INVESTMENT CASE

REASONS TO INVEST



RIGHT CATEGORIES

Large addressable market, attractive growth and margins

HYGIENE¹







#2 globally





AIR #1 globally #1 globally #3 globally #3 globally

MARKET-LEADING BRANDS

across large demand spaces

Trusted and loved brands

that innovate and grow

HEALTH¹



NUTRITION¹

#1 globally

GAVISCON NUROFEN



#1 globally

#1 Europe









ATTRACTIVE **EARNINGS MODEL**

High gross margin business driving a strong earnings model

ORGANIC REVENUE GROWTH



MEDIUM-TERM TARGET

ADJUSTED OPERATING **PROFIT (AOP) MARGIN BY THE MID-20S**

MEDIUM-TERM TARGET



SUPERIOR EXECUTION

Relentless focus on execution

IMPROVEMENT IN CUSTOMER **RELATIONSHIP SCORE**

+**100**bps

SHARE OF MARKETS WHERE **RECOGNISED AS TOP TIER BY SUPPLIER PARTNERS²**

positions

REACHING RECKITT'S HIGHEST RANK IN US KANTAR **POWERRANKING SURVEY SINCE 2015³**



SUSTAINABILITY EMBEDDED

Sustainability embedded in how the company runs

NET REVENUE FROM MORE SUSTAINABLE PRODUCTS



REDUCTION IN ABSOLUTE CARBON EMISSIONS IN OUR **OPERATIONS SINCE 2015**



OWNERSHIP CULTURE

Strong and evolving culture: run by owners

EMPLOYEE SHAREHOLDERS

c **50%**

- 1. Claims based on information aggregated and reported in part from data supplied by Nielsen through its Retail Measurement Services and in part from data inputs from other suppliers, in each case, for the relevant category, geographic focus and latest available MAT
- 2. Based on Advantage Group 2022 survey of retailers. 100bps increase in markets rated top tier, from 43.7% in 2021 to 44.7% 2022. Share of markets excludes US
- 3. Kantar USA PowerRanking overall composite score 2016-2022



AT A GLANCE

FINANCIAL HIGHLIGHTS

LIKE-FOR-LIKE (LFL) **NET REVENUE GROWTH'**

2021: 3.5%



ADJUSTED OPERATING MARGIN EXCL. IFCN CHINA¹

2021: 22.9%

ADJUSTED TOTAL EPS¹ DILUTED

2021: 288.5p

FULL YEAR DIVIDEND



IFRS NET REVENUE GROWTH

Y 7%

2021: -5.4%

IFRS OPERATING MARGIN

22.5%

2021: -6.1%

IFRS TOTAL EPS DILUTED





2021: -4.5p

1. Adjusted and other non-GAAP measures, definitions and terms are defined on page 75

2. Based on Advantage Group 2022 survey of retailers. 100bps increase in markets rated top tier, from 43.7% in 2021 to 44.7% 2022. Share of markets excludes US

3. Increase from 24.0% (YTD Oct 2021) to 24.7% (YTD Oct 2022)

4. Increase from 22.2% (Dec 2020) to 23.3% (Nov 2021)

STRATEGIC HIGHLIGHTS

CATEGORY MARKET UNITS (CMUS)

2021: 62%

2021: +930bps

2021: +110bps⁴

HOLDING OR GAINING MARKET SHARE

SHARE OF MARKETS WHERE RECOGNISED

AS TOP TIER BY SUPPLIER PARTNERS²

lbps

TOTAL RECKITT SHARE OF

TOTAL DISTRIBUTION POINTS³

SUSTAINABILITY HIGHLIGHTS

NET REVENUE FROM MORE SUSTAINABLE PRODUCTS



ABSOLUTE REDUCTION IN GREENHOUSE GAS EMISSIONS FROM OPERATIONS SINCE 2015



2021: 66%

INVESTED IN FIGHT FOR ACCESS FUND IN 2022

2021: £38m

AT A GLANCE CONTINUED

OUR GLOBAL BUSINESS UNITS



NET REVENUE

£**5,960**m

-3.1% LFL net revenue growth 0.8% IFRS net revenue growth

CATEGORY PROFILE



- Surface & Disinfection
- Auto Dishwash
- Air Care
- Fabric Additives
- Lavatory Care
- Pest Control
- Other

ADJUSTED OPERATING PROFIT

£**1,214**m

20.4% adjusted operating profit margin

GEOGRAPHICAL PROFILE



Europe/ANZ
Developing Markets

- Developing Markets
- VMS
 Personal Care

OTC

Germ Protection

Intimate Wellness

NET REVENUE

£**5,992**m

CATEGORY PROFILE

14.7% LFL net revenue growth

18.6% IFRS net revenue growth



ADJUSTED OPERATING PROFIT

£**1,648**m

27.5% adjusted operating profit margin

GEOGRAPHICAL PROFILE



North America
 Europe/ANZ
 Developing Markets

NUTRITION | 17% of Group net revenue



NET REVENUE

£**2,501**m

22.9% LFL net revenue growth **10.2%** IFRS net revenue growth

CATEGORY PROFILE



Infant & ChildSpecialty & Adult

ADJUSTED

OPERATING PROFIT

2**577**m

23.1% adjusted operating profit margin

GEOGRAPHICAL PROFILE



- North America
 Europe/ANZ
- Developing Markets

CHAIR'S STATEMENT

PROGRESS AND RESILIENCE IN AN EVENTFUL YEAR



CHRIS SINCLAIR CHAIR

Reckitt today is a well-invested, resilient business with a clear strategy and purpose, a strong culture, dynamic and committed leadership and an excellent portfolio of leading and trusted brands.



CHAIR'S STATEMENT CONTINUED

Reckitt saw strong all-round performance in 2022, delivering 7.6% LFL net revenue growth¹. We executed effectively and delivered on our priorities, whilst advancing on our transformation journey during what was yet another challenging year.

Last year I wrote about the company being at an inflection point. I suggested then that the benefits from our transformation journey would become increasingly apparent, and they have – in the progress, flexibility and resilience Reckitt has demonstrated this year, against a backdrop of market volatility, inflation and economic disruption.

Our problem-solving, innovative culture has been a driving force in helping us successfully navigate both supply bottlenecks and demand spikes. When the war in Ukraine threatened sunflower oil supplies, we acted fast to source alternatives and sustain production. Faced with a sudden shortage of infant formula in the US, we swiftly ramped up supply to help ensure babies continued to have access to the nutrition they needed. These are clear examples of the organisation's ability to manage and excel through dynamic change.

Business performance

There is also momentum in our financial performance, and we remain on track to meet our medium-term targets.

With respect to our transformation, the business has now pivoted from focusing on foundational changes to enjoying the benefits of those changes already implemented. Sharper execution, a more flexible and resilient supply chain, expanded capacity, better customer service and continually improving digital capabilities have all helped to deliver strong underlying performance across our portfolio of purpose-led brands. Reckitt's Purpose to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world remains central to our future and we remain focused on delivering our strategy.

At the same time, governance and risk management continue to be very important areas of focus for the Board. Alongside our sustainability agenda, all three elements are key to our investments and initiatives and enhance the safety and efficacy of our products.

Talent and culture

Also key to our investments and initiatives is our cultural agenda. For example, we have expanded and deepened our commitments on diversity, equity and inclusion. More broadly, we are building a vibrant culture founded on purpose and governed by our Compass. Both affect the way we operate, how we think of ourselves and our approach to the wider world. Progress here is increasingly making Reckitt a place where everyone has a real opportunity to succeed and grow.

Executive change

Reckitt saw the departure of our former CEO, Laxman Narasimhan, in September. We were fortunate that Nicandro Durante was willing and ready to step in for an interim period, to help steer the company on our continued transformation journey, and to give the Board time to find the right permanent successor.

As Reckitt's longest-serving Non-Executive Director, Nicandro already knew our company well. This, along with his experience as a global FMCG CEO and strong track record of managing change, equipped him for the task. Nicandro is ably supported by a strong and committed leadership team. The process for naming a new CEO is well underway with assessments of both internal and external candidates. We look forward to updating shareholders and the market as soon as we are able.

Finally, I'd like to express my gratitude to Laxman for his important contribution over the past three years. Reckitt today is a stronger company with excellent talent and well positioned for the future.

Changes to the Board

Recent appointments have refreshed and strengthened the Board. In February 2022, we were pleased to welcome Alan Stewart as a Non-Executive Director. As former CFO at Tesco, Alan brings a wealth of experience, and his insights are already helping to inform our approach to strengthening retail partnerships. Alan was also appointed as Chair of the Remuneration Committee, replacing Mary Harris in that role. Mary continues to be a valued member of the Remuneration Committee.

Following Nicandro becoming CEO, Jeremy Darroch joined us as Senior Independent Non-Executive Director in November and was appointed to the Remuneration Committee and the Nomination Committee. Formerly Executive Chairman and Group Chief Executive of Sky, Jeremy is an outstanding leader with considerable expertise in the consumer retail environment, built up over a successful career at some of the UK's highest-profile companies.

We are also delighted to welcome Tamara Ingram OBE as a Non-Executive Director and member of the Audit Committee from February 2023. With many years of experience at major advertising firms, including as Global Chair of Wunderman Thompson and CEO of McCann Worldgroup in London, Tamara's informed perspective, on marketing and communication issues especially, will add tremendously to the quality of our deliberations.

In February 2020, the Board committed to maintain the dividend at 2019 levels as investments were made to benefit long-term sustainable growth. The Board has updated its dividend policy and now aims to deliver sustainable dividend growth in future years, subject to any significant internal or external factors. Accordingly, the 2022 dividend has been increased by 5% in line with this objective.

The Board of Directors recommends a final 2022 dividend of 110.3 pence, which when added to the interim dividend of 73.0 pence, gives a full-year dividend of 183.3 pence (2021: 174.6 pence). Subject to shareholder approval at the Annual General Meeting, this will be paid on 24 May 2023 to shareholders on the register at the record date of 11 April 2023.

Conclusion

In summary, Reckitt today is a well-invested, resilient business with a clear strategy and purpose, a strong culture, dynamic and invested leadership and an excellent portfolio of leading and trusted brands.

With good momentum and a strategy fit for the times, we are well placed to both manage upcoming challenges and respond to opportunities.

We approach the future with confidence. We will continue to drive sustainable growth and deliver on our priorities and purpose. We know these are the right priorities and we will continue forging our path to long-term success for Reckitt, its shareholders and its stakeholders.

1. Adjusted and other non-GAAP measures, definitions and terms are defined on page 75

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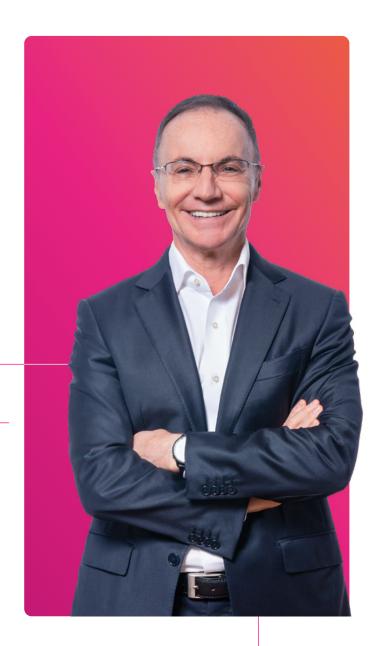
CHIEF EXECUTIVE OFFICER'S STATEMENT

A YEAR OF DELIVERY AND MOMENTUM



NICANDRO DURANTE CHIEF EXECUTIVE OFFICER

Our growth strategy is delivering. The Group is now 28% larger than in 2019 on a like-for-like net revenue basis, driven by the strength of our iconic brands, which are often number one or two globally or in their markets.



CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Overview

Reckitt has a unique portfolio of brands that consumers love, trust and rely on to protect, heal and nurture millions of people each and every day.

Our brands are steeped in history and are iconic leaders in their categories, often ranked number one or two globally or in their markets. Each brand also has a specific fight, aligned with the Sustainable Development Goals, which helps to identify unmet opportunities. Our strong brands therefore have the equity to expand into adjacent categories, travel to new geographies, earn trust from new consumers and stand for something bigger.

That equity has helped drive growth in our market share and penetration and has allowed us to move into new spaces and places, deepening and broadening the reach of our trusted brands in high-growth categories.

Behind everything we do is our culture, which guides each of us to Own, Create, Deliver and Care. Our focus on sustainability steers our work towards a cleaner, healthier world through our purpose-led brands. Overall, we contribute to a healthier planet and a fairer society.

2022, a year of strong delivery in challenging conditions

When I took over as CEO in October 2022, it was immediately clear that our growth strategy is delivering. In 2022, amid an extremely challenging environment of high inflation, consumers facing cost-of-living pressures and global supply challenges, we delivered 7.6% like-for-like net revenue growth¹, a resilient gross margin performance and strong adjusted operating margin expansion of 90bps (excluding IFCN China) to 23.8%. The Group is now 28% larger than in 2019 on a LFL net revenue basis with price/mix improvements of around 18%, and volume growth of around 10%, with broad-based growth across our three Global Business Units (GBUs).

Our resilient performance was underpinned by sequential improvement in our Hygiene GBU throughout the year as the Lysol base continued to normalise, and ongoing momentum in the Health GBU, led by OTC brands and our Intimate Wellness portfolio. The Nutrition GBU also made good progress, with solid net revenue growth aside from the short-term outperformance resulting from a competitor's supply issue.

Our in-market competitiveness remains strong, with 62% of our core Category Market Units (CMUs) holding or gaining share. This performance is due to a more resilient supply chain, improved in-store execution and successful innovation that is increasingly supported by deep consumer insights and investment in science.

I am particularly proud of the outstanding delivery by our Nutrition team in the US, where the supply of infant formula was a serious issue during much of the year. The team's focus on doing everything possible to put more formula on shelves, addressing concerns of parents across the US, whilst safeguarding quality and safety, was exceptional and a testament to the Reckitt 'can-do' attitude. As a result, we delivered more than 1.8 billion 80z servings of infant formula in North America.

A firm focus on execution in 2023

Market conditions in 2023 are likely to remain challenging, with further inflation and consumers facing continued financial pressures. We are mindful of these issues; however, we have good momentum, a strong innovation pipeline and an organisation fully focused on delivering superior products. We target another year of mid-single-digit growth in 2023, excluding the impact of the 2022 one-off gain from competitor supply issues in our US Nutrition business. This impact is approximately +2.5% on our LFL net revenue growth in 2022.

Looking ahead, with our strong innovation pipeline, improved executional muscle, and significant penetration opportunities, we are well positioned to deliver sustainable mid-single-digit growth in the medium term.

Creating long-term value

The Group Executive Committee and I are committed to maximising long-term value for our shareholders. Our interests are fundamentally aligned through our market-leading shareholding requirements for all of our top management.

Reckitt is well positioned to create long-term value for all of its stakeholders. This starts with a strong growth algorithm from its trusted, market-leading brands operating in growth categories, and is bolstered by all the improvements we've made in the business and the opportunities ahead.

The quality of our categories and the strength of our brands enable us to achieve leading gross margins in our peer group. It is these high gross margins that fund investment in innovation, support for our brands and our fixed cost infrastructure, whilst delivering strong adjusted operating profits and margins.

In summary, we have a unique portfolio of trusted, market-leading brands in structurally attractive categories with significant headroom for growth. This, combined with our progress to date, gives me great confidence in our future.

1. Adjusted and other non-GAAP measures, definitions and terms are defined on page 75

CORE CMUS GAINING OR HOLDING SHARE



GROUP LFL NET REVENUE GROWTH VS 2019



CULTURE AND INCLUSION

DYNAMIC, INCLUSIVE AND COLLABORATIVE

We are nurturing our dynamic, inclusive and collaborative culture to take on the fight for a cleaner, healthier world. We celebrate and encourage behaviours rooted in our shared sense of purpose.



OUR PURPOSE

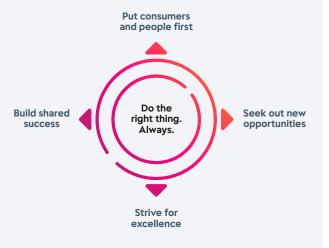
We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

OUR FIGHT

We have a fight on our hands. A fight to make access to the highest-quality hygiene, wellness and nourishment a right, not a privilege.

OUR COMPASS

Our Compass guides our business. At its heart is the goal of doing the right thing. Always. We put consumers and people first, seek out new opportunities, strive for excellence and join forces to win bigger and build a culture of shared success.



OUR LEADERSHIP BEHAVIOURS

Our culture aims to empower our people to always bring their authentic self to work so they can operate at their best. This is articulated in our Leadership Behaviours, which set out our expectations about how we behave. Everyone at Reckitt, not just our leaders, is expected to Own, Create, Deliver and Care. These behaviours define how we operate and how we make decisions.

Own

Create

- Live our Purpose, Fight and Compass
- Know our business cold
 Make decisions

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

- Deliver
- Focus on what matters
- Move boldly and at pace
- Join forces to win bigger
- Care
- Actively listen, learn and include
- Speak direct with respect
- Act to unleash potential

CULTURE AND INCLUSION CONTINUED

United by Purpose

10

Our Purpose, Fight, Compass and Leadership Behaviours have been widely welcomed and adopted within the company. Our culture has evolved to support this strategy and cement our status as a purpose-driven, consumer-centric business.

Reckitt has long been recognised as a place where people take responsibility for making things happen. Now, that drive for delivery and innovation is even more strongly combined with a sense of purpose. We take care of each other and recognise we all have a part to play in making access to the highest-quality hygiene, wellness and nutrition a right, not a privilege. A dynamic, inclusive and collaborative culture is at the heart of that.

We build sustained business performance by encouraging the four Leadership Behaviours that promote and embed our purpose-led culture. We want our people to Own their decisions, whilst living our Purpose and Compass every day. We seek to Create new opportunities to relentlessly pursue our Purpose, whilst putting people and consumers first. Deliver encapsulates our commitment to superior execution. Last but not least, we Care about others within the company and in wider society.





Leveraging diversity

Our cultural diversity is a key strategic capability. With around 40,000 people of 125 different nationalities operating in 68 countries spanning six continents, we closely reflect and represent the consumers and communities we serve. This leaves us better placed to develop solutions our consumers really need, whilst having a positive impact and helping build a more inclusive world.

We are gathering global diversity information, with employee consent, to enrich our understanding of the make-up of our workforce and colleagues' experiences.

Taking care of each other

We continually assess how best to care for colleagues and deliver exceptional business performance, whilst adapting to changing social and economic conditions.

We live in volatile and challenging times. After a pandemic that changed the world of work overnight and triggered demand disruption and supply chain bottlenecks, we have faced cost inflation and product availability challenges. In 2022, the war in Ukraine, the ongoing cost-of-living crisis and increased energy prices have all taken their toll. Our people have demonstrated tremendous talent and resilience by responding effectively to these external pressures, whilst still progressing Reckitt's own transformational journey.

This year, we decided to mark this outstanding effort and recognise the added financial burden we all face, with a one-off appreciation bonus or salary increase for the majority of our employees globally. A fixed amount, agreed country-by-country, was awarded to the majority of employees below senior management. This ensured that colleagues most affected by the rising cost of living received the largest percentage benefit.

When reviewing compensation, we take account of inflation, salary market norms and affordability in determining pay levels.

Colleagues' safety and security are paramount. In February 2022, following the outbreak of the war in Ukraine, we temporarily suspended our operations there. Despite this, we have committed to continuing to pay the salaries to our colleagues in Ukraine at least until mid-2023. We are also engaged in a process aimed at transferring ownership of our Russian business. We continue to employ and support our Russian colleagues whilst this is underway.

Mental health and wellbeing

Promoting wellbeing is not just an employee consideration at Reckitt, it goes to the core of who we are: we exist to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

In March 2022, we launched our Global Wellbeing Policy. This sets out our ambition to create an environment where people can live a better life. It recognises mental health as critical to that and reflects our belief that focusing on



RANJAY RADHAKRISHNAN CHIEF HUMAN RESOURCES OFFICER

Our culture of ownership drives us to live our Purpose in our Fight, model our Leadership Behaviours and deliver sustained high performance.



CULTURE AND INCLUSION CONTINUED

colleagues' personal and professional wellbeing is foundational for sustained business performance.

We have a wide range of tools and resources to support employees' mental health and wellbeing. People share stories through our global Stronger Together conversations, including each year on World Mental Health Day. Performance coaches support Reckitt's leaders in managing constant change, beating fatigue, and resetting and refocusing. Employees are encouraged to take time out for monthly Wellbeing Boosters where performance coaches provide tips and tools to support them on their wellbeing journey. We've also teamed up with Heart On My Sleeve, a global organisation focused on emotional wellness, which helps people forge meaningful connections through understanding, peer support and community engagement.

Employee Resource Groups (ERGs)

ERGs are employee networks that aim to raise the visibility of underrepresented communities. They provide a space for colleagues to connect and support each other. ERGs welcome anyone who wants to advance group interests, either as a community member or as an ally.



TOP EMPLOYER

Seven of our markets were named in the Top Employers Institute Awards, which globally recognises excellence in people practices





Our four global ERGs provide visibility, support and understanding, all the things that help us bring our full selves to work. I am proud to sponsor the work we are doing within the LGBTQ+ community.





ERGs are represented on our Global Inclusion Board and provide input on consumer perspectives, which inform our innovation process. This Board is led by our CEO and includes senior business leaders as well as ERG representatives. Their work is complemented by Local Inclusion Boards working with local ERGs. Chaired by regional general managers, these provide representation and support in specific markets.

With the launch of our new Disability ERG in April 2022 we now have four global ERGs. Women@Reckitt works to unlock the potential of women at Reckitt and transform the way we think about gender. LGBTQ+ @Reckitt celebrates diversity in all its forms. It aims to eradicate discrimination and empower LGBTQ+ people to bring their whole selves to work. The Race and Ethnicity ERG encourages conversations and promotes corporate actions to create an environment where employees of all races and ethnicities can thrive. Our Disability ERG enables and empowers employees with disabilities

Embedding inclusivity

All colleagues should feel able to participate fully, bring their authentic self to work, and realise their full potential. Together, we can make a real, meaningful difference.

We have been intensifying our efforts to embed this sense of inclusion. Internally, we are strengthening our inclusive culture by focusing on leadership, people and policy. Externally, our inclusive approach to procurement, brands and partnerships aligns who we are with what we do.

Our dedicated Global Inclusion team works in close partnership with the Global Inclusion Board to set and drive our inclusion agenda. We have also been rolling out a conscious inclusion learning programme globally. This is spreading the message that we all need to play our part in creating a culture where everyone is included and valued. We have issued specific guidance on inclusive recruitment practices for managers with hiring responsibilities.

OUR STRATEGY

OUR GROWTH STRATEGY

STRATEGIC IMPERATIVES

Our strategic imperatives are those areas of focus which support our medium-term objectives of delivering sustainable mid-single-digit growth and mid-20s adjusted operating margins.



STRATEGIC GROWTH DRIVERS

1

3

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Our category-led growth strategy is anchored in consumer demand. We use our deep consumer insights, combined with our strength in science and technology to drive growth via our strategic levers.



For further information see pages 20 to 28

2030 SUSTAINABILITY AMBITIONS

Our 2030 ambitions embed sustainability at the core of our business and build on the progress we have already made. They focus on three areas:

PURPOSE-LED BRANDS

We sell more than 30 million products every single day. We want to have a positive impact by selling products people want and that make a positive difference in the world.

A HEALTHIER PLANET

A healthier planet and healthier people are inextricably linked. We play an active role in helping to combat climate change, addressing biodiversity concerns and improving planetary health through our own actions, our partnerships and our brands.

A FAIRER SOCIETY

We are fighting for a world where access to the highest-quality hygiene, wellness and nourishment is everyone's right, and not a privilege. We are building an inclusive culture, where everybody is treated fairly and equally. Our teams represent the diverse geographies we operate in and the people we serve.

For further information see page 17

OUR BUSINESS MODEL

HOW WE Create Value

OUR ASSETS

OUR PEOPLE AND CULTURE

We employ outstanding people who are focused on execution. They work in a unique culture, with a strong sense of shared ownership, that harnesses their passion and allows them to make a real difference.

OUR BRANDS

We have a global portfolio of leading brands, offering attractive growth prospects and margins, and sustainable competitive advantages.

OUR KNOWLEDGE AND SKILLS

We have deep consumer understanding, proven R&D capabilities and an agile organisation, which gets the right products into the hands of consumers quickly.

OUR PARTNERSHIPS

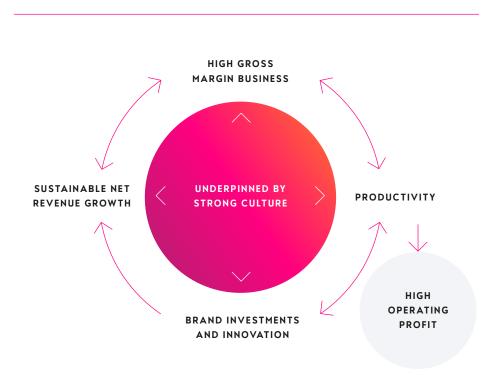
We develop strong, trusted relationships with our customers, consumers, suppliers, communities and other partners to allow us to extend our impact.

OUR INFRASTRUCTURE

Our business is underpinned by strong manufacturing sites, R&D laboratories, centres of excellence and logistics centres as well as digital infrastructure.

OUR FINANCIAL STRENGTH

Shareholders' equity, debt and retained profit give us the financial resources to implement our strategy.



HIGH GROSS MARGIN BUSINESS

EARNINGS GROWTH MODEL

Gross margin reflects the quality of both the categories in which we operate, and strength and premiumisation of our brands. This funds reinvestment in our brands, our growth drivers and the delivery of leading operating profit margins in our peer group.

PRODUCTIVITY

Embedding programmes to enhance effectiveness and efficiency in the company and to fund investment. BRAND INVESTMENTS AND INNOVATIONS Investing behind our brands through innovation, consumer education and advertising, amongst other activities, ensures that our brands remain relevant to our consumers, whilst making their lives incrementally better.

SUSTAINABLE NET REVENUE GROWTH

We operate in high-growth categories, underpinned by innovation and investment in brand-building initiatives. This creates a strong platform to support sustainable mid-single-digit net revenue growth.



CUSTOMERS Ranking in top 100

OUR ENVIRONMENT

B

absolute reduction in carbon emissions from operations since 2015



See page 47

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consumer packaged

For further information see page 56



across all

OUR PEOPLE

management

Gender balance

CONSUMERS Net revenue from more sustainable products



see page 49

For further information

For further information see page 112

SUPPLIERS	For further information see page 51
SCIENTISTS	For further information see page 52
INNOVATORS	For further information see page 52
INDUSTRY BODIES	For further information see page 53
INVESTORS	For further information see page 54
COMMUNITIES	Ser further information see page 54

MARKET CONTEXT

TACKLING FOUR BIG Global Problems

Reckitt fights to help tackle four big problems for humanity. Our brands help people meet these challenges. Growing our markets increases our impact.

SUSTAINABILITY AND DIGITAL PRACTICE EMBEDDED

As we seek solutions to these problems, we are embedding sustainability into our work and strengthening our digital capabilities to meet consumers' evolving tastes, values and behaviours.

Sustainability is not just about doing the right thing, it is a commercial imperative. Consumers want to buy products that are not only safe and effective, but have also been developed in a responsible manner, recognising the positive and negative impact that their production and use can have on the environment and wider society.

Digital technologies are transforming consumer behaviour and purchasing decisions, affecting what and how people buy. Technology also has implications for the way we develop and market our products, the value we can offer consumers, and how we manage our supply chain.

THE PROBLEM POOR WATER, SANITATION AND HYGIENE CAN HAVE DEVASTATING CONSEQUENCES	2 THE PROBLEM FORMAL HEALTHCARE SYSTEMS HAVE LIMITED RESOURCES AND ARE UNDER INCREASING PRESSURE
B	4
The problem	THE PROBLEM
LIMITED UNDERSTANDING AND STIGMAS	BOTH INFANTS AND THE INCREASING
AROUND INTIMATE WELLNESS DAMAGE	NUMBER OF SENIORS IN OUR SOCIETY
PUBLIC HEALTH AND WELLBEING	HAVE SPECIALISED NUTRITIONAL NEEDS

MARKET CONTEXT CONTINUED

POOR WATER, SANITATION And Hygiene can have devastating consequences

1

As cities become more crowded and populations more mobile, good hygiene practice is essential in reducing the spread of infection. In developing economies, water stress can compromise hygiene. This has a direct impact on health, both in cities and in rural communities.

FORMAL HEALTHCARE SYSTEMS HAVE Limited resources and are under increasing pressure

2

Across the world, ageing populations and stretched public finances are putting pressure on healthcare systems. Meanwhile, individuals are becoming better informed and are more actively involved in looking after themselves. Self-care solutions, supported by consumercentred technology on apps and elsewhere, give people more control. By saving trips to the doctor, they can also help reduce demand on strained public healthcare systems.

OUR RESPONSE

We supply products that meet the highest hygiene standards. We promote hygiene as the foundation for health

More and more consumers use our premium, category-leading products to protect their homes and families. They provide a frontline defence against the spread of transmissible diseases and viruses.

Lysol and Dettol, our disinfectant brands, help break the chain of infection on surfaces in kitchens and bathrooms, from hands, and other 'at-risk' spaces. Harpic, Vanish and Finish support cleanliness and hygiene in the home. Our pest brands, like Mortein and SBP, protect against unwanted pests and insects. The Reckitt Global Hygiene Institute and our Fight for Access Fund are building scientific understanding and extending awareness of hygiene issues.

OUR RESPONSE

We are reducing demand for institutional healthcare by empowering consumers with effective and practical self-care solutions

With our over-the-counter healthcare brands, via vitamins, minerals and supplements, and through health literacy campaigns, we give people the tools and the knowledge to take better care of themselves, prevent illness and treat everyday symptoms at home. We share insights gleaned from our science platforms (see page 31) and address specific consumer needs across our product range. We partner with clinical professionals and share sciencebacked information with consumers to prevent and treat infection. These dynamics, combined with digital trends, continue to provide opportunities in areas like personalised nutrition, wellness and digital health.

3

LIMITED UNDERSTANDING AND STIGMAS Around Intimate Wellness Damage Public Health and Wellbeing

In many parts of the world, there is limited awareness and understanding of intimate wellness. In some traditionally conservative societies, cultural taboos rather than health considerations guide policy priorities. Reproductive health and sexual wellbeing have not been priorities in recent years. The contact-averse public health measures during the pandemic restricted young people's access to sexual education and development.

OUR RESPONSE

We are supporting intimate wellness and safeguarding young people by promoting sexual wellbeing and combating sexually transmitted diseases

As the world's leading producer of condoms and with 90 years of brand heritage, Durex plays a crucial role in reducing the risk of sexually transmitted infection and encouraging safe sexual practices. With brands like Queen V and KY, we are supporting vaginal health and getting people to talk openly about intimate wellness.

4

BOTH INFANTS AND THE INCREASING Number of seniors in our society have specialised nutritional needs

Infants deserve the best possible start in life and the nutrition they receive is a key part of that. That is especially true for those suffering from allergies or other conditions which require specialised nutrition. Equally, with people living longer, there is a growing demand for nutritional products that help promote and sustain mental and physical faculties. All adults, especially seniors, can benefit from high-quality speciality food supplements that support immunity, digestion, cognition and mental health.

OUR RESPONSE

Our specialised nutrition is helping infants to flourish and allowing older adults to live fuller lives

Through the strength of our brands, consumer insight and science understanding, we are well placed in the nutrition market. Brands such as the Enfa range and Nutramigen nurture infants by serving important nutritional needs. For adults, brands like Provital, Move Free, Airborne and Neuriva deliver essential vitamins, minerals and supplements. Our product innovation teams leverage the capabilities within our allergy and immunity and digestive health science platforms to deliver innovative solutions that address the specific nutritional needs of infants and adults.

OUR SUSTAINABILITY APPROACH AND PERFORMANCE

See our latest performance on page 18

B And within our Sustainability Insights

A CLEANER Healthier World

Our 2030 Sustainability Ambitions sit at the centre of our business and support our Purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

Embedding sustainability across our business and throughout our value chain is a strategic imperative. We work with independent external experts to assess the priority issues for our stakeholders through focused research and dialogue. Using the 'double materiality' approach recommended by the Global Reporting Initiative, we consider both our impact on these issues and their impact on us. Our latest assessment in 2021 identified the following top six issues:

- Climate change
- Product quality and safety
- Packaging and waste
- Advancing global health and hygiene
- Ethical business conduct
- Sustainable product innovation

For more detail see **Focusing on what matters**

Our desire to see a cleaner, healthier world aligns with our fight to tackle four of the world's biggest problems. As a member of the UN Global Compact, we are committed to contributing to the UN Sustainable Development Goals (SDGs).

PURPOSE-LED BRANDS

SAFER AND MORE SUSTAINABLE PRODUCTS

- **50%** of net revenue from more sustainable products by 2030
- 65% reduction in chemical footprint by 2030

ENABLING A CIRCULAR ECONOMY

- 100% of plastic packaging to be recyclable or reusable by 2025
- **25%** recycled content in our plastic packaging by 2025
- 50% reduction of virgin plastic in packaging by 2030

HEALTHIER PLANET

COMBATING CLIMATE CHANGE

- 50% reduction in our product carbon footprint by 2030
- **65%** reduction in Greenhouse Gas (GHG) emissions in operations by 2030
- 100% renewable electricity by 2030
- 25% less energy use by 2025

WATER POSITIVE

- Water positive in water-stressed sites by 2030 50% reduction in our product water footprint by 2040 30% reduction in water in operations
- **30%** reduction in water in operations by 2025



FAIRER SOCIETY

CREATING FREEDOM TO SUCCEED

An inclusive culture where everybody is treated fairly and equally Our teams represent the diverse geographies we operate in and the people we serve 50/50 Gender balanced management at all levels by 2030

FAIRNESS ACROSS OUR VALUE CHAIN

Sustainable livelihoods and working conditions Our teams and communities throughout our value chain have livelihoods that enable their health and wellness Embed human rights through impact

assessments and action plans in our key value chains by 2030



A CLEANER HEALTHIER WORLD THROUGH THE POWER OF OUR PURPOSE-LED BRANDS

Reach half the world with brands that help people live cleaner, healthier lives Engage two billion people in our partnerships, programmes and campaigns Make a lasting difference in communities through our Fight For Access Fund and our programmes Work with our partners to help deliver the UN Sustainable Development Goals

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OUR SUSTAINABILITY APPROACH AND PERFORMANCE CONTINUED

OUR 2030 Ambitions In Action

Every day, through our global brands, we encourage millions of consumers to take small actions that add up to meaningful change.

PURPOSE-LED BRANDS

REDUCING PLASTIC

Progressing the SDGs is core to our Purpose. As we pursue our Purpose through our brands, strategies for making more sustainable products, including using less plastic, are integrated into brand development.

In 2022, we launched paper-based packaging for Finish, a first for automatic dishwashing products. The new stand-up pouch uses 75% less plastic. It's the latest milestone on the way to our 2030 goal of halving virgin plastic in packaging.

Too much plastic is produced worldwide and far too much of that goes to landfill. Alongside reducing plastic use, we're also improving recyclability by using materials that are more readily recyclable and simplifying our packaging to make it easier to recycle. We're increasingly using more non-virgin packaging materials and we're working to develop circular economies for plastics through cross-industry alliances like RecyClass and the Business Coalition for a Global Plastics Treaty.

HEALTHIER PLANET

RESTORING NATURE

Biodiversity is fundamental for a healthy planet. We are developing methodologies to monitor our impact on nature and the tools to manage it. We'll use these to set new targets in supply chains for key ingredients. And we've set ourselves a stretching target to help improve ecosystems internationally. We aim to restore 1.2 billion square feet of wildflower habitats globally.

Botanica by Air Wick is actively involved. Its international partnership with WWF has already restored more than 77 million square feet of forest and wildflower habitats. Numerous plant species have been conserved.

The partnership is progressing its biodiversity plans in 10 countries. In the US, it's reseeding nearly 40 million square feet of Great Plains grasslands. In Mexico, it's protecting the Monarch butterfly by preserving wild flowering plants on migration routes. In the UK, the Let's Bring Nature Back campaign pledges to restore and protect 20 million square feet of wildflower habitats. In Australia, 22 endangered wildflower species are being preserved.

FAIRER SOCIETY

DRIVING ACCESS TO CLEAN WATER AND SANITATION

Today, 771 million people lack access to safe water and one in four lack access to safe sanitation. Without action, 4.8 billion people will face water stress by 2050.

SDG 6 calls for access to clean water and sanitation for all by 2030. This demands four times faster progress and a three and a half times increase in global investment in water, sanitation and hygiene (WASH).

Water is critical to our Purpose and our Sustainability Ambitions because it's the biggest ingredient in the manufacturing of our products, and our consumers often need water to use them.

We're aiming to reduce our water footprint everywhere by recycling water in our factories. Our Hosur factory in India is now water neutral through actions we have taken to reduce our water use, develop water harvesting and strengthen water security in the local catchment. We partner with global experts to provide and improve sanitation. With Water.org, we've helped 1.4 million people gain improved access to water and sanitation.



KEY PERFORMANCE INDICATORS

FINANCIAL¹

LIKE-FOR-LIKE NET REVENUE GROWTH

KPI: An indicator of strong sales execution, innovation and customer service.

2022	7.6%
2021² (3.5%
2020²	11.8%
2019	0.8%
2018	3.0%

Target: To sustainably grow mid-single digit in the medium term.

ADJUSTED OPERATING PROFIT MARGIN

KPI: An indicator of brand strength, return on investment in innovation and marketing.

2022 (23.8%	
20213 (21.7%	
2020 (23.6%	
2019 (26.2%	
20184	26.7%	

Target: Mid-20s adjusted operating profit margin by the mid-2020s.

ADJUSTED DILUTED EARNINGS PER SHARE (EPS)

KPI: An overall indicator of success.

2022 (341.7p	
2021	288.5p	
2020	327.0p	
2019	349.0p	
20184	339.9p	

Target: To achieve consistent earnings per share growth as we deliver mid-single digit revenue growth and improving margins over time.

FREE CASH FLOW CONVERSION

KPI: A strong link to efficient capital structure and well-managed working capital.

2022	83%
2021	61%
2020	131%
2019	87%
20184	84%

Target: To maintain the delivery of strong free cash flow conversion over time.

RETURN ON CAPITAL EMPLOYED

KPI: An indicator of the efficiency of converting capital into earnings.

2022	13.2%
2021	10.1%
2020	10.1%
2019	10.3%
2018	10.7%

Target: To sustainably grow return on capital employed through disciplined capital management.

HEALTHIER PLANET

GHG EMISSIONS FROM OUR OPERATIONS

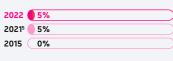
KPI: The percentage reduction of our Scope 1 and 2 emissions against our 2015 baseline.

2022	66%	
2021	66%	
2015	0%	

Target to 2030: 65% reduction against 2015 baseline $(383,365 \text{ tCO}_2\text{e})^5$.

WATER USE PER TONNE OF PRODUCTION

KPI: The percentage reduction in total water consumption per tonne of production, against our 2015 baseline.



Target to 2025: 30% reduction against 2015 baseline (2.76m³ per tonne of product)⁵.

ZERO WASTE TO LANDFILL

KPI: The percentage of our factories achieving zero waste to landfill, including both hazardous and non-hazardous waste.

2022 (94%
2021	96%
2020	96%
2019	96%
2018	93%

Target to 2030: 100%.

1. See details on our alternative performance measures on page 75

- IFCN China disposed in 2021, and therefore not included in 2021 LFL NR Growth. 2020 figures include IFCN China (excluding IFCN China: 13.9%)
- 4. 2018 figures are as reported within relevant periods and have not been adjusted for subsequent updates made to IFRS
- 5. Data restated due to removal of divested sites and data reporting improvements. See our Reporting Criteria for more detail at www.reckitt.com/sustainability/policies-and-reports

3. 2021 figures include IFCN China (excluding IFCN China: 22.9%)

KEY PERFORMANCE INDICATORS CONTINUED

PURPOSE-LED BRANDS

PRODUCT INNOVATION

KPI: Total percentage net revenue from more sustainable products.

2022 (24.4%
2021	24.9%
2020 ¹	30.4%
2019	24.6%
2018	18.5%

Target to 2030: 50% of net revenue.

PRODUCT FOOTPRINT

KPI: The percentage reduction of our product carbon footprint against our 2015 baseline².

2022	+17.0%
20213	+20.5%
2015	0.0%

Target to 2030: 50% reduction against 2015 baseline (11.1 million tCO₂e)³.

PURPOSE-LED BRANDS

KPI: Total number of people engaged through our partnerships, programmes and campaigns since 2020⁴.

2022 (1.48bn
2021	0.90bn

Target to 2025: 2 billion people since 2020.

FAIRER SOCIETY

GENDER DIVERSITY

KPI: Gender balance across all management levels combined⁵.

2022 (50%
2021	49%
2020	49%
2019	48%
2018	47%

Target to 2030: Gender balance at all

management levels.

LOST WORK DAY ACCIDENT RATE (LWDAR)

KPI: Number of incidents resulting in at least one lost day of work per 100,000 hours worked.

2022 (0.066	
2021	0.046	
2020 (0.050	
2019	0.076	
2018	0.084	

Target: Continued decrease in LWDAR rate.

SOCIAL IMPACT INVESTMENT

KPI: Total value of cash contributed, employee time in working hours and in-kind product donations valued at cost to the business.

20226	£31.7m
2021	£38.2m
2020	£52.8m
2019	£12.2m
2018	£14.4m

Target to 2025: £20 million per year.

1. Figures prior to 2021 exclude our Nutrition business unit

- 2. Excluding energy used indirectly by consumers at home
- 3. Data restated due to divestments and acquisitions and data reporting improvements. See our Reporting Criteria for more detail at www.reckitt.com/sustainability/policies-and-reports/
- 4. From 2013-2020, our programmes reached 1.8 billion people, exceeding our target of 1 billion. We introduced new targets in 2020 and now report on cumulative engagement since then
- 5. Figures showing percentage of women
- 6. Highlight figure on page 3 rounded to nearest million

PROGRESS AGAINST OUR STRATEGY

HYGIENE





Our team is coming out of the pandemic stronger than ever. Since 2019, we added £1.1bn in incremental revenues, delivered a 7.6% net revenue CAGR and significantly improved our capabilities across the entire value chain.

OUR CATEGORIES



Fabric Additives Air Care alle





Overview

(inish

Our Hygiene Global Business Unit (GBU) is anchored in hygiene as the foundation of health. We have leading brands that consumers trust in six core categories, an ambitious focus on a superior consumer offering, and a strong culture of outperformance. This underpins our ambitions to grow mid-single-digits as we continue to innovate to meet the evolving needs of our consumers; embed our excellent go-to-market capabilities; and leverage a resilient, agile supply chain to navigate changing market environments.

The increased risk of pandemics, rising urbanisation and climate change make the need for improved hygiene solutions ever more critical - from our disinfectants that break the chain of infection through to pest control products that reduce potential exposure to disease. Importantly, the growing middle class in emerging markets aspires to a more hygienic and healthier way of living. We are determined to be at the forefront of this trend, leveraging the trust and loyalty our globally leading brands have built to bring more people into these categories.

Our brands are typically leaders in their categories. Lysol is the largest disinfectant brand in the world and, despite the category normalising after its pandemic peaks, has added nearly 16 million households since 2019. Finish is the leading auto dishwashing brand globally; and Air Wick, our air care brand, holds number one or two positions in over 80% of the markets in which we operate.

We have developed consumer-inspired category growth strategies, strengthened by our scientific expertise which is enabling us to deliver cutting-edge innovations.

Lysol net revenue



and spaces²

LYSOL SHARE GAINS VS 2019



1. Includes Lysol disinfectant spray, wipes, lavatory care and non-wipes multi-purpose cleaners

2. Includes adjacencies

PROGRESS AGAINST OUR STRATEGY CONTINUED



We have strengthened our capabilities in revenue growth management, e-commerce and digital marketing with a proprietary digital marketing engine which has increased the ROI in trade and marketing investments, contributing to a tripling of our e-commerce business since 2019.

And our stronger go-to-market capabilities have enabled us to reset our customer partnerships, resulting in strengthened promotional support that helped us to increase our share month-bymonth in the second half of 2022. I am proud of the focus we have put on this capability which has resulted in us being recognised as a top supplier in even more markets.

The Hygiene GBU accounts for more than 40% of our total net revenue, and we remain a profitable business with operating margins of above 20%. This is driven by the strength of our marketleading brands and our focus on productivity. The external environment remains unpredictable as we manage through changes in consumer behaviour post-pandemic, macroeconomic uncertainty, and unprecedented inflationary pressures. However, we have reinforced our commitment to strengthen our brand building.

Our innovation pipeline going into 2023 is our strongest in recent years. Therefore, we are confident that we can accelerate our growth journey. We are progressing our supply chain transformation where we have focused on regionalising our model and have already achieved close to 90% local sourcing, allowing us to be more agile and resilient to changing market dynamics. Our categories are coming out of the pandemic materially stronger thanks to our improved capabilities and our operational excellence programme.

An example of our superior category creation is Lysol laundry sanitisers in the US. We launched this category in 2018. Since then, we gained more than 10% household penetration. Our product delivers excellent consumer satisfaction as evidenced by the repeat purchase rate of above 50%. Lysol laundry sanitisers are now generating circa \$200 million and this has become Lysol's second biggest segment ahead of wipes. We believe that there is more growth to come in this category as more consumers adopt its use. For example, in Italy circa 25% of households now use laundry sanitisers. This also creates significant value for our retailers, namely incremental revenue of around \$0.45 per wash load.

In our largest category, Auto Dishwashing, we continue to lead the market with the Finish brand. We are improving the standard and efficiency of dishwashing for consumers, with the introduction of our Thermoform formats, offering superior solutions whilst allowing them to conserve water. In developing markets, where currently fewer than 13% of households have a dishwasher, we continue to partner with machine manufacturers to grow dishwasher penetration.

Equally important to our portfolio is our Air Care category where we hold the number one or two position in over 80% of our markets. This has delivered mid-single-digit growth since 2019. In the US alone, we have added almost two million households to our Air Wick franchise in the past three years by expanding the category with a new line of scented oil products that attracts users looking for lighter fragrances.

Whilst smaller players in our overall portfolio, the growth of our Fabric Care, Lavatory Care, and Pest Control categories are building scale, each generating between one-quarter of a billion and three-quarters of a billion GBP in retail sales.

And we are delivering more sustainable products. On Finish, we launched the first recyclable pouch in 2019 and, in 2022, we were the first to launch a recyclable paper-based pouch. Meanwhile our #SkipTheRinse campaign influences consumer behaviour with a clear message that you don't need to pre-rinse dishes when using Finish. This is saving many millions of litres of water every year across the world. In Fabric Care, up to 60% of a product's carbon footprint is incurred when the product is in use during a wash cycle. The biggest single impact is to reduce washing temperatures (in the EU the average temperature is 42°C). With Vanish you get a better performance at 20°C than with a leading detergent alone at 40°C. We are excited about how we can further grow our categories through educating consumers on different ways to manage their hygiene needs, whilst delivering innovations which are more sustainable.

Finally, we have been embedding our Leadership behaviours of Own, Deliver, Create and Care into everything we do. This is particularly evidenced by the progress we have made with our customers where our commercial teams were recognised by the retailers for their transparent and action-oriented communication, and their tenacity and agility in meeting customer needs in challenging times.

I am proud of everyone's contribution, resilience, and passion, particularly as we navigate the challenges presented by the external environment.

Our revenue growth algorithm

Whilst our external macro environment will remain very unpredictable, we are confident about the long-term growth potential of the under-penetrated categories in which we choose to play. Our strategies and plans are designed to grow our Hygiene business over the medium term at mid-single-digits. We continue to improve our capabilities and invest in brand building and innovation to accelerate the growth of our core categories.

In 2022, our Hygiene business net revenue declined by 3.1% on a like-for-like (LFL) basis. This was due to normalisation of Lysol during the year as we lapped tough, COVID-19 impacted comparatives. Excluding the impact of Lysol, the rest of the Hygiene business grew by 5.1% on a LFL net revenue basis, and in line with our medium-term growth target.

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CASE STUDIES

FINISH: DRIVING GROWTH THROUGH SUSTAINABLE INNOVATION

Materials science has been at the heart of a continuing programme of innovation for the world's largest automatic dishwashing brand.

Thermoformed tabs have proved extremely popular with consumers. The latest generation uses consecutive dosing to deliver superior washing performance. In use, the thermoformed plastic coating melts. Since the enzymes it releases are also coated, different chemicals get added to the wash at various points in the cycle as the coatings dissolve. The first enzyme bleaches, the second tackles grease and starch, the next works on shine, and so on.

This targeted form of dosing is more effective and therefore requires a smaller amount of chemicals. As a result, our tabs are 20% lighter than our competitors'.

Reducing plastic is a priority for Reckitt. We plan to halve our use of virgin plastic by 2030. Finish has contributed to that. In 2021, it was the first dishwashing tablet brand to incorporate at least 30% recycled plastic into its packaging. In 2022, Finish was again ahead of the competition, as the first to launch paper-based packaging. This combines paper with 75% less plastic to make a fully recyclable, stand-up container. This is ultimately expected to save 2,000 tonnes of plastic annually, equivalent to 50 million 1-litre bottles.

MARKET SHARE GAINS VANISH: PURPOSE-LED INTERNATIONAL GROWTH

Vanish is the number one global stain remover brand, with strong leading positions in most EU and LATAM markets. Its popularity is anchored in a strong and distinctive equity that optimises laundry cleaning performance and fabric care.

The brand continues to build market share internationally and has significant penetration potential in the Fabric Care category. Less than one in five detergent users currently include fabric treatment in their laundry regime. Vanish makes the case for its category by providing a highly efficacious solution to clothing stains, discolouring and odours. The brand's core purpose is aligned with the SDG12 goal of ensuring sustainable consumption: Vanish seeks to help clothes live many lives.

Its strategy for growth pursues this purpose with solutions that remove stains and revive clothing and by engaging with consumers to promote more sustainable fashion. The Vanish brand promise ties in well with sustainable fashion trends. Rejuvenating clothing extends its useful life and allows consumers to get more use out of their existing wardrobe. Vanish stays focused on its mission by embracing innovative joint ventures, with laundry startup Oxwash for instance, and forging partnerships with key fashion decision-makers, like the British Fashion Council, and through more sustainable packaging.

HARPIC: IMPROVING SANITATION IN EMERGING MARKET TERRITORIES

Harpic launched in Europe 100 years ago to improve sanitation. Its core purpose hasn't changed since then but the scale of the issue has become much more visible. Today, the brand is active in circa 60 countries; it wants everyone, everywhere to have safe, hygienically clean toilets. Harpic is working towards the SDG 6 goal of sustainable clean water and sanitation for all. As it grows its operations, especially in emerging markets, the brand is spreading good sanitation practice with education, partnerships and economic support.

The brand has been in India for over 30 years and the country is now Harpic's largest market. In that time, the Harpic brand has become synonymous



with toilet hygiene. Consumers in India are increasingly more aware of the importance of toilet hygiene and Harpic presents a superior sanitisation solution. The brand has a 78% market share in the country, reflecting a 17% annual growth in this rapidly expanding market.

Harpic has built on its strength in India to grow internationally. The India business model has proved successful in other emerging market territories. Indonesia saw a 27% increase in sales in 2022. Harpic launched in Thailand in 2021, within nine months it was the number two toilet cleaner brand with a 20% market share. There was high double-digit growth in Mexico, Brazil and Argentina.

PROGRESS AGAINST OUR STRATEGY CONTINUED

HEALTH





2022 was a great year for the Health GBU. I'm most proud of the way we have built solid foundations for future sustainable growth, through strengthening our innovation pipeline and focusing on improvements to our operational execution.

OUR CATEGORIES



Overview

Our Health Global Business Unit (GBU) represents a well-diversified portfolio of leading global health brands across five key categories. We have bold plans to continue to grow our business, by winning in the market, launching innovations which delight consumers and leveraging the significant progress made to date in operational execution right across the Health portfolio. I am excited about the long-term growth potential for this business and the steps we have already taken to realise it.

With an ageing population, and a heightened awareness of the extreme stress healthcare systems have recently been under, the role of trusted and efficacious self-care products is becoming increasingly important to consumers. And similar to the premium hygiene segments in which we operate, a growing middle class means many consumers are now able to readily afford self-care treatments.

Trust and loyalty are key factors for consumers when it comes to consumer health products. We have a portfolio of market-leading brands, trusted by consumers in each of our key categories, which include over-the-counter (OTC), Intimate Wellness, Vitamins, Minerals and Supplements (VMS) and Personal Care.

We have built a consumer healthcare infrastructure and capability over the course of the last two decades. This is important when it comes to pharmacy distribution, doctor and medical detailing, and regulatory approval capability. Such infrastructure and expertise do not happen overnight.

The Health GBU represents around 40% of total Group net revenue and is now a £1.4 billion larger business than in 2019 on a LFL basis. We are present in around 120 markets across the world with a balance of revenue from developed and emerging markets.

Dettol, our germ protection brand, has maintained an absolute net revenue of around 40% above pre-pandemics levels, driven by strong penetration gains - the highest of any consumer brand in the last decade, as reported by Kantar. Additionally, revenue from core innovation roll-outs in both new places and new spaces is broadening the shoulders of the brand and creating a larger base from which to grow. We have a very strong innovation pipeline in Dettol, and we have rolled out these innovations in multiple markets, including the launch of Dettol 4in1 laundry pods with sanitiser in China, rated by consumers for their germ protection, cleaning power, colour protection and softness to clothes. We also upgraded our Dettol personal care range, premiumising our range, such as with Dettol Cool, which adds new functionalities like refreshing menthol combined with our trusted germ protection.

Our OTC business contains a portfolio of highly efficacious and trusted brands and has grown at a compound annual growth rate (CAGR) of 12% over the last three years, with increased

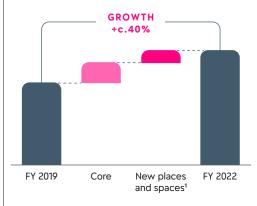
PROGRESS AGAINST OUR STRATEGY CONTINUED



penetration and market share in more spaces and places. In this endemic COVID-19 environment the symptoms of COVID-19 are becoming more flu-like over time and the lines are becoming blurred between the two. I am really proud of the work our teams around the world have done to expand our OTC brands over the last couple of years to create a sustainably larger base on which to grow. A good example of how we have expanded into new spaces and places is by stretching the equity of Mucinex in the US, into the sore throat category with Mucinex InstaSoothe.

Biofreeze, our strategic entry into the pain relief category in the US, the world's largest pain relief market, saw a slower start in the first half of the year due to a combination of temporary supply issues and a wider category slowdown reflecting economic uncertainties in the US in particular. Good progress has been made in the second half of the year however, with our market share increasing as we leverage our strong infrastructure and go-to-market capabilities, in addition to launching new innovations such as overnight patches. Reflecting the slower start and short-term

Dettol net revenue



DETTOL SHARE GAINS VS 2019



1. Includes adjacencies

category slowdown, we have recognised a non-cash goodwill impairment charge of £152 million for the brand. We expect future growth to remain in line with our expectations, with double-digit growth targeted in the near and medium term, underpinned by category growth, innovation, improved execution in the US market and international roll-outs in select markets.

Our Intimate Wellness category continues to innovate and leverage our brand equity as the world's leading producer of condoms. In China, we launched our new Durex polyurethane (PU) condom, our softest polyurethane condom to date, providing superior comfort, fit and sensation.

Personal Care and VMS are important scalebuilders within our portfolio, and there are many markets in which we see growth potential. We launched Veet for Men Intimate Hair Removal Kit, our first dedicated men's intimate hair removal product, which has already achieved number one positions for this category on Amazon in a number of countries. In VMS, our new Neuriva Sleep range supports restorative sleep and helps improve sleep quality.

Go-to-market execution

We continue to work towards our vision to be one of the most admired sales organisations in our sector, and have invested in improving sales capability right across our team. In 2022, more than 3,000 colleagues completed sales competency learning as part of a new global standard of excellence, and more than 20 markets have started utilising our updated commercial operating model. This consistency right across Reckitt leaves us well positioned to support and partner with our growing number of multinational customers.

This investment is already delivering tangible results, with our customers increasingly recognising

our step-change in capability and delivery. We were awarded Overall Supplier of the Year 2022 by Woolworths in Australia, named Supplier of the Year by the Brazilian Association of Cash and Carry Retailers, and Best Key Account Manager 2022 by AS Watsons Group in Malaysia. Our focus remains on cementing relationships and building strong partnerships with our key customers, so we were also pleased to be recognised for our Joint Business Plan of the Year 2022 with Boots in the UK.

Throughout the challenges of the pandemic, the Health business has continued to be guided by our Reckitt Compass and Leadership Behaviours. We put care at the heart of everything we do, exemplified in 2022 by our supply colleagues, who worked tirelessly to meet the unusually high demand for our OTC products during a strong cold and flu season in particular. I am enormously proud of the whole team, and the commitment and focus they have shown in a volatile and at times unpredictable environment.

Our revenue growth algorithm

In the medium term, we expect our revenues to grow by around mid-single-digits per annum, outperforming the broader market. This will continue to come from growth in penetration and market share, and through entering new places and new spaces; across our categories. In particular, germ protection through its greater presence in developing markets, as well as Intimate Wellness, being the fastest growing segments of the portfolio.

In 2022, we delivered net revenue like-for-like growth well ahead of our medium-term target of between 4% and 6%, driven by an exceptional performance from our OTC portfolio, through a combination of strong market share gains and an unusually long and strong cold and flu season.

\bigcirc CASE STUDIES

MARKET SHARE DUREX: BUILDING A DESTINATION LIFESTYLE BRAND

Durex continues its evolution to be the lifestyle brand of choice for open and curious consumers. The brand exists to unleash people's freedom to be their true sexual selves; it celebrates diversity, identity and exploration.

Durex's new global strategy equips, educates, entertains and liberates consumers. This is echoed by the limitless 'X' in its new visual identity.

The brand is connecting with its open and curious audience through a major passion point, music. Durex was featured in a range of high-profile artist videos this year, including Sam Smith, Yungblud and emerging artist Jordy. These collaborations have generated publicity and increased awareness, subsequently earning Durex over a quarter of a billion views so far through online channels. The brand's own presence on social media, including TikTok and influencer-led social commerce, led to a number of awards, including the Ultimate TikTok award in Spain.

In more conservative markets where Durex faces advertising restrictions, music helps the brand break down barriers. It worked with Vice Arabia to found Tasjeelat Durex (Durex records). This vibrant new channel taps into Arabic hip hop to reach more than 20 million people in 2022. It is empowering Saudi youth to explore their own sexuality and self-expression. In China, Durex added to its polyurethane (PU) range, with the latest new product, its most successful launch to date. Innovation will continue to be a core growth driver in the coming years.

NEW PLACES DETTOL: LAUNCHING GERM-KILLING LAUNDRY PODS IN CHINA

In China, Dettol is the clear market leader in the laundry sanitiser (LS) segment of the laundry care category. The laundry care category continues to grow, but the LS segment is under pressure as improvements in liquid detergents and the convenience benefits of laundry pods encourage more consumers to switch.

Laundry pods are rapidly replacing liquid and powder-based formulations as the preferred laundry detergent. They are also the fastest growing segment in the laundry care category. Consumers appreciate the convenience and aesthetics of soluble film pods and the multifunctional benefits they can deliver.

Dettol identified an opportunity to leverage its dominant position in the laundry sanitiser segment with a laundry pod differentiated with Dettol's strong germ protection. It designed and developed the Dettol 4in1 laundry pod. These four-chamber pods combine four different types of protection in a convenient, sustainable form: 72-hour germ protection, eight times cleaning power, fabric softener and colour protection.

We launched our 4in1 laundry pods in China in June 2022. The roll-out capped one of our fastest ever innovation cycles, with just eight months between the initial idea and on-shelf availability. This short window helped us retain first-mover advantage. The results so far have been excellent: Dettol 4in1 achieved 6% value share in its first three months post-launch.

NEW SPACES OTC: MAKING THE CASE FOR SELF-CARE AS AN ALTERNATIVE TO ANTIBIOTICS

Over-use of antibiotics today is a leading concern for health treatments in the future. Antimicrobial resistance (AMR) played a role in the deaths of nearly five million people in 2019 and is now the third leading cause of death worldwide, surpassing conditions such as breast cancer and malaria.

The medical consensus is that antibiotics are ineffective for sore throats in nine out of 10 cases, but recent research suggests that many people are taking antibiotics unnecessarily. Reckitt is raising awareness of this issue with both healthcare professionals and consumers.

The Sore Throat and Antibiotic Resistance study, published during World Antimicrobial Awareness Week was commissioned by the Global Respiratory Infection Partnership and Reckitt. It found that over half of adults surveyed had taken antibiotics for a respiratory condition like a sore throat in the previous six months.

Since sore throats are usually caused by viruses, not bacterial infection, antibiotics are ineffective in most cases. Sufferers benefit more from effective treatments for painful symptoms. Anti-inflammatory throat lozenges and painkillers found in our Strepsils range target pain relief directly.

US-based sore throat sufferers gained a new treatment option in 2022 with the launch of Mucinex InstaSoothe. The new product, offered in three lozenge flavours and spray form, delivers powerful numbing relief. The product was well received by consumers and achieved 6% penetration in the US sore throat category in the 18 months since launch.



NUTRITION



6 PAT SLY PRESIDENT NUTRITION

I'm incredibly proud of how the Nutrition team stepped up to meet demand during the formula shortage crisis in North America. We worked fast to utilise our global network, bringing on incremental supply and obtaining new import approval. Our first and foremost priority was to ensure babies received the nutrition they needed.

OUR CATEGORIES



Overview

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Our Nutrition Global Business Unit (GBU) provides the highest-quality nutrition through various stages of life. The strength of this business is the leading position we occupy in infant nutrition across our key markets and the immense trust placed in us, especially by healthcare professionals and parents. We believe infants deserve the best possible start to life. A key part of that is the nutrition they receive, whether they are breastfed, use a routine formula, one that provides support for digestive issues, or a specialised formula for those suffering from allergies. With birth rates relatively stable, demand for more specialised products in digestion and allergy has enabled us to drive continued growth in our global infant formula business.

At the same time, life expectancy has increased rapidly. With people living longer, there is growing demand for health, wellbeing and nutrition products that help adults to live their lives to the fullest. Our presence in the adult nutrition segment in both Latin America and ASEAN, with our brands Sustagen and Provital, has helped define how we can develop our business in this category.

SELLING INFANT FORMULA BRAND GLOBALLY

Nourishing children's best start so they can thrive tomorrow



#1 Paediatrician recommended brand in the US

- #1 Consumer trusted brand in the US
- #1 Net Promoter Score in the majority of top markets

SELLING ALLERGY BRAND GLOBALLY

Creating a world free of allergies



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- **#1** Paediatrician recommended for cow's milk allergy
- **#1** Selling allergy brand in the majority of top markets

PROGRESS AGAINST OUR STRATEGY CONTINUED



The GBU represents 17% of Group net revenue, with 60% from developed markets. Our strong brands, deep consumer insight and scientific foundations will help this business win in the long term.

Our investments in commercial execution and innovation allow us to meet the evolving needs of our consumers, resulting in consistent performance in North America, where our Nutrition business is anchored. Since the acquisition of Mead Johnson in 2017, we have consistently grown this region at mid-single-digit rates. In 2022, our agility, commitment and high-quality standards enabled us to significantly step up supply during a shortage exacerbated by a competitor's temporary supply issue. Through partnership with the US Administration and regulators, as well as our suppliers and customers, we delivered 1.8 billion 8oz servings of infant formula in North America.

Throughout this year, our Leadership Behaviours were at the core of our work, and never more evident than in how we galvanised our global resources to respond to the needs of parents and their babies across North America during the infant formula shortage. I am incredibly proud of our entire team, from our consumer relations colleagues dealing with distraught parents to our supply colleagues who worked tirelessly to provide more formula. It demonstrated how we truly live our Purpose and deliver on the commitment we have made to our consumers. We have leveraged the expertise we have built in the US to enhance the growth we are seeing in ASEAN and Latin America. Our renewed focus on our go-to-market strategy and execution has further accelerated our growth this year in those regions.

Our revenue growth algorithm

In the medium term, we expect our revenues to grow by around mid-single-digits per annum, by our continued focus on the fastest growing and more premium segments of the nutrition category.

In 2022, we significantly exceeded our mediumterm targets through a combination of improved growth in our Developing Market businesses, continuing mid-single-digit growth in our North American business, and a temporary increase in revenue from the competitor supply issue.

PROGRESS AGAINST OUR STRATEGY CONTINUED

CASE STUDIES

PRODUCT PENETRATION IFCN: MANAGING THE US INFANT FORMULA SHORTAGE

Infant formula, such as Enfamil, is among the most critical and highly regulated foods in the world. In February, when another manufacturer temporarily shut a major US factory, ensuring that babies in the US had access to safe, high-quality nutrition became a complex, industry-wide challenge.

With a significant portion of the US supply unavailable, a nationwide shortage soon spiralled into a full-blown crisis.

Reckitt colleagues, suppliers and retail partners immediately stepped up to support parents and caregivers, increasing supply, speeding up distribution, providing information and securing more capacity. Through unwavering commitment, Reckitt operated US factories 24/7, got product to shelf 40% faster and gained approval to import formula from two overseas factories. All of this combined allowed us to produce for the North America market the equivalent of 1.8 billion 8oz feedings, all whilst ensuring safety and quality were never compromised.



To help alleviate the crisis, we worked closely with the US Administration and regulators, meeting with the heads of agencies such as the FDA and USDA, the White House and President Biden, to unlock supply bottlenecks and deliver formula from abroad.

Following Reckitt's collaboration with the White House on its Operation Fly Formula initiative, we continued self-funding additional air freight from our state-of-the-art facility in Tuas, Singapore, delivering 2,000 metric tons of Enfamil base powder in total from Singapore. This product was aimed at lower income families who rely on the government's Women, Infant and Children (WIC) Program. We used a fleet of trucks to import 202 metric tons of PurAmino, a specialty formula, from our facility in Delicias, Mexico. PurAmino is for infants and toddlers with severe digestive disorders and was distributed to US hospitals and other healthcare settings to feed those who were most vulnerable.

Our north star was always how to maximise the number of feedings for babies, and all of our decisions reflected this. We put extra focus on serving the most vulnerable infants, and we are tremendously proud of all our employees who sacrificed their weekends, family time and vacations to make this happen. We are a purpose-driven organisation and we have never proved it more than in the last year.

MARKET SHARE ENFA: STRONG PERFORMANCE IN MEXICO

In 2022, the team in Mexico continued investing to upgrade its factory in Delicias, and as a result was able to help support babies in the US with deliveries of PurAmino specialty infant formula base powder during the shortage.

We've also invested in our product development, adding additional benefits for babies. For immune support, Enfamil has added HMOs (Human Milk Oligosaccharides) to its routine Enfamil products in Mexico. The brand also enjoys premium positioning in the market through its clinically proven unique ingredient 'MFGM' (milk fat globule membrane) which supports infants' cognitive development.

Perhaps the biggest contributor to our success has been the trust we have built with healthcare professionals. Parents and caregivers rely on the nutritional guidance and independent advice that these medical/ paediatric professionals provide.

Ongoing investments in our facilities, products and scientific expertise translate into external recognition of the quality of our products, and our dedication to giving infants and children the best start in life possible.



STRATEGIC IMPERATIVES: GROW BRANDS AND INNOVATE

FOCUS ON: NNOVATION

Innovation is a key engine for growth at Reckitt. We develop superior solutions grounded in science that delight consumers and extend our categories. Our expanded knowledge base and strengthened innovation pipeline are unlocking new opportunities for sustainable growth.

66 ANGELA NAEF CHIEF R&D OFFICER

Our innovative culture is at the heart of everything we do. In the face of unprecedented challenges to our business, we developed and scaled cutting-edge solutions to continue serving our customers and consumers.

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Strategic innovation benefits the business

Innovation is a key source of our competitive advantage. It ensures our product portfolio meets consumers' evolving needs in a changing world.

Innovation helps drive the growth agenda by delivering smart solutions and superior, more sustainable products. We identify opportunities through consumer research and customer feedback, and by understanding key market and scientific trends. A strengthened innovation pipeline is creating opportunities for future sustainable growth in our brands.

Embedding sustainability

Sustainability is a key consideration. We want every product change we make, whether it's a minor incremental improvement or major new launch, to have a positive impact on sustainability. All innovation projects are assessed against sustainability criteria using our Sustainable Innovation Calculator. This rates products' carbon, water, plastics, packaging and ingredients performance and scores our extended producer responsibility risk.



Our Sustainability Innovation Calculator

Data output for illustration purposes only.



Low

High

An integrated approach

An innovation mindset is rooted in our culture. We conduct scientific research and tap into expertise, both internally and outside the company, to grow our knowledge base. We apply that knowledge by sharing best practice and working together to build smarter solutions.

Our innovation process combines teams and individuals around the world, integrating people and processes as specialists in different competency areas.

We connect competencies and capabilities at the right times and places to solve problems faster. In 2022, when another manufacturer temporarily shut a major infant formula factory in the US, we sourced additional supplies from production facilities outside of the US, which meant we had to collaborate closely with authorities to accelerate regulatory approval to allow distribution in US markets.

And when the war in Ukraine disrupted the supply of sunflower oil, a key ingredient for infant formula products, we moved quickly to get regulatory approval to reformulate in case it was needed. Using our science, knowledge and external advocacy strengths, we work together to anticipate and solve these kinds of problems, making us a more agile and responsive organisation.

We deploy our regulatory and medical capabilities to open up new markets and create new, differentiated claims. We also look at trending new categories and growth opportunities beyond our current product portfolio to ensure our innovation pipeline is sufficiently varied and disruptive.

(\mathbf{Q}) **CASE STUDY**

A MORE SUSTAINABLE Solution with vanish Multi-power tabs

The 2022 UK launch of Vanish multi-power tabs improved the product's sustainability and efficacy. The new format packaging, designed for online buyers, delivers a standard dose in tablet form. The tabs have been reformulated with better ingredients and improved regenerative, biodegradable and chemical footprint scores. This 30-tab product package saves carbon and water usage as well as reducing pack and plastics weights on a per-dose basis.



Science platforms



We continue to invest in science and we protect our science-based innovation through patent filings and enforcement. Our international patent filings rose by 17% in 2022.

Consumer-centric analysis

Innovation at Reckitt is built on understanding in detail what consumers really want. We collect human insight through our sales teams, supply chain partners, customers and consumers. Our sensory and consumer science labs combine that feedback with behavioural analytics.

We use that knowledge to create impactful products that solve specific consumer problems. We succeed with solutions that satisfy the consumer's overall experience. This is key to how we deliver ownable product differentiation. Our recently launched Durex PU 001 and Durex PU 003 condoms are great examples.

Building depth with science platforms

Our science platforms are independent of our individual brands, they yield insights that can create value across multiple brands and products. They are springboards to sustainable growth. We conduct in-depth research in nine interconnected foundational disciplines. This unearths scientific and technological discoveries with implications in multiple brands and categories. Some are technical, near-term solutions; others have long-term implications.

Through our science platforms we are expanding knowledge and constructing a robust, forward-looking innovation pipeline that focuses on real differentiation, future growth pathways and sustainable outcomes.

(\mathbf{Q}) **CASE STUDY**

DUREX: POLYURETHANE Condoms

We had identified a consumer need for a soft, comfortable experience. Our investment in deep science expertise, including work from the polymer science platform and coordinated R&D leadership, paid dividends.

We launched our first polyurethane condom, the Durex PU 001, in 2021 to meet that consumer need. Since then, we have continued to deepen our understanding of PU chemistry to enable the design of improved products. In 2022, we introduced the 003, for an even softer, more comfortable experience. The 003's size and fit attributes make it almost imperceptible to the wearer and less interruptive to the moment.



Partnering for competitive advantage

Good science is founded on fundamental knowledge, research, collective discovery and a broad range of experiences and partners. We regularly participate at conferences and events and engage on topical issues in our specialist areas of expertise, supported by our partners from industry and academia.

Growing academic engagement with our scientific research is improving understanding of digestive health. In 2022, for example, we published five peer-reviewed publications in digestive health and presented our work with external partners at three global congresses, which contested the widespread view that heartburn and indigestion are caused by too much acid and proposed that healthcare professionals should instead treat reflux as a mechanical event. This has led to the inclusion of Gaviscon on four new treatment guidelines in Europe and Developing Markets due to growing academic awareness and engagement with our body of data that is driving a better understanding of digestive health.

Innovation can come from anywhere: we cultivate our innovation culture as a key value creator. We issue regular innovation-led challenges to encourage colleagues to share great ideas. We encourage and incentivise entrepreneurial thinking.

We engage externally, including through our online innovation hub, IGNITE with Reckitt, which launched in 2022. IGNITE invites external partners to work with us on specific challenges to accelerate our approach to solving and scaling up science and technology-driven solutions. The IGNITE platform has triggered enquiries and submissions from a wide range of partners, including small-scale start-ups, academics and companies from around the globe.



The launch of the Auto-Dishwashing category's first recyclable paper-based pouch, with 75% less plastic is a significant step on our sustainability journey.



These challenges and partnerships contribute to our short-term product development. The longer-term picture is also promising. Broadening our science and knowledge base and investing in capabilities has built a foundational platform for future disruptive and transformative solutions.

We join forces with experts, peer companies and trusted partners to progress the best ideas. Over the last three years, we have been working with flexible packaging leader Mondi as our innovation partner to develop more sustainable packaging for Finish. In November 2022, paper-based, recyclable Finish Ultimate Stand-Up pouches were piloted at French Carrefour stores. Finish is leading the way on plastic reduction. This paper-based packaging is the first of its kind in this product category.

Science-based research is accelerating our development by building knowledge with applications across our portfolio.

When consumer research revealed a preference in India for a more viscous Harpic product, we teamed up with a leading manufacturer of measuring instruments in the field of rheology to develop our understanding of the brand's rheological performance. This led to the launch in India of a modified Harpic formulation with 20% more viscosity that flows slower and cleans tough stains better. The knowledge gained about the flow behaviour of acid-based thickening systems from the Harpic rheology investigation has applications for many of our products.



A flourishing and dynamic pipeline

Our innovation pipeline is balanced to deliver multi-year growth for Reckitt. We focus on making the right strategic choices to maximise our return and deliver a robust, balanced pipeline for the future.

Several factors influence our strategic choices, including whether there are margin-accretive top-line growth opportunities, consumer needs and demand, the investment required, the likelihood of technical and commercial success, as well as non-financial elements, like IP potential, the regulatory environment and sustainability. Our strategic pipeline actions need to balance the short-, medium- and long-term value to Reckitt. We also balance the type of innovation we undertake by combining core, adjacent and disruptive innovation projects in our portfolio. We assess their different risk profiles, timings and resource requirements against the potential opportunity and value they can generate.

Balancing our innovation pipeline allows us to protect existing products and grow our categories and consumer base whilst also developing novel, technologically differentiated products that satisfy unmet consumer needs.

Investment is prioritised against initiatives driving growth. Our pipeline continues to increase year on year. In 2022, we met our investment and pipeline targets. Looking further ahead, we aim to grow the innovation-led contribution to net revenue every year. We will continue to launch at pace whilst also pursuing longer-term projects focused on future growth.

STRATEGIC IMPERATIVES: DRIVE SUPERIOR EXECUTION

© FOCUS ON: EXECUTIONAL RESILENCE

In the face of economic, political and public health shocks in recent years we have sharpened our executional resilience. We're meeting consumer needs in fluid times as an agile, responsive and competitive business.

RNANCE

FINANCIAL STATEMENTS

MENTS



We are building a

much more resilient supply chain, learning from the market disruptions that have tested us and made us stronger.



Proven excellence

Over the last two and a half years, we have been building a more competitive, resilient and capable Reckitt. We've been on a transformative journey, evolving our culture around a dynamic new strategy centred on Purpose. This anchors the business and adds momentum. We are more agile and responsive in a changing world.

The investments we have made have unlocked new capabilities. We have built close relationships with suppliers and customers that allow us to respond quickly and at scale when big issues change the competitive landscape.



MATTHEW LINDSEY CUSTOMER SERVICE DIRECTOR NORTH AMERICA

Customer relationships are more important than ever, and our concerted efforts to strengthen them are paying off in tangible and rewarding ways.



We have lived through repeated demand surges and supply shocks over the past three years, with cost inflation and energy price rises exerting increasing pressure on margins. The pandemic distorted demand and disrupted supply for two years. In 2022, the war in Ukraine created raw material and energy shortages. In North America, a competitor shut down its largest domestic factory leaving parents facing a sudden shortage of infant formula.

Reckitt has repeatedly demonstrated the appetite and agility to meet these external challenges. Whether by sourcing alternative suppliers, reformulating our products, shifting or scaling up production or through our productivity improvement programme, we have consistently stepped up with smart solutions that meet the moment. Whenever we have faced disruption, we have not only recovered but we have emerged stronger.

Integrated supply chain management

We counter volatility in the global supply chain by planning in a holistic way, maintaining visibility across the full product lifecycle. We maximise that transparency with high-quality data and connected technologies. Our supply function engages directly with all parts of the business meaning we can adapt swiftly to shifting market dynamics and adjust our productive capacity proactively.

Operational excellence

We have built a more resilient supply organisation creating value for our people, our customers and our consumers by strengthening our operations, improving our ways of working and increasing efficiency.

We manage our supply globally in a highly integrated way. Connected core capabilities

leverage the strength and scale of our global network. We meet our strategic priorities through four workstreams focused on building internal capabilities and driving excellence. We underpin these capabilities with the latest technologies.

Our productivity programme has released significant resources for reinvesting in the business. We have delivered productivity improvements spanning each pillar of supply, from logistics through to customer service. Our centres of excellence are developing and sharing best practice and driving continuous improvement across the business.



Manufacturing excellence

Resilient, agile and efficient manufacturing is a core capability. We have implemented the Reckitt Production System (R-PS), a common set of standards, across all our manufacturing sites. We apply this system to adopt and share best practice and drive continuous improvement.

Each site monitors its performance against 11 standards, covering areas such as root cause

problem solving, maintenance and waste. Ten KPIs track progress, with metrics on health and safety, quality, service levels, costs and people, and stretching targets for connected Overall Equipment Effectiveness (OEE) and waste. Collectively, the R-PS standards ensure employees have the knowledge and the tools to operate responsibly and efficiently whilst minimising our environmental footprint.

R-PS is now in its third year. Our focus in 2022 was on improving OEE and reducing waste in our sites. We have seen results of an up to 20% increase in efficiency at our focus sites and between 10% and 30% material waste reduction.

Customer service excellence

Coordinating how we collaborate with customers to ensure predictable access to our products is critical, particularly at times of supply and demand disruption. We have rebuilt our customer operating model to change how we communicate, enable strategic supply chain solutions and improve availability.

Our cross-business unit approach delivers agile, responsive and consistent customer service. This employs improved ways of working that integrate supply and sales via networked teams. We work in partnership with our customers across the supply chain, from manufacturing to customer service to sales, using mutually beneficial performance and growth metrics, focused on consumer needs.

Harmonising service and combining sales and supply is helping us build stronger customer relationships. It has also reduced our cost to serve. Further savings came from collaborating with retailers on order weights and increasing the number of no-touch orders. 80% of orders across our Health and Hygiene businesses are now fully automated providing seamless service.

Nottingham, UK

Automated production line connectivity monitors real-time performance. The site received Smart Factory of the Year at The Manufacturer MX Awards.





Taicang, China

Automated Storage and Retrieval System (ASRS) warehousing technology allows the site to organise finished goods pallets efficiently and in a much tighter space than forklift racking systems.

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Belle Mead, US

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Digital production dashboards allow line operators to visually request material replenishment, drill down into the production plan, monitor volumes and view production artwork.



Nowy Dwór, Poland

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Our new Manufacturing Management Execution System (MES) software manages workflows and generates production data for real-time performance improvement.



STRATEGIC IMPERATIVES: INVEST IN CAPABILITIES

© FOCUS ON: DIGITAL TRANSFORMATION

Our transformation into a digitally enabled and data-driven company is helping us to forge closer connections with consumers, customers and employees. 66 FILIPPO CATALANO CHIEF INFORMATION & DIGITISATION OFFICER

We have a comprehensive data and analytics strategy in place, with value creation as a core strategic objective.

We are digitally empowering the company by integrating talent, technology, and digital and data value streams. Our aim is to spur and embed digital transformation as an engine for competitive advantage. Our strategy focuses on three main priorities.

First, we strengthen and stabilise our digital foundations by ensuring our core capabilities add value and improve productivity in a sustainable way. Our comprehensive and advanced data and analytics strategy focuses on creating tangible value and building sustainable and ethical data foundations to favour scalability and data reuse.

Our second priority is to coordinate and optimise functional transformation initiatives that enhance our ability to extract efficiencies in our key end-to-end company flows. This may include accelerating key programmes that develop shared capabilities in areas like supply, financial planning, HR services and media modelling.

Third, we pursue digital-first opportunities that create competitive advantage; for instance, with end-to-end e-commerce platforms for brands such as Air Wick and Durex, by developing omnichannel strategies and through personalised products and services.

Strengthening our digital backbone

We completed our technology infrastructure transition during the year and have migrated to a multi-cloud landscape. This provides us with more agile, on-demand and responsive digital capabilities, enhancing our ability to scale up innovation at pace and realise efficiencies by standardising key processes.

The platform that connects these capabilities, our SAP ERP system, is now managing 80% of Reckitt's net revenue, delivering company-wide efficiencies, most notably in our trade investment, supply chain, finance, procurement and manufacturing operations.

We have transformed our digital operations to equip Reckitt with the right tech ecosystem for an omnichannel world. This is allowing us to capture consumer data across our websites and apps, target relevant audiences, engage with consumers in effective ways and measure the impact of our activities systematically.

Data and analytics

Our data and analytics strategy sets value creation as a core strategic objective. At the same time, we've committed to building sustainable and ethical data foundations that will allow us to benefit from anticipated future growth in advanced analytics, machine learning and artificial intelligence (AI).

Our strategy aims to create value by focusing our investments on operationally critical capabilities, those that have a significant near-term P&L impact and those that give us long-term competitive advantage.

We are building a sustainable data foundation by upskilling the organisation. We aim to get everyone fluent in data and analytics. Our IT & Digital Academy, launched this year, is focusing on building talent and embedding best practices. New cataloguing and virtualisation technologies are making data more accessible and usable.

At the technical level, we are working to ensure all data is trusted, ethical and FAIR (findable, accessible, interoperable, reusable) and to make advanced analytics available at scale to all employees with user-friendly solutions.

Developments in 2022 include a machine learning enabled solution that predicts commodity price movements and advises buyers on hedging decisions.

We continued to scale the machine learning model we introduced at the end of 2021, which monitors more than 200 internal and external data signals in real time to predict changing patterns of consumer demand. It is informing strategic, planning and forecasting decision-making for many of our brands.

We expanded our internally developed, audience engine from Hygiene to allow Health teams to better target their digital campaigns. In test campaigns, new features that enable media targeting based on stock availability, need-state targeting and second-party data partnerships with appliance manufacturers helped deliver a 21% uplift in campaign sales.

Media measurement solutions allow us to test the effectiveness of different campaign tactics. In 2022, we scaled up IntelliView. We used our media measurement solution in 43 Hygiene and 13 Health campaigns. It now reaches over 50 markets.

Automation and process mining

We are radically simplifying our operations, reducing waste and improving user experience through well-targeted automation. An automationfirst approach, championed by our Intelligent Automation Centre of Excellence, is helping us refine and scale up automated processes to unlock efficiencies and improve capabilities.



SVP DIGITAL TRANSFORMATION AND CIO HYGIENE

With inflation top of mind, we've developed an in-house AI solution to predict commodity price movements to help advise our teams on hedging decisions.



STRATEGIC IMPERATIVES CONTINUED

Process mining and automation of order fulfilment, procurement, manufacturing and e-commerce activities delivered direct P&L savings and significant improvements in net working capital this year in partnership with process mining company, Celonis. Our market-leading activity in IT operations was recognised at the prestigious UiPath Automation Excellence Awards. We won the Excellence in IT Process Automation award for the second year in succession in 2022.

We are enabling synergies in our Customer Relationship Management (CRM) operations by merging Health and Hygiene capabilities. We continue to roll out our harmonised, connected digital platform, which is improving the quality and efficiency of consumer relations. Coverage was extended in 2022 to 98% of our markets.

Media channels

We have dramatically simplified our channels landscape to deliver more impactful engagement and a better brand experience for our consumers.

We're replacing a fragmented architecture with a smaller portfolio of apps and websites with more clearly defined objectives. Over 120 underperforming websites have been decommissioned. Our new platform-independent content management and design system allows digital channels to be developed more rapidly and flexibly. Harpic's global website, which went live in November 2022, is the first to benefit from this new approach.

E-commerce

Over the past three years, e-commerce has more than doubled and now accounts for 13% of Group net revenue.

In 2022, we supported direct-to-consumer (D2C) brand initiatives and accelerated our efforts to maximise the impact of online commerce.

The new Durex D2C master template enables the simultaneous launch of market-specific e-commerce sites. A striking new website design includes intuitive, targeted navigation and campaign module connectivity.

We are ramping up the delivery of commerce automation to enable our markets to increase sales at every e-commerce opportunity. For Black Friday and Cyber Monday on Amazon Prime, we set up an automated solution to react quickly to consumer purchasing patterns. Automated search optimisation and dynamic media buying meant we could track performance and adjust product placement in real time during these crucial events.

Supply chain planning

We made strong progress with our end-toend supply planning transformation during the year. Our new operating model is built around connected planning control towers and supported by a planning Centre of Excellence and a new modern technology stack that uses machine learning to take into account all possible internal and external variables. We aim to connect all supply planning processes with our commercial and financial planning systems. Using this more coordinated approach, we can manage inventory more accurately and deliver better customer service at lower cost, boosting growth, profitability and our working capital position.

This multi-year programme will be fully rolled out by 2024, but it is already delivering tangible improvements in planning accuracy and responsiveness to ever changing consumer demand. Scenario planning and integrated business planning were among the new processes that went live during the year.

Smart factory operations

Our accelerated investment programme is crystallising productivity, service and efficiency improvements.

Our factories are tasked with increasing efficiency, reducing waste, improving quality, reducing turnaround, retaining talent and remaining operationally resilient, whilst becoming more sustainable. We are introducing technology and data capabilities to progress these goals.

Our leading digital factories are also innovating and adding value. Our Nottingham (UK) and Nowy Dwór (Poland) factories have acted as testbeds for industry 4.0 connectivity.

Scalable digital architecture at our Factory of the Future in Nottingham uses automated production line connectivity, implemented in partnership with IBM, to manage performance in real time by monitoring equipment, waste and process bottlenecks. We have also introduced environmental performance dashboards and handheld diagnostic and maintenance management systems.

The results so far have been excellent. Total plant maintenance costs fell by 10% this year, despite production volume increasing by 50%¹. Digital projects in the pipeline aim to transform our approach to predictive quality and to implement wireless asset tracking and advanced robotics.

We are now applying what we have learnt at these locations to set up scalable platforms which add value at all our factories. Their implementation through Reckitt Production System (R-PS) supports continuous sustainability and productivity improvements together with consistent quality standards.

1. Compared year-on-year over an eight-month period, including peak demand for seasonal stock build

(\mathbf{Q}) case study

DIGITAL AND PHYSICAL TRANSFORMATION

The full skeleton of our new production hall for auto-dishwashing detergent at Nowy Dwór, Poland, is now in place. With fit-out and testing in progress, we're mapping the latest digital technology onto this advanced equipment.

Our Management Execution System (MES) software will track production cycles in granular detail and connect with external planning and resource management software. Nowy Dwór piloted this MES technology in 2021. It is now extending this solution to other production lines and supporting its European roll-out at three other Hygiene factories. Ongoing projects include digitally connected on-pack printing and autonomous logistics robots.



STRATEGIC IMPERATIVES: INCREASE PRODUCTIVITY

Geo FOCUS ON: OUR PRODUCE OURNEY

We are doing more by cutting waste and building foundational capabilities. 66 JEFF CARR CHIEF FINANCIAL OFFICER

Improving productivity is about changing the way we work to become more efficient and sustainable, and we have done just that, all the while delivering £2 billion in productivity.

STRATEGIC IMPERATIVES CONTINUED

Improving productivity isn't just about finding savings. It's about changing the way we work to become more efficient and sustainable. It's about smart spending, synergies, doing things together better, using and reusing our assets, and sharing rather than duplicating resources.

In 2020, we launched the X-Seed Programme to drive our productivity strategy. This focuses on delivering additional value from businesscritical projects to reinvest in growth, developing new capabilities that maintain the momentum for productivity improvement, and enhancing business resilience so we are better equipped to meet upcoming challenges. We initially targeted £1.3 billion in productivity gains by the end of 2022. We swiftly exceeded this and revised our target upwards to £2 billion by end-2023. By the end of 2022, we had already reached this higher figure.

The success of our productivity programme is mainly due to the energy and commitment of our people. Colleagues recognise that our responsibility for combating waste and reducing our own footprint is an integral part of pursuing our Purpose of working for a cleaner, healthier world.

The productivity programme has provided structural support for these efforts and given colleagues the right tools. Our learn and adopt approach promotes transparency and shares best practice. Everyone is encouraged to think strategically and sustainably about where we can unlock value.

X-Seed marked a step-change in our approach. We focused on areas where rethinking or refining our approach could deliver global transformation. The programme initially targeted five main areas: marketing, product costs, indirect procurement, manufacturing and supply chain optimisation. In manufacturing, for example, we developed

and implemented Reckitt Production System (R-PS), a solid set of common standards and manufacturing best practices. This reduced waste and boosted our operational excellence through continuous improvement actions and by reducing the time and cost spent on running our daily production cycles.

In our marketing productivity programme, we focus on all the major marketing spend categories and work closely with functional teams to introduce transformational initiatives to make our marketing investment work harder. Media mix modelling is just one example. We use this to make strategic decisions about which media channels specific brands should invest in for optimal return.

Delivering productivity improvements

There are three main strands to our productivity journey: foundation building, quick wins and major projects. In the initial, transformational, phase, over three-quarters of productivity gains came from globally led, foundational initiatives. Much of this work is now in place. We anticipate that local markets and business units will play a bigger role in driving future productivity gains.

The productivity team has developed valuation guidelines which use existing in-house systems to calculate and report productivity gains. Finance teams all over the world receive training in their implementation. This gives us simple, consistent productivity data and allows teams to focus on actions instead of data.

The foundation building strand aims to embed continuous improvement in our day-to-day thinking. To support this, we've been building a one-stop shop which integrates productivity tools and techniques. An estimated 20% of our gains this year stemmed from foundation building.

Quick wins accounted for around half of all productivity gains made this year. These are localand business unit-led initiatives aligned with the Group's functional agenda. Savings are frequently realised with cross-functional and international collaboration. For instance, when we relaunched Finish tabs this year, our R&D, supply, quality, procurement and factory teams worked together to reduce production complexity. They realised multiple efficiencies; for instance, by harmonising artwork and optimising packing materials.

Bigger, transformational projects require more time and resources to implement but have the potential to deliver substantial longer-term gains. Around 30% of the year's productivity improvements have been achieved in this way. Developing an in-house content production ecosystem for marketing assets realised a total of £14 million in-year savings in 2022. The new approach improves our efficiency and effectiveness whilst preserving creativity and enables more impactful conversations with consumers.

Sustainable productivity growth and business resilience

The success of our productivity programme has enhanced our business resilience. We've been able to accelerate capital investment and reinvestment in the business. That has helped to keep our growth plans on track, despite the significant headwinds affecting all major economies over the past few years. Our increased efficiencies have released additional capital to support investments in R&D, enhanced digital capabilities, developing our centres of excellence and broadening the reach of the Dettol and Lysol brands.



SVP PRODUCTIVITY AND TRANSFORMATION

It is amazing what true partnership and collaborative spirit between procurement, R&D, quality and commercial teams can deliver. With 16,000 productivity initiatives across the organisation, everyone has played a part.



STRATEGIC IMPERATIVES: EMBED SUSTAINABILITY

© FOCUS ON: HUMAN HEALTH HUMAN HEALTH HUMAN HEALTH HEALTH

We work to help create a cleaner, healthier world. Human health and planetary health are inextricably connected.



FABRICE BEAULIEU CHIEF MARKETING, SUSTAINABILITY AND CORPORATE AFFAIRS OFFICER

People expect brands to support a sustainable future, both through their products and community engagement. Adopting this mindset reframes innovation and communication and propels sustainability to the very heart of our brand-building playbook and growth agenda.

STRATEGIC IMPERATIVES CONTINUED

Nearly 150 years ago, our founder, James Reckitt, recognised that a business benefited when it also had a positive impact on its communities. That still holds true for the company he founded. The difference today is that we are doing this globally and in a much more complex world.

Human health and planetary health are connected. The United Nations cites climate change and environmental degradation as two of the most pressing threats to humankind, causing untold deaths, worsening health inequalities and pressuring already strained healthcare systems. Urgent action is needed at the intersection of health and climate to reduce these impacts.

Our Purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world compels us to act. We don't have all the answers, but we are determined to understand and address the global threat to human health from climate change and environmental degradation.



Working for a cleaner, healthier planet

We have convened a coalition of climate and health experts to advance public understanding of how climate and health interact. We fund vital research into hygiene's role as the foundation of health and into how climate impacts health via the Reckitt Global Hygiene Institute and through our long-term partnership with the London School of Hygiene & Tropical Medicine.

We work to mitigate our own contribution to climate change and environmental degradation through our 2030 Sustainability Ambitions. We are switching to more sustainable ingredients and packaging to reduce the environmental impact of our products.

Our products are reaching more and more communities, but poverty still leaves some without access to markets. These same communities are often more exposed to environmental degradation and less able to take protective measures. They may struggle to get safe water, basic sanitation and health services.

By increasing market access to our products and strengthening health literacy through brand communications and wider health and hygiene information, we help people to protect themselves and their families from the adverse health impacts of climate change.

To help the most vulnerable adapt to climate change impacts, we work with external partners to reach people who may not be within our markets currently. In 2022, for example, we renewed our partnership with Water.org, to help realise our aim of getting 10 million people better access to water, sanitation and hygiene by 2030. World Toilet Day's 2022 theme 'making the invisible visible', highlighted the impact that the sanitation crisis is having on groundwater, spreading human waste into rivers, lakes and soil, and polluting underground water resources. At Reckitt, we heard stories from people whose lives we've changed through our partnership with Water.org and asked more people to take the pledge to keep our toilets clean, to keep loved ones safe. In doing so, we'll help to achieve Sustainable Development Goal 6 (SDG 6): clean water and sanitation for all by 2030.

Our Fight for Access Fund invests in communities to promote lasting and universal access to hygiene, health and nutrition. Over the past three years we have invested over £100 million in more than fifty countries. We focus on areas that support hygiene as the foundation of health, address sexual rights and equality, promote universal health coverage and improve maternal and child health outcomes. Many of these programmes are raising awareness of environmental health impacts. They not only help the fight for access to better hygiene, wellness and nourishment, they also promote long-term self-sufficiency through economic and social development.

Tackling global problems through our brands

We are working to tackle some of the biggest problems the world faces through our purpose-led brands to help bring about the cleaner, healthier world we want to see.

The damaging health effects of climate change are evident. Rising temperatures, extreme weather events and increased air pollution, magnified in urban settings, all have serious health consequences. We help protect people from these and other impacts through our brands. By supporting hygienic environments, our brands help build a foundation of health. For example, Mortein protects people against pests, especially



DAVID CROFT GROUP HEAD OF SUSTAINABILITY

Working to better understand the emerging health threats resulting from climate change helps connect our business to a much bigger purpose and energises us to act with urgency.



STRATEGIC IMPERATIVES CONTINUED



In addressing big global problems, partnerships are critical. They enable us to harness diverse strengths and abilities to solve complex challenges.



mosquitoes, as these spread to new locations. Other health products help people manage and build immunity to illnesses and infectious diseases.

The problems we seek to solve are expressed as purpose in our brands. Each of our brands has a core purpose, which is explicitly aligned with a relevant Sustainable Development Goal (SDG). For instance, the purpose for Vanish, extending clothes' life, is linked to the SDG 12 goal of responsible consumption and production. Finish has the aim of using less water, which relates to SDG 6 and for Durex, it's SDG 3, protecting human health.



Importantly, we translate these purposes into tangible solutions. Many solutions relate to innovation, especially around more sustainable products. Others relate to communication and engaging consumers and customers. We communicate around meaningful programmes of positive impact that these superior solutions give our brands the right to embrace. These programmes are increasingly becoming core to our brands' communication, as we seek to inspire people to participate.

Every day, through our global brands, we encourage millions of consumers to take small actions that add up to meaningful change. Finish saves millions of litres of water by asking its consumers to #SkipTheRinse. The Vanish campaign, helping clothes live many lives, lowers energy usage and promotes sustainable consumption.

We build health literacy and drive behaviour change that promotes public health through our brands. Our educational projects and information campaigns develop awareness and deepen understanding of the problems we seek to solve and their solutions, while connecting our products with a wider audience.

Dettol's Banega Swasth public health campaign in India has been running for a decade. It reached 26 million people in 2022 alone, improved public health and potentially saved many lives with its core message.

Collectively, these activities advance globally important issues. In combination, they help raise awareness of Reckitt as a purposeful business making a positive difference in the world.

Amplifying our impact and unlocking opportunities

We are increasingly clear in our conviction that hygiene, public health and planetary health are intrinsically linked, and our core business is focused on this.

However, tackling these complex global problems also calls for collective action.

We amplify our voice and magnify our impact by partnering with key stakeholders on major social and environmental campaigns. The more often we do this, the more clearly we are heard.

In 2021, we were the official Hygiene Partner at COP26 in Glasgow. In 2022 at COP27 in Egypt, we showcased the impact of climate change on health. We published new research and moderated discussions on the links between public health and planetary health.

Through international advocacy, expert knowledge and the work we are doing, we are becoming a natural partner for governments and international organisations on issues that matter to them and to us.

(\mathbf{Q}) case study

RECKITT AT COP27: The planet's health is our health

At COP27 in Egypt, we built on our presence at COP26 in Glasgow to build awareness and action on the intersection of climate and health, and profile our commitment to sustainability.

We convened six round table discussions, working closely with partners including the UK Government, the incoming hosts of COP28, the World Health Organisation and the London School of Hygiene & Tropical Medicine, to address issues including water scarcity, healthy cities, and the growing threat from vector-borne disease.

We also commissioned consumer research in the UK, US, UAE and India, to assess people's current understanding of the risks to their health from a changing climate, what actions they are taking to protect themselves, and what they want to see from businesses and government to build climate-resilient healthcare systems. 79% of people surveyed agreed that climate change and their personal health are connected.

STRATEGIC IMPERATIVES: ACTIVELY MANAGE THE PORTFOLIO

FOCUS ON: ATTRACTI CATEGORIES

We actively manage our portfolio by selecting attractive market segments within our chosen categories.

66 NICANDRO DURANTE CHIEF EXECUTIVE OFFICER

We are intentional about where we play, targeting segments that offer opportunities for continued growth, addressing consumers' needs today and tomorrow.



STRATEGIC IMPERATIVES CONTINUED



Identifying attractive categories

Reckitt has strong brands in attractive categories that offer long-term growth opportunities. We are active in 14 major categories, six in Hygiene, five in Health and three in Nutrition. In each, we have products and brands that protect, heal or nurture in the relentless pursuit of a cleaner, healthier world.

Within these categories, we identify specific market segments, such as laundry additives, cold and flu, and adult nutrition, where we have the credentials and capabilities to win. Typically, we choose to play in non-commoditised segments with demographic dynamics that support volume growth and quality differentiation. We add value for consumers in these spaces through premium, science-backed and differentiated product offerings.

MAJOR CATEGORIES



Demand-centric thinking

Some product qualities are fundamental. For example, all products must be consistently safe and effective, and all of our trusted brands are. And everyone wants value for money, especially with today's cost-of-living crisis, but value for money means different things to different people. Some want time savings, others prioritise extra-strength cleaning or natural ingredients. Our strategy, using demandcentric growth analysis, is founded on a clear understanding of these differences so that we can target the right demand segments within our categories, as characterised by specific functional and emotional consumer needs.

These demand spaces are not mutually exclusive; 'natural', 'fragrance-free' and 'thorough cleaning' co-exist within the surface disinfection category. However, the relative values attached to specific features and functionality do differ. Consumers in the natural demand space, for instance, place a high value on proven green credentials, and may be ready to compromise some thorough cleaning capability in exchange for that. Careful analysis of each identified demand space helps guide our strategy. We add value through innovations that align brand attributes and product qualities with the key criteria for our target demand space.



We actively look for opportunities to serve wider consumer needs by stretching our brands to leverage our scientific expertise and credibility. We have done this with Mucinex Sore Throat and Strepsils Cough launches recently.



STRATEGIC IMPERATIVES CONTINUED

CASE STUDY

LYSOL: BROADENING THE SHOULDERS OF THE BRAND

People have been trusting Lysol to keep their families safe since its invention in 1889 when it was created to help end the cholera epidemic. Today, Lysol is the second most trusted brand in the US and the largest disinfection brand in the world, known by consumers for its germ-kill attributes.

The brand is firmly established in the surface disinfection category with its range of

sprays, wipes and multipurpose cleaners. Its strong brand equity and efficacy give Lysol the right to win in other categories.

These include lavatory care and, most recently, laundry additives. Lysol Laundry Sanitiser launched in the US in 2018. Since then, laundry sanitisers have moved ahead of wipes to become Lysol's second biggest segment, with further growth expected as more consumers enter the category. This broadening of Lysol's shoulders contributed to the brand's 2022 net revenues being around 45% higher than pre-pandemic.



Extending the reach of our brands

A brand's market performance depends on the extent to which it meets consumer needs in its demand space. Its ability to expand into adjacent segments speaks to its future potential.

At the end of 2021, our Health business took the credentials that our cold and flu brand Mucinex had in mucus protection and pain relief, and expanded into sore throat relief with the launch of Mucinex InstaSoothe. Available as lozenges and as a spray, the new product range builds on the brand's reputation for powerful pain relief, using science and active ingredients gained from the Strepsils brand. At the same time, Strepsils was made available in the US cold and flu sub-category through Cepacol Extra Strength and as Mucinex DM, a cough suppressant and sore throat expectorant.

Adopting a portfolio approach

A portfolio approach allows us to leverage several brands to address distinct demand spaces within the same category. For example in Hygiene, Air Wick plays well in air-care demand spaces where freshness, fragrance and wellbeing are prioritised. Botanica by Air Wick is a boutique brand with high-end appeal, attracting consumers who prefer more natural products. Lysol, prized for its thorough cleansing and recently voted the second most trusted brand in the US by decision intelligence company Morning Consult, has strong purification and disinfection characteristics. Together, these brands address the major demand spaces in air care. Where we lack the capabilities to succeed in a strategically important demand space, we may decide to invest to develop them organically, such as through targeted R&D, to develop a product or service. In 2022, our growth was focused on organic opportunities, but we can also decide to buy in the necessary skills, brands or geographic reach through partnerships, joint ventures or acquisitions. We examine both routes for growth to maintain a strong portfolio of brands in attractive categories poised for long-term sustainable growth.

STAKEHOLDER ENGAGEMENT

BUILDING PARTNERSHIPS WITH STAKEHOLDERS

Incorporating stakeholder voices into our decisions helps us develop as a purpose-led business and strengthens long-term relationships.

- Aligning purpose and strategy with our customers
- Putting consumers first
- Embedding a purpose-led culture and developing our people
- Building a responsible and resilient supply chain
- Expert knowledge
- O Partnering with innovators
- Working with governments, industry partners and NGOs
- Informing investors
- Investing in communities
- Our shared planet

ALIGNING PURPOSE AND STRATEGY WITH OUR CUSTOMERS

Most people buy our products through retail channels. Our customers, the retailers, provide vital feedback on evolving consumer priorities and patterns of demand. We meet their priorities through efficient execution and successful innovation. We aim to build strong structural relationships and partnerships founded on common purpose.

Globally, our major trading channels include hypermarkets and supermarkets, pharmacies, drug stores, traditional trade and emerging trade (including discounters, convenience stores, mother and baby stores, and travel and speciality retail). Online, we have well over 1,000 e-commerce retailers.



How we engage

We coordinate these relationships globally, regionally or nationally, depending on the customer profile. We hold top-to-top meetings to define and build shared objectives and define common purpose. We support this work with joint workshops to agree strategy and action plans to help us deliver collective goals, both commercial and non-financial, such as with our joint sustainability agendas. For example, we've collaborated with Walgreen Boots Alliance to jointly promote the impact of climate change on people's health, something that our core businesses then act on directly.

Operationally, we provide ongoing multidisciplinary support. Our customers can call on category, shopper, sustainability, operational, channel and format, and regional specialists. Our sales teams and specialists act as advocates, advancing customers' interests within the company to help meet our shared objectives. We have strengthened our customer service delivery capability to add muscle to these efforts.

These kinds of partnerships, sustained by common interest, are welcomed by retailers and are helping us build stronger relationships. In the Advantage Group 2022 Survey of retailers there was evidence of continued progress. Our customers rated us top tier in 44.7% of our markets, a 100 basispoint improvement on 2021. In the US, Reckitt moved six places higher in the overall Kantar PowerRanking. We now rank at 28 out of the top 100 consumer packaged goods companies.

Meanwhile in the UK, the high street retailer Superdrug gave Reckitt its annual Best New Health Care Launch award for its work on introducing Nuromol to consumers. The award recognised an unmatched combination of

in-store and online initiatives that had bolstered the brand's visibility in its stores and helped to deliver 60% year-on-year sales growth.

Retailers are increasingly reliant on their online capabilities. We are matching that shift with an omnichannel approach to category and customer engagement and by developing e-commerce-specific supply chains. Our brands are on all the main portals, and we also trade via marketplace platforms, through physical retailers' digital channels and e-pharmacy outlets.

In e-commerce, our customer relationships are more reciprocal. Digital customers promote and sell our brands through their online channels. We both sell through their channels and invest in media space to promote them. Whether online or offline, our aim is the same. We seek to identify strategic synergies, promote purpose-led innovation and invest in partnerships and networks that deliver joint growth.

Partnering on sustainability with purpose-led brands

The global sustainability team works closely with global and local sales teams. They are developing joint business plans with priority customers that recognise the value of collective action on sustainability. Our sustainability partnerships with key retailers have four main pillars:

1. Packaging innovation

We are designing more sustainable packaging for both physical outlets and e-commerce platforms. We work with Amazon to develop Climate Pledge Friendly (CPF) recognised products with lighter, more sustainable packaging. We continue to innovate to reduce virgin plastic content in our packaging by incorporating more recyclable post-consumer recycled (PCR) plastic and nonplastic alternatives, such as the paper-based stand-up pouch for Finish, which reduces the product's plastic usage by 75%. Other innovations include evaluating circular economic systems by delivering our brands in reusable packaging with refill solutions, such as Dettol powder-toliquid handwash in India, and Veja Power Nature in Brazil. We also work closely with our peers through the Consumer Goods Forum (CGF) and the World Business Council for Sustainable Development on more sustainable packaging and reducing plastic waste. These groups are critical for developing impact at scale across many different product sectors via brands and retailers.

For further details seePlastics and packaging

2. Better ingredients

We assess the sustainability of our ingredients using our Sustainable Innovation Calculator. We aim to include more sustainable chemical components without diminishing efficacy and innovate to introduce safe, effective products using natural ingredients. Our focus here is on reducing chemical footprints, increasing biodegradability and using more regenerative materials. This year for instance, Lysol introduced fully biodegradable and compostable disinfecting wipes made from plant fibres in Canada and Dettol launched a hard surface cleaner with plant-based active ingredients.

For further details see
Sustainable product innovation

3. Climate action and responsible sourcing On climate, Reckitt has both science-based targets for 2030 and an ambition to be net zero by 2040. We now sell more than 322 CPF labelled products on Amazon. We are active members of Walmart's Project Gigaton as well as Carrefour's Food Transition Pact, which targets a 20-megaton reduction in GHG emissions by

Q CASE STUDY

TEAMING UP WITH AMAZON TO DELIVER FOR CONSUMERS AND THE PLANET

We have forged a powerful and highly functioning partnership with Amazon over the last 10 years. We work closely with them in many key areas to find better ways to connect with our consumers. These collaborations help us improve the user and shopping experience, protect our brands, optimise advertising campaign effectiveness, progress our sustainability agenda and manage supply chain issues. We're also increasing our focus on our business customers by teaming up with Amazon Business, and by marketing our products through its integrated website.

When Amazon launched its Climate Pledge commitment to reach net zero by 2040, Reckitt was one of the first partners globally to sign up. That commitment continues. We're progressing towards our 2030 Sustainability Ambitions and have already achieved our 2030 science-based operations target with a two-thirds reduction in carbon emissions. The Climate Pledge encourages us to develop more sustainable packaging and products. Our Fair Rubber Association latex for Durex will carry CPF recognition online and the Fair Rubber logo on pack.

Our global relationship with Amazon across CPF labelling, retail management and advertising means we consult on innovation, brand and packaging and share our thinking on market challenges and opportunities. We co-create tests to identify and scale up best practices that expand the reach of our brands. Our use of full-funnel marketing techniques and new ad product is allowing us to reach consumers in innovative and exciting new ways.

THE CLIMATE PLEDGE

2030. We are active in forums that amplify our Sustainability Ambitions and concerns. We work closely with peers and retail customers via the CGF on topics such as avoiding deforestation and protecting human rights. Our collaboration this year in the Climate and Health Coalition, along with Walgreens Boots Alliance and other organisations, highlighted the interlinked crises of climate change and public health.

- For further details see Human rights across our value chain
- For further details see **Biodiversity and ecosystems**

4. Purpose-led brands

We partner with retailers to build shopper awareness and engagement with sustainability through our purpose-led brands. We work together to encourage purpose-led behaviour change, enabled by our innovation programme, whilst raising the profile of our purpose-led products. For Finish's #SkipTheRinse campaign we joined forces with retailers to provide display materials which, in line with the brand's purpose of saving water, encourage people to skip prerinsing dishes to reduce water use. With Air Wick, we've worked with retailers alongside WWF to build consumer engagement with nature, strengthening ecosystems and seedbanks.

CONSUMERS FIRST

Putting consumers and people first is a guiding principle for our business. Today's consumers want quality and value, but they also want to know that the products they buy and the businesses they buy from reflect their values.

How we engage

By reaching more people in more places, we grow our business and increase our impact. We do that by gaining and retaining people's trust. We work to forge emotional connections with consumers through brands that reflect their values.

Consumers want products that are safe, effective and give value for money, but they also want to be reassured that they're sustainable and responsibly sourced. We are helping consumers make smart choices both for themselves and the environment by encouraging subtle shifts in behaviour that collectively can have a big impact through our purpose-led brands. Air Wick's focus on biodiversity, Vanish's focus on more sustainable clothing and Finish's campaign to use water wisely are all nudging consumer behaviour in a more sustainable direction.

Sustainability is increasingly relevant for shoppers. Our innovation programme, driven by ongoing scientific research and consumer insight, continues



to strengthen efficacy and quality, whilst also delivering our Sustainability Ambitions in ways that have further impact when people use our brands. This also allows consumers to play their own part in sustainability and contributes to an overall sense of value for money. We continue to strengthen our consumer insights, helping us innovate to meet future demands, better meet consumers' expectations and delight people with products that provide new ways to help their health, hygiene and nutrition.

Purpose-led brands

Rooting our brands in purpose supports our Sustainability Ambitions. We want to improve the lives of the people we serve, our consumers, their families and their communities through better hygiene, health and nutrition. Our purposeled brands are at the front line of that fight.

More than 30 million of our products are sold worldwide every day. On that scale even small changes in consumer behaviour can have a big impact. We're reducing and improving our packaging and the chemicals in our products. We're strengthening our commitments on climate change, biodiversity, human rights and the circular economy.

Durex combines pleasure with purpose, with products that destigmatise sexual wellbeing and support intimate wellness. The Vanish purpose of giving clothes longer life supports sustainable consumption. Its products save energy as well as money on replacement clothing. Consumers can wash at lower temperatures and keep clothes wearable for longer.

For further details see Our sustainability ambitions

EMBEDDING A **PURPOSE-LED CULTURE AND DEVELOPING OUR PEOPLE**

Our people are the heart of our business. Success in fulfilling our Purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world depends on our colleagues. And creating an inclusive and supportive high performance workplace is vital for them to perform at their best. Achieving that success depends on how we create the space and opportunities for our people to make a difference and do the right thing, always.



How we engage

Our diverse team of around 40.000 includes people of all ages, backgrounds, identities, and beliefs, who come from 125 nationalities. This diversity enriches our thinking and our actions. We sustain it by promoting an inclusive culture where everyone is heard, every voice matters and everyone contributes. For more on this see Culture and Inclusion on page 9.

We speak directly, but with respect, and foster honest conversations between colleagues. We actively try to find out what's on our people's minds and what they need, whether that's through in-depth conversations or Group-wide surveys. We act on what we hear.

In 2022, we continued to establish grassroots networks of underrepresented communities through our Employee Resource Groups (ERGs). These help people support each other and share the challenges they face with the wider business to increase awareness and foster greater empathy.

We launched our global Disability Employee Resource Group in 2022 to raise awareness of disability and support employees who have disabilities themselves or who care for friends or family with disabilities. Our global 'Stronger Together' conversations provide an opportunity to highlight and discuss issues including disability, race and ethnicity, and mental health.

Developing our people

It's critical that our people have the right skills, capabilities and behaviours to achieve our Purpose, and that they feel empowered and enabled to perform at their best every day. On-the-job learning and continuous development happen throughout the year, with all employees having a formal annual performance review of personal development and business objectives. This is also a chance to

discuss their ongoing development plan, career ambitions and potential to take on different roles.

We offer learning opportunities through our digital learning platform and in-person workshops, programmes and coaching. Global Functional **Development Academies and Leadership Development Programmes support people's** development at all levels. By the end of 2022, we had launched eight Global Functional Academies. Employees also have access to a range of learning initiatives on inclusion and wellbeing.

Communication

The challenging working environment of the last three years has emphasised the importance of internal communication and engagement. Our senior leaders encourage communication as a way to build connections with our people, helping them to understand Reckitt's strategy and direction. It also gives leaders the opportunity to listen to and understand employees' concerns.

Nicandro Durante, our CEO, sets the tone with global townhalls including live-streamed Q&As. Accessible to all, these are attended on average by more than 9,000 employees. Nicandro also hosts informal townhalls during market visits, allowing employees to hear from him directly, raise questions and make sure they understand the strategic direction for the business.

Our Global Executive Committee (GEC) members host guarterly townhalls with their teams to ensure that we continue the conversation around purpose, people, and performance throughout the business.

We support 'always-on' global communication with content and conversation on our intranet, Rubi. In 2022, we introduced Workplace, a richer more tailored communication platform for employees to share updates, insights and news.

Listening to our people

We ran our annual global Employee Engagement Survey in August 2022, using the LinkedIn survey tool, Glint. In addition to survey questions asking for feedback on all aspects of working at Reckitt we included optional additional diversity questions in 14 key markets (covering 60% of the employee population) to help us better understand engagement through the lens of diversity.

Some 83% of employees responded to the survey. Over three-quarters (76%) agreed they would 'recommend Reckitt as a great place to work'. Overall, our people are proud to work for us, identify strongly with our culture of achievement, and appreciate our investments in wellbeing and sustainable high performance. They also believe our leaders are performing well, especially when it comes to integrity, purpose and speaking directly with respect.

The survey also highlighted where we can improve. For example, whilst our people support our push for inclusivity, they also want us to do more on equal opportunities for development and better recognition of their efforts.

For further details see **Our people** (\overrightarrow{A}) For further details see

BUILDING A RESPONSIBLE AND RESILIENT SUPPLY CHAIN

Maintaining healthy long-term relationships with our suppliers not only helps us protect business continuity, it lays important foundations for innovation and helps deliver our Sustainability Ambitions.

Our supply chain touches more than 60 countries. We work with manufacturing units, distributors and various other organisations from rural farms to huge raw material and packaging material suppliers.

How we engage

We are embedding environmental, social and governance (ESG) objectives in core business activity by ensuring our supplier relationships are founded on purpose. This is not just about protecting ourselves reputationally, it also gives us the opportunity to improve standards globally, whether that's making farming practices more sustainable or ensuring fair treatment for workers. We are centralising more supplier relationships and procurement activity to strengthen controls and improve efficiency.

We audit suppliers and require them to adhere to six responsible sourcing principles that prioritise sustainability. They must ensure labour and human rights are respected, provide a safe and healthy work environment, source natural raw materials responsibly, protect the environment and reduce environmental impact, use ever safer and more sustainable ingredients, and conduct business with honesty and integrity. Smaller suppliers don't always have the capabilities or resources to spot issues, understand their root causes or implement the changes it will take to address them. Where needed, we work with them through our capability building programme to help improve their processes and raise standards. We have partnered with Oxfam Business Advisory Service to create a practical toolkit to help suppliers to develop and implement site-level grievance mechanisms. The toolkit was piloted with suppliers in India, Pakistan, China, Peru and the UK across the manufacturing and agricultural sectors and has now been published on our website.

For further details see Human rights across our value chain

For further details see **Biodiversity and ecosystems**

(C) CASE STUDY

WORKING WITH SMALLHOLDERS TO PROTECT ELEPHANTS

In Surat Thani, Thailand, from where we source latex for condoms, we have been working with smallholder farmers who live around Tai Rom Yen National Park to develop a proportionate response to the frequent elephant incursions which had been damaging their crops. We worked with the Department of National Parks to get patrolling kits to volunteer smallholder groups to keep the elephants at bay. We have also been providing financial aid to support data collection and knowledge sharing activities. This helped prevent damage and reduced the risk of conflict, but more needed to be done. We encouraged the smallholders to formalise their activities and build up their understanding of elephant behaviour to facilitate more targeted responses. They set up the Kon Chang Pa (Elephant and Forest) association, which qualifies for government funding. This has developed a comprehensive cohabitation strategy, which includes planting replenishable food sources, such as wild fruit plants and grasses, to encourage elephants to remain within the forest.



EXPERT KNOWLEDGE

Insights from academics and scientists help us understand long-term trends. We use that knowledge to build action programmes, guide innovation and develop the expertise and capabilities to meet future challenges.

How we engage

We engage with healthcare professionals internationally to exchange information, share best clinical practice and sponsor research. We also share our expertise in professional journals and at presentations for international symposiums and congresses. Our nine science platforms focus on foundational disciplines for our business (see more on page 31). We commission and collaborate with scientists and academics to advance scientific understanding in these areas.

Reckitt's long-term collaboration with the London School of Hygiene & Tropical Medicine (LSHTM) has advanced hygiene best practice. We co-developed science-based, hygiene protocols, which helped keep delegates safe from COVID-19 at COP26 in Glasgow. In 2022, we published joint research with findings on the increased risk, because of climate change, that the next pandemic will be triggered by pests.

The opening of the Reckitt Hygiene Forum in June 2022 marked the next phase in this partnership. The Forum occupies state-of-the-art hygiene research and teaching facilities in LSHTM's Keppel Street building. It aims to foster hygiene science innovation and support collaboration between industry leaders and experts in the field. The Forum is funding two seed grants for health and hygiene research. It finances one-year research projects for early-career scientists who are examining links between hygiene and health. Over the next three years, research programme topics will include the dynamics of behaviour change, safe-surface science, and work on the mechanical transmission of disease. There are four new PhD studentships for hygiene research scientists working on projects in sub-Saharan Africa.

We work closely with the Nature-based Insetting team, a spin-off from the University of Oxford, to help us understand and measure our impact on biodiversity in key supply chains. This collaboration began when we were researching the biodiversity impact of our latex supply chain in Thailand. Our work on this led to us being invited to join the Taskforce on Nature-related Financial Disclosures (TNFD) to help develop mechanisms for wider adoption. At the same time, we have been working with Risilience Climate and Enterprise analytics technology, founded on the influential frameworks pioneered by the Cambridge Centre for Risk Studies, to help identify and respond to our climate-related financial risks and opportunities.

PARTNERING WITH INNOVATORS

The best ideas can come from anywhere and high-impact solutions are often better delivered by networks than individual organisations: two great reasons for encouraging collaborative projects with like-minded innovators.

Collaborative projects and ventures

We collaborate with independent, purpose-driven entrepreneurs whose objectives chime with our own. That's why we set up Access VC. This wellcapitalised venture provides funding for startups. It's designed to be agile, flexible and a great partner for purpose-led initiatives. Access VC also manages our existing Reckitt minority stake assets, including the Founders' Factory investments.

We work with Founders' Factory to accelerate early-stage startups. For companies at a later stage in their journey, we provide funds, resources and knowledge. Access VC offers more than just venture capital: it's a cooperative enterprise. Purpose-driven entrepreneurs get access not just to funds but to Reckitt's experts, brands, resources, scale and global reach.

We reach out to external partners in numerous ways to promote innovation. We tap external knowledge to apply inventions and import capabilities.

In 2022, we launched IGNITE with Reckitt, an innovation hub to connect with smart partners who can help us tackle big global challenges. IGNITE invites innovative proposals with technologies related to our existing products and portfolio or related to the development of new products, processes and packaging adjacent to our business. We're reaching out to entrepreneurs, academics, healthcare professionals and innovators to partner with us to make a real difference.



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WORKING WITH GOVERNMENTS, INDUSTRY PARTNERS AND NGOS

As a partner to governments, we can operate on a broader platform and predict and respond to upcoming regulatory developments. Where impact at scale through collective action is needed, we're working with our peers to introduce new, more sustainable business models. We're leveraging our participation in trade associations to advance best practice and encourage the transition towards more sustainable activity.

How we engage

We're active in the Consumer Goods Forum, which drives positive change on climate change and key issues through collaborative action with customers and peers. We are members of its Forest Positive Coalition of Action, Plastic Waste Coalition of Action and Human Rights Coalition.

We work with NGOs and government bodies that coalesce around areas of common interest. With the Ellen MacArthur Foundation, we're pursuing joint initiatives to reduce the use of plastics and developing infrastructure, systems and standards to support a circular plastic economy.

Our partnership with WWF on water and nature provides insights for our own work on biodiversity, programmes that strengthen ecosystems in the Amazon and the Ganges, and an additional communication channel with consumers where we can promote behaviour change and encourage more sustainable practice.



Through the Global Self-Care Federation, we work with our peers in the self-care industry to raise international standards and help key policy makers and decision-makers embrace self-care, recognise its value and use its broad range of benefits as building blocks to deliver better and more sustainable health outcomes for all. We are also a member of AISE, Europe's International Association for Soaps, Detergents and Maintenance Products. We actively support its sustainable cleaning agenda. These memberships inform our own approach on aligning product development with policy and regulatory development.

Corruption and illicit trade continue to threaten economic growth, innovation and sustainable development. We are active members of the Transnational Alliance to Combat Illicit Trade. We were one of the top-scoring organisations in our peer group in Transparency International's 2022 UK Corporate Anti-Corruption Benchmark assessment. We are a member of the World Business Council for Sustainable Development (WBCSD). The WBCSD comprises nearly 200 companies which are committed to innovating to make tangible progress on tackling the triple threat of climate change, nature in crisis and mounting inequalities for a more sustainable world. We are specifically involved in work to protect and promote health as well as on plastics.

Reckitt remains committed to the UN Global Compact and its principles in the areas of human rights, labour, the environment and anti-corruption. The social and environmental impacts we create through our purpose-led brands and our work to support a healthier planet and fairer society help advance the broader development aims of the United Nations, particularly the 17 Sustainable Development Goals (SDGs). These are detailed in our sustainability policies and reports at www.reckitt.com.

\bigcirc CASE STUDY

OH YES! NET ZERO

Founded by Reckitt, Hull City Council, University of Hull and Marketing Humber, the Oh Yes! Net Zero campaign aims to make Hull one of the UK's first net zero cities by inviting individuals, businesses and institutions to work together to reduce the city's carbon footprint.

Cities can play a crucial role in energy reduction, climate protection and climate adaptation. Hull's location makes that even more important. The Humber region is one of the UK's six largest industrial clusters, responsible for around 37% of the country's CO₂ emissions.

By demonstrating how we make net zero happen in Hull and sharing what we learn, this campaign can help lead the UK to a cleaner, greener and more prosperous future.



INFORMING INVESTORS

Our investors provide the financial capital, equity or debt that underpins our business and allows us to execute our strategy. In return, they expect good financial returns as dividends, capital appreciation or interest. Our investment community includes current and potential shareholders, mainly institutional and retail investors, as well as 'sell-side' research analysts, banks and ratings agencies. We also have a significant employee-shareholder community.

How we engage

During the year, we held quarterly investor/ analyst conference calls and presentations. The CEO and CFO participated in post-results roadshows with investors and conducted fireside chats hosted by high-calibre analysts. The CFO also hosted analyst round-table meetings and an investor dinner in November.

The investor relations team held numerous ad hoc meetings with investors to address strategy, operational, ESG and modelling queries. It also attended investor conferences hosted by brokering banks, with senior management participating at more high-profile events. Our CEO, CFO, and the Presidents of Hygiene and Health attended investor conferences during the year.

In February 2022, our CEO hosted a presentation at the Consumer Analyst Group of New York Conference. We also hosted an ESG investor seminar event in May, led by Group Executive Committee (GEC) members and our Group Head of Sustainability. In addition, the Chairman had separate meetings with certain investors to discuss the CEO transition. After taking up this position, Nicandro Durante also held meetings with certain investors to set out his plans, with the emphasis on business continuity.

Investor priorities

In 2022, our investors primarily wanted to understand progress in the company's journey of rejuvenating sustainable growth. Inflation, and its effect on our margin outlook, was a recurring topic. Investors were keen to understand actions taken to mitigate inflationary impacts on our cost base during the year. They also wanted to know about the effects on our brands, particularly in Europe, of consumer down-trading and the trend towards private-label products.

Investors are tracking carefully how our disinfection business is performing as COVID-19related demand recedes and the business normalises. There was particular interest this year in our response to the infant formula shortage issues in the US caused by the unexpected shutdown of a competitor's plant.

ESG is an increasingly material topic for investors, with ESG ratings incorporated into investment decision-making. They wanted to find out more about how our Sustainability Ambitions would be achieved and the effect on performance of embedding sustainability into our core business model.

INVESTING IN COMMUNITIES

We are taking the fight to make access to the highest-quality hygiene, wellness and nourishment a right not a privilege into new communities. We aim to reach half the world with our purpose-led brands, engage two billion people through our programmes, partnerships and campaigns, and have a measurable, positive impact on 10 million people by 2030.

How we engage

We fight for access to high-quality hygiene, wellness and nourishment through our brands and by working with partners on the ground. We're empowering people to make small changes in their lives that contribute to the wellbeing of the wider community and help bring about a cleaner, healthier world. In 2022, we renewed our focus on our long-term goals of sustainability and growth, whilst protecting those communities most at risk.

We maximise our impact through our purposeled brands, the way we do business across our value chain, and the partnerships and social investments we make, especially through our Fight for Access Fund (FFA). This focuses on core health and hygiene, maternal and child health, and water and sanitation. FFA programmes extend our brands' impact, help to address public health impacts from climate change and, in the longer term, promote self-sufficiency through economic and social development.



For further information see theSocial Impact Investment Report 2022

Seed, scale and sustain

We support people and ideas to create systemic change and contribute to tackling some of the world's greatest challenges through our brands and through social impact programmes. Our three-stage social impact model underpins our approach. This seeds, scales and sustains social enterprise to build self-reliance in communities.

We support individuals, ideas and infrastructure. We back social enterprise locally with investment and mentorship. We provide funding and advice to develop projects. We connect innovative businesses and programmes through our global network to help them to build scale across communities and borders. We equip them with the resources and know-how to help their projects become self-sustaining and deliver lasting social impact.

CASE STUDY

FIGHT FOR ACCESS ACCELERATOR

In 2022, we announced the first twelve social enterprises receiving financial support and expert mentorship under our Fight for Access Accelerator programme which launched in South Africa and Brazil in partnership with Yunus Social Business. The programme has identified the most promising water, sanitation and hygiene (WASH) innovation projects in each country and is supporting their scale-up to ensure communities benefit from lasting access to clean water, sanitation and hygiene.

In South Africa, Kusini Water won support for its work combining nanotechnology and macadamia nut shells to build water treatment systems for rural communities. Also in Africa is Rhiza Babuyile, a non-profit that focuses on water and sanitation in nurseries and early childhood development centres. In Brazil, LiaMarinha and Piipee were supported. LiaMarinha develops ecological technologies to improve water quality, focusing on water remediation in the mining, agro-industry and sanitation sectors. Piipee promises to save money and reduce the amount of water needed for urine disposal by up to 100% using herbal extracts, nanotechnology and biodegradable components.

Women-led enterprises have a greater positive impact on the societies they serve, yet they receive just 2% of all venture capital funding. The Health Innovation Exchange and Reckitt have teamed up to change that with the launch of the Women in Innovation Fund (WiNFUND). The WiNFUND seeks to invest in women-led. health innovation startups. It raises capital via innovative financing mechanisms such as NFT sales together with philanthropic donor funding. These startups are democratising access to healthcare in their communities, creating six times more jobs and improving health outcomes.

Active where we make the biggest impact

For the biggest challenges, collaboration is key. We develop strong partnerships and invest where we can make the most difference. Examples include

working with Water.org to get people clean water and sanitation services, delivering emergency relief with the British Red Cross and other national Red Cross/Red Crescent societies, and restoring water and wildflower habitats alongside WWF.

We aim to progress all 17 SDGs but focus more resources where our impact is greatest. We've identified SDG2, SDG3, SDG5, SDG6 and SDG13 as our high-priority goals.

We have long experience in building health and hygiene literacy. Our partners help us get these messages across with impact.

We support the poorest communities, where hunger, disease and poor sanitation are most prevalent, and where the worst effects of climate change are often felt first. The emphasis is on women and girls. We have set a target that at least 50% of our beneficiaries should be women. We expect to exceed that.

Our programmes focus on three main areas:

- Clean water, sanitation and hygiene: we fight for universal access to clean water and a safe. hygienic environment
- Sexual health and rights: programmes that empower women and girls around their sexual rights through access, knowledge and disease prevention
- Maternal and child health: nutritional and wellness programmes for new mothers and children to give them the best start in life

Clean water, sanitation and hygiene

Our extended partnership with Water.org continues to strengthen access to safe water and sanitation. Our joint programmes have now helped more than 1.8 million people across India, Indonesia and Kenya. In September 2022, to coincide with a UN General Assembly on sustainable development, we shared our thoughts in a Newsweek article, co-authored with Water.org, on the need and rationale for increased capital investment connecting communities to safe water sources.

With Dettol, we are improving hygiene and wellbeing through the Hygiene Quest. This interactive educational programme is promoting good hygiene behaviours in schools. It uses gamification, behavioural nudges and motivational reward systems to support long-lasting behavioural change. The programme reached over 1.9 million people across five pilot countries creating over \$4.2 million of societal value from reduced absenteeism rates and lower disease burden.

In Nigerian schools, the programme realised a 7.3% reduction in diarrhoeal disease. In Italian primary schools, the incidence of COVID-19 fell by 14%. This year, Dettol Nigeria is partnering with the Wellbeing Foundation Africa (WBFA) to deliver the Hygiene Quest programme across multiple states in Nigeria. The programme targets new mothers and young school children in rural communities. It aims to change children's hygiene habits and reduce the incidence of sick days away from school.

Sexual health and rights

Since 2012 we have encouraged young people in South Africa to take control of their sexual health. This means increasing access to education and improving their knowledge of how to protect against sexually transmitted infections. In 2022, the Connect-ED programme was active in 505 schools in Gauteng, providing education and support to students, each of whom now has access to a 'Connect-Ed Buddy', a trusted online confidant for anonymous, confidential discussions. The programme has engaged 606,154 young people in 2022 and continues to change lives.

Maternal and child health

Our Reach Each Child programme, delivered in partnership with Plan India, prioritises adequate nutrition for children within the first 1,000 days of life through locally led initiatives, with community nutrition workers supplying information and services. In 2022, we worked with 2,458 women and admitted 458 children suffering from severe acute malnutrition to rehabilitation centres, significantly improving their chances of a healthy life.

In the US, our Better Starts for All programme, delivered in partnership with March of Dimes and Enfamil, is bridging gaps in access to obstetric services in maternity care deserts across the US, focusing on underserved communities in Ohio and Washington DC.

Emergency relief

We continue to do everything we can to help those affected by the war in Ukraine. We have committed more than £1 million through a mixture of corporate and employee-matched fundraising efforts. We have been working with the British Red Cross to organise temporary accommodation, medical support and essential supplies for those who are displaced. We have also committed to maintaining the salaries of our colleagues in Ukraine at least until mid-2023. Hundreds of colleagues organised resources to help those fleeing the war, with teams in neighbouring countries especially active in their support.

The devastating floods in Pakistan have affected more than 33 million people. Reckitt committed to support the most vulnerable by donating £460,000 to the relief efforts via the British Red Cross Pakistan Floods Appeal, The Pakistan Red Crescent Society, and local NGO partner, The Citizens Foundations (TCF). We are continuing to donate Mortein and Dettol products to protect as many flood victims as possible.

For further details see Partnering for social impact

OUR SHARED PLANET

The COVID-19 pandemic has driven home the link between people's health and planetary health. Infectious diseases, new vectors of transmission, increased respiratory illness and water-borne disease are all connected to climate change. Safeguarding the planet, protecting biodiversity and acting to limit climate change serve all our interests.

Healthy people on a healthy planet

Human health and the health of our planet are intimately interconnected. It is increasingly evident, as we deal with the causes and consequences of the climate crisis, that this is also a health crisis. Increased temperatures. closer proximity in urban settings, reduced biodiversity and increased water stress can all be detrimental to public health.

Dealing with this systemic issue requires coordinated action. We are forging alliances across the private sector and with governments and civil society to increase our impact.

This year, we joined the Climate and Health Coalition alongside international sustainability non-profit Forum for the Future and leading healthcare businesses. The Coalition researches links between climate change and health. It identifies gaps in public understanding and brings evidence-backed data into the public arena to focus attention on these issues. It aims to develop detailed guidance on how different sectors can work together more effectively to deliver integrated climate and health strategies.

We hosted events at high-profile international forums, including regional UN Climate Weeks and the COP27 summit in Egypt, exploring the

relationship between planetary health and public health. These discussed the global implications of water stress, the growing threat of insectborne disease and the effects of urbanisation. They explored the benefits of a people-centred approach to net zero transition and how coordinated action by governments, NGOs and the private sector could help build resilience. We also published a white paper that focused on how the private sector can help deliver positive outcomes for climate and health.

Advancing towards net zero

Reckitt has pledged to reach net zero by 2040, a decade ahead of the Paris Accord commitments. We continue to promote practical steps within the company, across our supply chain and in society at large that reduce greenhouse gas emissions and combat climate change.

This year, we maintained our emission reduction performance of 2021, continuing to report a 66% reduction in Scope 1 and 2 emissions against a 2015 baseline, exceeding our science-based target reduction of 65% by 2030. Scope 1 & 2 emissions remained relatively stable year-on-year due to higher use of natural gas as we increased infant formula production in the US market, which offset some of the emissions savings associated with our energy efficiency improvements. We continue to focus on energy efficiency projects at our sites and have reduced energy intensity per tonne of production by 3% vs our 2015 baseline.

Improving energy efficiency is an important step on our journey to net zero. We're focused on the processes that use the most energy in our factories. On our sites, compressed air is widely used in manufacturing, but it's energy



hungry. It can account for more than 10% of a site's energy use. In the Philippines, the Makati team reviewed its compressed air system and found significant energy was being lost through leaks and when it wasn't in operation. A simple, three-step remediation process yielded significant energy and cost savings, and this has been replicated at other locations.

At our Nutrition sites, dryers are major energy users. The Tuas Singapore team has been working on ways to optimise the process. They achieved a 13% energy-intensity improvement this year. This saved more than 700kWh across the year, a £144,000 cost saving.

In terms of renewable energy, 93% of the electricity used across our sites is renewable through a combination of on-site generation and renewable energy certificates.

We are continuing to evaluate where we can switch from fossil fuels such as gas for heat. The energy supply situation in Europe during 2022 raised additional challenges as continuity of energy supply became more of a priority. We are evaluating alternatives such as heat pumps, increasing our current use of renewable landfill gas and replacing diesel fuel with recycled vegetable oil for road haulage.

Beyond our operations

This year, we signed up to Ad Net Zero, the advertising industry's initiative to reduce the combined carbon cost of developing, producing and running advertising campaigns to net zero. In committing to its five-point action plan, we added our weight to an international roster of global advertisers and leading media owners. In March 2022, we launched Oh Yes! Net Zero, our high-profile campaign to make Hull one of the UK's first net zero cities. By the end of



the year, around 120 businesses employing over 40,000 people locally had signed up.

- S For further details see
- 🕗 page 53
- For further details see Climate change and TCFD

Water stress

We have set out a strategic ambition of halving our total water footprint by 2040 (versus 2015). Where we operate in water-stressed areas (17 sites) we plan to be water-positive by 2030.

Our progress on water reduction remained flat year-on-year due to challenges in our supply chain. Since 2015, we've reduced our water use per tonne of production by 5%. Beyond our own operations, the water footprint of our products (the water it takes to produce and use our products) increased by 17% in 2022 vs 2015 due to an increase in production volumes. In 2022, we continued to develop our activities around water catchments to support local communities. In Hosur, India we have invested in rainwater harvesting and helped reinstate local water courses. In 2022, the site was independently certified as water neutral. We are progressing more projects in India, as well as in Pakistan and Mexico.

In Mexico, water stress has become an increasingly important subject. We are now working with the charity Agua Capital to increase water availability. In the communities surrounding our Tlalpan and Atizapán sites we are supporting nine schools and community centres with rainwater harvesting projects.

Finish has been partnering with various organisations since 2020 to stop people from wasting water, with particular focus on waterstressed areas. Its #SkipTheRinse campaigns in Turkey and Australia promoted behaviour change with the aim of helping our consumers to save water. In 2022, Finish US announced its ambition to save billion of gallons of water each year by encouraging consumers not to pre-rinse before dishwashing.

Finish's Journey of Water campaign is the next milestone in the brand's mission to fulfil its purpose of helping people save water. The brand has partnered with WWF in a global campaign, which seeks to restore and replenish freshwater, whilst educating consumers. A UK educational programme launched this year is helping young people understand where water comes from, why that makes it a precious resource and what they can do at home to save it. It follows recent research that found that 26% of UK primary school children believed water came from the sea and 24% thought it was delivered to their door.

B For further details see Water

Biodiversity

We seek to understand and mitigate our impact on ecosystems.

We focus mainly on key raw materials that originate from the areas of greatest biodiversity. Priority commodities include latex, palm oil, natural fragrances, dairy and timber. We're also reviewing our use of other natural raw materials that are typically used in smaller amounts, such as soy and cocoa.

Our work with the Nature-based Insetting (NBI) team from Oxford University looks at our key value chains and their effect on ecosystems. The NBI team has developed a framework which uses science-based metrics to measure the biodiversity impacts on local ecosystems of our activities. This allows us to quantify both positive and negative impacts and develop new

ways of working with suppliers and farmers that take account of this. Botanica's partnership with WWF aims to help restore wildflower habitats across the world in 10 countries, including the US, the UK, Mexico, Australia and Poland. Together, we have restored almost 2,000 hectares and conserved numerous plant species. The biodiversity plan is tailored to the needs of the local environment in each country. In the US, we focused on reseeding the Northern Great Plains, whilst in Mexico we are protecting the Monarch butterfly and other pollinators by engaging with local communities to preserve wild flowering plants on Monarch butterfly migration routes.

Biodiversity and ecosystems

Plastics and packaging

We've set ourselves stretching sustainability targets to lower our use of virgin plastic. Our ambition is for all our plastic packaging to be recyclable or reusable by 2025, with at least a quarter coming from recycled materials. By 2030, we plan to halve our use of virgin plastic for packaging.

Achieving these targets within this timeframe depends in part on there being a consistent, industry-wide approach to packaging and recycling based on circular economic principles, but policies and practices currently differ between territories. We have joined cross-industry initiative RecyClass, which is working to advance plastic packaging recyclability and to establish a harmonised European approach for the calculation and full traceability of recycled content. RecyClass will conduct technical audits of our packaging to assess effective recyclability for particular geographic areas. These audits will inform our packaging design decisions and will be integrated into our Sustainable Innovation Calculator, which captures when packaging is not just theoretically recyclable but is actually recycled.

The world urgently needs to reframe how it uses plastics so that it curtails production and combats pollution. Balanced international regulation is essential. We have joined the Business Coalition for a Global Plastics Treaty, a group of more than 80 organisations, convened by the Ellen MacArthur Foundation and WWF. Its members include businesses in the plastics value chain, financial institutions and NGOs. We are calling for a global treaty that accelerates progress in three critical areas: the reduction of the production and use of plastic through a circular economics approach, increased circulation of all necessary plastics, and the prevention and remediation of micro- and macro-plastic leakage.

For further details seePlastics and packaging

Reducing waste in manufacturing

Doing more with less is good for the planet and makes sense economically. Our global productivity initiative is identifying savings at specific manufacturing centres. By sharing best practice internationally, we are reducing waste, limiting energy use and improving operating efficiency.

We have moved closer to our 2025 target of a 25% waste reduction compared to the 2015 baseline. We reduced waste in manufacturing relative to production by 21% in 2022 (2021: 14%). This year, 94% of our sites achieved zero waste to landfill, compared to 96% in 2021. We're working to find alternatives to landfill where they don't exist close to our factories in the US, and at the same time reducing waste overall.

Bor further details see **Reducing waste**

CASE STUDY

TRANSFORMING OUR LATEX Waste into flip-flops

Our focus on right-first-time-manufacturing highlights the impact of waste. Millions of pounds are wasted and tonnes of stock go to landfill every year because of material errors, batch write-offs, and rejections or returns. We continuously look at ways to reduce this through quality improvement programmes, but we are also considering ways to recycle and reuse rejected stock. One of the huge range of transformative productivity programmes proposed this year involved flip-flops. Our site in Bangpakong, Thailand, which manufactures Durex condoms, used to send all of its unwanted latex to waste management companies for incineration. Now over a third (142+ tonnes) of our waste latex is being upcycled to make flip-flops. The first batch was donated to a local school.



TCFD SUMMARY

OUR TCFD SUMMARY

In line with the FCA Listing Rule (LR 9.8.6R(8)), we confirm that this statement includes material climate-related financial disclosures, consistent with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Our plan to achieve full compliance in relation to strategy disclosures (a) and (b) are included in the following summary statement.

Comprehensive detail on our scenario modelling and analysis, emissions data and net zero roadmap is published in our Climate Change Insight.

 For further detail, see our

 Climate Change Insight and full TCFD report

Compliance statement

For strategy disclosures (a) and (b), further work is underway to enhance the identification, impact and reporting of climate-related risks and opportunities across our entire business, and how these map over the short, medium and long term. Our analysis will continue in 2023 and beyond, assessing key risks in greater detail including the relative impacts across raw materials, facilities and potential changes in consumer use. We will also assess the impact of our sustainability and climate strategy to provide insights into the efficacy and contribution of various climate mitigation initiatives. This will help us to focus activity where we can create greatest impact and to capitalise on potential opportunities associated with a low-carbon transition that support our business resilience and growth in a future low-carbon economy.

We are working towards full compliance in the following areas:

- Assessment by geography and sector: our current analysis is presented for our whole business however it often considers specific geographies for supply chain risks and sectors for market-level risks and opportunities (TCFD Strategy (a)).
- Assessment of climate-related issues in terms of consumer response to products, both in terms of risk and opportunity, and in different geographies:

we continue to evaluate the response of our consumers but due to variations from market to market and demographic to demographic, particularly in a time of cost-of-living pressures, we will continue to assess the level of risk and opportunity associated with this area. Our sustainable product innovation programme does take such issues into account alongside transition risks, within our product innovation activity (TCFD Strategy (b)).

- Assessment of climate related issues in terms of acquisitions or divestments. We are developing processes to strengthen our approach (TCFD Strategy (b)).
- Assessment of climate-related issues in terms of access to capital where there is apparently limited initial impact (TCFD Strategy (b)).
- Further development of our decarbonisation roadmap alongside the initial interim milestones noted for our 2025, 2030 and 2040 targets and ambitions (TCFD Strategy (b)).
- The development of our internal carbon pricing approach and modelling which will inform future programmes (TCFD Strategy (b)).

We are working to implement all recommendations in full and will report further progress in our next TCFD Statement.

TCFD STATEMENT CONTINUED

Recommendation	Reference	Summary of approach and progress in 2022
 Governance a. Describe the Board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities 	Governance framework, page 97	 Our approach to climate change risk falls within our governance framework. The Board, supported by the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee and the Risk, Sustainability & Compliance Committee (RSCC), has responsibility for oversight of our climate change strategy. These committees meet and report quarterly.
	CRSEC Report, pages 120-125 Directors' Remuneration Report pages 126-155	 The strategy is delivered through our Executive Committee and management team. Our Corporate Affairs & Sustainability function leads sustainability-related strategy development and compliance, whilst programmes are implemented by our Brands, Supply Chain, R&D, and Safety, Quality and Regulatory Compliance teams. In 2022 we introduced two new ESG measures under the LTIP to align with our 2030 Sustainability Ambitions, net revenue from more sustainable products, and reduction in Greenhouse Gas (GHG) emissions in operations. The Board engaged on our sustainability agenda through routine review of progress via the CRSEC and through a specific Board review of sustainability activity,
		progress and the prevailing operating environment in its meeting in May. This reaffirmed the approach underway, and supporting a review of future carbon price mechanisms that might impact the business.
 Strategy Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and 	ities the entified dium ct risks n's and ence of strategy, eration elated	 Whilst we operate five scenarios, we primarily focus our modelling and analysis on a 3°C and 1.5°C scenarios. These are considered to most highlight the variation in risks and opportunities directly, and in comparison with our climate change aims for achieving our science-based targets by 2030 and ambition for net zero by 2040.
		- In the short to medium term, the most significant impacts for Reckitt are likely to arise from transition risks, specifically policy-driven carbon price increases which are greatest in a 1.5°C scenario. Should such measures be applied to all Scope 1, 2 and 3 emissions by 2025, and considering additional transition factors beyond policy such as consumer preference and technological change, the impact on all businesses could be significant. A more likely, phased policy approach and changes in preference, alongside our ongoing mitigation activity in supply networks and products, would not be material for Reckitt.
		- In the longer term, increases in the frequency and severity of extreme weather events (physical risks), water stress and higher ambient temperatures will impact sites, supply networks and consumer value chains, whilst changes to regional climates may lead to chronic changes to costs, the availability of natural raw materials, and the nature of products that are most viable in certain regions. Our progressive work on water catchment area management, product innovation and supply chain resilience help mitigate these risks.
financial planning c. Describe the resilience of		 We have prioritised our activities associated with achieving net zero in our own operations by focusing on the sourcing of renewable energy as well as optimisation of our processes to increase energy efficiency.
the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		 We continue to use our Sustainable Innovation Calculator (SIC) to understand the impacts of our products and inform new and existing product development. This enables us to design for lower carbon and water footprints in use, helping mitigate physical risks in the marketplace and meeting emerging consumer preference.
		 We have also started to engage our suppliers through our partnership with Manufacture 2030 focusing on measuring, tracking and reducing supplier-related carbon emissions.
		 Our near-to-medium-term analysis included piloting a cumulative five-year view which supports our financial and operational planning. We focus activity through routine business and financial planning within our brands and supply chain, in annual and three-year cycles, in order to manage risks and deliver against our Sustainability Ambitions. For example, capital allocation for environmental improvements on carbon is built into current five-year planning and is within existing external disclosures.
		 Our targets for 50% of net revenue to be derived from more sustainable products, 50% product footprint reduction, and 65% reduction in operational carbon emissions, all by 2030, collectively enable Reckitt's brand portfolio and supply chain to become more resilient.

TCFD STATEMENT CONTINUED

Recommendation	Reference	Summary of approach and progress in 2022
Risk management a. Describe the organisation's process for identifying and assessing climate-related risks	Risk management, pages 80-86	 At Group level, sustainability (including climate change) is classed as a principal risk. We consider climate-related risk over the short term (up to 3 years) in line with our Group risk assessment, over the medium term (3- 5 years) in line with our strategic planning cycle, and over the longer term (10 years+) through our ongoing work with Risilience Climate and Enterprise analytics technology, founded on frameworks pioneered by the Cambridge Centre for Risk Studies. At the product level, climate-related risks are identified, assessed and managed on an ongoing basis, and with a forward horizon in excess of 10 years.
 b. Describe the organisation's process for managing climate-related risks c. Describe how processes for identifying, assessing, and managing climate-related 		 At the product level, climate-related risks are identified, assessed and managed on an ongoing basis, and with a forward horizon in excession to years. We have conducted scenario analysis to consider the longer-term impacts of climate change on our business in partnership with Risilience. We continued to develop a digital twin of our business, and used this to build and test scenarios for low-carbon transition and physical risks across our value chain. The Risilience analysis produces a five-year, quantitative earnings value at risk estimation across physical and transition risks, consistent with the emissions pathways and scenarios specified by the Intergovernmental Panel on Climate Change (IPCC). The Risilience analysis also gives a long-term qualitative risk outlook, across physical and transition risks, up to 20 years. In 2022, we continued to embed climate risk into our activities and risk management framework, refine our climate risk analysis through the digital-twin model
risks are integrated into the organisation's overall risk management		and focused on further aligning the model to the TCFD recommendations.
 Metrics & Targets a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets 	Non-financial Information Statement, page 67	 We have established sustainability metrics and indicators including our science-based targets on climate change and our Sustainability Ambitions for 2030. The metrics we use to measure progress against our net zero ambitions can be found in our net zero roadmap, which includes energy, emissions, water, waste and packaging-related metrics. We are also working on developing a set of metrics for biodiversity in 2023. We participate in the annual CDP Climate Change disclosure and report our performance against the CDP climate indicators. Our response can be found at www.reckitt.com/sustainability/policies-and-reports Reckitt has two key climate-related targets to drive performance in areas both directly controlled and across our value chain. These targets are validated by the Science Based Targets initiative (SBTi): Reduce absolute Scope 1 and 2 GHG emissions by 65% by 2030 from a 2015 base year. Reduce our product carbon footprint (Scope 3 GHG emissions) by 50% by 2030 from a 2015 base year, which will help to mitigate the impact of transition risks, such as changing consumer preference in favour of low impact products. Supporting these goals is our commitment to RE100 and increasing the use of renewable electricity to 100% by 2030. We also aim to improve energy efficiency across our operations by 25% by 2025 from a 2015 base year.

S172 STATEMENT

OUR SECTION 172 Statement

This statement shows how our Directors have acted in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to stakeholders, including matters under Section 172(1)(a)-(f) of the Companies Act 2006, during 2022. The statement has been prepared in response to the obligations set out in the Companies (Miscellaneous Reporting) Regulations 2018, and the UK Corporate Governance Code 2018.



Understanding the needs and expectations of our stakeholders is fundamental to our Purpose: to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world. We recognise that our business can only grow and prosper by acting in the long-term interests of our key stakeholders, namely our people, our consumers and customers, our investors and partners, the communities in which we operate and the environment. The Board considers our key stakeholders and the matters set out under Section 172 of the Companies Act 2006 in its discussions and decision-making. The following table sets out key examples of how the Board has considered matters under Section 172 during the year in performing its duties.

66 CATHERYN O'ROURKE GENERAL COUNSEL & COMPANY SECRETARY

Our business can only grow and prosper if we act in the long-term interests of all our key stakeholders, namely our people, consumers and customers, investors, our communities and the environment.



S172 STATEMENT CONTINUED

Section 172	Overview	Relevant disclosures	
a. The likely consequences of	The Board strives to act in the long-term interests of its key stakeholders, and this frames its oversight	Our growth strategy	Page 12
any decision in the long term	of corporate strategy, which is founded on creating long-term shareholder value. During 2022, this has included a focus on the Group's strategic imperatives as well as managing the CEO transition process.	Chief Executive Officer's Statement	Pages 7 to 8
	It has also included various material capital expenditure decisions, including to increase production	Stakeholder Engagement	Pages 47 to 58
	capacity at the Group's Nowy Dwór factory.	Board Activities During 2022	Pages 99 to 101
	The Group's risk management framework, including the Group's Principal Risks, further underpin the Board's long-term approach. The Board and its Committees are responsible for risk governance, and	Risk Management at Reckitt	Pages 80 to 86
	oversight is achieved through several mechanisms including strategy reviews, Committee meetings and	Focus on: Execution Resilience	Pages 33 to 35
	deep dives into selected risk areas. Throughout the year, the Board has also received regular updates on Group strategy and the progress of the Group's productivity and transformation programmes.	Focus on: Meeting the Growing Digital Demands	Pages 36 to 38
		Focus on: Our Productivity Journey	Pages 39 to 40
b. The interests of our people	Our employees are fundamental to our success as a business, and evolving a vibrant, inclusive and	Culture and Inclusion	Pages 9 to 11
	collaborative culture is central to delivering on our Purpose. As well as receiving briefings on the Group's regular employee 'pulse' surveys, at the September Board meeting, the Board undertook round-table	and 50	D 474 50
	sessions with small groups of Reckitt colleagues to further understand current employee sentiment	Building Partnerships with Stakeholders	Pages 47 to 58
	and company culture at Reckitt. In addition, Mary Harris, the Designated NED for engagement with the company's workforce, has maintained regular engagement with various employee groups, including the	Chair's Introduction to Governance	Pages 88 to 90
	Group's Employee Resource Groups (ERGs).		
	In response to the events in Ukraine, our primary concern has been the safety and security of our people. The Board has maintained oversight of the support provided to our colleagues and their families who		
	have been impacted, and we are immensely proud of the resourcefulness and collective spirit shown		
	by our colleagues around the world to help those impacted.		
c. The need to foster business relationships	The Board understands the importance of fostering business relationships with key stakeholders. During 2022, the Board received detailed briefings focusing on competitive dynamics and consumer	Building Partnerships with Stakeholders	Pages 47 to 58
with our key stakeholders	perspectives. In July, the Board held Listening Sessions on self-care. At the sessions, external		
	stakeholders presented differing perspectives on the topic.		
	The Directors engage with investors both online and in face-to-face meetings to communicate progress		
	on strategy and update on trading activities. During the year, the Directors presented quarterly investor/ analyst calls and presentations. The CEO and CFO participated in post-results roadshows with investors		
	and conducted fireside chats with analysts. In addition, the Chair held separate meetings with certain investors to discuss the CEO transition.		

S172 STATEMENT CONTINUED

Section 172	Overview	Relevant disclosures	
d. The impact of Reckitt's	Sustainability is central to our Purpose. Our Sustainability Ambitions to 2030 focus on our impact through	Chief Executive Officer's Statement	Pages 7 to 8
operations on the community and the	our purpose-led brands and innovative products; sustaining a healthier planet through our work on climate change, natural resources and biodiversity; and enabling a fairer society through our activity	Our Sustainability Approach and Performance	Pages 16 to 17
environment	in our own business and across our value chain.	Key Performance Indicators	Pages 18 to 19
	We understand as a business the effects our operations have on the environment and the need to	Stakeholder Engagement	Pages 47 and 58
	embed sustainability to create positive impacts both for communities and the wider society in which we operate, as well as for our business. Our Board is responsible for overseeing, considering and reviewing	Our TCFD Summary	Pages 59 to 61
	the Group's environmental, social and governance (ESG) strategy The Board delegates regular oversight	Focus on: Human Health and Planetary Health	Pages 41 to 43
	of sustainability to the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee. The CRSEC Committee reviews our sustainability objectives and progress against our	Board Activities During 2022	Pages 99 to 101
	targets, and reports on these to the Board. The Board also receives direct updates on the progress against the Group's Sustainability Ambitions.	Non-Financial Information Statement	Pages 65 to 67
		CRSEC Committee Report	Pages 120 to 125
e. The desirability of	The Board is responsible for monitoring our culture and values, and the delivery of our strategy can only be achieved with the highest standards of business conduct. All Directors must act with integrity, lead by example, and promote the company's culture and values. We aim to create the space and opportunities to help our employees make a difference and do the right thing, always. The CRSEC Committee reports	Culture and Inclusion	Pages 9 to 11
maintaining a reputation for high standards of		Chair's Introduction to Governance	Pages 88 to 90
business conduct		Corporate Governance Report	Pages 97 to 108
	to the Board after each of its meetings, to provide an update on Reckitt's ethics and compliance priorities, including the Group's Speak Up programme.		
f. The need to act fairly	The 2022 Annual General Meeting (AGM) provided an opportunity for the Board to engage directly	Stakeholder Engagement	Pages 47 to 58
as between Reckitt's shareholders	with shareholders. The AGM was held in person, with shareholders invited to attend and ask the Board questions.	Chair's Introduction to Governance	Pages 88 to 90
	Following the launch of our investor seminar series in 2021, we were pleased to invite investors to a seminar on the topic of ESG. Our CEO, CFO, Head of Corporate Affairs and Chief Sustainability Officer, and Group Head of Sustainability presented on our ESG ambitions, governance and progress update. A total of 120 individuals joined the webcast which included a number of investors. Investors were invited to ask questions and engage directly with the presenters.		

NON-FINANCIAL INFORMATION STATEMENT

This statement provides a summary of key topics and related reporting references on non-financial matters, in line with Sections 414C(7), 414CA and 414CB of the Companies Act 2006. Material environmental, social and governance information is included throughout the Strategic Report and wider reporting suite in line with our Purpose, business model and strategy.

Assurance approach

Independent assurance plays an important role in our reporting. We engaged ERM CVS to provide independent limited assurance over selected sustainability disclosures. Their independent assurance statement can be found online and includes further details on the scope, responsibilities, work performed, limitations and conclusion.

The principles and methodologies we have used in reporting our sustainability performance data for 2022, along with our statement of directors' responsibilities in preparing the information, can be found in our Reporting Criteria and Basis of Preparation document.

Further information on non-financial and sustainability matters can be found within our reporting suite

See www.reckitt.com/sustainability/ policies-and-reports

See www.reckitt.com/sustainability/ performance-data/

Sustainability reporting frameworks, guidance and future regulation

We are actively monitoring global developments in relation to sustainability reporting regulations, standards and metrics. As a UK-listed business we are focused on satisfying UK reporting requirements. However, we also recognise the interest surrounding the EU Taxonomy as well as other emerging regulation and laws globally, and have established a cross-functional team to map out the extent of their impact on our operations. We will disclose further information in due course, progressively working towards full disclosure aligned with regulatory timelines.

While we wait for a consistent set of sustainability standards for reporting to be released, we continue to report against relevant standards and frameworks, including the Sustainability Accounting Standards Board (SASB) Household and Personal Products standard, and the Task Force on Climate-related Financial Disclosures (TCFD), and provide progress updates against the Sustainable Development Goals (SDGs) via the UN Global Compact.

Reporting requirements	Relevant policies and risk management processes	Additional information	
Environmental matters	 Environmental Policy Sourcing for Sustainable 	Our Sustainability Performance	Page 18
	Growth Policy – Group Environmental Management System¹	Our Shared Planet Task Force on Climate-related Financial Disclosures (TCFD)	Pages 56-58 Pages 59-61
Employees	– Code of Conduct – Our Values – Speak Up Policy – Sourcing for Sustainable	Culture and Inclusion Our Sustainability Performance People	Pages 9-11 Page 19 Page 50
	Growth Policy – Group Occupational Health & Safety Management System ¹	CRSEC Committee Report Gender Pay Gap Report ²	Pages 120-125
Human rights	 Policy on Human Rights and Responsible Business Modern Slavery Statement Commitments to international standards 	Supply Chain Partners Our Shared Planet	Page 51 Page 53 Pages 56-58
Social and community matters	 Product Safety Policy Responsible Marketing Policy Breast-Milk Substitute (BMS) Marketing Policy 	Our Sustainability Performance Communities Social Impact Report ²	Page 19 Pages 54-56
Anti-bribery and anti-corruption	- Code of Conduct - Speak Up Policy	People CRSEC Committee Report	Page 50 Pages 120-125
Policy embedding, due diligence and outcomes Risk Management CRSEC Committee Report			Pages 80-86 Pages 120-125
Principal risks and	impact of business activity		Pages 80-86
Description of business model			Page 13
Non-financial key performance indicators			Pages 18-19

1. Information not in the public domain

2. Reports available online at www.reckitt.com

B Reckitt policies are available at www.reckitt.com/sustainability/policies-and-reports

NON-FINANCIAL INFORMATION STATEMENT CONTINUED

Our policies

Anti-bribery and Corruption

Our policy is that all Reckitt companies, employees and contractors must comply with the anti-bribery, anti-corruption and competition laws of all countries in which they operate. Directors and managers must ensure that the employees and contractors they supervise are aware of and comply with this policy. All employees and contractors must certify annually that they have complied with our Code of Conduct, and the Audit Committee reviews internal audit findings in relation to this.

Employee Policies

Reckitt's Code of Conduct governs standards of conduct in relation to our employees, as well as our stakeholders. In addition, Reckitt has policies committing to equal opportunities at work and to providing a safe and healthy working environment. Health and safety performance is monitored through our Group Occupational Health and Safety Management system, enabling us to investigate any incidents and take any necessary action. We have a Speak Up policy and process, allowing any employee or third party to confidentially report a violation of the Code of Conduct, local law or regulation, or unethical behaviour.

Environmental Policy

This sets out our objectives for reducing our environmental impacts. It requires us to comply with relevant legislation, consider environmental issues in key decisions, and engage with multiple stakeholders for better environmental performance.

Product Safety Policy

The purpose of this policy is to assure our stakeholders of the safety of our products by describing our approach to safety assurance for Reckitt products. We have a responsibility to develop products that are as safe and nourishing as they can be; to monitor their in-use safety and listen to feedback from users; and if things change, to react quickly and effectively to mitigate harm.

Responsible Marketing Policy

In March 2022, we launched our Responsible Marketing Policy. This sets out clear requirements for anyone involved in preparing marketing communications and activities on behalf of Reckitt. The policy covers the full marketing lifecycle of our products and applies to all marketing communications touchpoints and channels. It applies to everyone at Reckitt and anyone we engage externally to carry out marketing communications and activities on our behalf. We have rolled out the policy across the organisation and invested in a training and change management module for employees most impacted by the Responsible Marketing Policy. Completion of the Responsible Marketing training is mandatory for all marketeers and available to all Reckitt employees. In order to provide reasonable assurance that this policy is appropriately implemented we perform ongoing audits and adherence checks. We monitor consumer, customer and employee feedback on our marketing on an ongoing basis, for example through our consumer care lines or our Speak Up Line.

Sourcing for Sustainable Growth Policy

The policy sets out Reckitt's human rights, health & safety, environment and sourcing requirements we expect our business partners to meet. It encompasses principles of the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. We also follow the UN Guiding Principles on Business and Human Rights and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. The policy details the Framework which sets out standards to drive us to conduct business with honesty and integrity, respect human rights, provide a safe and healthy working environment, use safe and sustainable ingredients, source raw materials responsibly, and protect the environment.

NON-FINANCIAL INFORMATION STATEMENT CONTINUED

Greenhouse Gas (GHG) emissions information

Metric	Unit	2022	2021²
Total Scope 1 emissions	tCO₂e	121,275	117,172
Scope 2 emissions (market-based)	tCO₂e	9,448	12,857
Scope 2 emissions (location-based)	tCO₂e	237,471	232,234
Total Scope 1 & 2 emissions (market-based)	tCO₂e	130,723	130,029
Total Scope 1 & 2 emissions (location-based)	tCO₂e	358,746	349,406
Emissions intensity ¹ (market-based)	tCO₂e per tonne of production	0.04	0.04
Energy consumption resulting in above GHG emissions	MWh	1,278,643	1,257,499
Proportion of energy consumption arising from UK operations	%	11	13
Proportion of GHG emissions arising from UK operations	%	11	18

 The scope of our GHG emissions per unit (tonne) of production KPI is for manufacturing and warehousing. Including R&D and offices the GHG emissions intensity per unit of production in 2022 and 2021 would be 0.04 tCO₂e

2. Data restated due to removal of divested sites and data reporting improvements. See our Reporting Criteria for more detail at www.reckitt.com/sustainability/policies-and-reports

Methodology and basis of calculations

We have reported on emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Streamlined Energy and Carbon Reporting (SECR) requirements covering the 2022 reporting year (1 January–31 December).

Emissions have been calculated in line with the WRI/WBSCD GHG Protocol – Corporate Accounting and Reporting (revised edition). We report our Scope 2 emissions on both a market and location-based approach.

For Scope 3 emissions, please refer to our2022 Climate Change Insight

Our GHG emissions and energy data includes emissions and energy consumption from operations covered by the Group Financial Statements for which we have operational control. Where we acquire new businesses, we include their emissions and energy consumption from the first full calendar year of our ownership onwards.

For further information on the methodologies used to calculate our emissions and energy metrics please see our Reporting Criteria Basis of Preparation

Energy efficiency measures

In 2021, we launched our 2030 Sustainability Ambitions which included a holistic set of targets to help tackle climate change and reach net zero by 2040. We have a target to increase our operational energy efficiency by 25% by 2025 (against a 2015 baseline). This relates to energy use within our manufacturing sites and warehouse facilities and includes all energy associated with Scope 1 & 2 emissions.

We continue to look for ways to improve our energy efficiency and how we use energy in our facilities. Specifically, we focus on high energy processes in our manufacturing sites, including boiler optimisation, heating, ventilation and air conditioning, and compressed air.

In 2022 our energy efficiency performance remained flat. While we focused on optimising energy at many sites, including detecting and repairing leaks and installing more energy efficient equipment, product mix changes and regulatory requirements in some of our markets resulted in us delivering no improvement compared to 2015. We remain committed to our 2025 goal and have plans in place to drive energy efficiency in 2023.

 \sum Further detail on our energy efficiency initiatives can be found on

- 💛 pages 56-57
- Further information on our 2030 Sustainability Ambitions, our sustainability KPIs and 2022 performance can be found in our
 Sustainability Insight Report

Gender diversity¹

Definition: the percentage of women in our global workforce.

Target: 50% of women at all levels of management by 2030.

Board Directors	All managers ²	All employees ³
8 (2021: 7) male	7,893 (2021: 7,913) male	20,071 (2021: 20,491) male
4 (2021: 5) female	7,960 (2021: 7,715) female	15,888 (2021: 16,172) female

1. Diversity data is taken as of 31 December 2022 for active Reckitt employees (excluding contractors)

2. Manager Levels included: Executive Committee Member, Group Leadership Team, Senior Management Team, Middle Manager, Manager

3. 23 persons with undisclosed gender

GROUP FINANCIAL REVIEW

BIGGER BUSINESS, Stronger Brands



JEFF CARR CHIEF FINANCIAL OFFICER

A year of strong revenue, profit and free cash flow delivery.



Group net revenue of £14,453m grew by +7.6% on a LFL basis in 2022, reflecting price / mix improvements of +9.8% and volume decline of -2.2%, driven by continued broadbased growth and momentum. Excluding the negative impact of Lysol and positive impact from US Nutrition, volume growth was +1.3%.

Total net revenue on an IFRS basis was up +9.2%, reflecting net M&A impact of -3.8% and foreign exchange tailwinds of +5.4%.

In 2022, the Group is +28% larger than 2019 on a LFL net revenue basis with around 18% price / mix improvements and around 10% volume growth, with growth being broad-based across our three GBUs (Hygiene +24%, Health +32%, and Nutrition +27%).

Our in-market competitiveness remains strong. 62% of our Core Category Market Units (CMUs) held or gained share. In Hygiene it was 43% and in Health and Nutrition it was 62% and 100%, respectively (weighted by net revenue).

70% of the portfolio less sensitive to Covid dynamics have two consecutive years of midsingle digit growth. During the year, these brands grew high-single digits. Excluding the positive impact from US IFCN, growth was mid-single digits driven by continued innovation, in-market execution and pricing across the portfolio.

E-commerce net revenue grew by +14% in 2022. It has more than doubled over the past three years on an LFL basis, and now accounts for 13% of Group net revenue. Adjusted gross margin was 57.8% (2021: 58.5% excluding IFCN China), a reduction of -70bps. The reduction in gross margin was principally driven by around 17% inflation in our cost of goods base (-660bps), significantly mitigated by productivity efficiencies (+230bps) and other factors including pricing and positive product mix (+360bps).

Brand equity investment (BEI) (excluding IFCN China) increased by +5.7% on an actual basis as we continue to invest behind the long-term strength of our brands. Our BEI percentage of net revenue was 11.8% (2021: 12.6%). The reduction of 80bps in 2022 was driven by a combination of leverage from the strong growth in both our OTC and US Nutrition businesses, cessation of investment in Russia, and productivity efficiencies.

Adjusted operating profit (excluding IFCN China) was £3,439m (2021: £2,944m) at an adjusted operating margin of 23.8% (2021: 22.9%). The increase of +90bps was principally driven by strong top line growth, strong productivity and positive mix. This drove BEI (+80bps) and fixed cost (+80bps) leverage and efficiencies, offset by modest gross margin decline (-70bps).

A non-cash goodwill impairment charge of £152m was recognised during the year, in respect of our Biofreeze acquisition, as a result of a short-term category slowdown and increased discount rates due to current macroeconomic conditions. Good progress has been made in the second half of the year and we expect continued momentum for Biofreeze in 2023 and beyond. Our growth plans remain in line with our expectations. Further details of the impairment are set out on page 196 of this statement. The IFRS operating profit was £3,249m (2021: £804m loss). In 2022, the IFRS operating profit was impacted by the non-cash impairment of our Biofreeze acquisition. The IFRS operating loss in 2021 included a pre-tax loss of £3,353m in relation to the strategic review and disposal of IFCN China and pre-tax losses of £234m from the sale of Scholl and EnfaBebé brand in Argentina.

Total adjusted diluted EPS was 341.7p in 2022 (IFRS: 324.7p), +18.4% above 2021 due to growth in net revenue and operating margins, and the positive impact of foreign exchange.

Full year dividend increased by 5% to 183.3p (2021: 174.6p) per share, with the aim to deliver sustainable dividend growth in future years, subject to any significant internal or external factors. Final dividend 110.3p (2021: 101.6p) per share.

Free cash flow was £2,031m in 2022 (2021: £1,258m). The improvement is due primarily to growth in adjusted operating profit. Capital investment to support our growth and margin ambitions was £443m, 3.1% of Group net revenue (2021: 3.4% of Group net revenue).

Net debt ended the year 2.1x adjusted EBITDA (2021: 2.6x adjusted EBITDA).

NET REVENUE



£13.2bn as of 2021

ADJUSTED OPERATING PROFIT



£2.9bn as of 2021

FREE CASH FLOW



£1.3bn as of 2021

HYGIENE

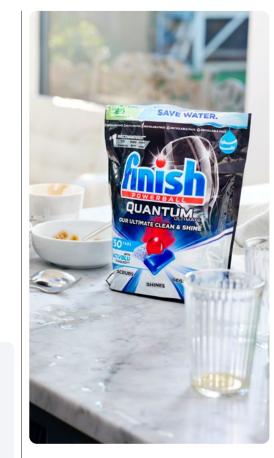
2022 performance

Hygiene net revenue declined -3.1% on a LFL basis to £5,960m for the full year (excluding Lysol, LFL net revenue grew +5.1%). Volume declined by -12.6% driven by high comparatives in disinfection and some market softness in the air care category. Price / mix increased by +9.5% in the year with price increases taken to mitigate the impact of inflation. 43% of Core Hygiene CMUs (weighted by net revenue) gained or held share in 2022.

In 2022, Hygiene was +24% larger than 2019 on a LFL net revenue basis (+7.6% three-year CAGR), with each of its core categories growing at mid-single to double digit CAGR. Lysol net revenue declined around -25%, but performance improved sequentially throughout the year, and is around +45% higher than 2019 levels, driven by expansion in both core and new markets and adjacent categories over the past three years. Consumer hygiene behaviours also remain well above pre-pandemic levels. Importantly, Lysol continues to outperform the market and has gained +300bps global market share since 2019. We now have a larger, stronger portfolio, and following a year of consumption normalisation, are targeting the return to a growth trajectory in 2023.

Finish delivered low-double digit growth in LFL net revenue. Growth was particularly strong in Europe and Developing Markets driven by our continued focus on category growth through consumer preferred innovation, premiumisation, and penetration. Air Wick is broadly holding share in a declining market post confinement. Vanish and Harpic showed strong double digit growth benefiting from innovation and improved execution, both demonstrating strong growth in our Developing Markets.

Adjusted operating profit for Hygiene at £1,214m was down -17.9% on a constant FX basis and -13.3% on an actual basis. Adjusted operating margin was 20.4%, down -330bps due to the unprecedented inflationary impact on our cost of goods sold as well as volume de-leverage from Lysol. These were partially mitigated by productivity and pricing.



PERCENTAGE OF GROUP NET



NET REVENUE FY 2022



Volume	-12.6%
Price/Mix	+9.5%
LFU	-3.1%
Net M&A	_
FX	+3.9%
Actual	+0.8%

ADJUSTED OPERATING PROFIT¹



Constant FX (CER) ¹	-17.9%
Actual	-13.3%

ADJUSTED OPERATING PROFIT MARGIN¹



Actual

-330bps

1. Adjusted measures are defined on page 75

HEALTH

2022 performance

Health net revenue grew +14.7% on a LFL basis to £5,992m for the full year. Volume increased +6.5%, with strong growth in our OTC portfolio. Price / mix improvements were +8.2%. Growth was driven by strong performances in our OTC brands, VMS and Intimate Wellness portfolio, with a stable performance from our Dettol Germ Protection portfolio.

In 2022, Health was +32% larger than 2019 on a LFL net revenue basis (+9.0% three-year CAGR, reflecting a significantly larger Dettol business, the combination of higher incidences of cold and flu and strong market share gains in our upper respiratory portfolio (Mucinex and Strepsils) and a larger Intimate Wellness portfolio. 62% of Core Health CMUs (weighted by net revenue) gained or held share during the year.

Our OTC portfolio of brands, including Mucinex, Nurofen, Strepsils and Gaviscon grew by over 35% in the year. This very strong performance reflected both a longer and stronger cold and flu season which was approximately 13% above a three-year average season in the US (on a category unit volume basis), and strong share gains across most of the portfolio. Mucinex further grew penetration in the sore throat category with Mucinex InstaSoothe lozenges and has achieved 6% penetration in the 18 months since launch.

Dettol net revenue of £1.4bn was broadly flat in 2022 on a LFL basis, and around +40% above pre-pandemic levels. Innovation launches included Dettol Cool in India, and Dettol Laundry Sanitiser 4in1 Pods in China. We increased total distribution points share by +70bps in India, with penetration building initiatives such as a tenth year of Banega Swasth ('Clean up India'). Growth in adjacent categories and new geographies have all contributed to building a larger, stronger health disinfection portfolio from which we plan to grow in 2023.

The Biofreeze acquisition is our entry into the pain relief category in the US, the world's largest pain relief market. Following some supply challenges in the first half, we grew market share in the second half from leveraging Reckitt's strong US infrastructure and go-to-market capability with increased consumer facing activities and innovation launches such as our new overnight patches. In addition, we commenced our international roll-out programme with the commercial relaunch of Biofreeze products in France in Q4. In spite of some short-term category slow down, we are targeting double-digit growth for Biofreeze in the near and medium term, underpinned by category growth, innovation and improved execution in the US market, combined with international rollouts in select markets.



Intimate Wellness delivered mid-single digit growth in 2022. Growth was driven by the execution of our Durex lifestyle campaign, which drove distribution gains across multiple channels. Developing Markets growth was negatively impacted by Covid related lockdowns in China throughout the year.

Our Vitamins, Minerals and Supplements portfolio grew high-single digits, led by Airborne and Neuriva in the US and Move Free in China.

Adjusted operating profit for Health at £1,648m increased +24.3% on a constant FX basis and +32.7% on an actual basis. Adjusted operating margin was +27.5%, an increase of +290bps yearon-year. Cost inflation was more than offset by a combination of operating leverage on midteens top line growth, positive product mix from a strong performance in our high margin OTC portfolio, productivity efficiencies and pricing.

PERCENTAGE OF GROUP NET REVENUE IN 2022



NET REVENUE FY 2022



Volume	+6.5%
Price/Mix	+8.2%
LFU	+14.7%
Net M&A	-1.5%
FX	+5.4%
Actual	+18.6%

ADJUSTED OPERATING



Constant FX (CER) ¹	+24.3%
Actual	+32.7%

ADJUSTED OPERATING PROFIT MARGIN¹



Actual

+290bps

1. Adjusted measures are defined on page 75

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NUTRITION

2022 performance

Nutrition net revenue grew by +22.9% on a LFL basis to £2,501m for the full year. Underlying growth was approximately +5.4% with the impact from the competitor supply shortage adding approximately +17.5% to growth in the year (+2.5% growth for the Group). Volume growth was +8.1% driven by strong demand in the US and price / mix was +14.8%. In 2022, Nutrition was +27% larger than 2019 on LFL net revenue basis (+8.1% three-year CAGR).

Market share performance was strong, with 100% of our Core Nutrition CMUs – of which seven of these ten CMUs are outside of North America – holding or gaining market share for the year.

US net revenue grew around +40% on a LFL basis in the year, with strong growth across both our core Infant Formula and Specialty segments. Significant market share growth was driven by strong execution in response to increased demand. Our Enfamil brand is currently the Number One Recommended Infant Formula by Paediatricians and the Number One Trusted by Consumers in the US.

Our focus remains on doing everything possible to put more infant formula products on shelves, addressing concerns of parents across North America, while safeguarding quality and safety.

The competitor supply shortages in the US started to reduce in Q4, which resulted in a lower benefit from WIC sales in states where Reckitt does not hold the government contract. We exit 2022 in the US with a larger, stronger business, and as the market leader in Infant Formula. Our Developing Markets business grew net revenue mid-single digits for the year, and for the first time since the acquisition of Mead Johnson, with market share improvements in our key markets.

The net effect of M&A was a -21.8% reduction in net revenue, representing the disposal of IFCN China and EnfaBebé in Argentina during 2021.

Adjusted operating profit (excluding IFCN China) for Nutrition at £577m was +122.2% higher on a constant FX basis and +146.6% higher on an actual basis. Adjusted operating profit margin (excluding IFCN China) was 23.1%, up +710bps year-on-year reflecting the positive leverage benefit from the competitor supply shortage during the year.



PERCENTAGE OF GROUP NET REVENUE IN 2022



NET REVENUE FY 2022



Volume	+8.1%
Price/Mix	+14.8%
.FL ¹	+22.9%
Net M&A	-21.8%
•x	+9.1%
Actual	+10.2%

ADJUSTED OPERATING PROFIT¹



Constant FX (CER) ¹	+122.2%
Actual	+146.6%

ADJUSTED OPERATING PROFIT MARGIN¹



Actual

+1,280bps

ADJUSTED OPERATING PROFIT MARGIN' EX IFCN CHINA



Actual

+710bps

1. Adjusted measures are defined on page 75

ADDITIONAL FINANCIAL COMMENTARY

The following section should be read in conjunction with the full-year financial review from page 68 and the alternative performance measures section from page 75.

Group operating profit

Adjusted operating profit was £3,439 million (2021: £2,877 million) at an adjusted operating margin of 23.8%, 210bps higher than the prior year (2021: 21.7%) or 90bps higher excluding IFCN China. The increase of 90bps was principally driven by strong top line growth, strong productivity and positive mix. This drove BEI (+80bps) and fixed cost (+80bps) leverage and efficiencies, offset by modest gross margin declines (-70bps). Adjusted operating profit in both 2022 and 2021 also included the favourable effect of adjustments to trade spend and operational expenditure accruals, certain of which were subject to significant estimation uncertainty when originally recorded, in part due to the ongoing effect of the COVID-19 pandemic.

IFRS operating profit was £3,249 million (2021: £804 million IFRS operating loss) at an IFRS operating margin of 22.5% (2021: -6.1%). IFRS operating profit in 2022 was impacted by a charge of £152 million from impairment of goodwill relating to the acquisition of Biofreeze. IFRS operating loss in 2021 included a pre-tax loss of £3,353 million in relation to the strategic review and disposal of IFCN China.

Net finance expense

Adjusted net finance expense was £256 million (2021: £220 million). Adjusted net finance expense was higher in 2022 due to rising interest rates and foreign exchange losses on certain financing liabilities. Adjusted net finance expense in 2021 included a credit on revaluation of a put option liability.

IFRS net finance expense of £161 million (2021: net finance income of £547 million) includes a gain of £69 million from translational foreign exchange gains resulting from the liquidation of subsidiaries to simplify the Group's legal entity structure (2021: £766 million net gain).

Тах

The adjusted effective tax rate (ETR) was 21.9% (2021: 22.0%). Both the current and prior year included a benefit from the reassessment of uncertain tax positions following progress on and conclusions of tax authority audits.

The IFRS tax rate was 23.2% (2021: -80.0%). The IFRS ETR in 2021 benefited from the effect of non-taxable net foreign exchange gains on the liquidation of subsidiaries, the deferred tax effect of disposals in the period, and the impact of the UK tax rate change on deferred tax on intangible assets.

Discontinued operations

The Group recognised a loss from discontinued operations of \pounds 7 million (2021: income of \pounds 31 million), in relation to the Group's disposal of the RB Pharmaceuticals business (now Indivior plc).

Earnings per share (EPS)

Total adjusted diluted EPS was 341.7 pence (2021: 288.5 pence). The increase of 18.4% was driven by higher adjusted operating profit and the positive impact of foreign exchange.

Total IFRS diluted EPS was 324.7 pence (2021: loss per share of 4.5 pence). The loss per share in 2021 resulted from the net loss incurred in relation to the IFCN China strategic review.

Balance sheet

At 31 December 2022, the Group had total equity of £9,483 million (31 December 2021: £7,453 million).

Current assets of £5,278 million (31 December 2021: £4,862 million) increased by £416 million, due to foreign exchange appreciation of non-Sterling assets and reflecting higher inventory values as a result of increased input costs.

Current liabilities of £8,341 million (31 December 2021: £8,088 million) increased by £253 million. This increase is primarily driven by the reclassification of £722 million of uncertain tax provisions from non-current to current liabilities during the year. Whilst the underlying disputes may take several years to resolve, the presentation of uncertain tax provisions has been reassessed to reflect that there is not an unconditional right to defer settlement of these liabilities. This increase was offset by lower shortterm borrowings, which decreased by £764 million. At 31 December 2022, the Group had £413 million of bonds due within one year (31 December 2021: £2.4 billion) in addition to £1.2 billion of commercial paper (31 December 2021: £nil).

Non-current assets of £23,457 million (31 December 2021: £21,941 million) primarily comprise goodwill and other intangible assets of £20,203 million (31 December 2021: £18,868 million) and property, plant and equipment. The increase of £1,516 million is predominantly due to the foreign exchange retranslation of USD-denominated assets.

Non-current liabilities of £10,918 million (31 December 2021: £11,405 million) have decreased by £487 million. This is principally due to the reclassification of uncertain tax provisions to current liabilities, offset by adverse foreign exchange movements on USD-denominated debt.

Net working capital

During the period, net working capital decreased by £347 million from negative £1,882 million to negative £1,535 million. Net working capital as a percentage of 12-month net revenue is -11% (31 December 2021: -14%) due to higher inventory values resulting from input cost inflation only being partially offset by lower trade and other payables (as a percentage of net revenue) driven by lower non-product cost liabilities.

Cash flow

	31 Dec 2022 £m	31 Dec 2021 £m
Adjusted operating profit	3,439	2,877
Depreciation, share-based payments and gain on disposal of fixed assets		
(net of proceeds)	521	410
Capital expenditure	(443)	(450)
Movement in working capital and provisions	(408)	(356)
Cash flow in relation to adjusting items	(38)	(86)
Interest paid	(209)	(222)
Tax paid	(831)	(915)
Free cash flow	2,031	1,258
Free cash flow conversion	83%	61%

Free cash flow (FCF) is the amount of cash generated from continuing operating activities after net capital expenditure on property, plant and equipment and intangible software assets. Free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt or to fund acquisitions or other strategic objectives.

Free cash flow increased by £773 million due to higher operational profit being converted into cash. Free cash flow conversion was 83% (2021: 61%), largely driven by lower tax paid in the year, as 2021 included tax paid as a result of the sale of IFCN China. In 2021, excluding the cash outflows and transaction costs relating to the sale of IFCN China, FCF conversion was 71%. In 2022, a greater proportion of net income was converted into free cash, due to higher non-cash charges in the year.

Net cash generated from operating activities has increased by £700 million to £2,397 million (2021: £1,697 million), reflecting higher operating profits and lower tax paid in the period.

Net debt		
	31 Dec 2022	31 Dec 2021
	£m	£m
Opening net debt	(8,378)	(8,954)
Free cash flow	2,031	1,258
Shares reissued	54	80
Acquisitions, disposals and purchase of investments	220	694
Dividends paid	(1,284)	(1,263)
New lease liabilities in the period	(134)	(109)
Exchange and other movements	(500)	(82)
Cash flow attributable to discontinued operations	7	(2)
Closing net debt	(7,984)	(8,378)

At 31 December 2022, net debt was £7,984 million, a decrease of £394 million from 31 December 2021, as free cash flows of £2.0 billion were offset by £1.3 billion of dividends and unfavourable foreign exchange movements on USD-denominated debt. This decrease results in net debt being 2.1 times adjusted EBITDA at 31 December 2022 (31 December 2021: 2.6 times).

The Group regularly reviews its banking arrangements and currently has adequate facilities available to it. The Group has committed facilities totalling £4,500 million (31 December 2021: £4,500 million), £4,450 million of which expire after more than two years, which are undrawn and available to draw. The Group remains compliant with its banking covenants. The committed borrowing facilities, together with cash and cash equivalents, are considered sufficient to meet the Group's projected cash requirements.

Dividends

The Board of Directors recommends a final 2022 dividend of 110.3 pence (2021: 101.6 pence). The ex-dividend date will be 6 April 2023 and the dividend will be paid on 24 May 2023 to shareholders on the register at the record date of 11 April 2023. The last date for election for the share alternative to the dividend is 2 May 2023. The final 2022 dividend will be accrued once approved by shareholders.

Return on Capital Employed (ROCE)

ROCE in 2022 was 13.2% (2021: 10.1%), an increase of 310bps from 2021, as adjusted operating profit has increased against lower average capital employed. The lower capital employed reflects the disposal of IFCN China over a full year, following its removal from capital employed in September 2021.

Capital returns policy

Reckitt has consistently communicated its intention to use its strong cash flow for the benefit of shareholders. Our priority remains to reinvest our financial resources back into the business, including through value-adding acquisitions, in order to deliver sustainable growth in net revenue and improving earnings per share over time.

In managing the balance sheet, we intend to maintain key financial ratios in line with those expected of an A-grade credit-rated business. This will broadly define acceptable levels of leverage over time.

Repatriating cash to shareholders through a growing dividend remains a long-term goal of the business. In February 2020, the Board committed to maintain the dividend at 2019 levels as investments were made to benefit long-term sustainable growth. The Board has updated its dividend policy and now aims to deliver sustainable dividend growth in future years, subject to any significant internal or external factors. Accordingly, the 2022 dividend has been increased by 5% in line with this objective.

We will return surplus cash to shareholders as appropriate.

ALTERNATIVE PERFORMANCE MEASURES

The financial information included in this Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as well as information presented on an adjusted (non-IFRS) basis.

Financial information presented on an adjusted basis excludes certain cash and non-cash items. These items have a pattern of recognition that is largely uncorrelated with the trading performance of the business. Management reviews the business on this basis for the purpose of making operating decisions and showing these adjusted measures in addition to the IFRS measures provides useful additional information on trading performance to the users of the Financial Statements. These adjusted measures should not be considered in isolation from, as substitutes for, or superior to the financial measures prepared in accordance with IFRS.

The following items (adjusting items) are excluded from IFRS earnings in calculating adjusted earnings.

- Impact of business combinations where IFRS accounting results in the recognition of certain costs that are not comparable with those for internally generated assets (although the net revenues and other costs of these business combinations are not adjusted for):
- Amortisation of (a) acquired brands, trademarks and similar assets and (b) certain other intangible assets recorded as the result of a business combination;
- · Inventory fair value adjustments;
- · Professional and advisor costs recorded as the result of a business combination; and
- Changes to deferred tax liabilities relating to (a) acquired brands, trademarks and similar assets and (b) certain other intangible assets recorded as the result of a business combination as the amortisation or profit on disposal of these brands would be treated as an adjusting item.
- Profits or losses relating to the sale of brands and related intangible assets as the continued active
 management of our portfolio results in the recognition of profits or losses relating to disposals of
 brands and related intangible assets which are largely uncorrelated with the trading performance of
 the business.

- Re-cycled foreign exchange translation reserves upon the sale, liquidation, repayment of share capital or abandonment of a subsidiary previously controlled by the Group, as the gain or loss relates to mainly exchange movements in previous periods rather than the current period.
- The reclassification of finance income/(expenses) on tax balances into income tax expense, to align with the Group's tax guidance. As a result, the income/(expenses) are presented as part of income tax expense on an adjusted basis.
- Other individually material items of expense or income. Some of these items are resolved over a period of time such that the impact may affect more than one reporting period.

Adjusted measures

- Adjusted Operating Profit and Adjusted Operating Profit margin: Adjusted operating profit reflects the IFRS operating profit/(loss) excluding items in line with the Group's adjusted items policy.
 See page 78 for details on the adjusting items and a reconciliation between IFRS operating profit/(loss) and adjusted operating profit. The adjusted operating profit margin is the adjusted operating profit expressed as a percentage of net revenue.
- Adjusted tax rate: The adjusted tax rate is defined as the adjusted continuing income tax expense as a percentage of adjusted profit before tax.
- Adjusted diluted EPS: Adjusted diluted EPS is the IFRS diluted EPS excluding items in line with the Group's adjusted items policy. See page 78 for details on the adjusting items and a reconciliation between IFRS net income/(loss) and adjusted net income. The weighted average number of shares for the period is the same for both IFRS diluted EPS and adjusted diluted EPS.
- Adjusted EBITDA (earnings before interest depreciation and amortisation): Adjusted operating
 profit less depreciation and amortisation (excluding adjusting items).

Other non-GAAP measures

- Like-for-like (LFL): Net revenue growth or decline at constant exchange rates (see below) excluding the impact of acquisitions, disposals and discontinued operations. Completed disposals are excluded from LFL revenue growth for the entirety of the current and prior years. Acquisitions are included in LFL revenue growth twelve months after the completion of the relevant acquisition. LFL growth also excludes countries with annual inflation greater than 100% (Venezuela).
- Constant exchange rate (CER): Net revenue and profit growth or decline adjusting the actual consolidated results such that the foreign currency conversion uses the same exchange rates as were applied in the prior period.
- Brand Equity Investment (BEI): BEI is the marketing support designed to capture the voice, mind and heart of our consumers.
- Net working capital (NWC): NWC is the total of inventory, trade and other receivables and trade and
 other payables less interest accrued on tax balances. NWC is calculated as a % of last twelve months
 net revenue to compare changes in NWC to the growth of the business.

- Net Debt: The Group's principal measure of net borrowings being a total of cash and cash equivalents, short-term and long-term borrowings, lease liabilities and derivative financial instruments on debt.
- Free Cash Flow and Free Cash Flow Conversion: The Group's principal measure of cash flow defined as net cash generated from continuing operating activities less net capital expenditure. A reconciliation of cash generated from operations to Free Cash Flow is shown on page 77. The Group tracks Free Cash Flow as a % of adjusted net income to understand the conversion of adjusted profit into cash.

Other definitions and terms

- Category Market Unit (CMU): Reckitt analyses its market share by CMUs, which represent country and either brand or category, e.g., US Lysol. This allows us to analyse the components of market share growth taking into account both geography and brand/category. Management has identified those Core CMUs that are the most strategically important. The list of Core CMUs is kept under continual review and will change over time based on strategic decisions. Currently, Core CMUs cover c.65% of Group net revenue and between c.55% to c.80% of each Global Business Unit's (GBU) net revenue. As a measure of competitiveness, management tracks the percentage of Core CMUs holding or gaining market share, weighted by net revenue.
- E-commerce: E-commerce channel net revenue is direct sales from Reckitt to online platforms or directly to consumers. Estimates of total e-commerce sales as a percentage of Group net revenues are calculated by adding e-commerce channel net revenue to an estimate of e-commerce sales achieved by our brands through omnichannel distributors and retailer websites.
- Discontinued operations: Includes credits or charges related to the previously demerged RB Pharmaceuticals business that became Indivior plc. Net (loss)/income from discontinued operations is presented as a single line item in the Group Income Statement.
- Return on Capital Employed (ROCE): Defined as adjusted operating profit after tax divided by monthly average capital employed. Capital employed comprises total assets less current liabilities other than borrowings-related liabilities. Total assets exclude cash, retirement benefit surplus, current tax and a technical gross-up to goodwill that arises because of deferred tax liabilities recorded against identified assets acquired in business combinations. Total assets has been adjusted to add back impairments of Goodwill except where the impaired asset has been disposed or partially disposed Current liabilities exclude legal provisions recorded as a result of exceptional items and current tax.
- Net revenue attributable to 'more sustainable' products: A product is defined as 'more sustainable' when it scores 'better' on one of the five parameters (carbon, water, plastics, packaging and ingredients) at time of launch using our Sustainable Innovation Calculator (a streamlined Lifecycle Assessment tool that models the environmental impacts of products). The net revenue from 'more sustainable' products is expressed as a percentage of total net revenue. The calculation is done on the basis of a 12 month period ending September (to allow assembling the related data).

Reconciliation of IFRS to Like-for-Like Net Revenue (by GBU)

	Fc	or the year ended 3	l December	
Net revenue	Hygiene £m	Health £m	Nutrition £m	Group £m
2021 IFRS	5,911	5,053	2,270	13,234
M&A	-	(142)	(403)	(545)
Exchange	-	-	-	-
2021 Like-for-like	5,911	4,911	1,867	12,689
2022 IFRS	5,960	5,992	2,501	14,453
M&A	-	(90)	-	(90)
Exchange	(231)	(268)	(206)	(705)
2022 Like-for-like	5,729	5,634	2,295	13,658
Like-for-like growth	(3.1%)	14.7%	22.9%	7.6%

Adjusted measures excluding IFCN China (Group)

	2022 Adjusted £m	2021 Adjusted £m	2021 Adjusted ex. IFCN China £m
Net revenue	14,453	13,234	12,851
Adjusted operating profit	3,439	2,877	2,944
Adjusted operating margin Adjusted operating margin vs prior year excluding	23.8%	21.7%	22.9%
IFCN China	90bps		

Adjusted measures excluding IFCN China (Nutrition)

	2022 Adjusted £m	2021 Adjusted £m	2021 Adjusted ex. IFCN China £m
Net revenue	2,501	2,270	1,887
Adjusted operating profit	577	234	301
Adjusted operating margin	23.1%	10.3%	16.0%
Adjusted operating margin vs prior year excluding			
IFCN China	710bps		

2021 4 11

Reconciliation of operating cash flow to free cash flow

	£m	£m
Cash generated from continuing operations	3,430	2,836
Less: interest paid	(209)	(222)
Less: tax paid	(831)	(915)
Less: purchase of property, plant & equipment	(362)	(373)
Less: purchase of intangible assets	(81)	(77)
Plus: proceeds from the sale of property, plant & equipment	84	9
Free cash flow	2,031	1,258
Free cash flow conversion	83%	61%
12 months Adjusted EBITDA to Net Debt		
Adjusted EBITDA	31 Dec 2022 £m	31 Dec 2021 £m
Operating profit/(loss)	3,249	(804)
Less: adjusting items	190	3.681
Adjusted operating profit	3.439	2,877
Less: adjusted depreciation and amortisation	402	362
Adjusted EBITDA	3,841	3,239
	31 Dec 2022	31 Dec 2021
Net debt	£m	£m
Cash and cash equivalents (inc. overdrafts)	1,156	1,259
Financing liabilities	(9,140)	(9,637)
Net debt	(7,984)	(8,378)
Adjusted EBITDA/Net debt (times)	2.1	2.6

Dividend Cover

Net working capital

31 Dec 2021

31 Dec 2022

Dividend Cover	31 Dec 2022 £m	31 Dec 2021 £m
Interim dividend paid in year	523	521
Final dividend proposed	789	726
Total dividends	1,312	1,247
Adjusted net income	2,452	2,059
Dividend cover (times)	1.9	1.7

ROCE Calculation	31 Dec 2022 £m	31 Dec 2021 £m
Adjusted operating profit	3,439	2,877
Less: taxation on adjusted operating profit	(753)	(633)
Adjusted net operating profit after tax	2,686	2,244
IFRS total assets	28,742	26,946
IFRS total current liabilities	(8,341)	(8,088)
IFRS total assets less current liabilities	20,401	18,858
Less IFRS items not included in capital employed:		
Short-term borrowings	1,721	2,485
Current tax liabilities	791	93
Legal provisions	90	86
Interest accrued on tax balances	105	-
Cash and cash equivalents	(1,157)	(1,261)
Current tax recoverable	(155)	(155)
Retirement benefit surplus	(294)	(355)
IFRS balances included in capital employed	21,502	19,751
Add: impact back unrealised impairments	3,490	3,143
Less: goodwill due to deferred tax on intangibles	(4,385)	(4,133)
Impact of average in year vs closing balance	(289)	3,442
Average capital employed	20,318	22,203
Return on capital employed	13.2%	10.1%
Net Working Capital	31 Dec 2022	31 Dec 2021
	£m	£m
Inventories	1,825	1,459
Trade and other receivables	2,082	1,926
Trade and other payable	(5,547)	(5,267)
Less: Interest accrued on tax balances	105	-

Net working capital as percentage of 12-month net revenue (11%) (14%)

(1,535)

(1,882)

The table below reconciles the Group's IFRS measures to its adjusted measures for the year ended 31 December 2022.

				Adjusting items			
	IFRS £m	Impact of business combinations £m	Gain on disposal of brands £m	Reclassified foreign exchange translation on liquidation of subsidiaries £m	Finance income reclass £m	Other individually material items of income and expense £m	Adjusted £m
Net revenue	14,453	_	_	_	_	_	14,453
Cost of sales	(6,092)	-	-	-	-	-	(6,092)
Gross profit	8,361	-	-	-	-	-	8,361
Net operating expenses	(5,112)	33	(14)	-	-	171	(4,922)
Operating profit	3,249	33	(14)	-	-	171	3,439
Net finance expense Share of loss and impairment of equity-accounted	(161)	-	-	(69)	(26)	-	(256)
investments	(21)	-	-	-	-	-	(21)
Profit before income tax Income tax charge	3,067 (711)	33 (11)	(14) (7)	• •	(26) 26	171 12	3,162 (691)
Net income from continuing operations	2,356	22	(21)	• •	-	183	2,471
Less: Attributable to non-controlling interests	(19)	-	-	-	_	-	(19)
Net income from continuing operations attributable to owners of the parent company Net loss for the period from discontinued	2,337	22	(21)	(69)	-	183	2,452
operations	(7)	-	-	-	-	7	-
Total net income for the year attributable to owners of the parent company	2,330	22	(21)	(69)	_	190	2,452
Earnings per share (EPS)							
Continuing operations ¹ Basic	326.7	3.1	(2.9)	(9.6)		25.5	342.8
Diluted	325.7	3.1	(2.9)	• • •	_	25.4	341.7
Discontinued operations ¹			()	(112)			
Basic	(1.0)	-	-	-	-	1.0	-
Diluted	(1.0)	-	-	-	-	1.0	-
Total operations ¹			(0.5)	<i>(</i> 6)		o / -	
Basic	325.7	3.1	(2.9)	• • •	-	26.5	342.8
Diluted	324.7	3.1	(2.9)	(9.6)		26.4	341.7

Commentary on 2022 IFRS to Adjusted measures reconciliation

Impact of business combinations of £33 million relates principally to amortisation of acquired intangible assets recognised through historical business combinations. Income tax relates to an £11 million tax credit in relation to this amortisation.

Gain on disposal of brands and related intangible assets of £14 million relates to the disposal of Dermicool (£49 million loss) and E45 and related brands (£63 million gain). Included within income tax expense is a deferred tax credit of £28 million arising on the derecognition of deferred tax liabilities, offset by a £21 million tax charge incurred in relation to the disposals.

Reclassified foreign exchange translation on liquidation of subsidiaries of £69 million is the gain following the liquidation of legal entities as part of simplification of the Group's legal entity structure.

Reclassification of finance income of £26 million relates to the reclassification of net interest income on income tax balances from net finance expense to income tax.

Other individually material items of income and expense of £171m is composed of:

- £152 million expense relating to the impairment of Biofreeze goodwill.

- £14 million expense relating to the reorganisation of the Nutrition business subsequent to the disposal of IFCN China in 2021.

- £5 million expense relates to costs incurred regarding the Korean HS issue.

Included within income tax expense is a ± 12 million net tax charge in relation to the IFCN China strategic review.

1. EPS is calculated using 715.3 million shares (basic) and 717.5 million shares (diluted)

The table below reconciles the Group's IFRS measures to its adjusted measures for the year ended 31 December 2021.

				Adjusting items			
				Reclassified foreign exchange		Other individually material	
		Impact of	Loss on		Finance	items of	
		business	disposal	liquidation of	income	income and	
	IFRS £m	combinations £m	of brands £m	subsidiaries £m	reclass £m	expense £m	Adjusted £m
Net revenue	13,234	_				_	13,234
Cost of sales	(5,558)	14	-	-	-	-	(5,544)
Gross profit	7,676	14	_	_	_	-	7,690
Net operating expenses	(8,480)	77	234	-	-	3,356	(4,813)
Operating (loss)/profit	(804)	91	234	-	-	3,356	2,877
Net finance income/(expense)	547	-	-	(766)	(1)	-	(220)
Share of loss of equity-accounted investments	(3)	-	-	-	-	-	(3)
(Loss)/profit before income tax	(260)	91	234	(766)	(1)	3,356	2,654
Income tax credit/(charge)	208	170	(117)	-	1	(846)	(584)
Net (loss)/income from continuing operations	(52)	261	117	(766)	-	2,510	2,070
Less: Attributable to non-controlling interests	(11)	-	-	-	-	-	(11)
Net (loss)/income from continuing operations							
attributable to owners of the parent company	(63)	261	117	(766)	-	2,510	2,059
Net income from discontinued operations	31	-	-	-	-	(31)	-
Total net (loss)/income for the year attributable							
to owners of the parent company	(32)	261	117	(766)	-	2,479	2,059
Earnings per share (EPS)							
Continuing operations ¹							
Basic	(8.8)	36.6	16.4	(107.3)	-	351.6	288.5
Diluted	(8.8)	36.6	16.4	(107.3)	-	351.6	288.5
Discontinued operations ¹					-		
Basic	4.3	-	-	-	-	(4.3)	-
Diluted	4.3	-	-	-	-	(4.3)	-
Total operations ¹					-		
Basic	(4.5)	36.6	16.4	(107.3)	-	347.3	288.5
Diluted	(4.5)	36.6	16.4	(107.3)		347.3	288.5

Commentary on 2021 IFRS to Adjusted measures reconciliation Impact of business combinations is composed of:

- <u>Amortisation of acquired intangibles</u> of £61 million relates to the amortisation of certain intangible assets recognised through historical business combinations. Included within income tax expense is a £14 million tax credit in respect of this amortisation.
- Acquisition advisor costs relate to acquisition related costs of £19 million as a result of acquisitions in 2021, £3 million of which has been charged to cost of sales. Included within income tax expense is a £4 million tax credit in relation to these costs.
- Inventory fair value adjustment of £11 million relates to the amount charged to cost of sales for the fair value step-up of acquired inventories as these inventories are sold. Included within income tax expense is a £1 million tax credit in relation to these charges.
- <u>Changes to deferred tax liabilities</u> of £189 million relate principally to the revaluation of deferred tax liabilities for acquired intangible assets due to the change in the UK corporate tax rate, which was substantively enacted during the year.

Losses related to disposals of brands and related intangible assets: the pre-tax loss of £234 million relates to the disposal of Scholl (£165 million) and the disposal of EnfaBebé (£69 million). Included within income tax expense are associated tax credits of £94 million in relation to these disposals, and a deferred tax credit of £23 million on classification of the E45 brand as held for sale at 31 December 2021.

Reclassified foreign exchange translation on liquidation of subsidiaries of £766 million is the net gain following the liquidation of legal entities as part of simplification of the Group's legal entity structure.

Reclassification of finance income of £1 million relates to the net interest income on tax liabilities that is shown within the adjusted tax charge.

Other individually material items of income and expense principally relate to charges in relation to the strategic review of IFCN China, which resulted in the disposal of the IFCN China business, the closure of factories in Australia dedicated to IFCN China and the subsequent re-organisation of the remaining Reckitt Nutrition business.

Amounts charged to IFRS operating loss in relation to the IFCN China strategic review include:

- Loss on disposal of IFCN China of £3,284 million;
- Impairment of the Australian factory assets, £48 million along with associated termination fee £3 million; and
- Costs of £18 million relating to the subsequent restructuring of the Reckitt Nutrition business.

Included within income tax expenses is a £846 million net tax credit in relation to the IFCN strategic review.

Also included within the IFRS operating loss is a charge of £3 million in relation to the Korea HS issue.

Income from discontinued operations of £31 million relates to amounts agreed with Indivior plc to settle indemnity claims relating to the DoJ settlement in 2019.

1. EPS is calculated using 713.8 million shares (basic) and 713.8 million shares (diluted)

RISK MANAGEMENT

RISK MANAGEMENT AT RECKITT

Taking and managing risk is essential to operating and growing our business safely, effectively and sustainably.

Reckitt's integrated risk management framework provides consistency and the right level of oversight to ensure we understand and are effectively managing the risks we face.

Risk governance

The responsibility for risk governance, including strategic guidance and oversight of our principal risks, rests with the Board and its Committees. Oversight is achieved through several mechanisms which include strategy reviews, Committee meetings and deep dives into selected risk areas.

Risk, Sustainability & Compliance Committees (RSCC) oversee risk management within the Global Business Units with significant risks escalated to the Group RSCC, the Group Executive Committee (GEC) and Board. The Audit Committee approves the design of the integrated risk management framework and monitors its application across the organisation.

Integrated risk management framework

The integrated risk management framework sets out clear roles, responsibilities and standards to ensure risks are consistently assessed and reported across Reckitt. The Board and GEC use a topdown approach to identify risk at a strategic level. These are Reckitt's principal risks and represent the most significant risks facing the business. Ownership and accountability for these principal risks and their corresponding mitigation actions sits with one or more members of the GEC.

Our Global Business Unit and functional teams are responsible for the day-to-day identification, assessment, management, monitoring and reporting of risks. They identify new and emerging risks, escalate where appropriate and take action to ensure risks are managed as required. They also conduct an annual assessment of the key risks they face.

Risk management occurs across the Group through our Three Lines of Defence model. Line management within the First Line own and manage risks through a series of internal control measures whilst the Second Line, made up of global oversight functions, provides the policies and frameworks and undertakes monitoring activities. A number of transformation programmes are underway across the business to build out and strengthen Reckitt's second lines in key risk areas. Finally, independent assurance across the first and second lines is

provided by Internal Audit (Third Line), external audit and a variety of independent regulators.

Changes to principal risks

In 2022, two risks were elevated to the list of principal risks, Geopolitical (an evolution of the previously reported China risk) and Economic Volatility.

With COVID-19 moving behind us, we have successfully embedded new ways of working and strengthened our operational resilience. Whilst we will continue to monitor the potential emergence of new variants, we do not expect to experience significant levels of disruption and have dropped this risk below the principal risk set.

Other changes to the principal risks include an increase in the likelihood of the Cyber Security risk, reflecting the heightened cyber-threat

Reckitt's Three Lines of Defence model

and management of risks

development of control and

risk management processes

and controls

Responsible for the

implementation and



Ensures controls and risk management processes of the First Line are working as intended

Establishes policy and frameworks and provides support, monitoring and challenge on risk and compliance-related activities

environment the organisation is facing, and an increase in the People principal risk, largely driven by the increasingly competitive labour markets in which we operate. Adherence to Product Quality Standards has decreased relative to 2021, however it remains a key focus area given the changing regulatory environment. The Group's 2022 Principal risks can be found on page 81.

Emerging risks

Emerging risks are also considered throughout the year. Sector consolidation and activism, the continued emergence of environmental tax instruments on materials, packaging and other environmental, social and governance (ESG) areas, and the potential disruptive impact of emerging science and technology on the current portfolio remain emerging risks.

> Regular, independent monitoring and assessment of the appropriateness and effectiveness of the governance, control and risk management processes

RISK MANAGEMENT CONTINUED

OUR PRINCIPAL RISKS

1 PRODUCT SAFETY

Robust processes, systems, data and culture for the development and assessment of product safety are not in place or operating effectively leading to safety risk to consumers.

2 SUPPLY DISRUPTION

Disruption across our supply chain, including shortages of critical materials, reliance on key manufacturing sites and logistics constraints resulting in global supply shortages.

3 CYBER SECURITY

Increasingly sophisticated cyber-attacks resulting in disruption to our labs, manufacturing sites, critical third party suppliers/partners and destruction or loss of our information assets.

4 EMPLOYEE HEALTH & SAFETY

Work accidents leading to death, injury or illness of Reckitt employees wherever they are working; and other workers on Reckitt premises or premises under Reckitt supervision.

5 SUSTAINABILITY

Failure to address existing and emerging ESG and sustainability risks across our products, the environment and society resulting in underlying risk to business resilience, reputation, growth and share price performance.

6 PRODUCT QUALITY

Non-compliance with applicable quality regulations, guidelines and internal/external standards across the product lifecycle leading to consumer safety or product quality issues in-market.

Our innovation pipeline does not meet the changing needs of our consumers and new go-to-market channels, impacting organic growth and gross margin accretion.

8 COMMERCIAL

Failure to respond, adapt and evolve our business and go-to-market strategy to changes in the commercial environment in which we operate impacting our operating profit and market share.

9 GEOPOLITICAL

Adverse geopolitical events leading to unanticipated and, in some cases, rapid disruption to our business.

10 ECONOMIC VOLATILITY

The increasingly challenging economic environment in which we operate adversely impacts our cost base, pricing strategies, profitability and market share.

11 PEOPLE

Inability to attract, develop and retain talent in a highly competitive market and a changing workplace environment, impacting our ability to achieve our strategic objectives.

12 TAX DISPUTES

Increasing global tax rates, alongside tax authority challenges in key markets, impacting our global operating model and tax footprint.

13 PRODUCT REGULATIONS

Non-compliance with product regulations, guidelines, internal standards and/or registrations across the supply chain and the product lifecycle leading to supply disruption and potential regulatory enforcement.

14 LEGAL & COMPLIANCE

Non-compliance with relevant laws and regulations resulting in potential financial penalties and damage to Reckitt's reputation.

15 SOUTH KOREA HUMIDIFIER SANITISER (HS)

Financial and reputational risk as a result of the health issues caused by consumers inhaling a humidifier sanitiser previously sold by Oxy, which Reckitt acquired in 2001. The product was withdrawn in 2011.



Risk likelihood

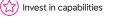


RISK MANAGEMENT CONTINUED

Grow brands and innovate

🗩 Increase productivity

2



Actively manage the portfolio

PRODUCT SAFETY

No change



1

What is the risk?

Robust processes, systems, data and culture for the development and assessment of product safety are not in place or operating effectively leading to safety risk to consumers.

Potential impact

- Product safety issues may lead to reputational damage with consumers, customers or regulators
- Significant financial losses could arise from supply disruption, product recalls, delayed launches, penalties and a loss of consumer trust
- Possible criminal liability for senior management

How are we managing the risk?

- Global Safety Assurance (GSA) team embedding product safety into each of the Global Business Units and markets, whilst providing centralised oversight and assurance services
- A robust quality management system is in place underpinned by clear policies and supporting systems, and is subject to comprehensive and independent regular audit review
- Product safety training undertaken by all employees
- Adverse and critical events procedure and dedicated vigilance group to monitor and report adverse events
- Proactive engagement and advocacy with regulators and participation in industry groups to ensure we stay abreast of new and emerging safety concerns
- Global Safety transformation project underway to elevate Reckitt's global safety approach across safety culture, processes, systems and data. Estimated completion in Q4 2023

Oversight Committee: Executive ownership resides with the Chief R&D Officer, who drives activity through each of the Global Business Unit (GBU) executive leadership teams. Board oversight is provided by the Corporate Responsibility, Sustainability, Ethics & Compliance (CRSEC) Committee.

SUPPLY DISRUPTION

Risk movement: No change

What is the risk?

Disruption across our supply chain, including shortages of critical materials, reliance on key manufacturing sites and logistics constraints resulting in global supply shortages.

Potential impact

- Supply shortages arising from scarcity of critical materials and reliance on single sites of manufacture
- Importation barrier issues, leading to loss of sales and market share
- Increased levels of cost pressure and volatility across energy, commodities, freight and labour impacting our ability to serve customers and eroding our cost competitive advantage
- Inability to accurately forecast arising from higher levels of market volatility
- Labour and network capacity constraints impacting the availability of product in market

How are we managing the risk?

- End-to-end Supply Chain Planning programme underway to strengthen the resilience of our supply chain
- Focus on de-risking our supply of critical materials by reducing the total mono sourced spend across each GBU
- Qualification of multiple manufacturing sites for critical products
- Increased regionalisation of manufacturing and supply chains to improve our agility, proximity and responsiveness to any unforeseen disruptions
- Deployment of the Reckitt Production System across all manufacturing sites to drive sustainable manufacturing performance
- Asset protection through Highly Protected Risk (HPR status) via our insurers and business continuity planning

Oversight Committee: Executive ownership resides directly with the Chief Supply Officer. Board oversight is provided by the main Board.

CYBER SECURITY

Risk movement:

Drive superior execution

🥩 Embed sustainability



What is the risk?

Increasingly sophisticated cyber-attacks resulting in disruption to our labs, manufacturing sites, critical third party suppliers/partners and destruction or loss of our information assets.

Potential impact

- Significant business disruption, both across our network and our partners, leading to constraints in delivering the global business strategy
- Theft, ransom or destruction of Reckitt and consumer data
- Loss of consumer confidence in our brands leading to reputational damage
- Regulatory non-compliance resulting in potentially significant financial penalties

How are we managing the risk?

- Continued focus on reducing cyber risk whilst improving the maturity of our security posture, upgrading our capabilities, and supporting business agility, innovation and the strategic growth agenda
- Cyber transformation programme developed to tackle current and emerging cyber risks
- Application of industry standards, including ISO and National Institute of Standards and Technology (NIST) across the cyber control framework
- Targeted training rolled out to all employees

Oversight Committee: Executive ownership resides directly with the Chief Information & Digitisation Officer. Board oversight is provided by the main Board.

GOVERNANCE F

RISK MANAGEMENT CONTINUED

Grow brands and innovate

lncrease productivity

5

Invest in capabilities

) Actively manage the portfolio

EMPLOYEE HEALTH & SAFETY

Risk movement: No change

$\overline{\mathbf{R}}$

4

What is the risk?

Work accidents leading to death, injury or illness of Reckitt employees wherever they are working; and other workers on Reckitt premises or premises under Reckitt supervision.

Potential impact

- Loss of life or debilitating injury
- Ongoing damage to our brands' and company reputation
- Reduced operational efficiencies from factory closure or significant supply disruption
- Impaired financial performance resulting from lost sales, fines or remediation costs
- Possible criminal liability for senior management

How are we managing the risk?

- Group Employee Health & Safety (EH&S) policy and supporting standards in place and enforced through an audit compliance programme
- Group ISO 45001 certification is complete across all in-scope sites
- EH&S training provided at all sites including commercial offices
- Key risk indicators tracked and reported on a monthly basis, and actions taken where measures are out of tolerance
- COVID-19 policies and return to work protocols in place across our sites
- Ongoing EH&S behaviour and culture development through Culture Days, targeted surveys and specific training initiatives undertaken throughout the year

Oversight Committee: Executive ownership resides directly with the CEO, Global Business Unit Presidents and Chief Supply Officer. Board oversight is provided by the CRSEC Committee.

SUSTAINABILITY

Risk movement:
 No change

What is the risk?

Failure to address existing and emerging ESG and sustainability risks across our products, the environment and society resulting in underlying risk to business resilience, reputation, growth and share price performance.

Potential impact

- Increased scrutiny on our operations from customers, consumers, NGOs and ESG-focused investors
- Loss of market share
- Omission from established sustainability indices
- Increased non-financial reporting and disclosure requirements, and potential regulatory penalties
- Operational disruption through extreme weather events

How are we managing the risk?

- Embedding our sustainability strategy and targets within R&D and our supply chain, and across each of the GBUs, through customer-facing programmes, ingredient management, our decarbonisation and water usage roadmap, packaging and sustainable sourcing programmes
- Application of the Sustainable Innovation Calculator across all new and existing product development
- Taskforce on Climate-related Disclosures (TCFD) partnership with Cambridge University to model the impact of climate risk, and Taskforce on Nature-related Financial Disclosures (TNFD) partnership with Oxford University to better understand the impact of our footprint on biodiversity loss
- Expansion of our Human Rights programme to assess and address human rights impacts along Reckitt's value chain
- Development of stronger data and improved reporting capabilities

Oversight Committee: Executive ownership resides directly with the CEO and the Chief Marketing, Sustainability and Corporate Affairs Officer. Each Global Business Unit is responsible for its respective deliverables. Board oversight is provided by the CRSEC Committee.

Risk movement: Decreasing

PRODUCT QUALITY



What is the risk?

Non-compliance with applicable quality regulations, guidelines and internal/external standards across the product lifecycle leading to consumer safety or product quality issues in-market.

Potential impact

- A consumer safety incident
- Loss of sales through product reworks, licence suspensions or recalls
- Reduced operational efficiency through factory closures or supply disruption
- Regulatory failures resulting in potential financial penalties
- Potential civil/criminal actions against individuals

Drive superior execution

(Sembed sustainability

How are we managing the risk?

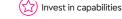
- Quality standards defined and communicated across manufacturing sites and embedded in standard operating procedures
- Quality and GxP ('good practice') audit programme to assess compliance with Reckitt's Quality standards across manufacturing sites
- Continued investment in key Quality transformation programmes, including QualityOne and LabEx
- Supplier audits and inspection of incoming materials performed for critical suppliers/ingredients. Global Supplier Quality Programme to be rolled out in 2023
- Microbiological monitoring in place for micro-sensitive product production
- Quality key performance indicators and metrics routinely tracked and reported

Oversight Committee: Executive ownership resides directly with the CEO, Global Business Unit Presidents and Chief Supply Officer, who drive activity through each of the Global Business Unit executive leadership teams. Board oversight is provided by the CRSEC Committee.

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RISK MANAGEMENT CONTINUED

Grow brands and innovate



Actively manage the portfolio

INNOVATION Risk movement: No change



7

What is the risk?

Our innovation pipeline does not meet the changing needs of our consumers and new go-to-market channels impacting organic growth and gross margin accretion.

Potential impact

- Missed innovation opportunities 'in new spaces' arising from changing consumer wants, needs and behaviours
- Loss of market share to smaller and more agile insurgent competitors leveraging new channels and digital
- Delays/terminations/execution slippage impacting expected financial benefits, including incremental net revenue growth and planned return on investment
- Failure to capitalise on external partnerships

How are we managing the risk?

- Ongoing investment in new tools and resources to enhance our innovation, brand purpose, packaging and design capability
- Establishment of our science platforms for longer-term superior and differentiated solutions, leading with claims, purpose and consumer relevant information
- Strengthened digital foundations and digital capabilities to enhance innovation efficiency, effectiveness, and quality by design
- Targeted recruitment activity to strengthen internal technical capability across key areas
- Enhanced external partnership capability, through our IGNITE platform, to drive co-creation of innovation through greater external orientation and new partnership opportunities
- Enhanced consumer data and insights capability to support faster and more accurate innovation modelling

Oversight Committee: Executive ownership resides directly with the CEO, Global Business Unit Presidents and the Chief R&D Officer. Board oversight is provided by the main Board.

COMMERCIAL

Risk movement: No change

What is the risk?

Failure to respond, adapt and evolve our business and go-to-market strategy to changes in the commercial environment in which we operate impacting our operating profit and market share.

Potential impact

- Loss of market share to insurgent competitors, disrupting with purpose-led products and innovations
- Reduced consumer brand affiliation through resurgence of private label and proliferation of smaller brands
- Growing pressure from e-commerce and discounters, impacting innovation, supply chain and brand and customer support models
- Consolidation of the offline retail sector impacting our offline pricing and margin models
- Reliance on key distributors in priority markets

How are we managing the risk?

- Evolution of our Omnichannel model to drive superior consumercentric retail experiences
- Continued investment in capability and technology, enabling us to harness the power of all platforms, all brands, in all markets
- Establishment of our capability centres to enable best practice sharing across the Group
- Pursuit of external partnership opportunities to identify, incubate and launch new brands and ventures, driving future growth
- Targeted internal and external initiatives to increase e-commerce capability and drive incremental growth

Oversight Committee: Executive ownership resides with the Group Executive Committee. Board oversight is provided by the main Board.

What is the risk?

Adverse geopolitical events leading to unanticipated and, in some cases, rapid disruption to our business.

Potential impact

- Disruption to Reckitt's global operations, including divestment or confiscation of Reckitt's assets, caused by changes in foreign policy or changes in local regulatory environments
- Disruption to our global supply chains including shortages of critical materials and interruption to freight and logistics corridors
- Danger to and displacement of our people

Drive superior execution

🥩 Embed sustainability

- Increasing commodity prices attributed directly or indirectly to geopolitical instability
- Increasing cyber security threats
- Disruption caused by sanctions imposed as a result of geopolitical events

How are we managing the risk?

- Active identification and analysis of any political or regulatory uncertainty through our External Affairs network
- Diversification and regionalisation/onshoring of our supply chains
- Dedicated crisis management teams with external advisors engaged in critical markets
- Identification of security threats facing the business through the Corporate Security programme

Oversight Committee: Executive ownership resides with the Group Executive Committee. Board oversight is provided by the main Board.

8 GEOPOLITICAL

GOVERNANCE

😭 Invest in capabilities

Actively manage the portfolio

RISK MANAGEMENT CONTINUED

ECONOMIC VOLATILITY

Risk movement:

$\langle \hat{\mathbf{Y}} \rangle$	Grow brands and innovate
(b)	Increase productivity

11

TAX DISPUTES

Risk movement:



What is the risk?

New risk

The increasingly challenging economic environment in which we operate adversely impacts our cost base, pricing strategies, profitability and market share.

Potential impact

- Increasing operating costs attributed to rising commodity prices and sustained inflation across major economies
- Pricing and margin adjustments
- Reduced volumes and loss of market share in some of our biggest markets as consumers switch to cheaper alternatives in light of decreased purchasing power
- Volatility in global financial markets, impacting future borrowing costs and hedging activities
- Potential government interventions that have the potential to impact the growth and profitability of our local operations
- Disruption to our globally interconnected supply chains

How are we managing the risk?

- Continued focus on productivity savings across the value chain through the X-Seed programme and enhancements to both supply and financial planning processes
- Ongoing review of portfolio pricing and sizing guidelines, value claims and support models; alongside channel shift opportunities and acceleration of targeted innovation. The breadth of our product portfolio and geographic reach help to mitigate our exposure to any localised risk
- Treasury risk management to mitigate against any adverse movements in financial markets
- Identification and analysis of any political or regulatory uncertainty through our External Affairs network

Oversight Committee: Executive ownership resides with the Group Executive Committee. Board oversight is provided by the main Board.

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10

Risk movement: (へ) Increasing

What is the risk?

Inability to attract, develop and retain talent in a highly competitive market and a changing workplace environment impacting our ability to achieve our strategic objectives.

Potential impact

- Inability to attract and retain talent in an increasingly competitive labour market
- Increasing levels of attrition across the organisation impacting bench strength and talent pipeline
- Loss of critical skills and knowledge as experienced colleagues leave the organisation
- Capacity constraints arising from a significant volume of transformation projects

How are we managing the risk?

- Talent identification, mapping and calibration for critical senior management positions, helping to optimise both talent management and succession planning processes
- Retention measures and succession planning in place for key management positions, including regular retention risk analysis
- Capacity mapping undertaken for all transformation initiatives
- Annual review of the Group's compensation programmes and Employee Value Proposition (EVP)
- Learning & Development and Leadership Development programmes to support our people in getting the most out of their careers at Reckitt
- Internal initiatives to champion diversity and inclusion, social impact and employee wellbeing

Oversight Committee: Executive ownership resides directly with the Chief Human Resources Officer, who drives activity through each of the Global Business Unit executive leadership teams. Board oversight is provided by the main Board.

No change

Drive superior execution

🍠 Embed sustainability

What is the risk?

Increasing global tax rates, alongside tax authority challenges in key markets impacting our global operating model and tax footprint.

Potential impact

- Potential increase in our tax liability as a result of changes in domestic tax rates in key markets
- If our filing positions around transfer pricing are not considered in any country to be compliant or our operating model is not sufficiently communicated, implemented and embedded, both internally and externally, tax authorities may successfully challenge our tax return filings with a potentially significant financial impact on the Group.

How are we managing the risk?

- Ongoing timely and robust responses to progress outstanding disputes and continual monitoring of progression in relation to Advanced Pricing Agreements (APAs) and subsequent operating model tax audits
- Review of inspection activities and outcomes in each market by Group Tax, country finance directors and external advisors
- Balance Sheet reviews and reconciliation of key complex items by the Reckitt tax function, country finance directors and external advisors
- Partnerships with external advisors to understand and remediate the tax implications of changes in organisational structure and the impact of any regulatory or other legislative changes
- Central provisioning for anticipated exposures

Oversight Committee: Executive ownership resides directly with the Chief Financial Officer. Board oversight is provided by the Audit Committee.

GOVERNANCE

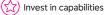
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FINANCIAL STATEMENTS
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RISK MANAGEMENT CONTINUED

Grow brands and innovate

Increase productivity

14



) Actively manage the portfolio

PRODUCT REGULATIONS



(13)

Risk movement: No change

LEGAL & COMPLIANCE

What is the risk?

No change

Non-compliance with product regulations, guidelines, internal standards and/or registrations across the supply chain and the product lifecycle leading to supply disruption and potential regulatory enforcement.

Potential impact

- Potential safety or efficacy risks to consumers
- Supply disruption as a result of potential regulatory enforcement
- Adverse financial impact attributed to loss of sales, cost of fines and remediation activities
- Damage to company brand and reputation
- Potential civil/criminal liability

How are we managing the risk?

- Continued roll-out of key quality and regulatory transformation programmes, such as an integrated quality management system, for improved change management
- Increased investment to ensure product claims are more data focused with stronger substantiation
- Strengthening of REACH reporting capabilities via a transformed IT platform
- Enhanced reporting with improved metrics to evaluate deviations and root causes to a more detailed level, driving process improvements
- Active Regulatory Intelligence programme to proactively identify changes in regulation and trends in enforcement practice

Oversight Committee: Executive ownership resides directly with the Chief R&D Officer, who drives activity through the Global Business Unit executive leadership teams. Board oversight is provided by the CRSEC Committee.

What is the risk?

Non-compliance with relevant laws and regulations resulting in potential financial penalties and damage to Reckitt's reputation.

Potential impact

Reckitt is subject to laws and regulations in areas such as product safety and claims, trademarks, patents, anti-corruption, competition, employee health and safety, data privacy, the environment, corporate governance, listing and disclosure, employment and taxes. Non-compliance with these laws and regulations may result in:

- damage to Reckitt's reputation;
- significant potential fines or sanctions; and/or
- possible civil or criminal liability for Reckitt companies and/or senior management.

How are we managing the risk?

- Embedded legal and compliance teams supported by external legal experts as needed. Litigation is supervised by the senior legal team with oversight of significant matters by the General Counsel
- Global Ethics & Compliance programme including Code of Conduct, compliance policies and procedures, annual training, Speak-up hotline, targeted risk and control assessments and third-party due diligence process
- Data privacy professionals embedded into jurisdictions with the highest risk profile
- Competition law risk and control assessments completed for key markets and supported by action plans

Oversight Committee: Executive ownership resides with the General Counsel & Company Secretary together with the Chief Ethics & Compliance Officer, with each Global Business Unit responsible for its respective deliverables. Board oversight is provided by the CRSEC and Audit Committees to ensure full and appropriate coverage of the Compliance programme.

Risk movement: No change

(ﷺ) Embed sustainability

Drive superior execution

SOUTH KOREA HUMIDIFIER SANITISER (HS)



What is the risk?

Financial and reputational risk as a result of the health issues caused by consumers inhaling a humidifier sanitiser previously sold by Oxy, which Reckitt acquired in 2001. The product was withdrawn in 2011.

The South Korea Humidifier Sanitiser issue was a tragic event. The Group continues to make both public and personal apologies to victims.

Potential impact

- Additional exposure arising from an increased volume of civil claims against Reckitt Benckiser Korea (RBK)
- Expansion of liability arising from recognition of additional HS injuries and reduced burden of proof to establish that injury or illness is caused by HS exposure
- An increase in contributions to the Industry Relief Fund (IRF) required by the Korean government

How are we managing the risk?

- Continued efforts by RBK to address legal claims and restore trust among consumers in South Korea
- Regular review meetings continue with the Group, to monitor issues as they arise
- RBK participation in the HS mediation committee with claimant groups and industry companies
- The Group has encouraged RBK to seek a broader resolution involving all responsible parties on a basis that provides fair compensation to legitimate victims, with each responsible party contributing its fair share

Oversight Committee: Executive ownership of the risk at a Group level resides directly with the General Counsel & Company Secretary. Board oversight is provided by the main Board.

OUR VIABILITY STATEMENT

THE ASSESSMENT PROCESS AND KEY ASSUMPTIONS

The Board's Viability Review is based on the Group's strategy, its long-term financial plan and its principal risks.

A financial forecast covering a five-year period was prepared (the base case). This period was selected as it is the period covered in the Group's long-term forecasting process, based on the budget and projections for the following years and covers the introduction to market of the current new product pipeline. The period also covers the majority of Reckitt's debt repayment profile.

The financial forecast is based on a number of key assumptions aligned to the Group's growth strategy, planned capital spending, and capital allocation policy. The assessment of viability takes into account the Group's cash flow, its currently available banking facilities and interest cover ratios in relevant financial covenants, and does not assume the raising of additional new debt or equity finance. If Reckitt performs in line with the base case forecasts, it will have sufficient funds to trade, settle its liabilities as they fall due, remain compliant with financial covenants, and remain viable. Moreover, the Group has access to external debt markets on account of its credit rating together with a well-diversified supplier network, customer base and product range, and geographical activities with a strong innovation pipeline, and dividend cover.

Assessment of principal risks and viability

To further test the robustness of the base case forecast, further analyses were prepared to consider the viability of the business in the event of adverse unexpected circumstances. Such adverse circumstances were modelled primarily upon the crystallisation of the Group's principal risks (see pages 81 to 86, including how we are managing the risk). Principal risks have the potential to create adverse circumstances for the Group and can occur individually or in combination with each other. The assessment of viability considered the implications of crystallisation of each principal risk, assigning each an estimated annual monetary value and estimating the impact on interest cover ratios and headroom over available borrowing facilities.

These principal risks were aggregated to create two scenarios which model plausible downside scenarios of increasing severity based on: (i) crystallisation of principal risks deemed to have the most relevant potential impact on viability (see risks mapped as likely and highly likely on page 81); and (ii) crystallisation of all principal risks and the impact of adverse movements in foreign exchange and interest rates. The principal risks that were evaluated also include the failure to address existing and emerging sustainability risks, including those relating to climate change, and the changing societal and stakeholder expectations of businesses in addressing these. Further information is contained within our TCFD Summary on page 59. The analysis indicated that even with unexpected events occurring immediately and in combination, Reckitt would still have sufficient funds to trade, settle its liabilities as they fall due. and remain compliant with financial covenants.

Viability Statement

The Board believes that the Group is well positioned to manage its principal risks successfully. The Board's belief is based on consideration of the historic resilience of Reckitt and has taken account of its current position and prospects, the actions taken to manage the Group's debt profile, risk appetite and the principal risks facing the business in unexpected and adverse circumstances. Mitigating actions, should they be required, are all within management's control and could include reduced capital expenditure or temporary suspension of dividend payments.

Conclusion

As a result of the Viability Review, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period covered in the Viability Review.

The Strategic Report, as set out on pages 2 to 87, has been approved by the Board.

On behalf of the Board

CATHERYN O'ROURKE COMPANY SECRETARY Reckitt Benckiser Group plc

28 February 2023