BIODIVERSITY AND ECOSYSTEMS

We aim to sustainably source our natural raw materials, helping to protect and regenerate the ecosystems that we're part of. Our science-based approach is helping to build a framework to better measure risk and impact, set robust and credible targets, and evaluate progress.

BIODIVERSITY AND ECOSYSTEMS CONTINUED

2022 PERFORMANCE*

Our ambitions	2022 progress	2021	2020
Evaluate our ecosystem footprint and impacts	Metrics under development	–	–
Ecosystem protection, and regeneration programmes with nature-based solutions in key value chains by 2030, through our brands and supply network	Landscape programmes in place	–	–
Other metrics and targets			
PALM			
100% RSPO certified palm oil by 2026, of which:	39%	29%	–
Fats blends 100% RSPO certified by 2022	100%[1] Segregated - 93% Mass Balance - 5% Credits - 2%	76% (credits)	–
Soap noodles 100% RSPO certified by 2023	40%	31%	–
Palm derived surfactants 100% RSPO certified by 2026	11%	–	–
Percentage of palm oil traceable for suppliers globally (excluding palm derived surfactants) % of total mill supply % of total plantation supply	 to mill - 99% to plantation - 80%	 to mill - 96% to plantation - 67%	 to mill - 88% to plantation - 19%
Percentage of palm oil traceable for suppliers globally (palm derived surfactants)	to mill - 82% to plantation - 49% to refinery - 90%	mill - 66% plantation - 35%	–
LATEX			
100% latex volume for Durex is FRA accredited by end of 2023	43%	–	–
PAPER & BOARD			
100% of paper and board from certified or recycled sources, excluding third-party manufacturing sites by 2025	99%	99%	98%
Percentage of paper/board for co-packers from certified or recycled sources[2]	98%	–	–
KRILL			
Percentage of krill MSC (Marine Stewardship Council) certified	100%	100%	–

* For the purposes of the table, all data has been rounded

1. Sufficient number of credits will be purchased to cover 2022 volumes as per RSPO certification requirements
2. Excluding North America co-packed products – to be included for 2023

BIODIVERSITY AND ECOSYSTEMS CONTINUED

Healthy ecosystems clean our water, purify our air, regulate the climate, provide essential raw materials and sustain communities. They are vital to us all. We value biodiversity and ecosystems, as well as the communities who manage the land that support them. We are trying to build understanding of them, so that we can protect them.

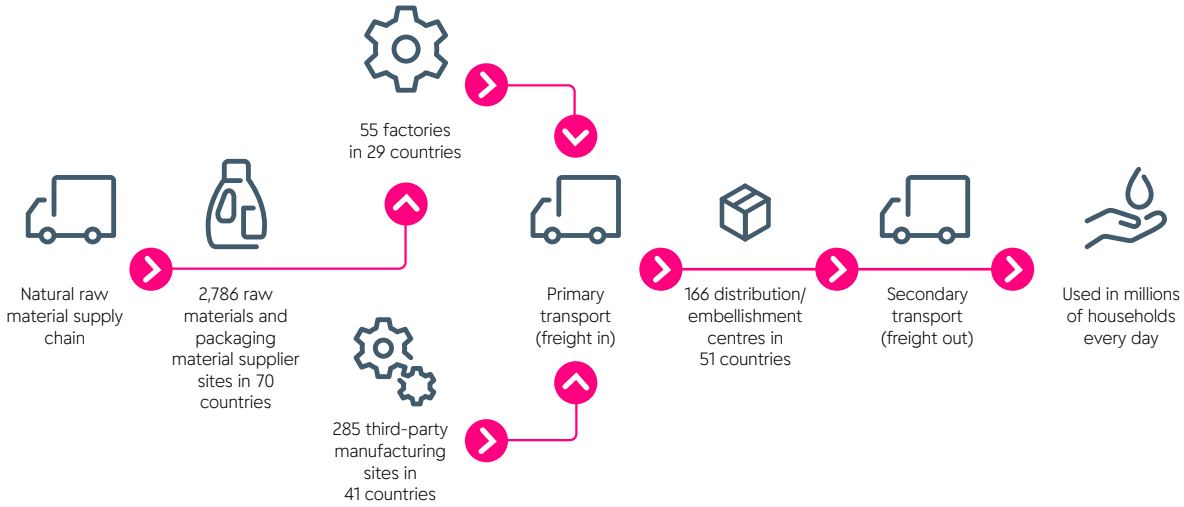
Global demand for raw materials puts pressure on the environment, wildlife and biodiversity. Preventing this and strengthening ecosystems is not simple. Recognising the impact of both our business and wider society, we're working to protect and progressively regenerate ecosystems in key value chains by 2030. By developing ways to measure our impact and taking action to reduce it, including introducing new nature-based solutions, we're aiming to support and future-proof our value chains.

We focus on the areas where we can have the most impact, and our priority commodities include latex, palm oil, natural fragrances, dairy and timber. We also consider other natural raw materials we typically use in smaller amounts, including soy and cocoa.

We design our products and encourage people to use them in a way that reduces the impact on natural resources. We also screen our products to prevent the risk of eco-toxicity. Through our Sustainable Innovation Calculator, we're able to assess our products' environmental footprint, both in terms of the materials we use and how people then use the products, and identify ways to reduce their impacts. For more information about this, see the **Sustainable Product Innovation Insight**.

Our brands work to engage consumers and help them use fewer natural resources. For example, Finish has helped consumers save water through our #SkiptheRinse campaign which encourages people to not rinse their dishes before they go in the dishwasher. For more information about this, see the **Water Insight**.

OUR PRODUCT SUPPLY CHAIN



Reckitt's supply chain is complex. We purchase from nearly 3,000 raw materials and packaging suppliers in 70 countries. These are manufactured into our well-known brands and used in millions of households every day.

Protecting biodiversity and ecosystems around our sites

We identify environmental impacts at our sites through our Environmental Risk Register. This considers the sites' proximity to any nature reserve or biodiversity-protected area. We assess sites on their environmental impacts, including those related to water and air emissions. Location and environmental impact combine to a site sensitivity score. We then assess management practices to give an overall management score. The two scores combined generate a total risk rating for each site which informs our actions for managing environmental impacts. Through this assessment, we've identified three sites (out of 50) in our Environmental Risk Register that are in close proximity to key biodiversity areas, which includes nature reserves, protected areas or habitats, and sites of special interest, such as cultural heritage or sites of archaeological interest. We manage the impacts through our sites' environmental management system to avoid and mitigate effects on the local environment.

We are also working to reduce our water use in water-stressed areas, where our ambition is to make them water-positive by 2030, in the local water catchment area, river basin or zone of impact. Our approach involves water catchment area management that supports the local ecosystem and water resources for the future (for more detail see our **Water Insight**).

BIODIVERSITY AND ECOSYSTEMS CONTINUED

Protecting biodiversity and ecosystems in our supply chain

We rely on ecosystems for ingredients that go into our products. Our sustainable sourcing programme helps protect and support these ecosystems. Our suppliers and farmers are key stakeholders in protecting those ecosystems, with nature-based solutions that can also help tackle risks such as climate change. This, in turn, can have a positive social impact for the communities that also rely on these ecosystems. In 2021, we updated and relaunched our **Sourcing for Sustainable Growth policy** and **Natural Raw Materials (NRM) Sourcing Standard**, which set out our priority natural raw materials, our six guiding principles for sourcing, and the requirements for meeting them, which include:

1. **Understanding the origins of materials** – Knowing the geographical locations and ownership of producers and processors in NRM supply chains
2. **Safeguarding workers and communities** – Taking action to prevent exploitation of, and discrimination against workers in supply chains
3. **Protecting ecosystems** – monitoring and addressing any risk of harm to important and protected natural areas and species from the production or processing of NRMs
4. **Reducing environmental impacts** – Monitoring and trying to reduce greenhouse gas (GHG) emissions, water use, energy consumption and waste in NRM supply chains
5. **Animal welfare** – Making sure supply chains uphold the 'five freedoms' of animal welfare with animal-derived NRMs
6. **Partnerships** – Working with others to improve standards

Taking a science-based approach to our biodiversity roadmap

Since 2020, we've been working with Nature-based Insetting (NbI), a spin-out of Oxford University Innovations. We're developing an analytical framework for assessing biodiversity, carbon and social impacts in five key supply chains, which include latex and palm oil. The framework includes robust, science-based metrics for biodiversity, resulting in a Biodiversity Impact Metric score (BIM) to quantify these impacts.

Using the framework, we're exploring the potential positive impact that different nature-based solutions could have in these supply chains. From 2023, we'll explore nature-based solutions with our suppliers and partners, considering how to incorporate them in our existing palm and latex programmes, and at the origins of other ingredients such as fragrances. This will protect, manage and strengthen biodiversity in our supply chains.

Collaborating with the Taskforce on Nature-related Financial Disclosures

We're members of the Taskforce on Nature-related Financial Disclosures (TNFD), which has developed a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. We're involved in pilot testing activity, presenting a case study on our latex supply chain. This outlines metrics and how we're encouraging regenerative agriculture practices (also see the **Human Rights Insight**). We're currently working towards disclosure based on TNFD principles.

Collaborating for impact

As well as NbI and TNFD, we also work with a number of partners to deliver and generate ecosystems and social benefits. For example, we work with WWF on a number of workstreams, such as on the Amazon and Ganges rivers. We are working with Earthworm and Action for Sustainable Derivatives (ASD) on raw material and country-level activities. In Cali, Columbia and British Columbia, Canada, we have afforestation and restoration projects ongoing.

SUPPORTING A HEALTHIER PLANET WITH RESTORATION AND AFFORESTATION

Recognising the value that forests bring to the environment and local communities, we've invested in afforestation projects in British Columbia, Canada and Cali, Columbia.

In Cali, Colombia, we have been working in partnership with the Colombian NGO, Amatea since 2011 to restore the forests around the Cali river. We identified that our afforestation area is a biodiversity hotspot which was at risk from human activity.

Our programme focuses on improving the local water supply, capturing carbon, improving biodiversity, and supporting community employment. We've planted over 30,000 trees, covering 33.5 hectares. In Colombia, it is mandatory for all companies to plant two trees per employee per year from 2023 to support the national target of planting 180 million trees. This is to support national water, biodiversity goals, as well as Columbia's 2050 carbon neutral target. We have around 300 employees in Cali, and we'll continue planting trees to increase the impact of our Reckitt forest in the Cali river basin where our manufacturing site is based.

In British Colombia, our Trees for Change programme began planting trees in 2006. Since 2015, we've been maintaining the new forest and local landscape, and have been focused on being a "good neighbour" to the local community.

BIODIVERSITY AND ECOSYSTEMS CONTINUED

PROTECTING AND RESTORING FRESHWATER HABITATS IN THE GANGES

Together with WWF, we committed to protect and restore 1,800 km of the Ganges river and its tributaries in India to secure a healthy river for people and nature.

Hundreds of millions of people and a huge range of wildlife species rely on the Ganges. But it's facing a number of threats. Pollution, damming and the removal of too much water, mostly for agriculture, have affected the river's flow and health.

One of the river's most at-risk species is the Ganges river dolphin. Numbers have dwindled from tens of thousands to under 2,000.

In 2022, our work included collecting and analysing water samples to inform wetland restoration planning. We also worked with farmers to encourage more sustainable practices, including producing natural fertilisers and pesticides. And we've established a network of volunteers to report on dolphin species, threats and habitat changes to build overall knowledge. As well as this, various industries are using water flow meters to help save water.

In 2023, we're aiming to meet our target of protecting and restoring 1,800 km of the river. This involves collaborating with governments and communities to protect species of dolphins, gharials (a type of crocodile), freshwater turtles and Mahseer fish. With local communities, we hope to shape conservation action that supports livelihoods and economic opportunities.

WWF AND FINISH: REPLENISHING FRESHWATER ECOSYSTEMS IN NORFOLK

This project, which started in January 2022, aims to improve water quality and replenish 500 million litres of water in Norfolk, UK. A drier climate and increasing demand for water are putting a strain on water resources in the region.

The project focuses on:

1. **Freshwater species** – Reintroducing extinct burbot (a species of fish) into a Norfolk catchment, including restoring the habitat and continuing river water quality works.

   WWF has identified habitat improvements and facilities to rear the burbot before they're released.

2. **Water-focused, nature-based solutions** – Contributing to a unique Systematic Conservation Plan for the region, and supporting water-focused nature-based solutions in Norfolk.

   We've agreed to focus on two catchments initially, as well as the overall funding strategy. We've also built an interactive platform for Norfolk Water Hub to capture current and future projects and nature-based solutions proposals, as well as share the findings of water modelling.

3. **Constructed wetlands** – Delivering nature-based solutions to reduce the impact of small-scale sewage works, including tackling phosphates from domestic sources.

   We've identified three wetland sites, and work has already started on one constructed wetland.

In 2023, we'll continue working to establish the fish-rearing site for burbot, finalise consents for transporting and reintroducing fish, deliver on the catchment plans and monitor nature improvements once wetland construction is complete.

BIODIVERSITY AND ECOSYSTEMS CONTINUED

Our approach to natural raw materials

PALM OIL

Palm oil uses less land and produces a higher yield of oil than similar crops, for a lower cost. It's also highly versatile. But global palm oil production continues to be linked to deforestation and degradation of ecosystems, including peatland.

Despite using relatively low volumes of palm oil, we still have a role in reducing the impact of cultivation. As part of this, we're committed to a No Deforestation, No Peat, and No Exploitation (NDPE) approach as part of our responsible sourcing policy for the palm oil supply chain. Our approach centres on traceability from direct supplier to plantation, enabling us to identify risks and take action to protect ecosystems and safeguard workers and communities.

In 2022, fats blends and soap noodles accounted for 83% (155,942 metric tonnes (mt)) of our total palm oil volumes, where palm derived surfactants accounted for the rest, at 17% (31,759 mt).

Understanding palm oil origins

We work with suppliers and partners to improve the transparency and traceability of our palm oil supply chain. We mainly use processed derivatives of palm oil, where traceability is challenging given the scale of palm oil production landscapes and the significant degree of processing involved in three main uses. Fats blends are used in Infant Formula, soap noodles are used to make soap bars and palm derived surfactants are used in disinfectants. To understand supply chain risks and where to focus most activity, we work with partners to identify the farms, plantations and processing mills that supply the palm oil used in our products.

In 2022, we sourced 110,938 mt of crude palm oil (CPO) and 47,751 mt of palm kernel oil (PKO) by buying these materials from our suppliers:

- **Fats blends** containing 10,887 mt of CPO
- **Soap noodles** containing 99,959 mt of CPO and 16,085 mt of PKO
- **Palm derived surfactants** containing 92 mt of CPO and 31,666 mt of PKO

Fats blends and soap noodles

In 2022, we improved supply chain traceability, where overall traceability to mill is 99% and 81% to plantation. For the palm oil in the fats blends, traceability to mill is 100% and 94% to plantation. For soap noodles, traceability is 99% to mill and 80% to plantation.

Mill list

Each year, we update and publish a list of the palm oil processing mills of fats blends and soap noodle suppliers which we've identified in our supply chain, their location, certification status and ownership. We publish our mill list online, which can be found **here**.

Palm derived surfactants

We're working with Action for Sustainable Derivatives (ASD), where buyers of palm oil collaborate to improve traceability and strengthen standards in the supply chain. ASD also helps us understand the palm oil origins for our surfactant raw materials. In 2022, work by ASD improved traceability in our surfactant supply chain to 90% of refineries (69% in 2021), 82% of mills (66% in 2021) and 49% of plantations (35% in 2021).

In 2023, our work with ASD will continue, to:

- Increase traceability and visibility of connections within our supply chain
- Engage surfactant suppliers to support NDPE implementation
- Verify whether deforestation is occurring within our extended supply chain through application of satellite monitoring to meet EU regulations
- Work to manage grievances collectively as an industry
- Participate in sectoral efforts to resolve issues regarding accessibility of RSPO Mass Balance palm oil

Monitoring No Deforestation, No Peat and No Exploitation (NDPE)

We use a range of tools to monitor NDPE in palm oil production landscapes. They help us stop materials producers and processors failing to deliver on our standards, or put right any cases we can't prevent. Currently, we're focusing on our fats blends and soap noodles supply chains as these account for around 80% of our total palm oil footprint. As our activity matures, we'll expand it to palm derived surfactants.

Satellite monitoring

In Indonesia and Malaysia where we source the majority of our palm oil, we use real-time satellite analysis through Earthworm and Airbus's Starling platform to pinpoint deforestation and peat destruction in the likely sourcing areas of mills in our suppliers' supply chains. We receive quarterly progress reports on individual suppliers' no-deforestation verification and work with them to increase the percentage of palm oil volume in their supply chain that's verified as not grown on deforested or peat areas. This involves strengthening traceability to plantations where it doesn't already exist and investigating potential deforestation alerts to prevent palm oil grown on deforested and peat areas from entering our supply chain.

In 2022, 44% of the palm oil used in fats blends and soap noodles was from verified deforestation-free sources. In 2023, our target is for 54% of the palm oil and derivatives to be from verified deforestation-free sources.

The percentage of palm oil linked to deforestation and peat destruction is low (0.03% for fats blends and 3.4% for soap noodles). This gap is largely due to missing traceability data rather than confirmed deforestation. We're engaging with suppliers twice a year to increase visibility, and to close the traceability data gap.

Supply chain monitoring systems

We work with our suppliers to assess management systems that monitor NDPE compliance in upstream supply chains. We're deploying tools through Earthworm to build a comprehensive picture of performance and identify how best we support our suppliers to meet our standards.

The tools include:

Engagement for Policy Implementation (EPI)

This gives us an understanding of direct suppliers' policies, processes and progress on NDPE implementation, which allows us to engage in a targeted way to improve performance. In 2022, we worked with four of our major suppliers covering around 53% of the palm oil we source. Two suppliers scored over 70%, with a moderate rating. In 2023, we will complete EPI for our suppliers based in India.

BIODIVERSITY AND ECOSYSTEMS CONTINUED

Implementation Reporting Framework (IRF)

This is a self-assessment tool that categorises supplier palm oil volumes based on the risk of deforestation and peat destruction. The categories are based on the actions each palm oil mill takes to reduce risk and they give us a standardised way to report on how mills are tackling deforestation and peat destruction. In 2022, we piloted the IRF with two major suppliers. The results demonstrated the suppliers' progress in working towards no deforestation or peat in their directly managed facilities. We will use these results in supplier meetings to further drive no deforestation or peat destruction and will continue to expand to more suppliers going forward.

Making a positive impact on landscapes

As well as helping suppliers meet our standards, we support landscape-level and jurisdictional approaches to further our NDPE approach and go beyond prevention and have a positive impact on forest ecosystems.

Through our partnership with Earthworm, in 2022 we supported programmes in three palm oil landscapes in our supply chain: Riau and Aceh in Indonesia, and Sabah in Malaysia. These production landscapes are high-priority sourcing regions for palm oil and other commodities for multiple companies. They're also areas known for significant environmental and social challenges, and where there's potential for positive environmental and socio-economic impacts by working with others.

These programmes bring together stakeholders including businesses, governments, producers and local communities. They aim to build sustainable, holistic approaches to managing production landscapes with measurable objectives that bring transformational change in line with our Natural Raw Material Sourcing Standard. We aim to reduce deforestation rates by tackling some of the key socio-economic drivers, for instance by working with smallholder farmers to develop better agricultural practices and diversify incomes to improve livelihoods. These programmes cover 21% of the palm oil mills in our supply chain.

Key highlights across our landscape programmes in 2022 include:

Aceh

- Three villages passed regulations to protect 7,485 hectares of forest areas. The regulations mean the villages' management team will monitor the protected areas in the forests

Riau

- Three villages passed regulations to protect 59,668 hectares of forest areas, including action plans to protect natural resources
- Staff from 16 palm oil companies and representatives from the Office of Manpower, Office of Agriculture and the Regional Planning Agency attended Earthworm's training on child labour, fair target-based wages and payments, and employment of casual workers
- 321 of the 341 farmers who received the Good Agricultural Practices training in 2022 are part of the replanting programme, which was delivered in six villages through six cooperatives

Sabah

- A collaboration with the state's labour department saw five awareness sessions on forced and child labour from 341 palm oil companies. The sessions aim to build companies' skills in managing and mitigating risk

ENGAGING OUR INDIAN PALM OIL SUPPLIERS TO INCREASE TRACEABILITY

After a town hall hosted by our Chief Procurement Officer in 2021, we held regular meetings with our palm oil suppliers in 2022 to monitor our commitments and NDPE requirements. The aim is to drive progress against important areas like traceability and grievance management. As part of the initiative, in October, Reckitt organised a joint session with I-SPOC (India – Sustainable Palm Oil Coalition for India) and Earthworm to understand supplier challenges achieving traceability given the complexity of Indian palm value chains. We will be building on this work in 2023 supporting our suppliers in India to identify and address the barriers to achieving full traceability in our supply chains.

BIODIVERSITY AND ECOSYSTEMS CONTINUED

Managing grievances

Given the scale and complexity of our palm oil supply chain, a transparent and accessible process for reporting environmental or human rights violations is essential. This allows us to investigate further and remedy grievances appropriately. In 2022, we developed a formal **grievance procedure** that outlines our approach, and we **publicly log** and respond to the grievances raised. We also worked with Earthworm and ASD to better manage grievances.

The ongoing challenges surrounding smallholder community engagement on farming and the contract use of their lands by plantation companies forms part of our review process. Commonly known as plasma, the approach is recognised in Indonesia but has seen grievances raised by communities against companies for non-payment or other concerns. The plasma scheme requires those establishing palm plantations to meet clear legal obligations to local communities – for example through a share of the planted area, or an agreed alternative. This system aims to ensure local people and their communities benefit from palm concessions. Its implementation has been challenging, and local regulatory support is also needed to support its enforcement. Our responsible sourcing standard requires our palm suppliers to operate in "compliance with all applicable laws, regulations, and maintenance of necessary legal permits", including the correct application of plasma systems. In 2022, we challenged suppliers to identify plasma non-compliances in their supply chain and to meet plasma obligations. We also encouraged industry engagement on the issue on the basis that this is a systemic challenge which no individual company can address alone. In 2023, we will continue to seek to identify plasma non-compliances with our suppliers, working together to address them in partnership with any affected local communities.

Increasing RSPO certification

We're members of the Roundtable on Sustainable Palm Oil (RSPO) and work with our suppliers that are RSPO members and committed to the same goals. In 2020, we renewed our commitment to RSPO certification with a target of having 80% of the palm oil used in our products by 2023 RSPO certified, using a combination of physically segregated oil and RSPO credits where certified, segregated oils aren't available. In accordance with RSPO certification requirements, we will purchase sufficient credits to cover our 2022 volumes and are on track to deliver our target.

We're also exploring the feasibility of sourcing RSPO Mass Balance certified palm oil used in palm derived surfactants by 2026, due to the challenges around availability of segregated oil.

Engaging with suppliers and working with industry

Given the systemic nature of deforestation and human rights issues in palm oil supply chains, our ability to change things alone is limited. We can only bring sizeable change through partnerships with our suppliers, peers and wider industry.

We collaborate with our direct suppliers to communicate our sourcing requirements and support our NDPE monitoring and interventions in our extended supply chain. We hold quarterly reviews with each fats blends and soap noodles supplier to monitor their NDPE progress and discuss how to improve. We also partner with the wider industry through our membership of the Consumer Goods Forum's **Forest Positive** and **Human Rights** Coalition of Action to remove deforestation and forced labour from our collective supply chains.

BIODIVERSITY AND ECOSYSTEMS CONTINUED

LATEX

Natural latex is the main raw material in Durex condoms. Our latex is tapped from rubber trees grown on commercial plantations and smallholder farms largely in Malaysia and Thailand, with a small amount from India.

Rubber farming faces many challenges, such as the trees' resilience to disease and increasingly acute weather patterns such as typhoons. We're working with our latex suppliers, farmers and tappers to protect and progressively regenerate ecosystems while promoting sustainable livelihoods for people and communities across our extended latex supply chain.

In 2022, we delivered on our commitment to pay a price premium for latex through the Fair Rubber Association (FRA), paying over €970,000 in 2022. The FRA organised farmers into the Sustainable Rubber Association (SRA), which now has over 1,000 members who share this premium. The SRA is investing the premium in activities that benefit the association's members, including schemes to increase household income and reduce the cost of organic fertiliser. They'll also invest in strengthening their own information technology and management systems.

We work with our partner, Earthworm, to support SRA members in Thailand. This year, Earthworm has trained 1,002 farmers on sustainable farming practices, and developed 42 demonstration plots to showcase best-practice farming techniques.

Earthworm also trained Human Elephant Conflict volunteers who patrol forest boundaries at night. They aim to stop elephants entering and damaging the trees.

CALCULATING OUR LATEX FOOTPRINT

In 2022, we took several steps to make our latex supply chain in Surat Thani, Thailand, more resilient. This included working with partners to gather data, including Earthworm who provided data at a farm level. To build awareness and understanding, we worked with Nature-based Insetting (NbI), who produced maps to describe current biodiversity and estimated a landscape-level Biodiversity Impact Measurement (BIM). They also estimated the impact of our procurement patterns on biodiversity and greenhouse gas emissions in the areas where we source latex, and used this information to build a baseline for our impact on biodiversity in Surat Thani.

Next steps include interventions to improve our BIM score, guided by NbI analysis. We'll also gather data to estimate farm-level baselines that will help us model scenarios and set a baseline for metrics and targets. We'll work with a network of academic experts to evolve the framework and share knowledge. We also intend to expand this work to our wider latex supply chain in the future.

Image: Photos credited to Martin Kunz, Fair Rubber Association

BIODIVERSITY AND ECOSYSTEMS CONTINUED

NATURAL FRAGRANCES

We work with suppliers directly and through partnerships to protect ecosystems enabled by traceability in our supply chains. With our Air Wick product range, we've worked with WWF to restore 1.2 billion square feet of wildflower habitats globally, as well as raising awareness of biodiversity and inspiring millions of consumers to act for nature.

Botanica, an Air Wick home fragrance, uses naturally derived ingredients, and with its responsibly sourced contents, minimal packaging (which boosts recyclability) and unique scent pairings, it lets consumers enjoy outdoor scents and be confident about how we manufacture the product. Air Wick's partnership with WWF aims to help restore wildflower habitats in 10 countries, including the US, UK, Mexico, Australia and Poland. By August 2022, we'd restored almost 2,000 hectares and conserved a number of plant species. Plans for each country look to meet the needs of the local environment. For example, in the US we've focused on Northern Great Plains reseeding, restoring nearly 1,200 hectares. In Mexico, we've focused on protecting the Monarch butterfly and other pollinators by preserving wild flowering plants in the Monarch Mexican Flyway and by engaging local communities in conservation.

THE RARE BLOOM PROJECT™: SAVING 120 NATIVE WILDFLOWER SPECIES FROM EXTINCTION

Australia's native wildflowers are being pushed to extinction by climate impacts including drought and bushfire. Air Wick Botanica is trying to help consumers appreciate and connect with nature, as well as protect native wildflowers for future generations.

Botanica's campaign, alongside WWF Australia and the Australian Seed Bank Partnership, is working to save 120 threatened native wildflowers by:

1. Collecting seeds from endangered species
2. Conducting germination trials and collecting data
3. Reintroducing species through replanting

We launched the campaign in 2020, working with Woolworths, where every Botanica product sold helped to donate up to $50,000 towards the conservation of an endangered species of native daisy.

In 2022, we increased awareness and hosted an annual planting day at the Australian Botanic Garden. Here, Botanica and WWF Australia staff helped replant the Pink Flannel Flower (Actinotus forsythii). By August 2022, the project had supported 72 plant species – 60% of the overall target.

DAIRY

Although we don't buy milk from farmers, dried skimmed milk is an important ingredient in Infant Formula products. Compared with wider food use, and especially consumption of fresh milk, our supply chain is relatively small but nonetheless we've been working with our suppliers to make it progressively more sustainable. This year, we've continued to work with the Sustainable Agriculture Initiative's Sustainable Dairy Partnership (SDP), which we joined in 2018. This is a group of suppliers and industry peers working to make the dairy industry more sustainable.

Members convene to discuss challenges like greenhouse gas (GHG) emissions, human rights, deforestation and animal welfare, and identify opportunities and solutions to help address them.

Highlights in 2022 included:

- Encouraging suppliers to share sustainability reports to understand where their priorities are and identify where they can work together
- Participation in a working group on soy, as soy for animal feed is sourced from high-risk deforestation and conversion areas such as Brazil. While Reckitt does not directly purchase animal feed containing soy, it is used to feed the cows providing milk which we use for a number of ingredients. We recognise the risks that sourcing soy can create for ecosystems and joined the group to help develop solutions
- Developing activity for carbon data collection and sharing between suppliers and buyers to improve GHG emissions reporting

We'll continue working with SDP in 2023 and aim to:

- Publish a dairy appendix to our responsible sourcing standard, with sustainability criteria for all our dairy suppliers
- Review suppliers' SDP progress reports to understand progress on their sustainability priorities and see where we can collaborate to strengthen activity
- Build expertise to help us identify regional dairy supply chain priorities within key geographies

BIODIVERSITY AND ECOSYSTEMS CONTINUED

TIMBER (PAPER AND BOARD)

Three out of four Reckitt products use paper and cardboard packaging. In terms of absolute volumes, we use a small amount compared to some sectors, but we still want ours to come from sustainable sources. Our aim for 2025 is for all our paper and cardboard packaging to be recycled or from origins approved by the Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC), or Sustainable Forestry Initiative (SFI). For primary packaging, like product cartons, we usually combine virgin paper from certified origins with recycled paper. For the boxes we use to transport products, we also use the highest practical percentage of recycled cardboard.

By the end of 2021, 99% of our paper and board was from certified or recycled sources and we still expect to reach our goal for 100% by 2025 or before. In 2022, we achieved 99% (98.8%) from certified or recycled sources, where a slight reduction (from 99.1%)was due to changes in the jurisdiction of FSC certification leading to less than 1% of our volume no longer qualifying for certification in 2022. We are working to resolve this challenge. Of the paper and board, 14% was from virgin sources, 53% from recycled sources and 33% from mixed sources. Of the virgin material:

- 46% had chain of custody certification
- 45% was from FSC sources
- 1% was from SFI sources
- 8% was uncertified and we are working to validate these origins

By the end of 2022, 98% of our paper and board used in our third-party manufactured products was from certified or recycled sources and we expect to reach 100% by 2025. This target excludes products manufactured in North America, which will be included from 2023.

1. 2022 data: timings for packaging-related data are driven by Ellen MacArthur Foundation (EMF) reporting. As a result, 2022 data will not be available until mid-2023, and would not normally be published externally until the release of the EMF report in November 2023. For the full set of metrics for EMF reporting and definitions, see the EMF report **here**

KRILL

We use a small amount of krill in MegaRed oil supplements, of which 100% is MSC certified. Krill oil supports human health but krill are also an essential part of the Antarctic food chain that includes penguins, seals and whales and plays an important role in mitigating climate change.

There are calls for more marine-protected areas in the Antarctic. There are similar calls for fishing companies to safeguard the marine ecosystem by treating regulations as a baseline and working to exceed them. To keep our krill sustainable, we work with our supplier, Aker BioMarine, because of their:

- **Third-party verification** – Their Antarctic fisheries are certified as sustainable by the Marine Stewardship Council (MSC)
- **Engagement with the Antarctic scientific community** – Aker BioMarine works with the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), the body that regulates krill fishing and decides on conservation measures
- **Network of stakeholders** – Our supplier's decision to back a network of ocean sanctuaries in the Antarctic was important in strengthening political momentum to protect sensitive Antarctic waters
- **United industry approach** – Aker BioMarine was involved in creating the ARK group, which includes 85% of krill fishing companies. ARK has worked with the CCAMLR and others to develop a sustainable fishing approach that includes a voluntary agreement to restrict fishing in the buffer zones that protect penguin colonies in the breeding season

SOY

Each year, for our Infant Formula and Child Nutrition products, we source derivatives containing less than 7,000 metric tonnes of soy from eight suppliers. The origins of the soy in the derivatives sourced are:

- US – 70%
- Other locations – 30%

In 2022, despite a backdrop of supply chain sourcing challenges, we ceased to purchase soy from Brazil. We will continue to review this approach amidst the ongoing supply chain challenges. We'll also focus on improving traceability data and work with suppliers to meet our Natural Raw Material Sourcing Standard and continue to be part of the Sustainable Dairy Partnership working group on soy.

Looking ahead

Our nature-based solutions activity strengthens our work to protect and regenerate ecosystems. Our aim in 2023 is to complete the evaluation of our impacts in our key supply chains and develop measurable ways to reduce the risk to biodiversity and strengthen ecosystems in our most important supply chains. We'll focus on implementing the analysis of our palm and latex supply chains, as well as beginning analysis of other key raw materials.

In 2023, we'll move into the third phase of our partnership with Nbl, including targeted recommendations for our latex and palm oil supply chains.

By 2025, we'll have assessed five key natural raw materials to estimate risk, dependencies and opportunities for biodiversity.

We'll choose interventions to protect and strengthen biodiversity while improving the Biodiversity Impact Metric (BIM) in ways that make a positive and measurable impact on nature.

By 2030, we want interventions in all key natural raw material value chains that create demonstrable improvements in biodiversity and support the regeneration of local ecosystems. We'll add more detail to this ambition as our programmes develop and support our work to achieve the future recommendations of the TNFD.