into shares
Nicandro Durante	£363,044	x	120%	x	3.57	=	£1,555,279	=	£1,036,853	£518,426
Jeff Carr	£721,000	x	100%	x	3.57	=	£2,573,970	=	£1,715,980	£857,990

Nicandro was eligible for an APP award pro-rated for the period he was an Executive Director. Laxman Narasimhan was not eligible for a 2022 APP award following his resignation as CEO.

## DIRECTORS' REMUNERATION REPORT CONTINUED

## Vesting of the 2020 LTIP – performance versus targets

The Reckitt LTIP is designed to align participants with shareholders through making awards with stretching performance conditions denominated in both performance share options and performance share awards. Jeff Carr's award was granted under the previous Remuneration Policy on 1 May 2020. Laxman Narasimhan was also granted an award at this time; however, this award lapsed (along with his 2021 and 2022 LTIP awards) when he stepped down as CEO. Nicandro Durante was not granted a 2020 LTIP award as he was a Non-Executive Director at the time of grant.

## 2020 performance targets

Vesting of awards under the 2020 LTIP was dependent on the performance conditions set out in the table below. The targets were adjusted for the disposal of IFCN China during 2021 and were disclosed in detail in the 2021 Directors' Remuneration Report.

## Assessment of performance versus targets

The chart below illustrates performance compared to the targets. As set out below, the strong performance against all the performance measures over the three-year performance period results in 100% vesting in respect of each element, and therefore the total award.

Performance measure	Threshold (20% vesting)	Maximum (100% vesting)	Achieved	Vesting (% of total award)
LFL net revenue growth (3-year CAGR) (50% weighting)	1.9% p.a.	4.9% p.a.	8.2% p.a.	50%
EPS (final year) on an actual foreign exchange basis (12.5% weighting)	283 pence	318 pence	342 pence	12.5%
EPS (final year) on a constant foreign exchange basis (12.5% weighting)	304 pence	341 pence	349 pence	12.5%
ROCE (final year) on a constant foreign exchange basis (25% weighting)	13.5%	14.8%	14.9%	25%
<b>Total vesting</b>				<b>100%</b>

● Target range ● Achieved

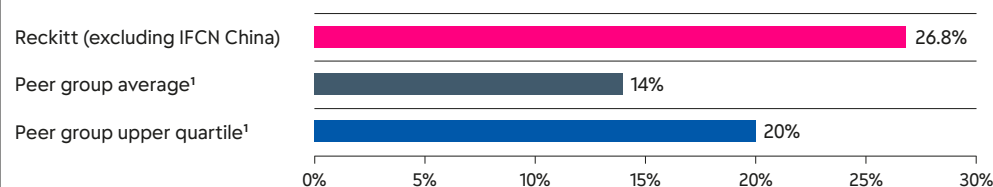
Vesting of the LTIP in the last three years is shown below:

2017-2019	2018-2020	2019-2021	2020-2022
0%	0%	21.5%	100%

## Overall Group performance taken into consideration

As it does every year, the Committee thoroughly evaluated the performance of both the Group and the Executive Directors in the round to assess whether the level of vesting under the LTIP is both appropriate and justified. The framework that the Committee applies is set out on page 133. The Committee took into account the progress on delivery of the strategy and wider people, culture and sustainability in 2022 as disclosed on pages 137 and 138 of this report and over the performance period of the 2020 LTIP, as disclosed in previous Annual Reports, as well as the shareholder experience.

## 26.8% increase in NR for 2020-2022 LTIP



1. Peer group data based on latest data publicly available for FY2022

## Decision on 2020 LTIP vesting outcome

The Committee is satisfied that this outcome is aligned with the shareholder experience and the wider assessment of performance over the last three years and concluded that the overall vesting level is justified and appropriate in this context and that no discretion will be applied.

Based on the performance assessment above, the 2020 LTIP award to the CFO will vest as detailed below. As mentioned previously, Laxman Narasimhan's award lapsed on his resignation as CEO. These awards did not accrue dividends during the vesting period.

	Interests held	Exercise price	Vesting %	Interests vesting	Share price <sup>1</sup>	Estimated value
<b>CFO awards – Jeff Carr</b>						
Performance shares	40,000	n/a	100%	40,000	£58.22	£2,328,800
Performance share options	80,000	£65.20	100%	80,000	£58.22	£0

1. As the share price on the date of vesting is unknown at the time of reporting, the value is estimated using the average market value over Q4 2022 of £58.22. The actual value at vesting will be disclosed in the 2023 Annual Report

There is a further two-year holding period attached to Jeff Carr's LTIP award which means that vested performance shares (net of tax withholding) will not be released to the CFO until 1 January 2025, and the resultant shares (net of any tax withholding and the exercise cost as appropriate) from the exercise of any vested performance share options will not be released to Jeff until 1 January 2025.



## DIRECTORS' REMUNERATION REPORT CONTINUED

## Single total figure of remuneration for Executive Directors (audited)

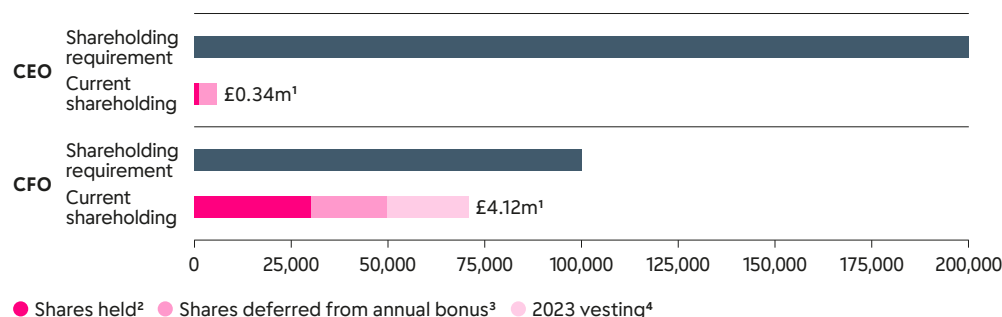
The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2022, based on the information set out in the previous sections. This is compared to the prior year figure:

	Executive Directors				Former Executive Director	
	Nicandro Durante <sup>1</sup>		Jeff Carr		Laxman Narasimhan <sup>2</sup>	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Base salary	363,044	–	721,000	700,000	756,000	979,000
Taxable benefit <sup>3</sup>	199,346	–	16,817	16,756	86,821	95,322
Pension benefit <sup>4</sup>	–	–	72,100	70,000	75,600	97,900
Annual bonus <sup>5</sup>	1,555,279	–	2,573,970	2,282,000	0	3,829,848
LTIP <sup>6,7</sup>	–	–	2,328,800	–	0	1,006,523
Fixed remuneration	562,390	–	809,917	786,756	918,421	1,172,222
Variable remuneration	1,555,279	–	4,902,770	2,282,000	0	4,836,371
<b>Total</b>	<b>2,117,669</b>	<b>–</b>	<b>5,712,687</b>	<b>3,068,756</b>	<b>918,421</b>	<b>6,008,593</b>

- Appointed CEO Designate on 2 September 2022 and CEO effective from 1 October 2022. Remuneration shown relates to services as an Executive Director only. Fees relating to his tenure as a Non-Executive Director are detailed on page 152
- Stepped down as CEO and from the Board on 30 September 2022. Remuneration is shown to this date. As detailed elsewhere in this report, all unvested share awards for Laxman lapsed on his leaving Reckitt. This included his deferred bonus awards disclosed in previous annual reports as totalling £2.9m. These shares are set out in detail on pages 153 and 154
- Benefits for Nicandro Durante in 2022 primarily consist of one-off relocation costs including temporary accommodation, home leave benefits such as flights, the use of a car and healthcare. For Jeff Carr the benefits include a car allowance and healthcare. Laxman Narasimhan's benefits included the use of a car, healthcare and tax filing support. Where relevant the costs above include a gross-up for tax
- The company paid Jeff Carr and Laxman Narasimhan a cash allowance in respect of pension provision to the value shown in the table above. These payments reflect the full pension provision outlined in the Policy Table. Directors are only entitled to pension on a defined contribution (or cash allowance) basis, with no defined benefit accrual. Nicandro Durante does not receive a pension allowance
- Annual bonus reflects financial performance at the maximum level of the performance ranges set for the 2022 bonus; the Committee's assessment of performance of both the company and the Executive Directors in the round; and the Committee's determination of the level of annual bonus payout at 100% of the maximum level in line with the formulaic outcome is appropriate as set out on pages 135 to 138. One-third of this is deferred into share awards for three years and will vest subject to continued employment
- Reflects the estimated value of LTIP performance share options and performance shares granted to Jeff Carr in May 2020, which are due to vest in May 2023 at 100% of maximum. Valued using an average share price over Q4 2022 of £58.22. See the relevant section on pages 139. For more details. None of this is attributable to share price growth over the vesting period. The Committee did not apply discretion in determining the remuneration resulting from the 2020 LTIP vesting
- The value of the 2021 LTIP vesting for Laxman Narasimhan has been restated from last year, which used an average share price of £59.84 over Q4 2021 to estimate the value of the vesting. The actual value shown above is based on the share price on the date of vesting of £62.42 on 20 May 2022. None of this value is attributable to share price growth over the vesting period

## Shareholding of Executive Directors compared to requirements

The bar chart below illustrates the Executive Directors' shareholding compared to the company's shareholding requirements. Executives have a period of eight years from appointment to achieve the requirements of 200,000 shares for the CEO and 100,000 for the CFO and both Executive Directors are showing good progress towards meeting these requirements as reflected below:



- Current shareholding value based on the average closing share price in Q4 2022 of £58.22
- Includes shares owned outright and shares subject to post-vesting holding restrictions
- This is the estimated number of shares under the Deferred Bonus Plan, after tax, including those to be deferred from the 2022 annual bonus
- For Jeff Carr this is an estimate of the number of shares vesting in May 2023 under the 2020 LTIP, after tax

## DIRECTORS' REMUNERATION REPORT CONTINUED

**Executive Directors' shareholding requirements (audited)**

Executive Directors are expected to acquire significant numbers of shares over eight years and retain these until retirement from the Board, with a portion required to be retained post-employment as described below.

These shareholding requirements (200,000 shares for the current CEO and 100,000 shares for the current CFO) are the most demanding in the market and are equivalent to c.1050% and c.800% of salary for the CEO and CFO, respectively (based on a share price of £58.22). These requirements are also more than double the current annual LTIP award (using a Black-Scholes valuation of 10% for the performance share options).

We also have post-employment shareholding requirements for a further two years. The post-employment shareholding requirement is enforced through a restriction on Executive Directors' vested shares, held by our external share plan administrator, which requires company permission before these shares can be sold. This restriction excludes shares purchased by the Executive Directors.

The two-year post-employment shareholding requirement is 50% of the shareholding requirement (or actual shareholding on leaving if lower). This represents more than c.525% of salary for the CEO and c.400% for the CFO and is more stretching than almost all other UK companies' in-employment shareholding requirements; it is also greater than the current annual LTIP award.

The table below shows the current shareholding of each Executive Director against their respective shareholding requirements as of 31 December 2022:

	Shareholding requirement (number of shares)	Total beneficial interests (number of shares) <sup>1</sup>	Shares awarded under the Deferred Bonus Plan <sup>2</sup>	Performance shares		Options held		
				To vest in 2023 <sup>3</sup>	Unvested, subject to performance	Vested but not exercised	To vest in 2023	Unvested, subject to performance
Nicandro Durante	200,000	1,105	4,719	–	75,000	–	–	150,000
Jeff Carr	100,000	30,000	19,625	21,200	80,000	–	80,000	160,000
Laxman Narasimhan <sup>4</sup>	100,000	66,074	0	0	0	32,250	0	0

1. 'Total beneficial interests' includes shares owned outright and shares subject to post-vesting holding restrictions
2. 'Shares awarded under the Deferred Bonus Plan' shows the estimated number of shares awarded under the Deferred Bonus Plan, after tax, including an estimate of those to be deferred from the 2022 annual bonus
3. This is an estimate of the number of shares vesting to Jeff Carr in May 2023 under the 2020 LTIP, after tax as detailed on page 139
4. Laxman Narasimhan's shareholding immediately following cessation of employment on 30 September 2022. Since stepping down from the role of CEO on 30 September 2022, Laxman Narasimhan has been subject to the post-employment shareholding requirements of 100,000 shares (or his actual holding on leaving if lower) for two years following cessation of employment (to 30 September 2024). Shares purchased by Laxman Narasimhan and those delivered through his buyout awards are not subject to the post-employment shareholding requirement

The Remuneration Committee has confirmed that Laxman is compliant with his post-employment shareholding requirement.

The Executive Directors are also eligible to participate in the all-employee Sharesave Scheme. Details of options held under this plan are set out on page 154.

## DIRECTORS' REMUNERATION REPORT CONTINUED

## 2022 LTIP awards (audited)

The table below sets out the LTIP awards which were made to Nicandro Durante, Jeff Carr and Laxman Narasimhan. Dividend equivalents accrue on performance shares during the performance period, but will only pay out on vested performance shares. Vesting of these awards in full requires achievement of stretching performance conditions over the three-year period. In line with the Directors' Remuneration Policy, for Executive Directors there is a further two-year holding period commencing after the end of the three-year performance period. Following his resignation from the role of CEO, Laxman Narasimhan's award lapsed in full.

	Date of grant	Shares over which awards granted	Market price at date of award <sup>1</sup>	Exercise price <sup>2</sup>	Face value <sup>3</sup>	Face value less exercise price <sup>3</sup>	Performance period	Exercise/vesting period	Holding period
<b>Performance shares</b>									
Nicandro Durante	6 Sep 2022	75,000	£64.58	n/a	£4,843,500	n/a	1 Jan 2022–31 Dec 2024	May 2025	1 Jan 2027
Jeff Carr	20 May 2022	40,000	£62.42	n/a	£2,496,800	n/a	1 Jan 2022–31 Dec 2024	May 2025	1 Jan 2027
Laxman Narasimhan <sup>4</sup>	20 May 2022	75,000	£62.42	n/a	£4,681,500	n/a	1 Jan 2022–31 Dec 2024	May 2025	1 Jan 2027
<b>Performance share options</b>									
Nicandro Durante	6 Sep 2022	150,000	£64.58	£64.77	£9,687,000	£0	1 Jan 2022–31 Dec 2024	May 2025–Sep 2032	1 Jan 2027
Jeff Carr	20 May 2022	80,000	£62.42	£63.32	£4,993,600	£0	1 Jan 2022–31 Dec 2024	May 2025–May 2032	1 Jan 2027
Laxman Narasimhan <sup>4</sup>	20 May 2022	150,000	£62.42	£63.32	£9,363,000	£0	1 Jan 2022–31 Dec 2024	May 2025–May 2032	1 Jan 2027

1. The market price at date of award is the closing share price on the date of grant

2. The exercise price is based on the average closing share price over the five business days prior to the date of grant

3. For performance shares, the face value is based on the share price at the date of award and assumes the stretching performance criteria are met to achieve full vesting. For performance-based share options, the face value in the table above is calculated as the number of share options multiplied by the market price at date of award. However, the actual value to a participant at the time of exercise will be the difference between market price at that time and the exercise price for the number of share options vesting, after the assessment of performance against the stretching performance criteria set. It should be noted that the 'face value' shown above would therefore only be realised if the stretching performance conditions are met in full and the share price at the time of exercise is double the exercise price. As at 31 December 2022, as a result of the share price being below the exercise price, the value of the share options if vesting at this date would be £0

4. Following his resignation from the role of CEO, awards granted to Laxman Narasimhan lapsed in full

As disclosed in the 2021 Annual Report, the performance measures and weightings used for the 2022 LTIP were refreshed from the 2021 LTIP award. The 2022 LTIP awards are based 40% on net revenue, 25% on Return on capital employed (ROCE), 25% on relative total share return (TSR) and 10% on ESG measures.

Net revenue continues to be measured as like-for-like growth over three years. ROCE is measured based on the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. ROCE is measured in the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. For LTIP purposes ROCE is measured on a constant currency basis. In addition, LTIP targets include impairments prior to the start of the performance period, whereas in the calculation elsewhere in the annual report total assets have been adjusted to add back impairments of Goodwill, except where the impaired asset has been disposed or partially disposed. If there are any impairments during the performance period, the Committee will ensure that this does not lead to an increase in the vesting by adjusting the capital employed accordingly and to ensure a like-for-like comparison to the targets. Relative TSR is measured against a peer group comprising 19 relevant peer companies. The targets associated with the 2022 LTIP awards were disclosed in the 2021 Annual Report on Remuneration.

## DIRECTORS' REMUNERATION REPORT CONTINUED

**Wider workforce pay arrangements**

Reckitt cascades its reward policy fairly and consistently throughout the organisation and the Remuneration Committee takes into account the arrangements for the wider workforce when setting Executive Director remuneration. During the year, the Committee considered workforce remuneration and related policies on several occasions, as well as the alignment of incentives and rewards with culture.

Information reviewed by the Remuneration Committee includes salary structures, bonus design and targets, the LTIP, share ownership, our global mobility policies, provision of benefits and Reckitt's all-employee share plans. The Committee is pleased to note from this review that the company's remuneration policies continue to be aligned with those of the Executive Directors, with a cascade throughout the organisation.

As mentioned in the Chair's letter, we continue to pay our employees in the UK the Living Wage and further developed our Sustainable Livelihood Framework to capture broader input on providing a working environment that promotes health and wellbeing, equality, employment rights, long-term financial security, and skills development to support ongoing career development for our people. During the year we also rolled out a global framework to support markets in providing additional financial reward (one-off appreciation bonus or salary increase) to our people to recognise their ongoing commitment, demonstrate our care for them, and acknowledge the increasingly difficult personal circumstances of cost-of-living increases.

We continued to have strong take-up in our all-employee share plans from the most recent launch and 45% of our people globally are participating in one of the plans. Our efforts in building inclusive and accessible launch campaigns this year have been recognised as we were short-listed for the best communication of an employee share plan at the 2022 ProShare Annual Awards.

In addition, we continued to implement and develop many of our workforce initiatives that have been introduced previously. We continued to review and monitor the gender pay gap of our workforce closely. To increase transparency on this issue, Reckitt voluntarily discloses the gender pay gap for our 10 largest markets by workforce size, which including the UK, make up around 70% of our global permanent workforce. We have also continued with the Stronger Together conversation series, focusing on mental health, race and ethnicity topics this year, and established a new Global Disability Employee Resource Group (ERG), whose senior leaders and sponsors, together with those from other ERGs and the CEO as the Chair, lead the diversity and inclusion (D&I) board that focuses on the strategic agenda across Reckitt.

In partnership with Hints Performance, we continued to offer personal Wellbeing Performance Coaching to all people leaders. Hints Performance Coaches share information on relevant health and wellbeing topics in our monthly Wellbeing Boosters and People Leader Q&As that are available to all our people. We also launched a pilot Caregiver Support Network in the UK in partnership with Heart On My Sleeve, to support caregivers faced with the mental health challenges of the people they care for. In August 2022 we ran a full Employee Engagement Survey with an 83% response rate and an improved 'recommend' score +1 and in line with the external benchmark. In the markets where it was possible to do so, 85% of people answered voluntary questions about their diversity. This has helped us better understand our people and inform our inclusion strategy.

As set out earlier in the Annual Report, we continue to focus on maintaining an open, transparent culture by promoting continuing dialogue across the company. During 2022, Mary Harris's activity as the Designated Non-Executive Director for engagement with the company's workforce has allowed her to feed back the views of the workforce to the Remuneration Committee as well as the wider Board. Each year the company holds several round-table discussions with employees and organises site visits during which townhall meetings and smaller group discussions with our people take place. Details of this engagement are set out in the Section 172 Statement, which can be found on pages 62 to 64.

## DIRECTORS' REMUNERATION REPORT CONTINUED

The table below summarises the remuneration structure for the wider workforce:

## Implementation below the Board

## Comparison with Executive Director remuneration

**Salary**

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. The budget salary increase for our UK workforce for 2023 was 6%.

The average total pay during 2022 to all employees across the Group is £53,175 and we review pay ratios of the Chief Executive Officer's total remuneration to the remuneration of UK employees, as set out on page 147 of this report.

In the UK, Reckitt has been voluntarily paying the Living Wage for a number of years and is accredited by the Living Wage Foundation as paying a Living Wage to employees and contractors. This certifies our commitment to employees and staff that they will receive a wage that not only exceeds the minimum wage but also recognises the actual cost of living in the UK.

We have developed a framework that captures the broader work we are doing to provide a working environment that promotes health and wellbeing, equality, employment rights, long-term financial security, and skills development to support ongoing career development for our people. In line with our 2030 Sustainability Ambitions, this is how we are articulating how we are enabling sustainable livelihoods.

In 2022, we reviewed our top 10 markets which covered 25,665 employees (67% of the total full-time employee population). Of these only 38 employees were identified to be paid below Living Wage for their country and all were within 4% at the time of the study. We have addressed this and going forward we will roll out the approach in all our markets.

**Annual bonus**

Our Annual Performance Plan (APP) is operated consistently across the organisation and has approximately 16,000 employees participating. As employees progress and are promoted their target bonus and maximum multiplier typically increase.

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, typically related to net working capital or innovation.

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

Salary increases are normally aligned with those of the wider workforce, which take into account performance.

Salaries are also set competitively against peers in support of the recruitment and retention of Executive Directors.

The salary increase for the CFO for 2023 was 5.4% which is lower than the budgeted salary increase for the wider workforce in the UK. The CEO did not receive a salary increase for 2023.

Annual bonuses for Executive Directors are directly related to Reckitt's financial performance measured by net revenue and adjusted profit before income tax targets, as well as a net working capital (NWC) measure from 2023 which will act as a downward modifier only. These measures also apply to other Group employees who participate in the APP.

The bonus for all participants in the APP operates on a multiplicative basis, in the same way as for the Executive Directors.

One-third of annual bonus payments for Executive Directors are subject to a three-year deferral into awards over Reckitt shares.

We have malus and clawback and other safeguards in place in order to manage any potential risk that may arise from the use of the APP.

## DIRECTORS' REMUNERATION REPORT CONTINUED

## Implementation below the Board

## Comparison with Executive Director remuneration

**Long-term incentives**

Reckitt grants LTIP awards to members of the Group Executive Committee, Group Leadership Team and senior management team to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation. Awards are also made to selected high-potential employees below these levels.

The 2023 awards will continue to use the same performance measures and three-year performance period as for the Executive Directors. Awards are made as a fixed number of share options and shares, with grants applied consistently depending on an employee's level in the organisation. Adjustments can be made to the award level based on performance and managers can also recommend additional awards to key employees.

Executive Directors' LTIP grants comprise performance share options and performance share awards (based on a fixed number), which for the 2023 awards will vest subject to the achievement of LFL net revenue, ROCE, relative TSR and ESG performance targets.

In addition to the LTIP's three-year performance period, Executive Directors are subject to an additional two-year holding period commencing at the end of the performance period.

**Pension**

A pension/gratuity scheme is offered to more than 80% of our global employees. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the state.

In the UK, all Reckitt employees are eligible to receive a company pension contribution of at least 10% of pensionable salary, irrespective of any personal contribution made.

Under the Policy, our Executive Directors are eligible to receive a company pension contribution of 10% of salary, in line with the wider workforce in the UK. They are eligible to take this as a cash alternative. The current CEO is not eligible for a pension contribution.

**All-employee share plans**

We operate a global all-employee share plan to foster our culture of ownership amongst employees. This gives employees the opportunity to save over a three-year period to purchase Reckitt shares at a discount to the share price.

As well as ensuring individuals feel a sense of ownership, Reckitt is keen to ensure that the plans are inclusive and accessible to all colleagues, with the plan being offered on equivalent terms to all eligible employees globally, subject to local regulation.

45% of Reckitt employees have signed up to one of our three share plans. Over the last three-year period, 2020-2022, around 4,500 employees saved in one of our plans, making a gain of c.23% over the period<sup>1</sup>, which was a gain of £1,580 per employee on average. Someone saving the maximum allowed under the plan would have made a gain of £4,086.

In order to encourage take-up and ensure that the plans are inclusive and accessible to all employees, we utilise around 100 local champions and provide communications in 26 languages. Champions are responsible for local communications throughout the offices and factories. Examples include desk drops, webinars, virtual drop-in sessions with specific contacts at each site for support. These led to another successful launch and strong employee take-up, and we were short-listed for the best communication of an employee share plan at the 2022 ProShare Annual Awards.

Further, in line with Reckitt's commitment to diversity and inclusiveness, Reckitt has included and promoted a 12-month savings sabbatical for employees on maternity leave.

Executive Directors are eligible to participate in the all-employee Sharesave Scheme on the same basis as all employees.



## DIRECTORS' REMUNERATION REPORT CONTINUED

## Implementation below the Board

## Share ownership

Reckitt is proud of our ownership culture. In addition to the market-leading participation rates in our all-employee share plans, members of the Group Executive Committee and Group Leadership Team have shareholding requirements in order to further align the interests of management and shareholders. These requirements are amongst the most demanding in the market and we expect participants to meet them within eight years of appointment. There is an annual review of progress by the Remuneration Committee.

Amongst the Group Executive Committee, the total shareholding requirement is around £41m<sup>1</sup> and the average shareholding requirement among this group excluding the CEO is c.530% of salary. The aggregate actual holding for the Group Executive Committee is £15m<sup>1</sup>, equivalent to an average of 230% of salary, which reflects good progress towards the requirement given the changes to the Group Executive Committee over the past three years.

Overall the total shareholding requirement for all employees with requirements is £79m<sup>1</sup>, equivalent to an average of 400% of salary. The current actual holding is £51m<sup>1</sup> and the actual average holding is 260% of salary. This also reflects good progress towards the requirement given the number of new appointments made in light of the company's strategic transformation goals and reorganisation of structure.

## Benefits

Reckitt regularly reviews the core benefits it provides in each country to ensure they remain appropriate, equally inclusive and in line with our philosophy of providing market-competitive benefits. In addition to aligning with the local market Reckitt ensures that there is a core level of benefits provided to all employees. These include:

- Life insurance for all of our global employee population. All of our employees are insured for at least two times base salary
- Global parental leave policy which provides for at least 26 weeks paid and 26 weeks unpaid maternity leave, and four weeks paid and four weeks unpaid paternity leave, for all employees. Some markets, such as the US, provide a market-leading higher benefit of 16 weeks 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 adopting and surrogacy families
- An Employee Assistance Programme is provided in every country, providing valuable assistance to our employees during the pandemic and beyond
- Reckitt also provides health insurance, where it is not adequately provided for by the state, for most of our global employee population. In the UK and US our healthcare insurer provides access to a video GP. This allows our employees to speak to a doctor whenever they want. In a number of markets this also extends to cover spouse and/or children

Reckitt's unique International Transfer Policy is key to ensuring global mobility, which is a critical part of Reckitt's career development and our culture. Employees transfer consistently on a local terms basis, to remove inequities of home/host practices. Depending on the type of international move additional benefits such as international healthcare, international pension, school fees, tax return support and home leave may be provided to foster ongoing mobility.

## Comparison with Executive Director remuneration

The Executive Directors have shareholding requirements of 200,000 shares for the CEO and 100,000 for the CFO, the most demanding requirements in the UK market<sup>2</sup>. These are equivalent to c.1050% and c.800% of salary<sup>1</sup> respectively.

Executive Directors are additionally subject to a post-employment shareholding requirement which is enforced through restrictions put in place by our share plan administrator.

The table on page 140 sets out the progress of the Executive Directors towards their shareholding requirements.

Executive Directors receive benefits which consist primarily of the provision of a company car/allowance, risk insurances and healthcare.

In addition, Executive Directors are eligible for the benefits available to the wider UK workforce, as described in this table.

1. Based on the average closing share price in Q4 2022 of £58.22

2. Compared against constituents of the FTSE 30

## DIRECTORS' REMUNERATION REPORT CONTINUED

## Gender pay gap

The Board reviews the company's gender pay gap and publishes an annual gender pay report that can be found on our website under the Fairer Society heading of our Sustainability section. To increase transparency on this issue Reckitt voluntarily discloses the gender pay gap for our 10 largest markets by workforce size, including the UK, which together make up around 70% of our global permanent workforce.

As disclosed in our gender pay gap report, Reckitt has set targets to increase the number of women in senior leadership positions and has a number of initiatives to increase this representation.

A summary of the gender pay statistics is also included below:

- The gender pay gap in the UK for the year to April 2022 is -10.8% at median and 2.4% at mean
- This compares to the year to April 2021 when the gender pay gap was -7.4% at median and 5.0% at mean

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

## CEO pay ratio

The table below provides pay ratios of the Chief Executive Officer's total remuneration to the remuneration of UK employees at the lower quartile, median and upper quartile. This is in line with UK reporting requirements.

For 2022, the total pay and benefits paid to both Nicandro Durante and Laxman Narasimhan whilst in the role of CEO have been combined to calculate the total CEO pay for 2022.

CEO	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
	2022	Option A	1:82	1:61	1:34
	2021	Option A	1:170	1:121	1:78
	2020	Option A	1:244	1:177	1:100
	2019	Option A	1:158	1:115	1:70

The calculations reflect the application of Reckitt's reward policy across the organisation as set out in the section on wider workforce pay arrangements.

In particular, the Remuneration Committee believes the pay ratio is consistent with the Group's wider policies on employee pay, reward and progression. Reckitt ensures that employees are paid fairly for their role, based on the location they work in and their performance in role. As such, the base salary, annual bonus and benefits are based on the same principles for the identified employees as they are for the CEO. The median pay ratio has decreased in line with the reduction in the CEO's single total figure of remuneration as set out on page 140.

In calculating the ratio we have used Option A, in line with shareholder guidelines. The employees used in the calculations were selected on 23 February 2023, following the end of the financial year.

For identifying the three employees at the lower quartile, median and upper quartile, the following methodology has been used:

- All UK employees' total remuneration as at 31 December 2022 has been considered, excluding leavers and employees who were absent for more than 20 days during the financial year, as these would distort the ratio
- Full-time equivalent salary, variable pay, allowances and benefits (using the part-time values and converting these to full-time equivalent values) have been calculated. In order to calculate the value of taxable benefits we have taken the P11D value, due to ease of accessing data. Actual pension contributions have been used, and, where appropriate, converted to full-time equivalents

The table below summarises the identified employees in 2022:

	25th percentile	Median pay	75th percentile
Total employee pay and benefits	£36,998	£49,842	£88,128
Salary component	£25,580	£42,025	£58,062

In addition, Note 5 to the Financial Statements sets out the total employment costs and average number of employees globally, during 2022. Based on these, the average global pay during 2022 was £53,175 and consequently the pay ratio between the CEO and average global employee was 1:57.

## DIRECTORS' REMUNERATION REPORT CONTINUED

**Implementation of Directors' Remuneration Policy for 2023 outcomes****Salary**

As set out earlier in this report, the CEO did not receive a salary increase for 2023 and there was a 5.4% increase in the CFO's salary for 2023, taking into account Group and individual performance. This is below the budgeted average increase of 6% for the UK workforce. The CEO's salary for 2023 will be £1,100,000 and the CFO's will be £760,000.

**Pension**

The CFO is eligible to receive a pension contribution, or equivalent cash allowance, of 10% of salary, which is equivalent to the company's level of contribution for all UK employees. The current CEO does not receive a pension contribution.

**Annual bonus in respect of 2023 performance**

There are no changes to the bonus opportunity for the CEO and CFO, remaining at 120% and 100% of salary at target, respectively. Bonuses for 2023 will remain based on Reckitt's net revenue and adjusted profit before income tax targets, measured in GBP at a constant exchange rate, with the outcome under each of the measures combined multiplicatively to give a maximum bonus outcome of 3.57x the target bonus opportunity if both targets are met.

In addition, for 2023, a NWC metric will be introduced to the annual bonus. The NWC measure will act as a downward modifier only (applying on a multiplicative basis to the combined outcome of the net revenue and adjusted profit before income tax targets, with a maximum multiplier of 1x) and is intended to hold executives more formally accountable for, and incentivise delivery of, cash conversion as a key element of Reckitt's earnings model. NWC has been used as an APP metric for a number of years for a significant proportion of the business and the Committee is of the view that aligning the bonus measures for our Executive Directors, as well as other senior leaders, with other areas of the Group is appropriate. The NWC metric for APP purposes is an Operating NWC and is calculated as a 12-month average.

One-third of any bonus earned will be deferred into Reckitt shares for three years.

As previously noted in the Chair's letter, as it does every year, the Committee will continue to evaluate the performance of both the Group and the Executive Directors in the round and with regard to broader circumstances to assess whether the level of annual bonus payout is appropriate and justified, before determining the final bonus payout.

We have not disclosed the performance target ranges for 2023 as we consider them to be commercially sensitive. However, we commit to retrospectively disclosing the performance ranges in the Directors' Remuneration Report for the year ending 31 December 2023.

**2023 LTIP awards****Award levels**

There are no changes to the LTIP award levels for the CEO or CFO for 2023. These have been reviewed in light of share price performance, Group performance and individual performance. Nicandro Durante's

2023 LTIP award will consist of 150,000 performance share options and 75,000 performance shares and Jeff Carr's award will be 80,000 performance share options and 40,000 performance shares. These awards are expected to be made following the AGM in May 2023.

**Performance conditions**

The LTIP performance metrics and their associated weightings are unchanged from the 2022 LTIP awards and are as follows:

- LFL net revenue growth (40% weighting)
- ROCE (25% weighting)
- Relative TSR (25% weighting)
- ESG (10% weighting)

The Committee went through a robust process when setting these targets, taking into account a number of factors and different reference points, and the Committee considers that the targets set are very stretching. Awards granted in 2023 will vest in line with the descriptions below, which require significant outperformance of targets.

**LFL net revenue growth**

Net revenue is measured as LFL growth over three years. As set out earlier in the report, we are a 28% larger business on a LFL net revenue basis since 2019, including a c.2.5% positive impact from the US Nutrition competitor supply issue detailed elsewhere, meaning that 2022 is a larger, stronger base year for this award. At the time these targets were set, market consensus was for c.2% LFL net revenue growth for 2023 and our stated ambition for LFL net revenue growth is mid-single-digits, excluding the lapping impact of the competitor supply disruption in our US Nutrition business in 2022. In this context, the Remuneration Committee believes that the performance ranges are appropriately stretching and incentivise management to deliver outperformance. 20% of this element will vest for achieving 2.0% per annum growth increasing to full vesting for achieving 5.0% per annum growth.

**ROCE**

ROCE is measured in the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. For LTIP purposes ROCE is measured on a constant currency basis. In addition, LTIP targets include impairments prior to the start of the performance period, whereas in the calculation elsewhere in the annual report total assets have been adjusted to add back impairments of Goodwill, except where the impaired asset has been disposed or partially disposed. If there are any impairments during the performance period, the Committee will ensure that this does not lead to an increase in the vesting by adjusting the capital employed accordingly and to ensure a like-for-like comparison to the targets. 20% of this element will vest for achieving 14.0% increasing to full vesting for achieving 16.0%.

## DIRECTORS' REMUNERATION REPORT CONTINUED

**Relative TSR**

Relative TSR directly aligns LTIP participants with the shareholder experience and will only reward for TSR outperformance against our peers.

As it does every year, the Committee reviewed the constituents of the peer group to ensure that they remain appropriate to assess performance against and also considers whether any additional peers should be added. The outcome of this review was that all of the current peer companies remain appropriate and that Haleon (which was listed as an independent business in 2022) should be added to the peer group.

Therefore, the peer group for the 2023 LTIP awards comprises 20 companies with which we compete for capital and to which shareholders compare us, and is also an appropriate group against which to incentivise LTIP participants to outperform. The peer companies are primarily drawn from the constituents of the MSCI World House & Personal Products Index, with others forming part of the broader 'Fast Moving Consumer Goods' industry which are subject to similar industry dynamics and market challenges as Reckitt. The constituents will be reviewed on an annual basis and, in particular, as new comparators come to the market. The TSR peer group for the 2023 LTIP award is set out below:

Beiersdorf	Danone	Henkel	Lindt	Procter & Gamble
Church & Dwight	Essity	JDE	L'Oréal	Shiseido
Clorox	Estée Lauder	Kao	Mondelēz	Unicharm
Colgate Palmolive	Haleon	Kimberly-Clark	Nestlé	Unilever

Under the relative TSR measure, 20% of the award will vest for TSR at the median of the peer group, increasing to full vesting for upper quartile performance or above. In line with shareholder guidance, a common currency will be used for TSR purposes.

**ESG**

ESG measures were introduced from the 2022 LTIP to align participants with, and incentivise delivery of, our 2030 Sustainability Ambitions. There are two equally weighted metrics for the 2023 LTIP award. The ESG targets are based on rigorous methodology, are independently assured and, in the case of our carbon emissions, support our delivery of externally validated science-based targets on emissions reduction. Targets are based on achievement in the final year of the performance period and take into account the plans that we have to achieve the Sustainability Ambitions. The measures and targets are as follows:

- i. **Percentage of net revenue from more sustainable products** – this has been an annual reporting KPI since 2012 and supports our ambition of 50% of net revenue being from more sustainable products by 2030. This is measured using our Sustainable Innovation Calculator (SIC). The calculator evaluates the sustainability impact of every new product versus existing products and established benchmarks. It helps measure carbon, water, plastics, ingredients and packaging footprints in new products for our

global brands, targeting their reduction to enable more sustainable products in the future. It includes Scope 3 product emissions (including the carbon and water impact from consumer use) which is the most impactful lifecycle stage of our products. We achieved 24.4% of net revenue from more sustainable products in 2022 and have set the targets for this measure based on the Plan to 2030, such that 20% of this element will vest for achieving 32% of net revenue from more sustainable products increasing to full vesting for achieving 35% in 2025.

- ii. **Percentage reduction in GHG emissions in operations** – this supports the delivery of our externally validated science-based targets for 2030 to help maintain global warming at less than 1.5°C, including a 65% reduction in GHG emissions in operations against our 2015 baseline. For the purposes of reward outcomes, any offsetting activities will not count towards achievement of these targets. A total of 20% of this element will vest for achieving a 66% reduction in GHG emissions in operations by 2025, increasing to full vesting for achieving a 69% reduction. The threshold of a 66% reduction is above the goal that we set for ourselves by 2030, with the maximum target of a 69% reduction significantly beyond this, requiring us to exceed our 2030 science-based target ahead of schedule. These targets are considered stretching taking into account internal forecasts and in the context of a 2022 actual of 66%.

**Summary of 2023 LTIP targets**

Performance will be assessed for each measure, at the end of the three-year performance period, on a sliding scale as set out below:

	Threshold (20% vesting)	Maximum (100% vesting)
<b>LFL net revenue growth (3-year CAGR)</b> (40% weighting)	2.0%	5.0%
<b>ROCE (final year) on a constant foreign exchange basis</b> (25% weighting)	14.0%	16.0%
<b>Relative TSR</b> (25% weighting)	Median	Upper quartile
<b>ESG: % of net revenue from more sustainable products (final year)</b> (5% weighting)	32%	35%
<b>ESG: % reduction in GHG emissions in operations (final year)</b> (5% weighting)	66%	69%

## DIRECTORS' REMUNERATION REPORT CONTINUED

## ADDITIONAL REMUNERATION DISCLOSURES

### Percentage change in the remuneration of Directors

We are required to publish the annual percentage change in remuneration (salary or fees, benefits and annual bonus) for each Director compared to the annual average percentage change in remuneration for the employees (excluding Directors) of the Parent Company. Since the CEO is the sole employee of Reckitt Benckiser Group plc, this statutory disclosure is not possible. In the table below we are therefore voluntarily disclosing the percentage change in remuneration for all UK employees in order to provide a representative comparison.

The company considers UK employees to be an appropriate comparator group as the Executive Directors' remuneration arrangements are similar in structure to the majority of these employees and it reflects the economic environment where the Executive Directors are employed. The analysis is based on a consistent set of employees for each comparison, i.e. the same individuals or roles appear in the 2021/22 comparison, and similarly for the 2020/21 and 2019/20 comparisons.

	2021/22			2020/21			2019/20		
	Salary/fee	Benefits	Bonus	Salary/fee	Benefits	Bonus	Salary/fee	Benefits	Bonus
All UK employees <sup>1</sup>	4.1%	2.1% <sup>2</sup>	15.6%	5.9%	6.2% <sup>2</sup>	-8.9%	4.5%	1.5% <sup>2</sup>	505.4%
Chris Sinclair (Chair of the Board)	10.0%	–	–	3.6%	–	–	10.0%	–	–
Andrew Bonfield <sup>3</sup>	6.2%	–	–	2.4%	–	–	4.1%	–	–
Olivier Bohuon <sup>4</sup>	2.6%	–	–	–	–	–	–	–	–
Jeff Carr (CFO) <sup>5</sup>	3.0%	0.4%	12.8%	41.5%	37.3%	29.3%	–	–	–
Jeremy Darroch <sup>6</sup>	–	–	–	–	–	–	–	–	–
Nicandro Durante (CEO) <sup>7</sup>	178.0%	–	–	1.9%	–	–	14.1%	–	–
Mary Harris	-3.8%	–	–	2.0%	–	–	14.4%	–	–
Mehmood Khan	2.6%	–	–	2.7%	–	–	4.7%	–	–
Pam Kirby	2.0%	–	–	2.0%	–	–	7.3%	–	–
Sara Mathew <sup>8</sup>	-57.2%	–	–	2.7%	–	–	109.3%	–	–
Laxman Narasimhan (Former CEO) <sup>9</sup>	-22.8%	-8.9%	-100.0%	3.1%	-62.1%	-5.9%	117.3%	-23.4%	1747.2%
Alan Stewart <sup>10</sup>	–	–	–	–	–	–	–	–	–
Elane Stock	2.6%	–	–	2.7%	–	–	4.7%	–	–
Margherita Della Valle <sup>11</sup>	2.6%	–	–	105.4%	–	–	–	–	–

1. The percentages for 'All UK employees' reflect the average percentage change in full-time equivalent salary, taxable benefits and allowances, and bonus for colleagues based in the UK between 2019/20, 2020/21 and 2021/22. It only includes colleagues employed in both years in the comparison

2. The percentage change in taxable benefits for all UK employees excludes international transfer benefits as this is volatile from year to year based on each individual's circumstances

3. Andrew Bonfield held the role of Senior Independent Director on an interim basis from 1 September to 31 October 2022. The additional fees for this period are included above

4. Olivier Bohuon was appointed to the Board on 1 January 2021 and so no comparison is shown for 2020/21 and 2019/20

5. Jeff Carr joined on 9 April 2020 so no comparison is shown for 2019/20. The percentage change shown for 2020/21 reflects actual remuneration received during 2020 for service from Jeff Carr's appointment on 9 April 2020 to 31 December 2020

6. Jeremy Darroch was appointed to the Board on 1 November 2022 and so no comparisons are shown

7. Nicandro Durante was appointed as an Executive Director from 2 September 2022, having stepped down as a Non-Executive Director on 1 September 2022. The percentage change figures for 2021/22 reflect an aggregate of remuneration paid for both his Executive and Non-Executive roles during 2022

8. Sara Mathew was appointed to the Board in July 2019 and the comparison for 2019/20 reflects that the 2019 fee was only received for part of the year. Sara Mathew stepped down from the Board on 20 May 2022 and the comparison for 2021/22 reflects that the 2022 fee was only received for part of the year

9. The percentage change for 2019/20 for Laxman Narasimhan reflects actual salary received during 2019 for service from his appointment on 16 July to 31 December 2019. Laxman stepped down from the Board on 30 September 2022 and the comparison for 2021/22 reflects actual remuneration received during 2022 to this date. Laxman was not eligible for an annual bonus in 2022 and this is reflected in the comparison shown

10. Alan Stewart was appointed to the Board on 1 February 2022 and so no comparisons are shown

11. Margherita Della Valle joined on 1 July 2020 so no comparison is shown for 2019/20. The comparison for 2020/21 reflects that the 2020 fee was only received for part of the year

## DIRECTORS' REMUNERATION REPORT CONTINUED

## Relative importance of spend on pay

The table below shows shareholder distributions (i.e. dividends) and total employee pay expenditure for 2021 and 2022, along with the percentage change in both.

	2022 £m	2021 £m	% change 2021/22
Total shareholder distribution <sup>1</sup>	1,249	1,246	0.2
Total employee expenditure <sup>2</sup>	2,408	2,276	5.8

1. Details of shareholder distribution are set out in Note 28 to the Financial Statements

2. Details of employee expenditure are set out in Note 5 to the Financial Statements

## Exit payments made in the year (audited)

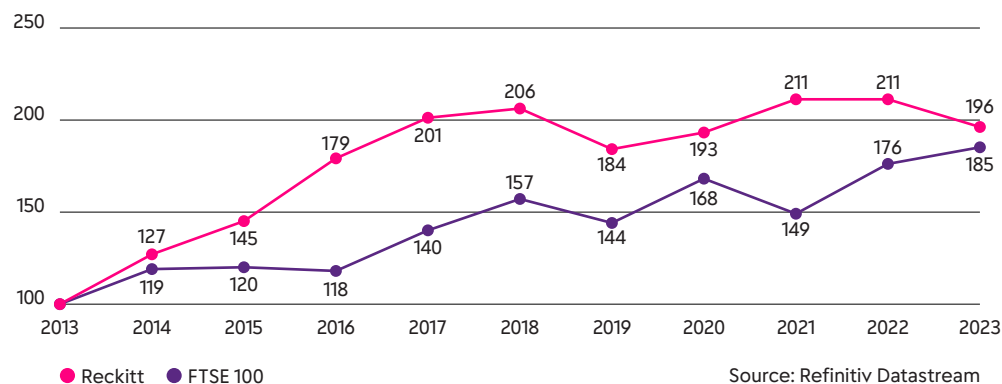
Details of Laxman's leaving arrangements are provided earlier in this report.

## Payments to past Directors (audited)

No other benefits or payments were delivered to former Directors in the year in excess of the minimum threshold of a pre-tax value of £15,000 set by the Remuneration Committee for this purpose.

## Performance graph

The graph below shows the TSR of the company and the UK FTSE 100 Index over the period since 1 January 2013. This shows the growth in the value of a hypothetical holding of £100 invested on 31 December 2012. The FTSE 100 Index was selected on the basis that it contains companies of a comparable size, in the absence of an appropriate industry peer group in the UK.



The table below sets out the single figure of total remuneration for the role of CEO over the last 10 years.

(£000) CEO single figure of remuneration	Nicandro Durante	Laxman Narasimhan	Rakesh Kapoor	Annual bonus (as a percentage of maximum)	LTIP vesting (as a percentage of maximum)
2013			£6,840	100%	40%
2014			£12,787	72%	40%
2015			£25,527	100%	80%
2016			£15,289	0%	50%
2017			£8,999	0%	50%
2018			£14,314	84%	65%
2019		£4,599 <sup>1</sup>	£938	12% <sup>2</sup>	0% <sup>3</sup>
2020		£8,434 <sup>1</sup>		100%	0% <sup>3</sup>
2021		£5,967		91%	21.5%
2022	£2,118	£918		100% <sup>4</sup>	100% <sup>5</sup>

1. Includes buyouts in respect of legacy arrangements from previous employer

2. Zero for Rakesh Kapoor

3. Laxman Narasimhan was not with the Group at the time these awards were granted

4. Laxman Narasimhan was not eligible for a 2022 APP following his resignation as CEO

5. Nicandro Durante was a Non-Executive Director at the time these awards were granted and therefore did not receive an award and Laxman Narasimhan's award lapsed following his resignation as CEO

## Single total figure of 2022 remuneration for Non-Executive Directors and implementation for 2023 (audited)

The following Non-Executive Director fee policy will apply from 1 January 2023. The table also sets out the fees that were in place for the year ended 31 December 2022.

Role	2023 fees		2022 fees	
	Cash fee	Fee delivered in Reckitt shares	Cash fee	Fee delivered in Reckitt shares
<b>Base fees</b>				
Chair of the Board	£495,000	£165,000	£470,250	£156,750
Non-Executive Director	£76,500	£25,500	£73,500	£24,500
<b>Additional fees</b>				
Chair of Committee	£35,000	–	£35,000	–
Member of Committee	£20,000	–	£20,000	–
Designated Non-Executive Director for engagement with the company's workforce	£20,000	–	£20,000	–
Senior Independent Director	£30,000	–	£30,000	–



## DIRECTORS' REMUNERATION REPORT CONTINUED

The fee for the Chair of the Board has been increased to £660,000, an increase of 5.3%. The base fee for NEDs has been increased to £102,000, an increase of 4.1%. These increases are below the salary increase budget across the UK workforce. The proportion delivered in Reckitt shares continues to be 25% of the base fee, being £165,000 for the Chair and £25,500 for the NEDs.

In addition, NEDs are eligible to receive support from the company to complete a UK tax return, if required.

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2022 and the prior year:

	2022 fees			2021 fees		
	Cash	Shares	Total	Cash	Shares	Total
Chris Sinclair	£470,250	£156,750	£627,000	£427,500	£142,500	£570,000
Andrew Bonfield <sup>1</sup>	£113,500	£24,500	£138,000	£106,250	£23,750	£130,000
Olivier Bohuon	£93,500	£24,500	£118,000	£91,250	£23,750	£115,000
Jeremy Darroch <sup>2</sup>	£24,667	£0	£24,667	–	–	–
Nicandro Durante <sup>3</sup>	£95,667	£0	£95,667	£141,250	£23,750	£165,000
Mary Harris	£119,750	£24,500	£144,250	£126,250	£23,750	£150,000
Mehmood Khan	£93,500	£24,500	£118,000	£91,250	£23,750	£115,000
Pam Kirby	£128,500	£24,500	£153,000	£126,250	£23,750	£150,000
Sara Mathew <sup>4</sup>	£49,167	£0	£49,167	£91,250	£23,750	£115,000
Alan Stewart <sup>5</sup>	£94,458	£22,458	£116,916	–	–	–
Elane Stock	£93,500	£24,500	£118,000	£91,250	£23,750	£115,000
Margherita Della Valle	£93,500	£24,500	£118,000	£91,250	£23,750	£115,000

1. Andrew Bonfield held the role of Senior Independent Director on an interim basis from 1 September to 31 October 2022. The additional fees for this period are included above
2. Jeremy Darroch joined the Board on 1 November 2022. Fees shown are paid from this date
3. Nicandro Durante stepped down as a Non-Executive Director on 1 September 2022 and was appointed CEO Designate on 2 September 2022 and CEO effective from 1 October 2022. Remuneration shown relates to services as a Non-Executive Director only. Fees relating to his tenure as an Executive Director are detailed on page 140
4. Sara Mathew stepped down from the Board on 20 May 2022. Fees shown are paid to this date
5. Alan Stewart joined the Board on 1 February 2022. Fees shown are paid from this date

Travel and expenses for Non-Executive Directors are incurred in the normal course of business; for example, in relation to attendance at Board and Committee meetings. The costs associated with these are all met by the company.

## Summary of shareholder voting at the 2022 AGM

The following table shows the results of the voting on the 2020 Directors' Remuneration Report at the 2022 AGM and 2022 Directors' Remuneration Policy at the 2022 AGM:

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the 2022 Directors' Remuneration Report	491,189,710	92%	44,291,555	8%	535,481,265	6,993,427
Approve the Directors' Remuneration Policy	493,637,970	92%	45,472,574	8%	539,110,544	3,364,148

The Remuneration Committee had extensive dialogue with shareholders during 2021 on the proposed 2022 Remuneration Policy, including engaging with shareholders representing more than 50% of our shareholder register. The majority of shareholders and advisory bodies providing input were supportive of the changes we are making to our Remuneration Policy and this was demonstrated by the high levels of support received for both the Policy and Annual Report on Remuneration at the 2022 AGM. Following his appointment as Chair of the Remuneration Committee, Alan Stewart met with a number of major shareholders.

## Directors' service contracts

Non-Executive Directors have letters of engagement which set out their duties and time commitment expected. They are appointed for an initial three-year term, subject to election and annual re-election by shareholders. Appointments are renewable for subsequent three-year terms by mutual consent. Details are set out below:

Name	Date of appointment	Length of service as at 31 December 2022	
		Years	Months
Chris Sinclair	10 February 2015 (appointed Chair of the Board on 3 May 2018)	7	11
Olivier Bohuon	1 January 2021	2	0
Andrew Bonfield	1 July 2018	4	6
Jeremy Darroch	1 November 2022	0	2
Mary Harris	10 February 2015	7	11
Mehmood Khan	1 July 2018	4	6
Pam Kirby	10 February 2015	7	11
Alan Stewart	1 February 2022	0	11
Elane Stock	1 September 2018	4	4
Margherita Della Valle	1 July 2020	2	6

The CEO has been appointed on a contract which is terminable by either party with six months' notice. The CFO's service contract contains a 12-month notice period. Nicandro Durante was appointed as CEO Designate on 2 September and as CEO from 1 October 2022. Jeff Carr was appointed to the Board as CFO on 9 April 2020. Directors' service contracts and letters of engagement are available for inspection at the registered office.

## DIRECTORS' REMUNERATION REPORT CONTINUED

## Advisors

Deloitte LLP (Deloitte) was appointed by the Remuneration Committee as independent advisor effective from 1 January 2014 following a review of the advisor in late 2013. The Committee undertakes due diligence periodically to ensure that Deloitte remains independent of the company and that the advice provided is impartial and objective. Deloitte is a founding member of and signatory to the Code of Conduct for Remuneration Consultants, details of which can be found at [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com). During 2022, Deloitte LLP also provided the Group with advice and compliance support in numerous areas, including corporate, indirect and employment taxes, global mobility, and advisory and technology consulting.

These services were provided under separate engagement terms and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Deloitte's total fees for the provision of remuneration services were £251,350 on the basis of time and materials. It should be noted that although we are only required to disclose the value of fees for services which materially assisted the Remuneration Committee, as with previous years, we have disclosed the full value of remuneration services from Deloitte, which includes advice to management and to the Remuneration Committee.

Directors' interests in shares and options under the LTIP<sup>1</sup> (audited)

	Grant date	At 01.01.22	Granted during the year	Exercised/vested during the year (including dividend shares) <sup>2</sup>	Lapsed during the year	At 31.12.22	Option price (£)	Market price at date of award (£)	Market price at date of exercise/vesting (£)	Exercise/vesting period
<b>Nicandro Durante</b>										
Performance-based share options	06.09.22	–	150,000	–	–	150,000	64.77	–	–	May 2025-Sep 2032
Performance-based share awards	06.09.22	–	75,000	–	–	75,000	–	64.58	–	May 2025
<b>Jeff Carr</b>										
Performance-based share options	01.05.20	80,000	–	–	–	80,000	65.20	–	–	May 2023-May 2030
	28.05.21	80,000	–	–	–	80,000	64.67	–	–	May 2024-May 2031
	20.05.22	–	80,000	–	–	80,000	63.32	–	–	May 2025-May 2032
Performance-based share awards	01.05.20	40,000	–	–	–	40,000	–	65.70	–	May 2023
	28.05.21	40,000	–	–	–	40,000	–	63.68	–	May 2024
	20.05.22	–	40,000	–	–	40,000	–	62.42	–	May 2025
<b>Laxman Narasimhan</b>										
Performance-based share options	05.08.19	150,000	–	32,250	117,750	–	63.72	–	62.42	May 2022-Aug 2029
	01.05.20	150,000	–	–	150,000	–	65.20	–	–	May 2023-May 2030
	28.05.21	150,000	–	–	150,000	–	64.67	–	–	May 2024-May 2031
	20.05.22	–	150,000	–	150,000	–	63.32	–	–	May 2025-May 2032
Performance-based share awards	05.08.19	75,000	–	16,125	58,875	–	–	59.72	–	May 2022
	01.05.20	75,000	–	–	75,000	–	–	65.70	–	May 2023
	28.05.21	75,000	–	–	75,000	–	–	63.68	–	May 2024
	20.05.22	–	75,000	–	75,000	–	–	62.42	–	May 2025

1. Vesting of these awards is subject to performance conditions set by the Remuneration Committee and the awards are subject to an additional two-year holding period commencing at the end of the performance period

2. Dividend equivalents accrue on performance shares during the vesting period for 2022 LTIP awards, and will be disclosed on vesting

## DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' interests in shares in the Deferred Bonus Plan<sup>1</sup> (audited)

	Grant date	At 01.01.22	Granted during the year	Exercised/vested during the year	Lapsed during the year	At 31.12.22	Option price (£)	Market price at date of award (£)	Market price at date of vesting (£)	Vesting period
<b>Jeff Carr</b>										
Deferred Bonus Plan	25.03.21	9,163	–	–	–	9,163	–	64.22	–	Mar 2024
Deferred Bonus Plan	21.03.22	–	13,131	–	–	13,131	–	57.92	–	Mar 2025
<b>Laxman Narasimhan</b>										
Deferred Bonus Plan	23.03.20	1,259	–	–	1,259	–	–	58.35	–	Mar 2023
Deferred Bonus Plan <sup>2</sup>	23.03.20	3,832	–	–	3,832	–	–	58.35	–	Mar 2023
Deferred Bonus Plan	25.03.21	21,124	–	–	21,124	–	–	64.22	–	Mar 2024
Deferred Bonus Plan	21.03.22	–	22,038	–	22,038	–	–	57.92	–	Mar 2025

1. One-third of the annual bonus is delivered in the form of conditional share awards which are deferred for three years

2. One-third of the payment made by Reckitt in respect of the PepsiCo bonus that was forfeited by joining Reckitt. The award was made on the same terms as the other awards under the Deferred Bonus Plan

3. Dividend equivalents accrue on deferred bonus shares during the vesting period and will be disclosed on vesting

Executive employees may also participate in the all-employee Sharesave Scheme on the same basis as all other employees. The table below details options held.

Sharesave Scheme	Grant date	At 01.01.22	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.22	Option price (£)	Market price at exercise (£)	Exercise period
Jeff Carr	31.08.21	403	–	–	–	403	44.56	–	Feb 25-Jul 25
Laxman Narasimhan	02.09.19	379	–	–	379	–	47.44	–	Feb 23-Jul 23

There have been no changes to the Directors' interests as set out in the above tables between 31 December 2022 and 28 February 2023.

## DIRECTORS' REMUNERATION REPORT CONTINUED

**Directors' interests in the share capital of the company (audited)**

The Directors in office at the end of the year and those in office at 28 February 2023 had the following beneficial interests in the ordinary shares of the company:

	28 February 2023	31 December 2022	31 December 2021
Chris Sinclair	12,733	12,733	11,328
Olivier Bohuon	931	931	711
Andrew Bonfield	873	873	639
Jeff Carr	30,000	30,000	30,000
Jeremy Darroch <sup>1</sup>	0	0	–
Nicandro Durante	1,105	1,105	1,105
Mary Harris	3,017	3,017	2,784
Mehmood Khan	833	833	594
Pam Kirby	5,219	5,219	4,998
Sara Mathew <sup>2</sup>	–	487	487
Laxman Narasimhan <sup>3</sup>	–	66,074	56,917
Alan Stewart <sup>4</sup>	191	191	–
Elane Stock	2,732	2,732	2,487
Margherita Della Valle	504	504	296

1. Jeremy Darroch was appointed to the Board on 1 November 2022
2. Sara Mathew stepped down from the Board on 20 May 2022 and her interest in shares is shown up to this date. Sara Mathew held her shares in the form of 2,436 American Depositary Receipts (ADR). Five ADRs are equivalent to one ordinary share in the company
3. Laxman Narasimhan stepped down from the Board on 30 September 2022 and his interest in shares is shown up to this date
4. Alan Stewart was appointed to the Board on 1 February 2022
5. No person who was a Director (or a Director's connected person) on 31 December 2022 and at 28 February 2023 had any notifiable share interests in any subsidiary
6. The company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe for shares

As approved and signed on behalf of the Board of Directors.

**ALAN STEWART**  
CHAIR OF THE REMUNERATION COMMITTEE

Reckitt Benckiser Group plc

28 February 2023

This Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The report meets the requirements of the FCA Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules. In this report we describe how the principles of good governance relating to Directors' remuneration, as set out in the UK Corporate Governance Code (July 2018) (the Code), are applied in practice. The Remuneration Committee confirms that throughout the financial year the company has complied with these governance rules and best practice provisions.