



RB Sustainability Insights

06 April 2020

Contents

Changing our approach to reporting

We believe that high standards of corporate governance, combined with a rigorous, open approach to reporting, are central to running our business with integrity, and to maintaining the trust of our stakeholders.

Our new RB Insights can be individually or collectively downloaded, offering detailed information tailored to each stakeholders’ needs. More information on this is found within the [Sustainability governance, reporting and assurance insight](#) sheet. This is part of RB’s continuous improvement journey and we would welcome your feedback toward further improvements.

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Sustainability strategy



Miguel Veiga-Pestana
SVP Global Corporate Affairs & Sustainability

Our corporate purpose is to heal, protect and nurture in the relentless pursuit of a cleaner, healthier world.

Sustainability strategy

Since 2012 when we set RB's first sustainability goals, global awareness of sustainability has grown massively – probably faster than anyone could have predicted. 2020 is our final year of working towards our targets, and we will be publishing our new sustainability strategy and goals for 2025 and beyond later this year.

It's fair to say that in 2012 RB was in the early stages of our sustainability journey. Our first steps were about assessing our impacts and making sure we were meeting our obligations. But we also looked forward, identifying how we could contribute more widely to the world's challenges, such as climate change and water security.



A history of social purpose

Our 200-year history as a business is intertwined with social purpose. From the very start, we have provided people with quality products for better health and hygiene, and the goals we set in 2012 set us more firmly on that purpose-led path. Having travelled some way on this journey over the last eight years, our perspective and understanding of sustainability has matured.

Our new sustainability strategy, including goals up to 2030, will not just limit risk and fulfil obligations; it will create long-term growth for the business. As our history shows, doing good business means doing good for society and doing good for the environment.

A longer-term approach – starting now

Traditionally, RB has thrived by responding to business challenges rapidly and opportunistically. But many of the big issues we face today require a longer-term approach: one that means forward planning, investment and patience, but will ultimately result in a step-change in impact. And that work needs to start now. These issues are also much bigger than we can solve acting alone. In areas like managing our water impact, success will depend on partnerships with stakeholders across civil society, governments, suppliers and customers.

Consumers are also fundamentally changing their attitude. Companies like ours are expected to play a part appropriate to their scale on key issues like climate change, human rights, plastics in the environment, and more.

And since much of our impact comes from consumers using our products, we recognise that innovations affecting how our products are used will contribute to more sustainable growth for RB and for society. So far, most of our work on these areas has been about understanding the landscape, both inside the business and in the wider world, and implementing ways to measure our impact. The next five to ten years will be about disciplined execution across the business to deliver at the scale RB is capable of.

Sustainability strategy continued

Purpose-led brands...

Our brands embody our overall purpose, and we want all of them to follow a purpose-led path, starting with innovation, which maximises the benefits our products deliver for consumers. Many of our brands already champion a sustainability issue that is meaningfully connected with the product – Durex, for example, with its focus on sexual health and wellbeing, or Finish and its drive to reduce water use around the world. And this has created a genuine connection with our consumers. In other cases, we're working to find a connected cause, aligned with the Sustainable Development Goals, that we want to and should fight for, and where we can have the most impact.

... based on a purposeful company...

But our corporate brand must provide the foundation – our product brands can only champion individual issues when we have all the fundamentals right. Our new strategy will also help strengthen that wider trust in RB by making our corporate brand a badge of responsibility that consumers respect.

This will require us to continue being honest and transparent about what we are doing well and what we still need to do better. We know that many of our brands, including our corporate brand, still have work to do. We are also upbeat, because we know that our products can have an inherently positive impact on the people who use them. That's a great place to start. We will work to maximise our products' positive impact throughout their life cycle, while also working to avoid any negative impacts that manufacturing, packaging, distributing, using or disposing of them might have.

... are our greatest opportunity

The opportunity to become a leader on vital issues is clear. And that's got so much potential – not just for consumers and our retail customers, who'll vote with their purchasing power, but for current and potential employees too, who'll vote with their hearts and minds. We know people are increasingly attracted to organisations that are committed to building a more sustainable future.

Ultimately, by delivering on sustainability, we'll see better business performance. Purpose drives performance. People will place more trust in our brands and consistently buy our products if we behave responsibly. And if those products contribute to improving society and the planet, we will have established a virtuous circle that will sustain our success for years to come.

Our Compass

Our Purpose

To protect, heal and nurture in the relentless pursuit of a cleaner, healthier world

Our Fight

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





Sustainability governance, reporting and assurance

We believe that high standards of corporate governance, combined with a rigorous, open approach to reporting, are central to running our business with integrity and to maintaining the trust of our stakeholders.

Governance

Our Annual Report sets out our full corporate governance report and statement, and you will also find information about our approach to governance on our website. Here we explain how sustainability is governed at RB, and the principles that lie behind it.

Our Board of Directors is responsible for the overall stewardship of the Company and delivery against strategy, through our executive leadership team. This includes setting our values and standards, and overseeing sustainability and corporate responsibility. They have regular discussions about the risks and opportunities for the Company and which sustainability presents (sustainability itself is considered one of the Company's key risks), and conducts a formal review at least once a year. For details of our issues and impacts in this area, see our [Focusing on what matters most insight](#).

The Board delegates regular oversight of sustainability to a sub-committee, the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee. The Committee meets quarterly to review our progress against our sustainability strategy, and performance against our 2020 targets. Meetings are attended by the CEO, who has accountability for sustainability performance at executive level. He is joined at the meetings by the Finance Director and other senior executives.

At managerial level, we have two committees that deal with sustainability matters, the Compliance Management Committee (CMC) and the Ethics Management Committee (EMC), both chaired by our CEO. They are responsible for overseeing the implementation of compliance and ethics activities across the Company, in conjunction with functional department heads. Many companies have just one ethics and compliance function – we have deliberately separated these committees because compliance is very much about meeting rules and regulations, whereas ethics is about the spirit of doing business with integrity. By having separate committees that work together, we believe we can better address both.

This year we began to establish new risk committees at business unit and global level which report to the CRSEC. These strengthen the identification and management of risk, an activity developed by the CMC. These new committees will replace the CMC during 2020. This structure provides quarterly updates to the CRSEC and Board on sustainability issues and risks, including ongoing performance against targets to enable their ongoing oversight of activity (see CRSEC report in our Annual Report).

Within the business, our Corporate Affairs & Sustainability function leads strategy development and compliance, while programmes are implemented by our Brands, Supply Chain, and Safety, Quality, Regulatory Compliance (SQRC) teams. SQRC is responsible for the health and safety of our people, and for product safety and quality, including regulatory compliance with product standards. Both the SQRC and Corporate Affairs functions report directly to the CEO.

Sustainability governance, reporting and assurance continued

Reporting and assurance

Publicly reporting on sustainability is fundamentally important to our ability to deliver our strategy. Through reporting, and by being open and transparent about what we are doing, we can engage with a wide range of stakeholders and create greater collective support for important sustainability topics such as climate change.

Independent assurance is a key part of our approach to reporting. External scrutiny helps us improve, while reassuring our readers that the data we publish is accurate. Again, this year, we engaged ERM CVS to provide independent limited assurance over certain sustainability disclosures. Their independent assurance statement is detailed later on in the insight.

Reporting channels

In 2018 we adopted a new, dynamic approach to reporting, and have continued that approach this year. Because more and more people are reading content via smartphones and tablets, we expanded the sustainability section of our website to include more information and stories, supported by a set of insights on material aspects of sustainability. These are updated each year along with the Annual Report, while our website is updated more frequently to give stakeholders year-round information about our progress. To summarise:

- **Annual Report:** reports our performance against our strategy, and includes disclosures against our most material sustainability issues (published in April each year).
- **Insights:** contain more detailed information about our material issues, including our reporting against the Global Reporting Initiative (GRI) (published alongside the Annual Report).
- **Sustainability section of our website:** gives further details of our approach and performance, and publishes stories showing our strategy in action (updated throughout the year). Previous sustainability reports can be found at www.rb.com/responsibility/policies-and-reports

Audiences

Many stakeholders – employees, customers, shareholders/investors, consumers of our products, and advocacy and campaigning organisations – have an interest in one or other aspect of our sustainability reporting. Our aim, therefore, is to give all of these stakeholders what they're looking for, while telling a true and consistent story about our work during the year. Read more about our stakeholders and how we engage with them in our [Focusing on what matters most insight](#).

Frameworks and standards

- **UN Sustainable Development Goals (SDGs):** the SDGs are a critical and growing factor for us and our stakeholders. Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world and, in this context, we fully support delivery of all the SDGs by 2030. We believe we can make the biggest impact on four of the goals: SDG3 – good health and wellbeing; SDG 6 – clean water and sanitation; SDG 5 – gender equality; and SDG 2 – zero hunger. These are closely connected to our brands and our social impact partnerships (refer to the [Partnering for social impact insight](#)). We also contribute to other relevant goals and refer to the SDGs throughout our sustainability reporting to highlight one of the key driving principles for our programmes.
- **GRI:** we have prepared our 2019 sustainability reporting with reference to the GRI Standards: Core option and have included a [GRI Content Index](#) to help those looking for specific indicators.
- **AccountAbility:** we also reference the criteria and principles of accountability set out in the AA1000 Assurance Standard (2008) and the AA1000 AccountAbility Principles Standard, produced by AccountAbility.

Reporting profile, performance data and reporting criteria

Our data is reported for the year to 31 December 2019.

We use KPIs that best describe the performance and impact of operations in line with our materiality assessment. In many cases, independent external guidance, such as the GRI standards or specific standards on environmental reporting, direct us on the indicators to use. These help to enable comparison with other companies. We also look for those KPIs that are most practical to use and add most value across our business and supply chain.

All our 2020 sustainability goals are based on a 2012 baseline year unless otherwise indicated.

The principles and methodologies we have used in reporting our sustainability performance data for 2019, along with our statement of directors' responsibilities in preparing the information, can be found in our [Reporting Criteria and Basis of Preparation document](#).

Sustainability governance, reporting and assurance continued

Independent Assurance Statement to Reckitt Benckiser Group plc

Reckitt Benckiser Group plc (RB) engaged ERM Certification and Verification Services (ERM CVS) to provide limited assurance in relation to specified information in RB Sustainability Insights 2019 (the Reports) as set out below.

Engagement summary

Scope of our assurance engagement

Whether the 2019 data and reported progress as listed below marked † in RB 'Sustainability Insights 2019' for year ended 31 December 2019, are fairly presented, in all material respects, with the reporting criteria:

Diversity and inclusion

- Women employed – Board (no. and % at 31 December 2019)
- Women employed – senior management (no. and % at 31 December 2019)
- Women employed – global employees (no. and % at 31 December 2019)

Health and safety

- Continued reduction of Lost Work Day Accident Rate (LWDAR)
- Lost Work Day Accident Rate (LWDAR) (per 100,000 hours)
- Lost time Accidents (no.)
- Continued reduction of total recordable frequency rate (TRFR)
- Total Recordable Frequency Rate (TRFR) (per 100,000 hours)
- Recordable Accidents (no.)
- Employee fatalities (no.)
- Contractor fatalities (no.)
- Severe Accidents (no.)

Partnering for social impact

- Inform 1 billion people through health and hygiene educational programmes and behaviour change communications (millions cumulative)
- People informed through health and hygiene messaging and campaigns (millions)

Sustainable Product Innovation

- 1/3 of Net Revenue to come from more sustainable products by 2020
- Total Net Revenue from more sustainable products (£ million)

Human rights and responsible business throughout our value chain

- Supplier audits completed (no.)
- Increase in audit pass rating from the first to most recent audit (%)
- Management-level employees completed human rights training (%)

Sustainability governance, reporting and assurance continued

Scope of our assurance engagement (continued)

Climate change

- 40% reduction in GHG from manufacturing by 2020
- Scope 1 GHG emission (tonnes CO₂e)
- Scope 2 GHG emissions (location-based) (tonnes CO₂e)
- Scope 2 GHG emissions (market-based) (tonnes CO₂e)
- GHG emissions per unit of production (tonnes CO₂e per 1,000 CU)
- 35% reduction in energy consumption by 2020
- Energy use (GJ) (manufacturing and warehouses only)
- Energy use per unit of production (GJ per 1,000 CU)
- 100% renewable energy by 2030
- % renewable electricity supplied
- 1/3 reduction in carbon footprint per dose by 2020
- Total Carbon Footprint (million tonnes CO₂e)
- Total Carbon Footprint IFCN (g dose)

Reducing waste

- Zero waste to landfill at all factories
- % of sites Zero Waste to Landfill (% of manufacturing sites)
- 30% reduction in waste
- Waste (tonnes) (manufacturing and warehouses only)
- Waste per unit of production (tonnes per 1,000 CU)
- Waste recycled/reused (% and tonnes)
- Hazardous waste (tonnes) (manufacturing and warehouses only)
- Hazardous waste per unit of production (tonnes per 1,000 CU)

Water

- 1/3 reduction in water impact per dose
- Total Water Impact (million e-litres)
- Total Water Impact (million e-litres per dose)
- 35% reduction in water use in manufacturing by 2020
- Water Use (m³)
- Water use per unit of production (m³ per 1,000 CU)
- Water Discharge (m³)
- Water discharge per unit of production (m³ per 1,000 CU)

We have also checked the sustainability information presented in RB's 2019 Annual Report to ensure consistency with the assured data.

Sustainability governance, reporting and assurance continued

Reporting criteria	RB's own internal reporting criteria and definitions. (RB Reporting Criteria Basis for Preparation 2019)
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	RB is responsible for preparing the specified information and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary. ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our conclusions

Based on our activities, nothing has come to our attention to indicate that the 2019 data and reported progress, as listed in "Scope of our assurance engagement" above and marked † in RB 'Sustainability Insights 2019' for year ended 31 December 2019, are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

Our objective was to assess whether the reporting of the 2019 indicators and progress is in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation).

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- Interviews with relevant staff at RB corporate offices to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- A review of the internal reporting criteria, definitions and conversion factors used;
- Visits to two manufacturing locations (Nottingham, UK and Tuas, Singapore) to test local reporting processes and consistency of reported annual data with selected underlying source data for each indicator. We interviewed relevant staff, reviewed site data reporting methods, checked calculations and assessed the local internal quality and assurance processes;
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation;
- Year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators;
- Checking the sustainability information presented in RB's 2019 Annual Report to ensure consistency with the assured data; and
- Reviewing the presentation of information in the Reports to ensure consistency with our findings.

Sustainability governance, reporting and assurance continued

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given both the available methods for determining, calculating or estimating the underlying information and the dependence on partner organisations to provide performance information. It is important to understand our assurance conclusions in this context. We do not provide any assurance on future performance or the achievability of RB's goals and targets. Where performance is expressed as a percentage change from a baseline year prior to 2018, we have placed reliance on previously reported data.



Jennifer Iansen-Rogers

Head of Corporate Assurance

1 April 2020

ERM Certification and Verification Services, London

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ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS employees that have undertaken this engagement have provided no consultancy related services to RB in any respect.

Focusing on what matters

Assessing and prioritising our salient and most material issues to support our strategy, manage risks and create opportunities.

Working with clear priorities

As a global business, we operate across many markets, each with its own set of cultures, opportunities and challenges. Part of being a responsible business is doing our best for our many stakeholders – from customers, consumers and communities, to investors, suppliers and employees.

Our starting point is establishing a clear understanding of what matters most to both internal and external stakeholders. Not only does this help us manage our impact and relationships, it guides our strategy, policies and communications.

To this end, we regularly work with independent external experts to assess the priority issues for our many stakeholders, and for our business. This materiality assessment is our essential starting point for putting sustainability at the heart of our business strategy, our day-to-day activities and our future plans. It helps us understand how to allocate resources and how best to partner for impact, as well as how to shape our internal culture and ambition to make a real difference in the areas that matter most.

Our priorities for 2020 and beyond

Our latest materiality assessment, completed in 2019, helped us to identify and gave us insights into stakeholders' perspectives on 20 key areas which led us to six priorities:

- Product quality and safety
- Packaging and waste
- Traceable, responsible ingredients and impacts on land and biodiversity
- Water consumption and quality
- Fair wages and working practices, and supply chain labour rights
- Global health and development, and public health challenges.

Product quality and safety

This fundamental issue is central to the effectiveness and credibility of our brands, and key to our license to operate. It includes things like toxicity and chemical hazards, product tampering, and ingredient and allergen labelling. We're working to reinforce a solid culture of quality and safety throughout our organisation, as well as in our value chain – see our [Product stewardship insight](#) for more on our activities in this area in 2019.

Similarly, for our products, since 2009 we've been a 'Safer Choice' partner. This US scheme encourages the use of chemicals that are safer for human health and the environment, allowing products that meet the criteria to use 'Safer Choice' labelling. In 2019, we won the Safer Choice Partner of the Year Award for our work on safer chemicals in antimicrobial products that prevent the spread of bacteria, fungi and some viruses.

Focusing on what matters continued

Packaging and waste

Concerns around packaging and waste, particularly single-use plastics, are growing around the world. For us, this issue includes product packaging and plastic, as well as waste from our production processes. Our consumers expect action and there is growing demand for packaging that uses less plastic and is recyclable. Equally our employees are keen for us to lead in this area. While this will take long-term commitment and investment, we're working hard to make progress through innovative packaging and product design – see our insights on [Product stewardship](#), [Plastic and packaging](#) and [Waste](#). In 2019, while increasing the recyclability of a number of our products, we also brought together a cross-functional working group to shape guidelines for product labels, advising on how best to dispose of packaging and support recycling.



Traceable, responsible ingredients and impacts on land and biodiversity

Stakeholders of all types are concerned that, if we don't respond to new research and changing consumer preferences, we could fall behind on critical issues such as the transparency and traceability of ingredients and the impact of our sourcing on the environment. Take, for example, setting targets for reformulating our products to use more sustainable ingredients, which some of our competitors are already doing. We are analysing our entire supply chain – in Indonesia, for example, using real-time satellite technology to identify forests at risk from deforestation for palm oil. For more on our activities in these priority areas, see our [Product stewardship](#) and [Human rights](#) and [Protecting ecosystems](#) insights.

Water consumption and quality

This includes both the water used when we manufacture our products and the water required for people to use them. We see real scope for developing more water-efficient products, such as concentrates, and for catering specifically for people in water-stressed areas. Our Finish dishwasher detergent has made great strides in addressing water consumption. Its new concentrated formulation means people need less detergent for each wash, which reduces our water impact. For more on our work in this area, see our [Water insight](#).

Fair wages and working practices, and supply chain labour rights

Safe workplaces and labour rights, together with fair wages and working practices, are part of a responsible and effective supply network. We assess our supply chains and work with our suppliers to achieve safe and fair workplace standards. We aim to pay everyone fairly – employees, executives and long-term contractors. While we have made progress in managing many human rights issues, developing a global approach to something like living wages, for example, is a complex undertaking. In the UK, for the last three years we have chosen to pay the Living Wage to all our employees and on-site contractors. In 2019, we were recognised in the UK as a Living Wage Employer by the Living Wage Foundation, because we guarantee a minimum hourly wage of £9.30. For more on our activities and priorities in these important areas, see [Our people](#), [Human rights](#), [Protecting ecosystems](#) and [Health and safety](#) insights.

Global health and development, and public health challenges

Health and hygiene education, access to clean water and sanitation, and prevention of disease are all critical issues. They offer a chance to show stakeholders that we're living up to our purpose, "to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world." They're linked to our focus on wellbeing, our product innovations and brand activities, including our partnerships – for example, around the importance of clean water and sanitation to address waterborne diseases. It's not only about the programmes we run, but also how we play a role in advocating in certain areas. Examples of this include our work on self-care, as discussed in our [Wellbeing and self-care insight](#), and the work of our Durex brands in campaigning on sexual wellbeing, as discussed in our [Social impact insight](#).

How things have changed since 2016

Our 2019 results revealed some significant and interesting shifts in people's priorities and concerns since our 2016 assessment.

- Innovation, water, packaging materials and finding/retaining talent have all become significantly more important to both internal and external stakeholders.
- Climate change, corporate tax, employee health and safety, and data security and privacy moved down the priority list for stakeholders – not because they have been solved, but because we have more visible programmes to address these areas. However, given the pressing nature of the climate change challenge, it remains a priority for our new sustainability targets.
- The ranking of the key areas varies between stakeholder groups. For example, employee development and cybersecurity and privacy are key priorities for internal stakeholders, whereas climate adaptation and energy use were more important for external groups.
- Similarly, priorities are different between regions. In developing markets, for example, employee health and wellbeing, and public health challenges are higher priorities, but less so in more developed markets which may prioritise other areas such as mental health.

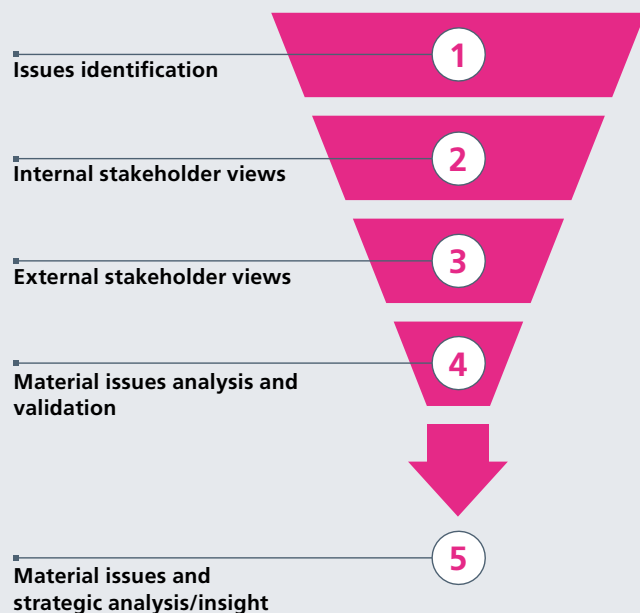
Focusing on what matters continued

Understanding what matters – our 2019 analysis

We completed our latest materiality assessment in the first quarter of 2019. This involved working with an independent specialist to gather insights from some 250 stakeholders around the world on the social, economic and environmental issues they see as most relevant to our business. Through a programme of interviews, surveys, interactive webinars and analysis, we identified 20 key areas, and six priorities, as discussed above. Building on our previous work in 2016, this assessment is helping us to shape the next phase in our sustainability journey, informing our strategies and activities as we plan beyond our 2020 targets.

There were **four main steps** to this materiality assessment:

The process



1. Understanding the issues

We began by identifying the most prominent ethical, governance, environmental and social issues, drawing on our own resources as well as external research. With input from external experts, this provided 20 key areas to consider.

2. Speaking to internal stakeholders

We worked with a group of around 80 colleagues who reflected the complexity and diversity of RB around the world. Our aim was to gather insights on how the different areas might affect the long-term health of our business, and to understand any regional differences and market priorities.

3. Speaking to external stakeholders

We then spoke to a range of stakeholders – including consumers, suppliers, leading experts, NGOs and investors – to better understand external priorities, expectations and trends.

4. Analysing and validating the findings

Finally, we analysed the insights to produce a materiality matrix to help focus our sustainability strategy and activities. This helped prioritise areas to work on.

Assessing our human rights impact

Our new partnership with the Danish Institute of Human Rights is strengthening our ability to identify our impacts on human rights. In 2019, we ran two projects to assess our human rights performance, using the lens of the United Nations Guiding Principles on Business and Human Rights. The first came up with 35 recommendations for how we can improve our human rights footprint in our day-to-day activities across RB. The other focused on our activities in Thailand, specifically looking at potential and actual adverse impacts in the value chain for Durex and infant formula. Read more in our [Human rights](#) and [Protecting ecosystems](#) insights.

How we listen to stakeholders

Many people and organisations have an interest in what we do and how we work, and we value their opinions. So we have a regular and ongoing dialogue with many stakeholders – here are some key examples:

- **Consumers** – through routine dialogue and when we're gathering insights for our brands.
- **Employees** – for example: through our employee surveys, via engagement with our Board members in newly established dialogue forums, and through our "Ask Laks" forum on our intranet where anybody in our team can put questions to our CEO.
- **Investors** – through our routine discussions and investor forums, often with a specific focus on sustainability. Our involvement with key external indices such as Dow Jones Sustainability Index, FTSE4Good and CDP on climate change, water and forestry demonstrates our work to investors.
- **Customers** – we have routine meetings with leaders of our key customers and many members of their teams, to strengthen the way we work with them. This helps us to be as effective and efficient as possible in bringing products to the consumers our customers serve. These discussions also cover key consumer issues such as healthcare and sustainability. For example, in the US, a project with a major retailer supported delivery of healthcare for their consumers, while we are also collaborating on issues such as our shared interest in the Chemical Footprint. We work with many of our customers through our partnerships with the Ellen MacArthur Foundation on plastics and AIM-Progress on labour standards and human rights. RB is now a member of the Consumer Goods Forum where we discuss issues of mutual interest with peers, customers and our suppliers.

Focusing on what matters continued

- **Governments and policymakers** – we are in routine discussions with government agencies and regulatory bodies to guarantee the mutual recognition of regulatory standards and quality testing. This is part of a wider cross-border trade dialogue.
- **Communities** – for example: through our work with the Earthworm Foundation, our 2019 human rights impact assessment in Thailand with the Danish Institute for Human Rights and other brand partnerships.
- **NGOs** – through our brand partnerships with NGOs such as Water.org and (RED) as well as through the Earthworm Foundation in our work on deforestation and supporting local palm and latex farming communities in South East Asia.
- **Partners** – we talk to healthcare professionals continually to support their delivery of healthcare and to understand the needs of their patients.
- **Suppliers** – our suppliers are key partners in our business and we are in constant discussion with them to support service delivery and efficiency. With key suppliers, we discuss strategic needs and planning to develop effective solutions for the longer term. That planning covers the development of safe, resilient and sustainable supply networks, including for natural raw materials, ingredients and packaging. This also helps us understand the trends and issues we face and opportunities we can create in partnership with our suppliers to address them. Examples include working with fragrance producers to secure responsible sourced botanical ingredients for Airwick or supporting the long-term future of rubber plantations for the latex we use in Durex.

Listening to our stakeholders

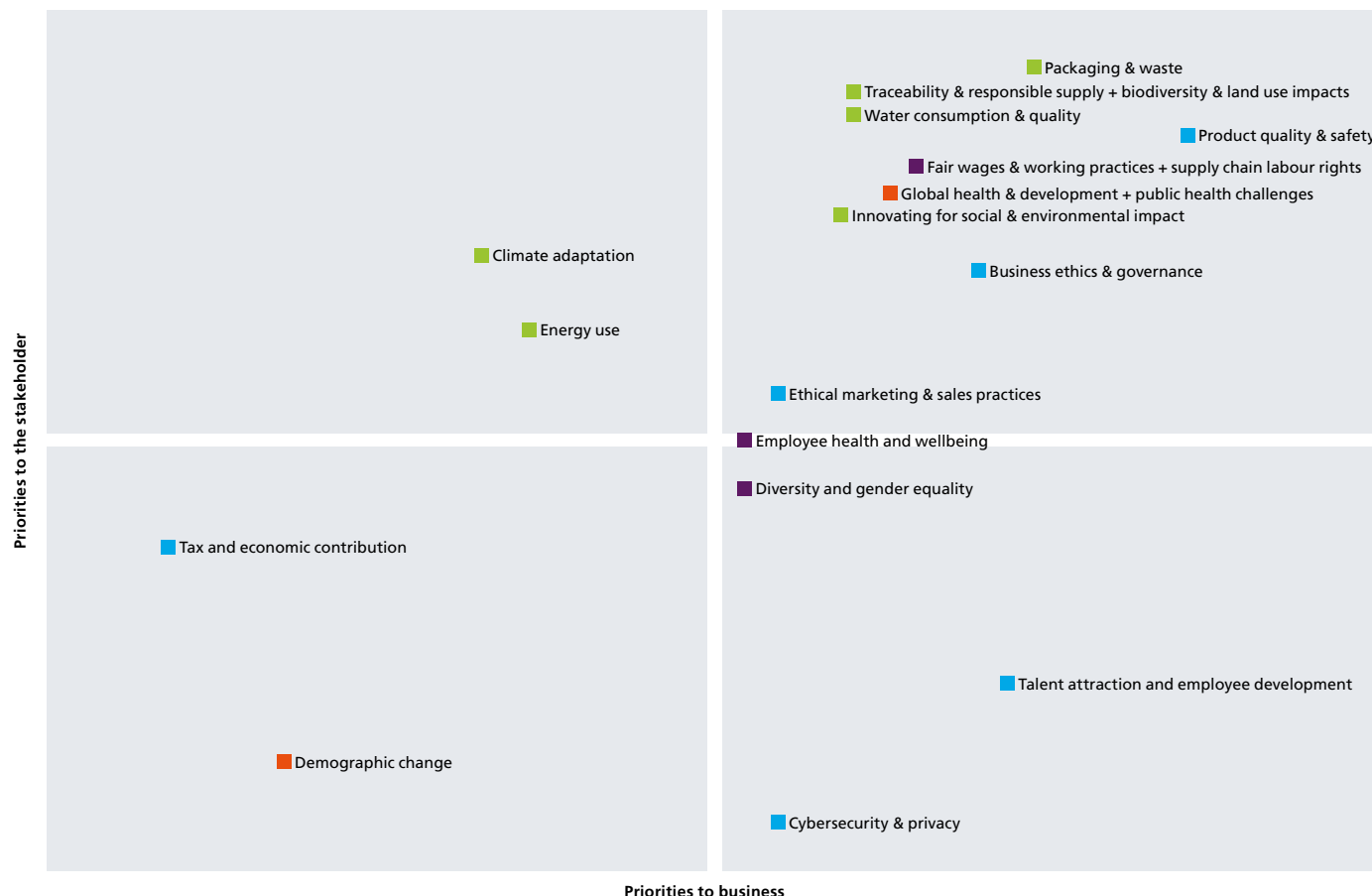
Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to:
The Sustainability team
 Reckitt Benckiser Group plc (RB)
 103–105 Bath Road
 Slough, Berkshire, SL1 3UH
 UK

Materiality matrix

Our 20 most salient issues



Our most material issues

Our assessment identified the 20 most important issues for our stakeholders and our business. From these, we consolidated some of a similar nature and impact to leave 17 which we plotted on a matrix to determine their significance. This helps us to focus our sustainability approach, but we also consider other issues, particularly those we think will become more important.

Key

- Economic & governance
- Environmental
- Human rights
- Social

Business conduct

We act responsibly and with integrity; put consumers and people first; seek out new opportunities; strive for excellence; and build shared success.

Introduction

It's more important than ever to foster a culture of integrity in everything we do – from our business activities to our stakeholder relationships. Our consumers must trust that we are doing the very best for their health when we ask them to buy our products. And we must uphold our high standards and values across the world.

As a top FTSE company with a product range utilised by people, including young children, and with sizeable trade in high-risk countries, we take our responsibility seriously. Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world, and we know this comes with and demands unstinting levels of responsibility. We are guided by our values, laid out in our compass that affirms our commitment to "Do the right thing. Always." We act responsibly and with integrity; put consumers and people first; seek out new opportunities; strive for excellence; and build shared success.

Being responsible has always been at the heart of RB, beginning with our founders some 200 years ago. But we know that today this is core to our business, to our success and to the way we are viewed by consumers. We have been strengthening our approach over time, sometimes on a complex but rewarding journey to drive cultural change across RB.

Like many other businesses, there is a challenge – and one that we are fully committed to tackling – finding the right balance between encouraging the best of our entrepreneurial culture while working responsibly and with integrity. So we're working hard to create an environment where employees do the right thing, especially when the choices are hard. This is the foundation of our Code of Conduct and compliance programme.

Our compliance programme has eight pillars aligned to our values and principles aiming to:

- Identify compliance risks so they can be mitigated and controlled in good time.
- Develop good lines of communication to foster a culture of integrity.
- Implement policies and procedures, as well as strong controls, to monitor compliance with these guidelines and with local and international laws and regulations.
- Deliver effective and innovative training and education.
- Detect problems and respond quickly with corrective actions.

Our Compass

Our Purpose

To protect, heal and nurture in the relentless pursuit of a cleaner, healthier world

Our Fight

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



Business conduct continued

2019 highlights

Our work this year

In 2019, we launched new global and business unit risk, sustainability and compliance committees to strengthen our oversight of risk – more details are in our [Sustainability governance, reporting and assurance insight](#). These committees support our well-established Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC), a sub-committee of the Board, in its duties around corporate responsibility, including ethical conduct, legal and regulatory compliance.

Here we highlight key aspects of our work in 2019.

Risk assessment and monitoring

As a key element of RB's Compliance Programme, in 2019 we conducted risk assessments in more than 30 countries to help RB leaders to be aware of the challenges they are facing and to develop action plans to mitigate those risks. We also designed a new control framework to monitor compliance with our [Healthcare Professionals Global policy](#) and our [Breast Milk Substitutes Marketing policy](#).

Spotlight on GDPR

With the implementation of the European General Data Protection Regulation, we developed an awareness programme to help our employees understand their responsibilities, including Group-wide policies, procedures and guidance documents. We appointed a Group Data Privacy Officer (DPO) and created a Group Privacy Office to support the DPO in overseeing and maintaining our privacy risk framework. This is consistent with our vision to create a 'Privacy by Design' culture, where the privacy rights of our employees, consumers and business partners are at the heart of all projects and future innovation we develop. We are committed to protecting any type of personal data wherever it exists and we do not collect or retain such data without proper business justification.

Communication

During 2019 we developed a completely new Ethics & Compliance website for all our employees to access our key policies, procedures and materials they can use to help them understand what RB is expecting from them.

Policies

Our corporate responsibility framework comprises our Code of Conduct, policies on key topics, procedures we follow and reporting tools. Our policies and reports cover our position on a comprehensive range of issues and are available on rb.com.

In 2019, we launched a new [Global Anti-Money Laundering and Sanctions policy](#), which aims to ensure that every business transaction we enter into complies fully with anti-money laundering and anti-terrorist financing laws, as well as with trade sanctions regulations that restrict activities with certain countries, entities or individuals around the world.

We also developed a completely new robust policy to regulate our interactions with healthcare professionals and healthcare entities. This was an important step in mitigating bribery and corruption risks, which have been one of our major inherent risks.

We rolled out these new policies in both our business units, working with the leadership teams to implement them. We trained personnel in key functions such as Finance and Procurement, through webinars and face-to-face training sessions.

Working with third parties

Beyond our own employees, it's critical that everyone in our global value chain – contractors, vendors and distributors – upholds our high standards. During the year we developed a new third-party Code of Conduct. By making clear what the requirements are for working with RB, this is helping us to strengthen business relationships, building more trust with our suppliers and vendors. We also conducted around 8,000 due diligence assessments of third parties to ensure we're working with reliable partners. This year we also took strong remedial action and terminated business relationships with some third parties whose activities and approach were not in line with our standards and posed a threat to RB's reputation.

Training

Each year, all employees and contractors must undergo training on our Code of Conduct and most relevant corporate policies – called 'Compliance Passport Training'. This year, 96% of our employees and contractors completed this mandatory training either through our online educational system or via face-to-face sessions conducted by the Compliance teams around the world to ensure employees located in remote areas or without access to laptops, for example production line teams, receive this training. Anybody not completing the training by the deadline cannot access their workplace systems until they have been trained. The remaining 4% comprise of employees leaving the Company during the period the training is conducted, together with those other employees on long-term leave for a variety of reasons including maternity or sick leave.

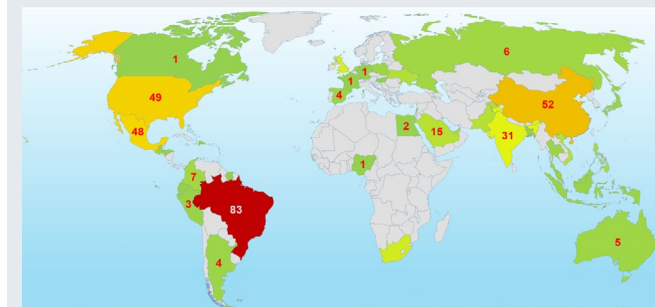
Speak Up service

We know it can be hard for employees to speak out when they see behaviour against our Code, so we're working hard to create an encouraging and supportive environment. Speak Up, our confidential online and freephone service, is growing in strength. This offers all RB employees and contractors a trusted channel to raise concerns around violations of our Code of Conduct, local laws and regulations, or any unethical behaviour.

Our Speak Up policy protects employees from any reprisals as a result of sharing their concerns. Our Ethics and Compliance team looks into all reported issues, which could also be grievances with management or allegations of harassment or bullying. We deal with each case as we see fit – sometimes giving formal warnings or even terminating contracts. And where we see trends, we develop new policies and training for everyone.

Since our awareness campaign at the end of 2018, we've seen an increase in the number of cases reported to Speak Up: 466 this year, an increase of 57% compared with 2018. In part this is to be expected as we increase awareness of the service and also develop the culture of our organisation in line with our new business strategy. We investigate issues promptly, and independently. Those investigations can lead to both changes in working practice and disciplinary action where appropriate to address matters.

Speak Up case locations



Business conduct continued

Looking to 2020 and beyond

We're releasing a completely new Code of Conduct in 2020 that will include key points from our Group policies that help all our employees understand what RB is expecting from them and ensure compliance with international laws and regulations. It will also incorporate new guidelines to help our leaders make good decisions when facing challenging situations. The new Code will be more user-friendly for our employees and contractors, with integrated video and interactive PDFs linking to related policies and procedures.

We're also making our mandatory yearly compliance training, which covers our Code of Conduct, Anti-bribery and Corruption and Speak Up materials, more engaging, particularly for our younger, more digitally-focused employees. It will combine video, animation and games to make it easier for all our people to be engaged and committed to complying with our standards.

And, in 2020, we will launch a global educational campaign, Honest Reflections on Ethics, to help employees feel safe in uncovering problems, asking questions, discussing trade-offs and sharing real-life challenges around compliance.

And finally, we'll roll out a new, efficient risk-based due diligence programme for third parties around the world. This will assess their commitment to RB values, policies and procedures, and help us ensure we can trust in those partnerships.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (RB)
103–105 Bath Road
Slough, Berkshire, SL1 3UH
UK



Wellbeing and self-care

Living our purpose means providing for the wellbeing of our employees. We want people to thrive, at work and at home.

Introduction

The definition of health has evolved in recent years into the more holistic definition of wellbeing. It's no longer understood as just the absence of illness, but instead about living fitter and more fulfilled lives, to be able to do what you love doing for longer. These aspirations are written into our purpose – to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world – and are the foundations of our business. Our products make a real contribution, from the germkill benefits of Dettol and Lysol, to Enfamil infant nutrition and Durex sexual wellbeing.

Inside RB, we want our employees to thrive at work and at home. We've been developing our global wellbeing approach, liveyourbest; expanding our suite of wellbeing policies; and enhancing our office facilities with multi-faith prayer rooms and subsidised canteens offering healthy meals.

Outside RB, our global R&D group partners with suppliers, academia and research organisations to develop technologies to better enable self-care. We also work with policymakers and regulators to frame self-care as an important pillar of our sustainable healthcare systems. Self-care is about people taking an active role in managing their own health in partnership with healthcare professionals. Promoting the importance of self-care requires all stakeholders to work together to make it a reality – healthcare professionals, governments, NGOs, caregivers, paramedics, the wide-ranging private health sector and others.

Through our brands we can enable better access to health, hygiene and nutrition products and services, and encourage people to take steps to sustain and improve their own health and wellbeing.

WELLBEING AND SELF-CARE IS AT THE HEART OF OUR PURPOSE – THROUGH OUR PRODUCTS AND OUR CONNECTIONS WITH CONSUMERS WE CAN PROTECT, HEAL AND NURTURE FOR A CLEANER AND HEALTHIER WORLD.

Promoting consumers' wellbeing and self-care

We aim to improve people's wellbeing around the world through our products, from medicines and supplements to encouraging hand washing and other hygiene practices. The acquisition of Mead Johnson Nutrition in 2017 brought infant formula into our portfolio and increased our impact on wellbeing through nutrition from the earliest age.

As we enter the 2020s, the world's population is growing and ageing, and our healthcare systems are under pressure like never before. On the one hand, health literacy is poor in many places and yet, in other places, people are more educated than ever and want an active role in managing their health. In emerging economies, from Brazil to China, governments still struggle to provide universal healthcare – hospitals and other healthcare facilities are overstretched.

In Organisation for Economic Co-operation and Development (OECD) countries, health spending already accounts for 15% of all government expenditure. Doctors can spend a large amount of their time consulting on minor ailments, taking time and resources away from more serious cases. At RB, we see ourselves playing a vital role in the private-sector arm of the world's public health systems, offering accessible products that can help alleviate, eradicate or avoid ailments completely – whether that's through pain relief, supplements or antibacterial products. It's also through information to improve consumer awareness or partnerships with important social initiatives that contribute to preventing common and widespread health problems.

We have many examples of this across our brands: our Harpic brand partnership to establish better access to toilets and promote hygiene; Durex's work to build awareness of and reduce sexually transmitted diseases and promote sexual wellbeing; and Dettol and Lysol's work to promote hygiene to prevent illnesses caused by harmful bacteria and viruses. Working with partners around the world, we develop programmes that deliver real social impact for people and their communities. For more information see our [Partnering for social impact insight](#).



CASE STUDY

BETTER BRAINS FOR BABIES

Our scientists are devoted to studying the nutritional composition of human milk. Our comprehensive studies and those of others helped us to understand the importance of docosahexaenoic acid (DHA), one of the nutrients present in human milk. Although DHA is not an essential nutrient – our bodies can manufacture it from a fatty acid – the conversion rate for infants is much lower than in children and adults. We also know that the most rapid period of brain growth and development is during the first years of life. Extensive clinical trials have shown that increased dietary DHA during this developmental period can result in improvements in brain and eye development and function. We now supplement the majority of our infant formula products with DHA.

Investing in R&D and education

We have been investing in new facilities to develop solutions that will address tomorrow's challenges. This year we opened our new £105 million Science and Innovation Centre in Hull, UK combining a state-of-the-art R&D centre with the talent to deliver the latest innovations in consumer health. In addition, we are investing in research and development to identify and apply new scientific insights that serve consumer healthcare needs spanning health, nutrition and hygiene. Our approach keeps the focus on the long term, advancing science in therapeutic areas, building a body of knowledge to provide solutions for today as well as critical new insights towards the solutions of tomorrow.



RB's new Science and Innovation Centre in Hull, UK

Facilities and innovation are key drivers at one end of the consumer health spectrum; at the other, improving access and uptake of self-care on the ground is fundamental to helping health services. We live in an age of democratisation of information. We have access to more knowledge than ever but as individuals we lack the expertise to make well-informed decisions based on that data. Without education to raise the bar, democratisation of information can be a hindrance to healthcare. Beyond our products, we have a responsibility to help our consumers, through behaviour change programmes to combat issues such as malnutrition and the spread of disease. For example, our hand washing campaign is now part of the school curriculum in nine Indian states – soon to be 14 – and is central to our new mother and baby outreach programme. In Pakistan, we have a programme aimed at preventing infant deaths from diarrhoea. This has reached 2.4 million children a year and more than 600,000 rural households since it launched in 2017.

Over the past five years, our health and hygiene messaging has reached more than 956 million people. The goal is to reach one billion by 2025.

CASE STUDY

AN END TO MOSQUITO-BORNE DISEASE IN BRAZIL

Last autumn, we became a Business Avenger in support of the United Nations Sustainable Development Goals (SDGs), joining a business coalition to highlight the role of corporates in achieving the SDGs by 2030. Under SDG 3 'Good Health and Wellbeing' we challenged ourselves to free Brazil from mosquito-borne diseases through our insect-prevention system brand SBP. We have a three-tiered strategy for achieving our challenge. First, we partnered with the London School of Hygiene & Tropical Medicine and The British Red Cross, enlisting volunteers to clear breeding grounds and dispensing SBP products. Next, we focused on education. One of our most successful projects – a play for children – was made into a cartoon and is still being broadcast on TV. And third, we focused on solutions: one example is SBP Alertas, a website that tracks Brazilian rain forecasts and highlights local mosquito infestations.

Influencing policy

Studies show that when people are taught how to lead healthier lives, prevent or treat common ailments, or manage chronic conditions, their confidence improves. Studies also show they're more likely to stick to their treatment. Health outcomes improve and the burden on health services falls. That's why we believe self-care should be a key pillar of sustainable healthcare systems and why health and hygiene companies like RB should be seen as natural partners for initiatives to promote healthier lives. After all, we know how to reach millions of people to raise awareness and influence behavioural change.

Wellbeing and self-care continued



Three years ago, we commissioned our first report on consumer health written by The Economist Intelligence Unit. It focused on how non-prescription, or over-the-counter (OTC), medicines could play a more significant role in helping patients manage their wellbeing. It also discussed the challenges political and cultural differences make in attempts to create consistent regulation, something we think is essential for accessibility.

For example, in different parts of Europe, the same medicine will be classified as either prescription-only or OTC, depending on local norms. One major barrier to regulatory consistency that was identified was the lack of harmonised regulations for over-the-counter medicines compared with those for prescription medicines. This makes widespread accessibility of OTC medicines much more difficult to achieve.

In October 2019, we sponsored a second report focusing on policy approaches to self-care. It became clear to us after the first report that until public health policy acknowledges self-care as a critical pillar of sustainable healthcare systems, it will be difficult to achieve harmonised and proportionate regulatory controls. The report evaluates the social and economic role of self-care and how this can complement existing public and private sector programmes. We hope the report will help policymakers move towards formally including self-care as a critical element of healthcare frameworks at national and international levels. We'll support this policy-level discussion alongside our ongoing work with consumers.

Looking ahead – focus for 2020 and beyond

We will continue our efforts to help drive evidence-based solutions to realise our purpose of protecting, healing and nurturing people in their daily lives. Our approach will enable greater accessibility to our products and information on good health, hygiene and nutrition.

In terms of innovation, we will look to build scale across our regions so we can confront problems on a global basis and create access to education and products. We will do this by investing in our research and development, identifying new opportunities through science, partnering with others to innovate, and by exploring different commercial channels and regulatory pathways. On the surface, it's easy to think that we face different wellbeing challenges in various parts of the world but, in reality, we have many of the same issues such as allergies, access to nutrition, ageing, hygiene and sexual health. Through our research and development, we will bring new scientific advances to tackle global challenges and enable self-care.



Wellbeing and self-care continued



Promoting our employees' wellbeing

We want our employees to have the freedom to succeed by enabling them to be at their best more of the time. We want our people to be proud to work for RB, to feel inspired, valued and nurtured so that they feel able to reach their potential.

liveyourbest

A focus on good mental health and wellness is important for everybody. It's an increasing issue in everyday life, at home and at work. Since 2016 we have used our liveyourbest employee wellbeing programme to champion these issues and support our teams around the world. The programme began as a campaign in 2016 and was so successful at raising awareness of holistic wellbeing and encouraging self-care that, this year, we developed it into a comprehensive strategy based around four categories: physical, emotional, financial and community.

Within this global framework, we run a number of activities across the business. For example on physical wellbeing, we partner with world-leading health and wellbeing experts to run a series of liveyourbest seminars focused on managing your energy, nutrition, sleep and exercise. At a local level, offices have the freedom to run initiatives that are most relevant for their people and working environment.

This year in the UK, we trained over 60 mental health first aiders to support people struggling with mental health issues. We've also been looking at how improving our facilities can promote wellbeing, providing subsidised canteens with healthy food options across all of our sites. Our UK-based health division ran a wellbeing day designed to build awareness of healthy living practices amongst our teams through balanced diet, regular exercise and mental health support. As part of this, we launched our first multifaith and meditation room.

Our policies support our people and their wellbeing, with flexible working hours, flexible working locations including working from home, support for childcare and newly strengthened maternity and paternity provisions. More details can be found in the [Our people insight](#).

We still have more to do to make wellbeing a priority for all our people. We've collected feedback from our participants across all our regions. We have found that topics such as resilience, mindfulness, sleep, nutrition and stress management are most popular. While we have introduced support for these in the liveyourbest activity around mental wellbeing, we know that this is something we need to continue to address and are committed to do so. See more on behaviour in our [Business conduct insight](#).

Finally, to make a meaningful difference to employees' health and wellbeing, we need to be able to measure it. It's not easy, but it's one of our goals this year; to identify and track new impact metrics.

Listening to our stakeholders

Reporting effectively across our many issues and providing regular dates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (RB)
103–105 Bath Road
Slough, Berkshire, SL1 3UH
UK

liveyourbest

Our four pillars

LiveyouRBest

Inspiring a happier and healthier life



Physical

- Brain and energy
- Nutrition and the psychology of food
- Sleep
- Environment, movement and exercise



Emotional

- Mental health
- Headspace and resilience
- Work/life balance
- Mindset and leadership



Financial

- Financial education
- Financial planning
- Minimum wage and benefits



Community

- Give Time initiative
- Connecting people with issues that matter
- Building internal and external social and professional networks

Our people

RB's purpose unites us all: to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world. Our employees have the freedom to succeed through our values – it's our people who bring our unique culture to life.

Enabling our people to thrive

Our culture is supported by a unique set of values and it all starts with our people – a growing community of over 42,000 diverse and talented individuals based across the world. By attracting and retaining the right people and by nurturing an inclusive culture, we aim to enable our people to be at their best at work and at home. We recently unveiled a clear strategy that has outlined a new set of values for RB.

Our values

- Do the right thing. Always.
- Put consumers and customers first
- Seek out the new opportunities
- Strive for excellence
- Build shared success

Our new culture celebrates what has made RB successful and sets out what is required for sustainable growth and success in the future. Most importantly, this strategy needs people to bring it to life who feel inspired to trust in the direction it takes us – people who are driven to do the right thing, always.

A key focus for RB is championing a diverse workforce, clearly focused on gender balance. We have programmes in place to attract and develop talented women and support our people in areas such as work-life balance and international mobility. See our [Diversity and inclusion insight](#) for more details.



2019 highlights

2019 saw a lot of change at RB, with our new CEO and a number of improvements all focused on making RB an even better place to work.

- **Freedom to Succeed** – we rolled out our new employee value proposition to celebrate our unique culture across all our sites, sharing stories from employees about what it's really like to work at RB and inspire others.



- **New global parental leave policy** – our extended parental leave policy makes us one of the most supportive FTSE 100 companies. This offers new parents 26 weeks' minimum of paid maternity leave (up from 16 weeks), and with an option for a further 26 weeks of unpaid leave. It also increases paternity leave for new fathers and partners to four weeks' paid leave, with the option of four more weeks of unpaid leave. It includes increased leave for parents of premature babies. And we're offering more support for mothers coming back to work, such as a mentor for six months and over 100 wellness rooms, where new mothers can express milk and continue to breastfeed in comfort and privacy. With some differences in some countries depending on local legislation, these benefits are open to all new families, LGBTQ+ employees, as well as adopting and surrogacy families.
- **Recruiting entrepreneurs with purpose** – over 19,000 students from 13 markets registered for the 2019 RB Global Challenge, a graduate competition for business ideas with a social purpose, which also helps us find and attract future talent. (See case study on next page.)
- **State-of-the-art £105 million science and innovation centre** – newly opened in Hull, this will become our global technical innovation hub for consumer health products such as Nurofen and Strepsils. As well as being an inspiring, modern place to work, it's driving increased collaboration and innovation and has created 200 new jobs. Through our partnership on the MSc in Pharmacology and Drug Development course, we are providing graduate students at the University of Hull and York Medical School with practical knowledge to support their studies.



CASE STUDY

RB GLOBAL CHALLENGE ATTRACTS NEW TALENT

Now in its sixth year, the RB Global Challenge has grown from a local Indian competition into a global graduate recruitment tool. University-age students are challenged to come up with a business idea based on an RB product that shows performance, profitability and social purpose. In 2019, over 19,000 students registered for the challenge across 13 markets – with the winners from Bangladesh impressing the judges with a biodegradable lunch box with a hand sanitiser in its lid. In 2019, we made 50 job offers to young people around the world as a direct result of the challenge.

Our global workforce

Employment ratios by business unit

% at 31 December 2019 ¹	Business unit (excluding contingent workers)		
	Health	Hygiene Home	CHQ ²
Board	–	–	100%
Executive Committee ³	14%	14%	71%
Group leadership team	50%	38%	12%
Senior management team	60%	33%	7%
Global employees	68%	30%	2%

Hires and employee turnover

at 31 December 2019 ¹	Gender (excluding contingent workers)				Location (excluding contingent workers)			Age (excluding contingent workers)				Contract type		
	Total	Women	Men	Not recorded	Health	Hygiene Home	CHQ	<30 yrs	30–50 yrs	>50 yrs	Not disclosed	Permanent	Temporary	Third party contracts
RB employees (total number)	37775	16854	20897	24	25521	11441	813	8575	24640	4270	290	36650	1125	6168
New hires (total number)	8521	4216	4283	22	5609	2703	209	3846	4127	252	296	7079	1442	5768
New hires (rate) %	23%	25%	20%	92%	22%	24%	26%	45%	17%	6%	102%	19%	128%	94%
Total employee turnover (total number)	7462	3491	3969	2	4755	2587	120	2448	4256	632	126	6692	770	4934
Total employee turnover (rate) %	20%	21%	19%	8%	19%	23%	15%	29%	17%	15%	43%	18%	68%	80%
Voluntary leavers	4966	2367	2598	1	3291	1575	100	1623	2918	372	53	4691	275	4933
Percentage of voluntary leavers %	13%	14%	12%	4%	13%	14%	12%	19%	12%	9%	18%	13%	24%	80%
Involuntary leavers	2496	1124	1371	1	1464	1012	20	825	1338	260	73	2001	495	1
Percentage of involuntary leavers %	7%	7%	7%	4%	6%	9%	2%	10%	5%	6%	25%	5%	44%	0%

¹ 2019 global employed data for women and nationalities is based on data for 37,771 global Group employees, which is 90% of the average number of people employed by the Group during 2019.

² CHQ = Central Headquarters.

³ Numbers do not equal 100% due to rounding.

Our people continued



Freedom within a framework

While giving people the freedom to succeed is at the heart of our culture, this is always within a framework. We have clear expectations and policies which set global standards across our organisation. These include our [Code of business conduct](#), as well as our [Health and safety](#) and [Diversity and inclusion policies](#), which you can read more about in the related insights.

Reward

Our employees enjoy a variety of benefits at RB. Some are linked to role and performance, such as salaries, bonuses and long-term incentives. Others – such as pension and medical care plans, yearly health checks, and health, accident and disability insurance – provide important stability for employees and their families. Benefits vary depending on where they work and are reviewed regularly to ensure that they are competitive in the local market.

Salary and bonus

Our pay for performance philosophy is applied consistently through the organisation, with employees paid for their role and location, with internal pay equity, pay ranges and external market benchmarks taken into account. Our reward philosophy is that for on-target performance, total cash (i.e. salary plus bonus) is competitive compared to market practice, but with a high proportion of variable pay to drive outperformance and creation of shareholder value.

- Salary increases are determined by individual performance ratings with any adjustments based on benchmarking. Country-specific conditions such as inflation are also taken into account.
- Our Annual Performance Plan is operated consistently across the organisation, and has more than 14,000 employees participating.
- In line with the Executive Directors, bonus pay-outs are based on RB's financial performance, with all employees being incentivised on net revenue and a profit measure, which varies based on role. In addition, some roles have a third measure related to market share, net working capital or innovation.
- We also operate local bonus plans, for example for employees in sales and factories.

For more details and information on how we pay our executives, please refer to the [2019 Annual Report](#). For details of gender pay, please see our [Diversity and inclusion insights paper](#) and our separate gender pay report.

Share ownership

Our award-winning employee share plan recognises the role everyone plays in driving our growth by offering colleagues the opportunity to share future financial rewards. The three-year scheme enables employees to buy shares at a 20% discount, saving anything from £5 to £500 each month. As people can take back the amount they've saved at any time, the plan is risk-free. In 2019, 7,500 people signed up for the scheme to bring the total involved to 20,833, more than 55% of our global employee population.

RB RECOGNISED AS A UK LIVING WAGE EMPLOYER

RB has been voluntarily paying the UK Living Wage to all its employees and onsite contractors for a number of years. Our recent Living Wage commitment formally recognises that RB guarantees a minimum hourly wage of at least £9.30 in the UK.

This rate is higher than the government minimum for over 25s, which currently stands at £8.21 per hour. The real Living Wage is the only rate calculated according to the cost of living. It provides a voluntary benchmark for UK employers who want to make sure their staff earn a wage they can live on, not just the government minimum. Since 2011, the Living Wage movement has delivered a pay rise to over 200,000 people and put over £1 billion extra into the pockets of low-paid workers.

Developing talent

As an ambitious business continually striving to improve, we need to make sure our people have the skills, capability and knowledge to perform at their best every day. All RB employees have a performance review each year to review their skills, ability and performance against personal and business objectives. It's also a chance for them to talk to their managers about where they want to go with their career and to give their manager feedback on their performance. As part of our Talent Assessment process, the output of these reviews helps us to identify people who have the potential to take on different or more senior roles in the future.

We believe in helping our people develop through experience and often move colleagues into new roles and new geographies as they grow. RB's unique International Transfer Policy is key to ensuring global mobility, which is a critical part of RB's career development and our culture. We offer benefits such as international healthcare, international pension, school fees, tax return support and home leave provided to foster ongoing mobility.

Continual learning

RB supports this 'learning by doing' with training and coaching. Our digital learning platform, launched in 2018, has made it quicker and easier for our people to access learning, even when they're busy, with bite-sized learning modules. This includes training and development programmes at site level together with regional and global capability enhancement programmes on functional competencies and leadership skills.

In 2019, RB employees accessed training through our online platform on things like leadership, unconscious bias, diversity, project and organisational change management, managing budgets, sales, digital and e-commerce and crisis management. Combined with other learning programmes in areas such as health and safety, environment, quality, adverse events and compliance training events, our employees participated in more than 241,679 hours of training in total in 2019.

RB CERTIFIED AS A TOP EMPLOYER IN THE UK

In 2019, RB was recognised as a Top Employer company in the UK, an external certification that reviews and recognises our people practices.

This is an important recognition that we are taking positive steps towards a more flexible and people-oriented employment culture that celebrates diversity. It's also a shared commitment between the business and our employees to create a working environment where people not only want to work but want to grow, both personally and professionally, with a feeling of purpose.

Our people continued



Listening to our people

We regularly check in with our employees through Town Hall meetings and our intranet which connects our employees with each other and the latest news from the RB universe. We also run forums, focus groups and listening sessions with leaders so everyone can have their say.

To date our employee survey, Culture Pulse, has been run every other year. In 2018, around 75% responded to the survey, with 86% saying they were proud to work for RB. This is sector-leading, with RB employees having levels of pride 12 points higher than peers in comparable FMCG businesses.

This year, we're moving to more frequent Pulse surveys, enabling continuous listening to employees so that managers can move quickly where we need to improve.

Speak Up, our confidential online and freephone service, is a safe channel for employees to voice their concerns about violations of our policies and any unethical behaviour. You can read more about this in our [Business conduct insight](#).

Living our purpose

We know that our people care about the world at large. Much of the discussion on our internal social channels is around important issues such as climate change, sustainability, equal opportunity and women leaders. So we offer employees a number of ways to help our brands tackle global issues.

One Young World

We're proud supporters of One Young World, a programme bringing together young people from around the globe to discuss and try to solve the big environmental, social and human problems we face. This year's One Young World Summit seemed especially relevant against the backdrop of youth climate protests sweeping the world. The 50 RB delegates at the London event returned with ideas that will help direct the future purpose of RB's business.

Part of the One Young World programme is Lead 2030, the world's biggest prize fund for young leaders working towards achieving the SDGs. RB sponsors the challenge in two SDG categories – zero hunger, and clean water and sanitation. The winners of each receive \$50,000 to fund their initiative, along with mentorship from RB.

A 2018 winner, Bonita Sharma, was part of the RB delegation this year as one of its ten scholars. She was also named among the BBC's 100 most inspiring and influential women of 2019. Her work in Nepal to improve women's education and empowerment included a project to reduce child deaths from malnutrition by supplying new mothers with a bracelet with different coloured beads that remind them what to feed their babies. Our partnership also led to the launch of our One Young World Purpose Council made up of 94 people from 20 countries within RB. The team work to develop new and scalable solutions to the challenges of sustainable development, using our brands to tackle issues like health and hygiene.

Liveworkbest

In 2017 we launched the liveworkbest initiative, focused on employee wellbeing. With four pillars – emotional, physical, community and financial – liveworkbest provides a wide range of tools to help employees thrive. The decentralised nature of the programme means that RB markets and colleagues across the world can focus on the activities that are most applicable to their individual circumstances.

In 2019, recognising the growing challenge society faces on mental health, RB strengthened the liveworkbest campaign with a focus on emotional wellbeing. One of the measures introduced was training more than 60 mental health first aiders across our UK sites. They are available to talk to anyone whenever there is a need and form an ambassadors network for mental wellbeing. The first aiders are involved in monthly meetings where they discuss how to improve wellbeing at work including:

- understanding what triggers stress and poor mental health, to anticipate and solve problems
- how to better connect with others to help deal with sadness or anger
- how to switch off to create the right balance between work and life
- how exercise, diet and sleep contribute to better health.

Our intranet site, Rubi, includes specialised content from the Liveworkbest team, links to articles from experts, training modules and wellbeing podcasts.

This new approach has raised awareness of mental health and emotional wellbeing, supporting people both at work and at home.

Looking ahead – focus for 2020 and beyond

In 2020, we are aligning our people plan to support our new business strategy. Our aim is to help our teams reinforce our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

As a leader in both hygiene and health, RB is uniquely positioned to provide tangible assistance to consumers, governments and healthcare authorities on COVID-19. While doing so, keeping the RB family safe is one of our key priorities, and where required we have put in place alternative working arrangements. We will continue to monitor the situation around the world, responding decisively to events as and when they develop.

We will be making employee assistance programmes available to all employees, putting a hotline in place for 60 days for countries who do not currently have access. The programmes offer confidential access to telephone support with an impartial and independent professional adviser, to discuss issues like stress, trauma, anxiety, grief and financial concerns. The service is available in multiple languages.

Finally, to strengthen our capabilities, we're relaunching academies in key areas to support our new strategy, including:

- Digital
- Ecommerce
- Sales & marketing

Listening to our stakeholders

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Diversity and inclusion

PROGRESS AGAINST AIM

Aim

40%

women in senior management positions by 2022[†]

Progress

26%

We believe a good business is one that represents the world we live in, in all its diversity.

Becoming more diverse and inclusive

We know that often our best ideas come from when we put the needs of our consumers and people first and that building shared success is easier when you seek and include a rich variety of perspectives.

We're working to improve our diversity in two main ways. Firstly by fostering a truly inclusive culture where difference is valued and embraced. While we know we still have a number of global and regional challenges to overcome, we're determined to become a more diverse and inclusive business where our people have the freedom to be themselves. And secondly, we are continuing to focus on gender diversity by attracting, developing and retaining more talented women, particularly at senior levels.



Gender balance at RB

Improving our gender balance is critical for us, from our hiring policies through to our leadership development and succession planning.

2019 achievements

Although just under half of our employees are women, we are less balanced at senior leadership level. We're working hard to close the gap through various initiatives from mentoring and development schemes for women to insisting on gender-balanced shortlists for all open positions. Whilst we have made good progress, we have more work to do to achieve our 2022 objective.

- Our Group Board consists of four women and seven men, meaning women make up 36%.
- RB Health India increased its representation of women in the sales division from 12 in 2017, to 54 in 2019, a promising upward trend.
- RB Pakistan won a Special Recognition award in the category of 'Leadership & Strategy' at the Women Empowerment Awards organised by #OICCI (Overseas Investors Chamber of Commerce and Industry).
- RB Australia won the WGEA Employer of Choice for Gender Equality Accreditation. They also pledged their commitment to gender pay equity by becoming a WGEA Pay Equity Ambassador.
- RB Mexico obtained two certifications: HRC Equidad 2020 (HRC Equity) Mejores Lugares para Trabajar LGBT (Best Places to Work – LGBT), while RB Colombia achieved second place for 'advances in gender equality' in the PAR ranking, which measures companies across Latin America.
- DARE, our programme for developing, attracting, retaining and engaging talented women, is one the key initiatives that are helping us create the right culture and move towards our targets. Read more about DARE on page 3.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance insight](#).

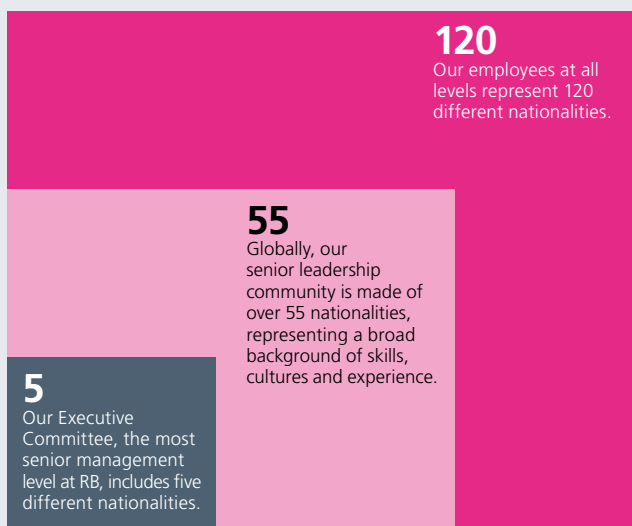
Diversity and inclusion continued



Embracing diversity

Diversity and inclusion is about much more than gender alone – it's about building a workforce that reflects a society and fosters a culture where our people have the freedom to be themselves. It's about offering equal opportunities in the different countries and cultures we live and work in. We are committed to offering equal opportunities in all areas of our business to everyone, regardless of their personal characteristics including but not limited to gender, race, nationality, age, disability, sexual orientation and religion.

Diversity across RB employees



Developing talented women through DARE

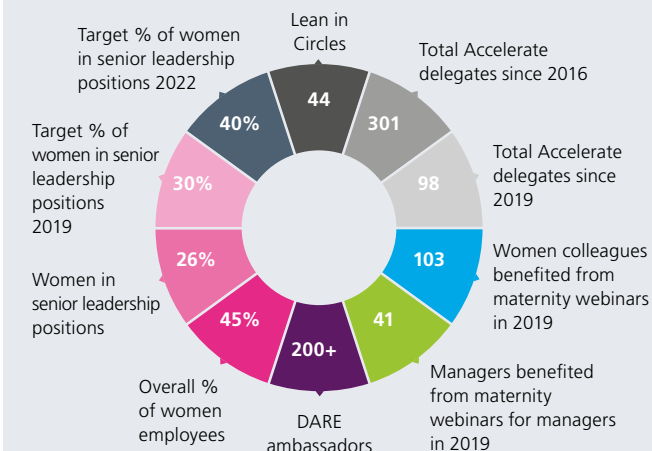
Launched in 2015, the DARE programme addresses key issues such as work/life balance and international mobility and is helping us to improve gender balance across RB, particularly at senior management level.

Through focus groups and a quantitative survey, we developed a sound understanding of the reasons why women drop off the talent bench when they reach a certain level of management. Work-life balance and international mobility while managing dual careers are some of the key issues we identified, and we've implemented several solutions that are

helping us improve the retention rates of our female talent. This includes a tailored leadership development programme, global maternity leave policy, spouse and dual career support for international moves, and a mentoring programme for our senior women leaders.

- Lean In Circles – we have 44 of these internal inspirational networking circles for women across our global business. They are an informal opportunity for women to connect, share stories and insights to help support other women. Some of the circles are mixed gender, reinforcing our male colleagues' commitment to supporting women at RB to succeed.
- Maternity webinars – 103 female colleagues and 41 managers benefited from these in 2019. These webinars are available online to employees via the Company intranet. Topics cover: what happens before your maternity leave, returning from maternity leave, a webinar specifically for managers of those going on maternity leave, and a webinar for new fathers.
- Many regions have a DARE 'pledge for progress' commitment to provide a focus area for improvement based on individual market needs. Pledges range from the launch of more Lean In Circles and mentoring expansion to more targeted initiatives that remove the barriers preventing women from achieving their full potential at work. Examples include our Travel Safe policy in India, which provides self-defence training to create a safer environment for women outside the office, and our iBelong programme for women in sales in remote locations.

Women at RB today



Diversity across RB employees

		2019
Nationalities in management – Executive Committee	Number at 31 December	5
Nationalities in management – Group leadership team	Number at 31 December	14
Nationalities in management – senior management team	Number at 31 December	55
Nationalities of global employees	Number at 31 December	120
Women employed – Executive Committee†	% at 31 December	11
Women employed – Group leadership team†	% at 31 December	11
Women employed – senior management team†	% at 31 December	26
Women employed – global employees†	% at 31 December	45

The Senior management team includes the Group leadership team (GLT), the GLT includes the Executive Committee.

2019 global employed data for women and nationalities is based on data for 37,771 global Group employees, which is 90% of the average number of people employed by the Group during 2019.

† Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Diversity and inclusion continued



Accelerate

Our Accelerate leadership development programme is a key part of DARE and aims to help female leaders to build confidence, self-awareness and proactively develop their own careers. In 2019, 98 people took part, bringing the total since 2016 to 301.

We have evolved the programme into three areas:

1. Accelerate – this three-day workshop helps aspiring female leaders build their strengths and develop strong support networks.
2. Accelerate Advanced – this two-day workshop helps more senior female leaders develop strategies for achieving their own career goals while supporting others.
3. Accelerate your career – mixed-gender programme for talented men and women to develop strategies for achieving their own career goals while supporting others.

Closing the gender pay gap

Comparison with 2018

Here is the overall gender pay performance across all our UK operations in comparison to 2018.

As of April 2019, the median gap has moved slightly from -4.5% in favour of RB females to -3.8%. The RB UK mean gap has reduced from 7.9% in 2018 to 6.8% in 2019.

RB's gender bonus gaps have decreased year on year. The median gap has changed from 25.2% in 2018 to 19.6% in 2019 and the mean gap from 81.3% to 73.8%.

Comparison with the UK national picture

While no company can be happy with a gender pay gap, RB's 2019 gender pay data compares favourably with the national picture (ONS). Our full and part time RB median gap GPG is -3.8 % vs 17.3% UK nationally (ONS 2019). Our full and part time RB mean gap is 6.8% vs 16.2% UK nationally (ONS 2019).

Going beyond UK gender pay reporting requirements

We're a business committed to doing the right thing, and gender equality is key for us and society. We want to be at the forefront of increasing transparency, and reporting gender pay for more markets reflects this ambition. The total RB population covered by our 2019 voluntary gender pay gap reporting initiative is almost 50% of our global employees, as we've reported on our five biggest markets, including the UK.

Gender pay gap†	Mean difference	Median difference
US	2.0%	-9.6%
China	13.2%	19.0%
India*	-56.0%	-138.0%
Mexico	4.8%	-32.0%

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

† Our RB 2019 gender pay data has been independently assured by Deloitte.

Supporting inclusion

Each year, our Executive Committee reviews our diversity and inclusion policy. In 2019, we updated our parental leave policy with a number of new benefits: 26 weeks of paid maternity leave (up from 16 weeks) and four weeks of paid paternity leave, with the option of four more weeks unpaid leave. It also includes increased leave for parents of premature babies. And we're offering more support for mothers coming back to work, such as a mentor for six months and over 100 wellness rooms, where new mothers can express milk in comfort and privacy so that they can continue to breastfeed. We have also made it clear that these benefits are open to all new families, LGBTQ+ employees, as well as adopting and surrogacy families.

To foster a more inclusive culture at RB, we run initiatives to help our employees understand difference and recognise the impact that bias might have on their decision making. Our annual compliance training includes an inclusive culture module for all employees which covers unconscious bias. More than 330 of our most senior managers went through inclusive leadership training in 2019.



CASE STUDY

HELPING INDIA BECOME A MORE INCLUSIVE WORKPLACE FOR WOMEN

One of the key elements of building a truly diverse and inclusive organisation is understanding unconscious bias. The leadership team of RB Hygiene South Asia spent two days in a session run by an industry expert. The team discussed the head, hand and heart approach of diversity, which also included the business case for diversity. Towards the end of two days the leadership team committed to a broad action plan to make the workplace more inclusive, diverse and safe. As a next step in this movement, 20 direct reports have been trained and will run sessions within the organisation.

The Healthcare leadership team participated in a workshop using theatre to uncover unconscious bias among leaders. The content was customised to RB and identified specific behaviour to create a more inclusive workplace. As a next step, function-wise plans were created to model and sustain inclusion. The team had great feedback on the workshop and have taken additional steps to make inclusive leadership part of RB India.

Diversity and inclusion continued



Diversity at the top

We believe in leading by example and are working hard to improve the wider diversity of our leaders at RB.

At the end of 2019, our Board consisted of four women and seven men, from four different nationalities in line with the recommendations of the Hampton-Alexander review. There is one Board member from an ethnic minority, in line with the recommendations of the Parker Review. Our Executive Committee, the most senior management level at RB, includes five different nationalities. And globally, our senior leadership community is made up of over 55 nationalities, representing a broad background of skills, cultures and experience. Our employees at all levels represent 120 different nationalities.

Looking ahead – 2020 and beyond

As we roll out our new strategy and compass, people and diversity will be at the forefront of RB. We will continue to strive towards our goal of placing more women in leadership positions and our focus on fostering a more inclusive culture at RB, ensuring our people have the freedom to be themselves.

Listening to our stakeholders

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Our Compass

Our Purpose

To protect, heal and nurture in the relentless pursuit of a cleaner, healthier world

Our Fight

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



Health and safety

OUR PERFORMANCE IN 2019

Aim Continued reduction of lost work day accident rate (LWDAR)	Progress 29% reduction in LWDAR since 2012 [†]	Aim Continued reduction of total recordable frequency rate (TRFR)	Progress 58% reduction in TRFR since 2013 [†]
Aim All manufacturing sites to be covered by Group certification to OHSAS 18001	Progress 94% manufacturing sites covered by Group certification to OHSAS*		

* All except three of the sites we acquired in 2017 were certified in 2019. These three will be certified in 2020.

† Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Note: All accident reporting KPIs are based on 100,000 hours worked.

As an employer of over 42,000 people around the world, we're proud of the standards we set for the health and safety of everyone who works with us – whether they're full-time, part-time or contractors.

Our approach to health and safety

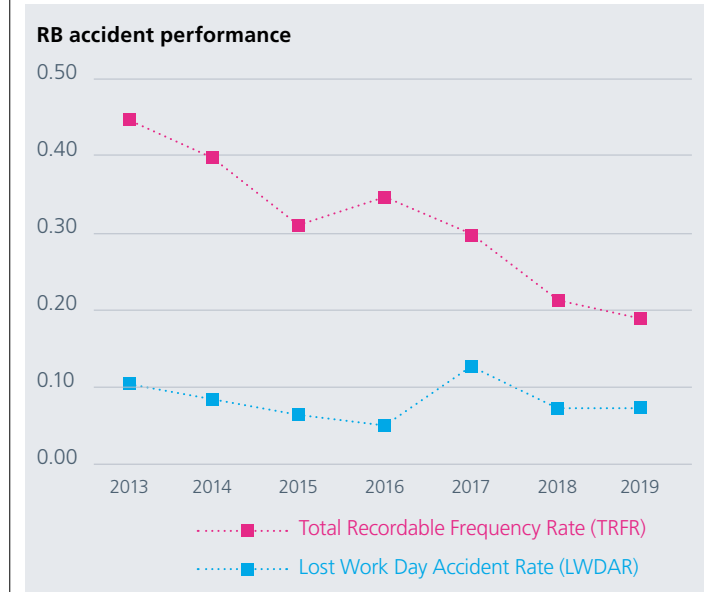
We believe that everyone, wherever they are in the world, should have the same high standards of health and safety at work, and at the end of the day, go home safely to their families. Our global standards cover 236 sites in 190 different countries across six continents, setting the bar higher than local, national or regional laws require. Safety hazards do, of course, vary depending on whether the site is a commercial office, factory, research facility or warehouse.

We're investing in technology and systems to improve how we report, manage, and solve health and safety issues. We also know that health and safety is no longer just about workplace accidents and illnesses – it's about people's wellbeing too – and we aim to support our people in every aspect of their health, safety and wellbeing. To this end, we have published our first [Wellbeing and self-care insight](#) where you can read more about our approach to this important subject.

We continued to improve our health and safety performance this year. We had 2.7% fewer lost work day accidents compared with 2018.

Year	TRFR	LWDAR	Total accidents	Actual lost work day accidents
2018	0.21	0.084	187	76
2019	0.19	0.076	181	74

We also reduced the number of accidents per 100,000 hours worked by 13% compared to 2018, a 58% drop since 2013.



This positive trend has been driven by our rigorous approach to applying consistent health and safety standards across the world. Our health and safety systems are independently verified to the globally recognised safety certification, OHSAS 18001. In 2019, all but three of the manufacturing sites we acquired in 2017 achieved the same certification. These three will be certified in 2020. We made the decision to pursue this international certification standard to deliver consistent and recognisable standards across all of our sites.

Health and safety continued



We also continued to give our employees training and tools to help improve their health and safety. For example, in the UK, two of our sites held an annual Safety Week to promote standards, build awareness and engage the whole team around safety. At our Hull site, an active and fun-packed day included learning how to extinguish fires, First Aid basics for work and home, and a safety quiz. This year we introduced the 'invasion of the Phone Zombies' – where we demonstrated the dangers of walking around absorbed in their mobiles instead of paying attention to the surrounding environment. Mobile phones have become a real hazard for people walking around the workplace, and this is something we'll be focusing on more widely in the coming year (see next page).

Health and safety performance over time

This table sets out our health and safety performance since 2012. Please note, we make some assumptions when calculating working hours (used for our LWDAR data) which are outlined in our [Reporting criteria and basis of preparation](#).

Metric	Units	2012 ¹	2013 ¹	2014 ¹	2015 ¹	2016 ⁶	2017 ²	2018 ³	2019 ³	Change vs 2012
Lost workday accident rate (LWDAR) ⁴	per 100,000 hours	0.107	0.107	0.093	0.080	0.084	0.121	0.084	0.076	28.9 %
Employee fatalities	Number	1	0	0	1	2	0	1	0	
Contractor fatalities	Number	0	0	0	0	0	0	1	0	
Severe accidents ⁵	Number	1	1	2	3	1	2	4	3	

¹ Assured by EY in 2012–2015.

² Assured by PwC in 2016 and 2017.

³ Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

⁴ At manufacturing, warehouse and R&D commercial sites, resulting in at least one day of lost time, per 100,000 hours worked. LWDAR 2018-2019 also includes organised travel.

⁵ A severe accident is a permanent disability, including loss of sensory motor dexterity: e.g. loss of a fingertip.

⁶ Restatement of 2016 LWDAR from previously reported figure of 0.071 to 0.084 after recalculation during 2019 reporting for inclusion of commercial offices. Assured by PwC in 2016.



Health and safety continued



Our focus for 2020 and beyond

We're determined to continue to improve the health, safety and wellbeing of everyone we are responsible for at RB. As such, in 2020 we'll be upgrading the safety management system certification of all manufacturing sites to the new higher level standard of ISO 45001. We're also enhancing the standard of all our commercial offices, something we do every few years to ensure we are continually improving our workplace safety and learning from our incidents. This year, for example, one of the revised requirements is for sites to ensure they have access to an automated external defibrillator (AED) at each office location.

An area of particular focus this year was slips, trips and falls. This is exacerbated when people use their mobile phones while walking around the workplace, as the campaign at our Hull site highlighted. In a world where people might feel pressured to be 'always on', we need to reduce both this pressure and this behaviour, by reinforcing the message that 'you don't have to reply immediately'.



But technology is only part of the solution. It's essential that all of our employees are engaged and knowledgeable about health and safety. In 2020 we'll be refreshing our behavioural safety campaign and refining our Safety Observation programme. A key part is giving our employees access to a global online reporting tool and mobile phone app to simplify, speed up and encourage reporting.

Managing health and safety

Wherever our people work – from research facilities and manufacturing sites to warehouses and commercial offices – we support them to maintain strong health and safety management systems in line with our Occupational Health and Safety policy, global standards, Code of Business Conduct and location-specific guidance. Our systems are independently verified via health and safety audits, which we carry out at all sites on a three-year cycle. These audits generate detailed improvement action plans where needed that sites enact with the support of our global health and safety team.

Each year, all locations complete a health and safety assessment to make sure they're working in line with our global standards. During our global health and safety audit programme, we verify the site's self-assessment and this, along with the audit result, determines the frequency of future audits.

We are also increasing our focus on and support for our people's wellbeing, particularly mental health, through new initiatives from occupational health and a new wellbeing policy for all of our teams. See more in the Our people insight.

We regularly review and revise our global standards. This year, we updated our Occupational Health standard and introduced a Road Safety standard. We also revised and updated our Process Safety Management standard to provide manufacturing sites with more detailed guidance on the safe management of process plant and equipment.

Listening to our stakeholders

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A responsible approach across our global value chain

We're developing impact measurements throughout our value chain, with a goal of assessing every single step to ensure that we, our suppliers and our suppliers' suppliers are living up to our values and standards.

Acting responsibly every step of the way

We're serious about our responsibilities. We're developing impact measurements throughout our value chain, with a goal of assessing every single step to ensure that we, our suppliers and our suppliers' suppliers are living up to our values and standards.

Our responsibilities begin at the very start of the process – for example, with a tiny rubber tree farm in Thailand producing what will eventually become latex in our Durex condoms, or a Moroccan farm growing organic geraniums whose flowers are part of the fragrances for Airwick air fresheners. And we think beyond ingredients – to the working practices and human rights upheld by our suppliers and business partners, by our own manufacturing operations and the communities around them, and by our customers: global retailers, small independent stores and, increasingly, e-commerce networks.

We do not underestimate the complexity and scale of measuring and understanding our potential impact throughout our value chain. This is a huge undertaking, and we have a long way to go. But we truly believe we can make a difference and help to address some of the most pressing global challenges – like widespread biodiversity loss and labour rights – while supporting our brands and satisfying the increasing expectations of our many stakeholders.

In this insight, we describe our global value chain and the way we manage it to support a sustainable future. Our aim is to protect the ecosystems and the human rights of those living and working throughout that value chain.

OUR SIX MAIN PRIORITIES

These are the key areas within our value chain where we believe we can make the most positive and long-lasting contributions.

1. **Transparency and traceability**
2. **Safeguarding the human rights of people throughout our value chain**
3. **Protecting ecosystems**
4. **Reducing environmental impacts**
5. **Animal welfare**
6. **Partnerships to help deliver impact and scale**

You can find more on these in the following insights: [Human rights and responsible business throughout our value chain](#), [Protecting ecosystems](#), [Product stewardship](#), [Climate](#), [Water](#), and [Social impact](#). More information can be found on how we support our own people in [Our people insight](#).

A responsible approach across our global value chain continued

Working together with our suppliers

Good relationships with our suppliers are essential for achieving the outcomes we're after. We choose our suppliers based on quality, cost, location and compliance with our policies and standards, including our **Human Rights and Responsible Business** and **Responsible Sourcing of Natural Raw Materials** policies. Some of our suppliers are large, multinational companies with substantial business and ethical conduct programmes of their own. Others are small local businesses, often from emerging markets, many with good working practices despite a lack of formal programmes.

Understanding how our entire value chain might negatively affect the environment or human rights remains challenging and complex. Even an ingredient where we have relatively direct relationships with suppliers, such as latex, involves examining those who supply the latex to us, as well as the farmers who tap the liquid latex from the rubber trees on

their plantations. For other materials like fragrances, for example, understanding the origins is also important, because we often don't work directly with the farmers and growers. Instead we work with specialist fragrance developers who create fragrances using botanicals sourced from all over the world – from geraniums in Morocco to lavender grown in Provence, France – and we need to be sure that we understand the ultimate source.

Some of the places where we source our natural raw materials have less formal supply chains dominated by smallholder farms. Establishing traceability in these supply chains is just as important – and means we can contribute better to supporting these farmers. We currently support smallholder farmer programmes in three countries: Malaysia, Indonesia and Thailand.

Understanding the risks in our supply chain

We have reviewed our operational footprint and our supplier base to identify areas at greatest risk from a labour/human rights, health and safety, environmental and business integrity perspective. We used internal and external expertise and considered a range of factors including, for example, country of operation, commodity supplied and sector profile.

We've identified the main areas of risk concern:

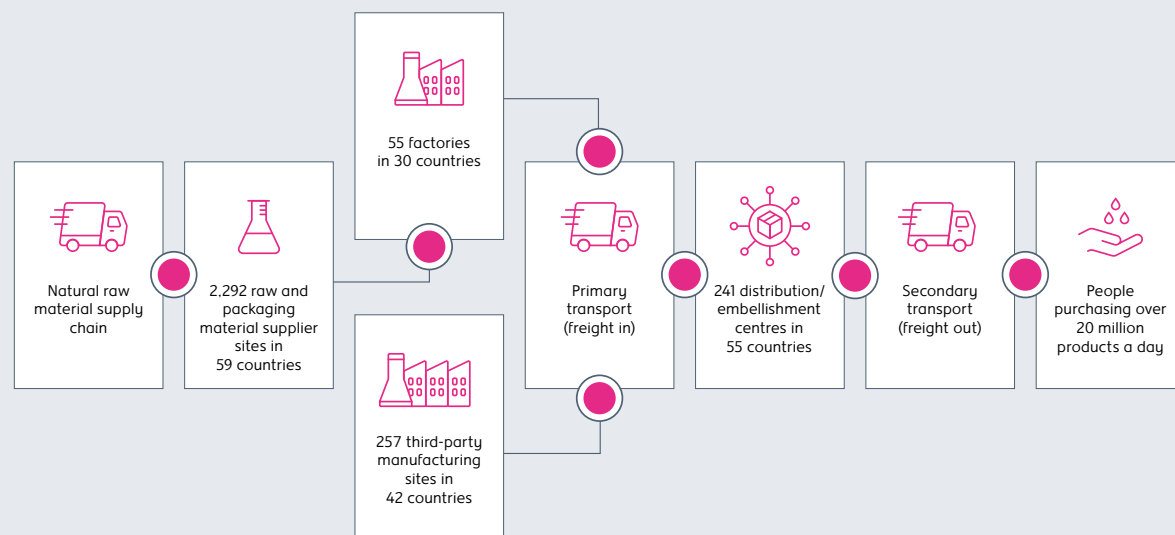
- Fair wages
- Forced/bonded labour
- Health and safety
- Working hours
- Discrimination and equal opportunities
- Freedom of association
- Contract/migrant labour – issues such as excessive recruitment fees, passport retention, poor living conditions, excessive working hours, poor wages, discrimination and poor labour standards.

In addition to these risk areas, the following regions are of particular focus:

- Malaysia and the Middle East, due to the large number of migrant workers.
- Africa and Asia, due to weaker levels of understanding and enforcement.

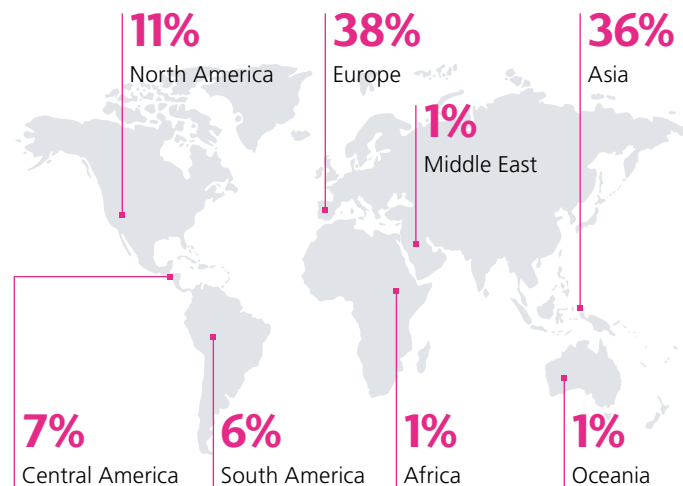
We've identified various types of suppliers as high risk: third-party manufacturers, embellishers, distribution centres and selected raw and packaging material suppliers predominantly located in countries within Latin America, the Middle East, Africa, North and South Asia. Our audit, monitoring and supplier development programmes prioritise these. To help, we keep up to date with publicly available research from a range of external sources and collaborate with NGOs and peer companies to better understand key risks and the best practices to address them.

Our product supply chain



A responsible approach across our global value chain continued

Global distribution of RB's manufacturing facilities, direct suppliers and third-party distribution and embellishment centres



When we consider the natural raw materials we use and the value chains associated with them, we take a similar risk-based approach. This considers risks to the ecosystems themselves, for example through deforestation, water scarcity and intensive farming. Because there are many people living and working within those ecosystems, we also consider the human rights of the people and their communities involved in those value chains.

Currently there are five raw materials in our supply chain that we're focusing on as a priority:

- **Palm oil** – in Southeast Asia, we're working with suppliers to monitor deforestation and establish where conservation efforts are most needed, establishing traceability to the mills and plantations and, within those, safeguarding workers and protecting ecosystems, often through partnerships.
- **Latex** – we're improving standards for plantation workers and smallholder livelihoods in Malaysia and Thailand while protecting ecosystems through our partnerships.
- **Dairy** – our dairy farming suppliers are typically based in western Europe, Australia, New Zealand and the US. We're focusing on animal welfare and effective environmental action through the Sustainable Dairy Partnership (SDP).
- **Natural fragrance** – we focus on traceability in informal supply chains to protect ecosystems, often in challenging locations where infrastructure and support are limited and working through our partnerships with suppliers.
- **Timber** – used in our paper and cardboard for packaging, timber can be from many sources, so we use internationally accepted certification schemes as an effective tool to avoid deforestation. We also use recycled paper to reduce the amount of virgin paper from newly cut forest plantations.

We're in the process of embedding our policies and standards with the suppliers of these priority materials. This is an important step towards making sure our business is equipped to source natural materials that will bring sustainable benefits to the whole value chain, as well as to our consumers. For more on these raw materials, see our [Protecting ecosystems insight](#).

Listening to our stakeholders

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Human rights and responsible business across our value chain

Protecting the human rights of everybody involved in our value chain is at the heart of our business and Human Rights policy – and we're working to embed human rights within all of our business activities.

Our value chain affects the human rights of many people – whether they're working directly in our business or on the farms that grow the crops we use, or are our suppliers or consumers or community neighbours. We have been evaluating the impacts we have, looking for ways to protect human rights where needed, and remediate problems that some people face.

We know we have a lot to do, as there are systemic challenges to human rights in many parts of the world. We've prioritised groups who are particularly vulnerable in our work. For example, migrant workers, one of the most vulnerable groups, often face discrimination and exploitation while working abroad, often away from their families. Such discrimination may have been embedded in employment practices and behaviours for many years and can even be reinforced in the legislation of countries. Tackling issues like this is not just something for RB – we will play our part – but also demands solutions at a sector, country and even global level. This means we also work with partners, NGOs, other companies and governments to identify both risks to human rights and ways in which we can better protect those rights. We're looking for solutions to challenging issues, but are committed to respecting the human rights of people throughout our value chain.

For more on our global value chain and how we manage this, see our [Responsible approach across our global value chain insight](#). Our work on human rights is closely connected to how we protect ecosystems and the communities within them – see our [Protecting ecosystems across our value chain insight](#). You can also find out more about how we support our own people and their human rights in the insight [Our people](#).

OUR PROGRESS THIS YEAR

- 132 audits of our suppliers completed in 2019 (170 in 2018).
- 45% increase in audit pass rating from the first to most recent audit (43% in 2018).¹
- 99.7% management level employees completed human rights training (88% in 2018).[†]

¹ Out of the 123 sites that have had multiple audits, 25 (20%) passed their initial audit, compared to 80 (65%) passing their most recent audit, resulting in a 45% improvement in pass rate.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Highlights from the year

2019 was transformative for us – both in terms of how we're expanding our perspective to cover the full value chain and our work with partners to achieve our responsible sourcing and human rights ambitions.

- We began a partnership with the [Danish Institute for Human Rights](#) to support the evolution of our programme and to help us better understand our human rights impacts across our value chain – see page 3 for details.
- We ran a workshop in December for our senior leadership focusing on our human rights agenda and the role we must play in the coming years. The workshop was supported by our partners the Danish Institute for Human Rights and focused on how we can better embed a respect for human rights into our business. Helping us were guest speakers from global retailers and NGOs, other multinational consumer brands and legal experts on human rights – as well as the Institute for Human Rights and Business.
- We broadened our natural raw materials policies to look beyond our main ingredients: latex, palm oil and timber. We are now tackling ingredients in fragrances, surfactants (one of the many different compounds that make up a detergent) and dairy for our infant nutrition brands. We'll continue to expand our policies to focus on the materials with the greatest human rights and ecosystems risks. See more in our [Protecting ecosystems across our value chain insight](#).
- We developed our compliance monitoring programme with:
 - A three-year assessment and engagement plan for high-risk raw material and packaging suppliers.
 - A pilot for promotional goods suppliers in China to explore how we can extend our programme to indirect supplier commodities.
 - A pilot exploring how to strengthen and improve environmental performance for third-party manufacturers, going beyond compliance with environmental law.
 - A pilot wellbeing survey to give us a better understanding of workers' conditions.

Human rights and responsible business across our value chain continued



Looking ahead – our focus for 2020 and beyond

2019 was about getting a detailed picture of the impacts we have on human rights. Our focus in 2020 will be to develop a societal impact framework to capture what we've learnt, and to develop programmes to address the issues we've discovered. Specifically, we will be implementing the recommendations that came out of our work with the Danish Institute for Human Rights, publishing our human rights impact assessment (HRIA) from Thailand, and carrying out assessments in other countries.

Strength through partnership

Issues and their solutions go beyond our own supply chain relationships. To create positive change, we work not only with our suppliers, and our suppliers' suppliers, but with government, industry and NGOs to find solutions together.

The Danish Institute for Human Rights

Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world, so it's critical we act with full respect for all the people in our value chain. To achieve this, we are increasing our focus on integrating the UN Guiding Principles on Business and Human Rights (UNGPs) into our organisation and have partnered with the Danish Institute for Human Rights to support us with this journey. In 2019, we undertook two key activities:

- A corporate level assessment of our human rights performance across RB through the lens of the UN's Guiding Principles – resulting in 35 recommendations for improving our day-to-day activities. The recommendations ranged from how we embed human rights into our corporate policies and procedures, through to our positioning on specific issues such as contract labour management, procurement practices, company tax payments, working hours, wages and human rights training. We have started to review and prioritise these recommendations and will start to roll these out in 2020.
- Our first country-level human rights impact assessment evaluating our direct and indirect human rights impacts along the value chains of the Durex and Enfa brands in Thailand. We plan to publish the report mid-2020 – sharing our learnings and the plan for preventing, mitigating and where relevant remedying adverse impacts transparently. Building off this pilot, we'll explore how we conduct similar assessments in future.

Other notable partnerships

- **AIM-Progress** – we play a leading role in this global sustainable sourcing forum of top FMCG manufacturers and suppliers. We're on the leadership team and co-chair the Capacity Building work stream. This year we co-sponsored their Responsible Sourcing Forum in São Paulo, Brazil, meeting with almost 300 other companies. We led a session on the mutual benefit in sharing 21,000 suppliers' audits among members, reducing duplication for suppliers.
- **Consumer Goods Forum** – RB is a member of the Consumer Goods Forum, working with other leading brands, manufacturers and retailers who share a commitment to social and environmental sustainability. By working together on these issues, and through safe, resilient and sustainable value chains, we aim to increase our collective impact.



Rights and livelihood discussions with Latex tappers in Thailand.

Credit: Earthworm Foundation

Human rights and responsible business across our value chain continued



Reinforcing our standards

Human rights are a universal requirement and we are fully committed to ensuring everyone's rights are respected. Our policy sets out our human rights commitment and minimum standards for labour, health and safety, environment and business integrity, which are closely aligned with the Ethical Trading Initiative and the conventions of the International Labour Organization. For details of our approach and activities for our employees, see the [Our people insight](#).

We're also well aware of the limit to what we can directly control and influence. We prefer to take a collaborative and transparent approach with our stakeholders, working closely with our suppliers to resolve issues rather than bringing relationships to an end. If issues can't be resolved, we would consider moving to a different supplier.

Tackling modern slavery issues

We're continuing to work with suppliers, peers and experts including NGOs to tackle ongoing challenges facing migrant workers internationally. These range from passport retention to poor accommodation and excessive recruitment fees paid in the workers' country of origin. Within our supply network, this is a particular area of focus in Malaysia and the Gulf States.

In 2019, we increased activity to tackle the systemic issue of excessive recruitment fees paid by migrant workers, and the debt it leaves those workers in. Our initial focus was our Malaysian supply chain where we collaborated with external experts, suppliers and peers to pilot a scalable five-step approach towards recruitment fee remediation. We've now included our supply chain in the Gulf States where international migrant labour is also widespread. Our approach focuses on developing responsible recruitment practices that employers can use in the future and reimbursing existing workers for recruitment fees. We've made good progress, and will be rolling these practices out more widely from 2020 onwards.

Inspiring our suppliers to improve working practices

For many of our suppliers, fire safety, site maintenance, living wages and working hours remain the most pressing issues. At the AIM-Progress Responsible Sourcing Forum in São Paulo in July, our suppliers attended workshops offering practical solutions to their challenges, with many saying that the forum had inspired them to improve their practices.



Our human rights and responsible business principles



No child labour.
Limitation of work
by young workers.



**No forced labour
or human trafficking.**



**Provision of a safe
and healthy working
environment.**



**Freedom of association
and right to collective
bargaining.**



**No discrimination –
equal opportunities
and rights.**



**No harmful or
inhumane treatment.**



**Fair working hours,
remuneration and
employment conditions.**



**Protection of
the environment.**



**Conducting business
with integrity.**



**Implementation of
management systems to
effectively ensure compliance
with these principles.**

Human rights and responsible business across our value chain continued



Our compliance monitoring programme

To reinforce our policies and standards, we have a compliance monitoring programme to identify and address any shortfalls in our business and value chain. This is run by a team including four regional experts in China, South Asia, the Middle East and Africa who work with our suppliers, our sites and our procurement teams.

Establishing inherent risk

Inherent country risk is based on the following indicators:

- 50% – World Bank Governance Indicators.
- 20% – UN Human Development Index (HDI).
- 15% – Transparency International Corruption Index.
- 15% – US State Department Human Trafficking Report.

There are five stages to the programme:

- 1 Engagement** – we communicate our requirements and expectations to all RB facilities and suppliers. For our suppliers, this is at the start of any commercial relationship and is integrated into the commercial contract.
- 2 Self-assessment** – self-assessment is useful to build awareness and engage suppliers, supporting the policies and procedures to implement within their own facilities and supply chain to manage the issues of labour standards, health and safety, environment and business integrity.
- 3 Site risk assessment** – all RB facilities are assessed on the inherent risk associated with the site's country of operation, product area, sector profile and site function, and management controls risk. We consider previous audit ratings as a reflection of the site's ability to manage compliance on site. Then we conduct a site-level risk assessment to determine which sites are high risk and in need of further due diligence through a physical on-site audit. All suppliers undergo a site-level risk assessment through our programme management platform, Inlight, which is hosted by Intertek. Through Inlight, each site is assigned an overall risk rating of either critical, high, medium or low. The overall risk consists of inherent risk and, if applicable, the audit rating of the latest audit.
- 4 Auditing and addressing non-conformities** – we audit critical and high-risk sites at least every three years; this can be sooner if merited by the latest audit results. When we take on new third-party manufacturers in an emerging economy, they are audited automatically as part of their onboarding. For our own operations, we conduct announced bespoke human rights and responsible business compliance audits. For our suppliers, we use the same human rights and responsible business compliance audits audited by our internal team and 4-pillar SMETA audits for any supplier audited by an external third-party audit firm. SMETA is our preferred auditing procedure as it is one of the most widely used and accepted ethical formats in the world, helping reduce the audit burden on suppliers. We are also committed to recognising ethical audits carried out for other customers, provided they meet our mutual recognition criteria.
- 5 Training** – proactive engagement and training are crucial to ensure both internal and external partners understand our requirements, and how to prevent, identify and remediate issues.

Summary of audits and assessments in 2019

- **Monitoring** – we monitored 653 individual sites, including 598 suppliers (third-party manufacture, distribution & embellishment centres, and high-risk raw and packaging material suppliers) and 55 RB sites.
- **Self-assessment** – 100% of RB facilities complete an annual self-assessment of compliance with our human rights and responsible business requirements on Enablon. 82% of suppliers have a completed Sedex self-assessment and we continue to proactively engage with those still to complete.
- **Audits** – 132 supplier and 14 RB site audits were conducted with a total of 1,027 non-conformities identified.
- **Corrective actions** – 85% of suppliers and 100% of RB sites audited have an approved corrective action plan in place, with 67.5% of RB site non-conformities addressed.

Developments in site risk assessments

In 2019, we updated our supplier data to ensure we only assess active suppliers. This reduced the number of suppliers. The site risk profile of the remaining 598 suppliers is: 38 (6%) critical, 256 (43%) high, 137 (23%) medium and 167 (28%) low risk. In 2019, we extended our risk assessment to include raw and packaging material suppliers, considering their risk in consultation local procurement teams. We began work to bring these suppliers into our programme and will scale up activity in 2020.

Human rights and responsible business across our value chain continued

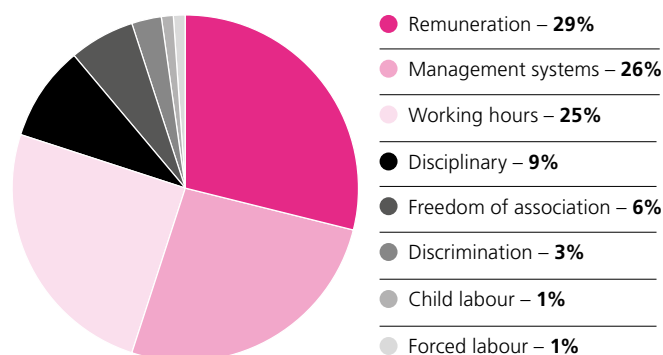


Auditing and addressing non-conformities in 2019

RB sites

2019 saw audits of 14 RB factories in Mexico, China, Thailand, Indonesia, India, Russia, Brazil, Singapore and South Africa. These identified 86 issues contrary to our standards. We will work with the sites to address these issues during 2020. The issues involved:

ISSUES CONTRARY TO OUR STANDARDS



- **Remuneration (29%)** – often related to contract workers, this included: missing payroll records; payslips without a detailed breakdown of all types of wages, benefits and deductions; non-receipt of employment contract copies; insufficient overtime wage and social security payments made to contract workers.
- **Management systems (26%)** – the majority of issues concerned weaknesses in processes to manage contracted labour or service providers working on site.
- **Working hours (25%)** – many of these issues related to contract workers and included: excessive overtime, policy gaps, missing attendance records, non-provision of a weekly day off, and an instance where no meal break was given to security guards.
- **Disciplinary (9%)** – we identified concerns associated with record keeping and raising awareness of policies, and one instance of disciplinary procedures not being recorded.
- **Freedom of association (6%)** – issues concerned documentation, communication and other procedural matters.
- **Discrimination (3%)** – primarily we raised a concern where grievance procedures were not being communicated to all workers. One site had no women in the manufacturing area on the day of the audit, raising a question of potential discrimination within recruitment.
- **Child labour (1%)** – we found one instance where there was an absence of documentation to confirm the age of temporary workers. This has been addressed.
- **Forced labour (1%)** – there was one issue concerning a staffing agency deducting essential work items (safety boots) from a worker's salary. These were subsequently provided free of charge as we stipulate.

After each audit, the site develops a robust corrective action plan (CAPA) which we record in our Enablon management system. The CAPA is reviewed by the Global Human Rights team with monthly reports on remediation compiled for global and regional management. 100% of sites audited in 2019 have an approved CAPA in place, with 67.5% of the issues raised already resolved.

Reports from our whistleblowing line

In addition to our auditing activities, we have grievance processes in place in all countries that comply with local laws. We received 466 cases through Speak Up, our formal whistleblowing channel, during 2019, some of which may raise human rights questions. Speak Up is described in more detail in our [Business conduct insight](#).

136 cases were initially identified as potentially raising concerns of issues contrary to our policy on human rights and responsible business. Following investigations, 49 were substantiated. 37% of these related to disciplinary practices. 21% involved discrimination, including sexual, moral or verbal harassment, favouritism, or gender and race discrimination. 14% of cases concerned working hours, remuneration and pay disputes, while 10% concerned health and safety, the majority being working conditions. 16% related to our policy on business integrity, including matters such as sales of product samples and claims of non-permitted expenses. 2% related to environmental management.

All 49 issues raised in 2019 were resolved. Our actions to address these ranged from training and changes to policies or procedures to disciplinary action and termination of employment.

Human rights and responsible business across our value chain continued



RB suppliers

During 2019 we continued our audits of higher-risk third-party manufacturers, distribution and embellishment centres. We also extended the reach of the audit programme and increased our capability-building activities with suppliers. These help to build their awareness of responsible sourcing and human rights issues to help them deliver our standards.

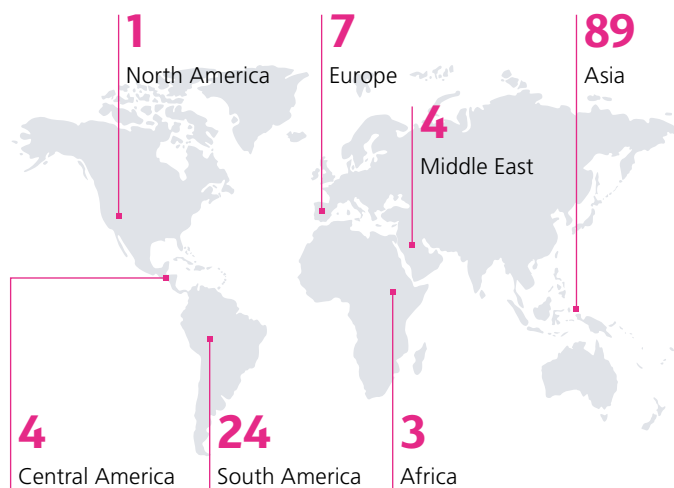
We ran an engagement plan for our higher-risk raw materials and packaging suppliers, and began a programme of capability-building visits to their sites. We also audited some high-risk promotional goods suppliers in China. Both these pilots proved successful and will be scaled up in 2020.

In 2019, we audited 132 supply chain manufacturing sites, which employ 41,442 workers.

AUDITS BY SUPPLIER TYPE

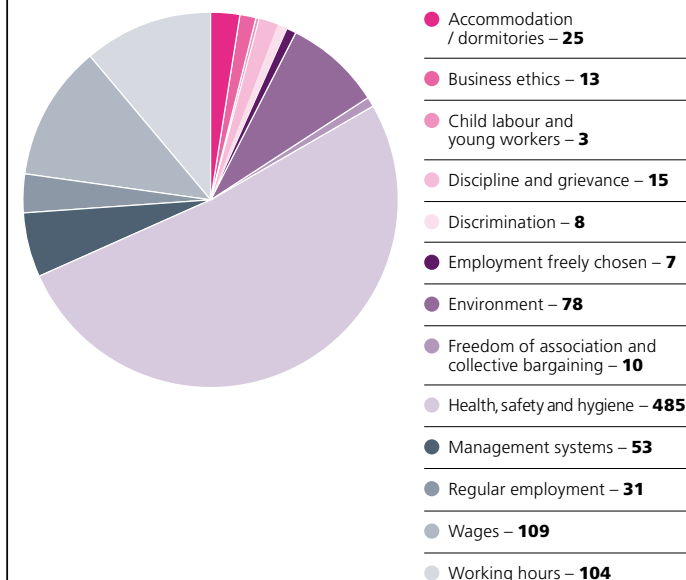
Co-packer	80
Distribution centre	37
Packaging material	8
Raw material	4
Embellisher	3

SUPPLIER AUDITS BY REGION



In 2019, our audits identified 941 contraventions of our standards. While a high number, this was lower than the 1,403 found in 148 audits in 2018.

NON-COMPLIANCES BY POLICY CLAUSE



Human rights and responsible business across our value chain continued

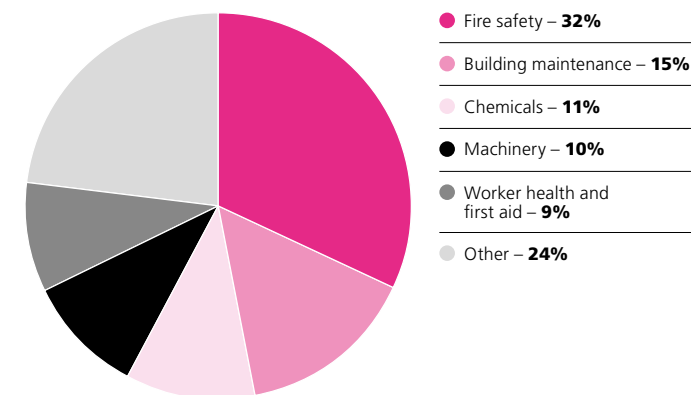
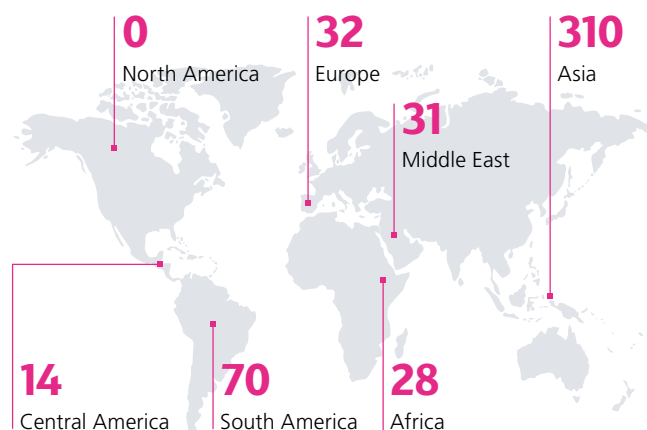


The majority (83%) of non-compliance issues were in four areas:

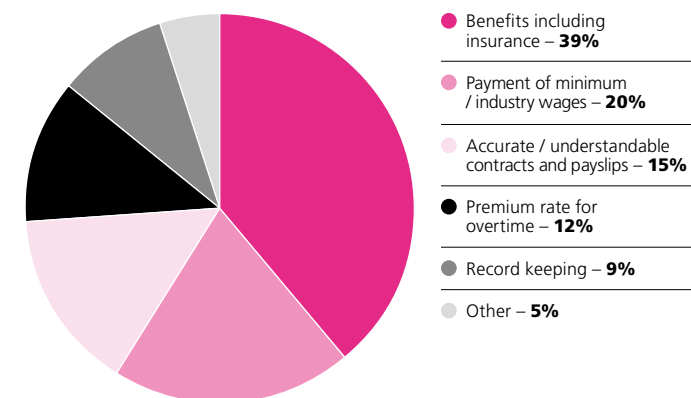
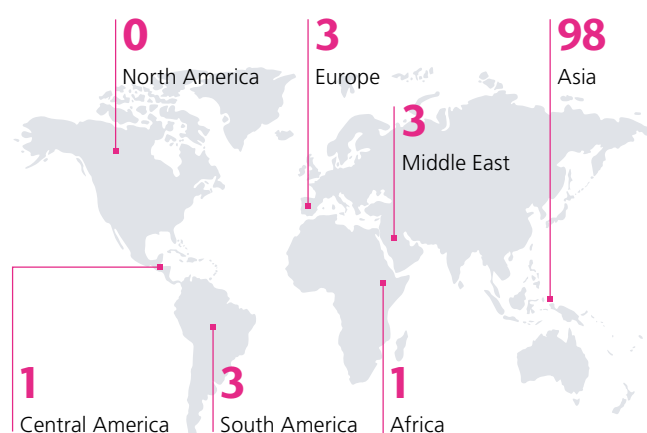
- **Health & safety (52%)** – fire safety was the most common finding, at 32% of all issues. This was also the case in 2018, so we reinforced fire safety awareness in the supplier event we co-sponsored in Brazil and in many of our site capability building visits.

- **Wages (12%)** – concerns around wages primarily involved benefits such as social insurance. 22 involved minimum or industry standard wages, predominantly where we were not able to verify wages due to poor record keeping or attendance logs. Improving awareness has helped strengthen record keeping.

HEALTH AND SAFETY ISSUES BY REGION AND SUB-CATEGORY



WAGE ISSUES BY REGION AND SUB-CATEGORY

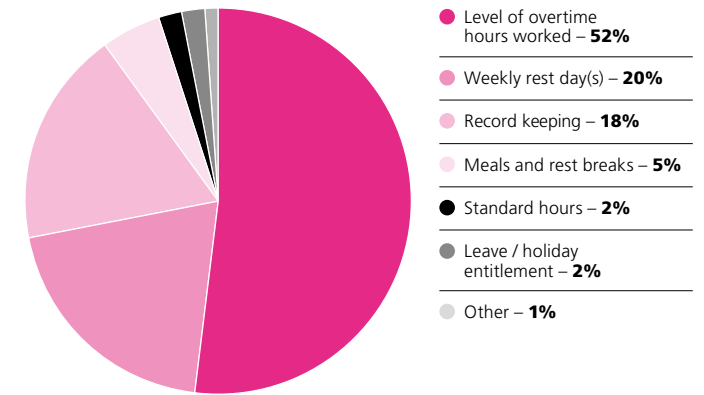
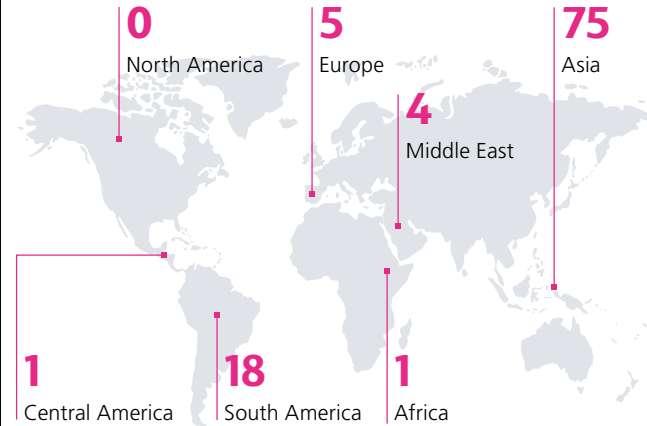


Human rights and responsible business across our value chain continued



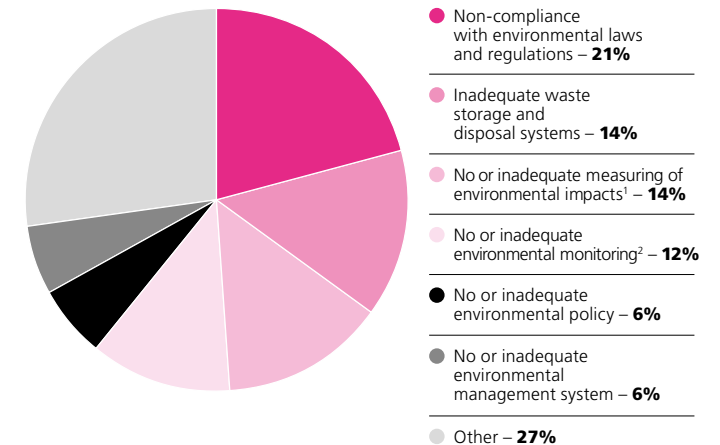
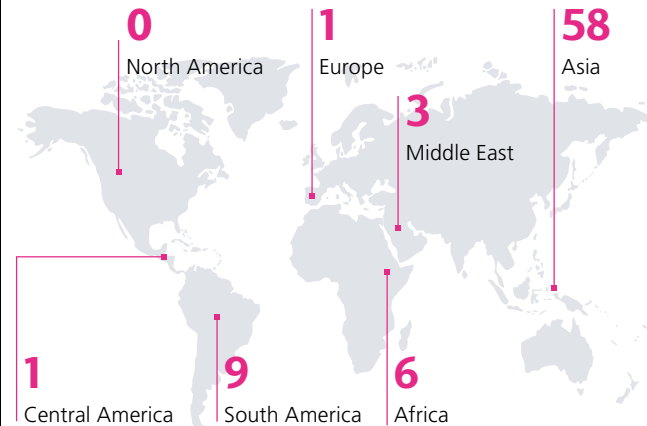
- **Working hours (11%)** – we flagged issues of excessive overtime and the absence of a weekly rest day.

WORKING HOURS ISSUES BY REGION AND SUB-CATEGORY



- **Environmental compliance (8%)** – this is now an area of increased focus for us and a growing area of importance for our peers. We see value in supporting suppliers to improve not just environmental compliance but also their performance, for example using less energy and water. We ran a successful improvement pilot supporting our key suppliers in their environmental performance, and will extend this in 2020.

ENVIRONMENTAL ISSUES BY REGION AND SUB-CATEGORY



¹ For example, use of energy, disposal of waste.

² For example, resource-handling, waste water, water usage, air emissions, greenhouse gas emissions, energy usage.

Human rights and responsible business across our value chain continued



Forced labour

We have a particular aim to identify and address forced labour. In 2019, we found seven non-compliances with our policy on forced labour. This was less than 2018 and we are working closely with the suppliers to address matters. By identifying and working to address these, we're seeking to raise standards throughout our supply chain and build awareness of the systemic issues leading to forced labour.

- Three instances of forced labour involved a lack of or inadequate policy on the part of the supplier – two were in Latin America and one in Africa, and all are now closed.
- Two cases involved retention of ID papers or passports without signed consent letters from the employees involved. One of these was in a supplier based in Malaysia where the site retained passports of all non-Malaysian workers for safe-keeping and had obtained written consent from the employees. This can be common practice in Malaysia. Our audit noted there were no lockers provided for safe-keeping, and workers had to ask supervisors for the return of their passports, which can be problematic and pressurising for the employee. All passports were subsequently returned and lockers for their safe-keeping provided in the workers' accommodation.
- One incident involved deductions made from wages for personal protective equipment and other essential work items – this has now been resolved.
- The final incident involved a systemic issue in Asia of the retention of cash deposits by agents. In Malaysia, the agent retained a security deposit from foreign workers when they took holiday and returned to their home country. This forces them to return to work afterwards. We are working closely with the site involved and will be re-auditing in 2020 to confirm that this has been addressed.

Corrective action plans

We review each supplier's action plans developed after an audit. 85% of plans are in place or being finalised, and we are working with suppliers to finalise the remainder. We subsequently monitor progress and will audit again to verify that actions have been completed.

The actions taken range from changes to policy and management systems through to improved worker training, particularly for health and safety. Examples of supplier improvements include: fire safety and machine guarding, new shift patterns for better working practices, and production planning to prevent excessive overtime. One key area involves managing agents who provide contract labour where workers are often vulnerable to exploitation.

We face a challenge to ensure that actions taken are not simply applied to the one issue identified in the audit but are also applied consistently across the site and in the future. Success here is grounded in behavioural change, where site managers and workers begin to see social and environmental management as core practice and beneficial to business. This does take time, but we provide support through training and awareness programmes.

2019 saw fewer issues identified by our audits, and we continue to see tangible improvement through our programme. The audit pass rate has increased to 45% from the first to the most recent audit, while the number of issues found per site audit has reduced. However, we know that we have more to do, particularly to sustain corrective actions. To help this we are increasing our capability building and best practice sharing work in 2020.

Training activities in 2019

RB people

We run compulsory human rights training for our management globally. 894 people completed this in 2019, bringing the total number of employees trained around the world to 10,480, 99% of RB's management. We aim to maintain this level while following up with the few yet to be trained. During 2019 we also conducted quarterly briefing seminars with relevant employees to update them on our programme requirements, activities and challenges, creating a forum for extra training and awareness. We will continue these in 2020.

We assess the effectiveness of our training through an optional survey at the end of the course. Those who responded in 2019 scored the training an average effectiveness rating of 4.59 out of 5. They also rated the quality and interactivity of the course as 4.52 out of 5.

Suppliers

Building the awareness and capacity of our suppliers is essential to delivering our aims. However, many suppliers, particularly within developing markets, do not have the same level of understanding or resources available to tackle the systemic labour, health and safety and environmental challenges within their facilities.

During 2019 we increased our capability-building initiatives for third-party manufacturers, distribution and embellishment centres in South Asia, ASEAN, the Middle East and Africa. This included training workshops, site visits and guidance on relevant issues. Our RB team carried out 40 capability-building visits, the most in any year so far, raising awareness and beginning to address systemic challenges such as migrant worker debts arising from recruitment payments. They have also helped build better workplace safety standards, improve the safety of road haulage drivers, and reduce working hours for roles such as security guards who often work long hours for contracted agencies. We have received very positive feedback on this approach and aim to extend this to more suppliers in 2020. To help, we have increased our RB team in India and China.

Human rights and responsible business across our value chain continued



CASE STUDY

DRIVER SAFETY AND WELLBEING WORKSHOP – INDIA

Haulage is a critical part of our supply chain, to ensure our products get to our customers and consumers who need them. In India this sector involves itinerant work and drivers are often working long hours and away from their families for long periods. Consequently, there are a range of health and wellbeing challenges impacting drivers, including sexual health, safety and stress that can lead to potential drug and alcohol misuse. Drivers also face financial pressures due to job insecurity and low rates of pay making planning for their long-term financial security challenging. Against this backdrop and RB's purpose to protect, heal and nurture in the relentless pursuit of a healthier and cleaner world, we piloted a driver safety and wellbeing workshop, Project Safar. Safar is an Urdu word meaning journey – to travel from place to place. It also represents the driver audience involved and our aim to improve vehicle safety, driver health & wellbeing (including sexual health, drug and alcohol misuse and general health); and financial wellbeing.

PROJECT SAFAR



Our workshop trained 20 drivers from the northern part of India including Jammu and Kashmir, New Delhi, Rajasthan, Punjab, Uttarakhand and others, representing all five third-party distribution centres and our major transport contractors within the region. The training was well received, and we plan to roll out the programme more widely in 2020.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (RB)
103–105 Bath Road
Slough, Berkshire, SL1 3UH
UK

Partnering for social impact

Social impact is at the heart of our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We develop powerful partnerships in our fight to ensure that access to high-quality hygiene, wellness and nourishment is a right, not a privilege.

Everyday changes make a lifetime of difference

We know that, with support and persistence – and by working with our many partners – we can help people make small everyday changes that have the potential to transform entire communities.

We're investing in people and areas where we can have the most impact to empower the people who can create the biggest changes in their communities: women, girls and children. Women like Naseega Isaacs, who watched classmates become mothers too soon and was diagnosed with HIV as she grew up in South Africa. Today, Naseega is encouraging young girls to stay at school as one of the Keeping Girls in Schools health educators, a programme we help to fund through our Durex (RED) campaign.

We're taking what we know from our day jobs – our understanding of consumer behaviour – to focus on sustainable improvements that can affect complex global issues over time. We're looking for new approaches to solving basic problems. For example, something as simple as developing an affordable soap that makes hand washing feel good can change the hygiene and health of a whole village.

We don't have all the answers. But we approach our social impact initiatives with the same rigour and discipline as any other part of our business. We can't do this alone – only through working closely with our partners can we create the kind of everyday improvements that will change lives for the better.



Our progress in 2019

In 2019, we continued to embed our social impact strategy across RB, with 31 countries now dedicated to delivering sustainable, positive impact across our three focus areas, compared with 27 in 2018.

Alongside making sure the partnerships we established in 2018 are working well, this year we developed six new partnerships – from a malnutrition prevention programme in Nepal to a waterless toilet programme in Colombia.

These partnerships, as well as our local giving programmes and brand education activities, have meant that we have engaged more people than ever before and made a positive contribution to the lives of hundreds of thousands of people and their communities. The programmes make a real difference to people's lives, for example through basic but essential water and sanitation that improves health, addressing malnutrition or building awareness of sexual health and wellbeing which prevents sexually transmitted diseases and can also enable empowering choices for women.

Many of our partnerships are still relatively new. They take time to embed within communities and make the most and lasting impact, especially where behaviour change may be what creates that lasting impact. However, we are measuring the impacts they increasingly have. Our Social Impact Report has more details but they include more than 30,000 women and girls in South Africa with increased awareness of the risk of HIV Aids and a similar number of women and children in India benefiting from better access to nutrition. We will continue to develop our programmes and partnerships, knowing that there is much to do and that we rely on the expertise of our partners to help deliver effective programmes. These programmes have strong metrics and, as the methodology for these improves, we will work with our partners to implement them to enable us to gauge impact and also strengthen programmes to improve performance.



Partnering for social impact continued



By 2025 we pledge to



Reinvest 1% of annual net profits in social programmes



Double 2017 social investment from £10 million to £20 million and double our impact in communities from 2 to 4 million people



Triple employee volunteering from 30,000 hours of engagement per year to 100,000 hours of engagement



Inform 1 billion people through health and hygiene educational programmes and behavioural change communications

An important part of how we make a positive social impact is through our employees giving their time and money. To encourage more widespread participation in 2019, we created a new Social Impacts Partnership role. This will help us grow our employee volunteer programme, Give Time, to achieve our goal of donating 100,000 hours each year by 2025.

2019 PERFORMANCE

Total investment
£12.2m

Additional funds leveraged
£11.6m

These are funds leveraged from other sources beyond RB, perhaps through employee fundraising or match-funding from another source. In the past that has included funding from major philanthropic donors such as the Bill & Melinda Gates Foundation which matched our \$5m funding of our programme with (RED) Global Fund with an additional \$5m

596,268
People who have experienced a measurable and sustained positive improvement in their lives

16.5m
People engaged face-to-face

191m
Total number of people informed through health and hygiene messaging and campaigns
(Cumulative reach since 2013: 956m)[†]

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

The overall number of people who have experienced a measurable and sustained positive improvement in their lives during the year declined when compared with 2018. This was due to some large programmes in India, Nigeria and Pakistan drawing to a natural close during 2019 after three to five years of work. We typically report impact at the end of programmes when we can see and measure impact. Of course, our new programmes in Nepal and Colombia in 2019 mean that more people in total have or are progressively gaining some value from our work, helping us move towards our overall goal. We will continue to look for partners across our three focus areas to find more areas where we can work together to positively impact peoples' lives at scale.

Looking ahead to 2020 and beyond

We'll continue to work to meet our 2025 pledges through developing and growing our partnerships, while looking for new ways to solve the issues in our three focus areas. Measuring our impact isn't always easy to do, as changes are often the combined result of complex factors. One example is our pledge to reinvest 1% of our annual net profits; this isn't just about financial commitment – it's also about the work our brands are doing on the ground, the time our people volunteer, our product donations in emergencies, and so on. Nevertheless, targets do help us focus our efforts and understand our impact, and we're working on shaping 2030 targets to help focus and measure over the longer term.

Our partnerships enable us to tap into wider resources and capabilities. We can do far more by working with others than we can alone, and we'll continue to expand and enhance how we work together to make lives better.



Partnering for social impact continued



How we partner for social impact

As a company, RB is judged by results, and our social impact programmes are no different. Our strategy is to invest in people and countries where we can have the most impact. And we recognise that through partnerships we bring in wider resources, wider capabilities, and create greater influence and change. Before we partner on any project, commit any funds or launch an initiative, we do a lot of research to explore who will benefit and how.

We've created robust processes that guide how we select new partners, design projects and measure the success of our partnerships. We are guided by the London Benchmarking Group framework, the global standard for measuring companies' social investment and impact. This year, we created a new governance plan, which applies to all our social impact partnerships. All partners must meet our strict criteria if we are to team up and effect change together. We don't compromise on standards of governance, effective measurement or the ambition of our targets. We measure the impact of every partnership against agreed KPIs. And we have invested in a new digital platform, the Goodera measurement system, to track all our globally funded partnerships and report their impact.

We recognise that through partnerships we bring in wider resources, wider capabilities, and create greater influence and change. We track all our globally funded partnerships through our Goodera impact measurement system.

OUR PARTNERSHIPS FOCUS ON THREE MAIN AREAS:

Sexual health and rights – keeping girls in education and teaching them about their sexual rights empowers them when they become women to take control of their bodies, their health and their lives.

Maternal and child health – by giving mothers and communities the support and facilities they need, we can give the next generation the best start in life. Our partnerships here aim to reduce stunting in children by 40% in the first 1,000 days of their lives.

Water and sanitation – improving people's access to sanitation and educating them about proper hygiene helps them stay safe and free from disease.

Sexual health and rights

Everyone should have rights over their own bodies – yet thousands of women and girls are forced into situations which risk their health and lives and rob them of their freedom. This can be prevented with the right education and support.



Keeping Girls in School programme, South Africa

- **31,150** educated about the dangers and risks of HIV
- **148,100** condoms distributed to young men and women
- **48,642** HIV tests provided.

Nearly 38 million people were estimated to be living with HIV at the end of 2018. It is a particular challenge in Africa. Working in close partnership with the Keeping Girls in School programme, we're using the Durex (RED) campaign to make a difference in South Africa, where 40% of women have been raped. Between 2019 and 2022 we're supporting 50,000 adolescent girls and young women through services such as tutoring and homework support, peer education, sex education, career jamborees and home visits to encourage them to complete their education.



Maternal and child health

For building long-term health, the first 1,000 days of life – from conception and gestation in the womb up to a child's second birthday – are critical.

Nutrition India Programme (NIP)

- **35,700** pregnant women and young children benefiting from nutrition interventions
- **20,000** people reached through events
- **380** project facilitators trained
- **1,237** people experienced transformative changes as a result of the programme.

Partnering for social impact continued



In the tribal regions of Maharashtra, India, rates of malnutrition in children under five are 1.5 times the national average. Highly trained Community Nutrition Workers travel from village to village, educating 204 communities across the region with games, nutrition kits and festivals. They're people like Kaushaliya Pawara, who decided to train in our programme after seeing children in her village die of malnutrition. Over the next five years, NIP aims to reach 177,000 young mothers of undernourished children across 1,000 villages. The programme is a consortium of partners including Plan International, Maharashtra Village Social Foundation Transformation, Dure Technologies, Noise2Info and the Vihara Innovation network.

Best Start in Life: China Children and Teenagers' Fund

- **1,598** pregnant women engaged through the programme
- **1,075** healthcare professionals trained
- **4,431** people reached with education and training around nutritional wellbeing
- **24** governmental and societal organisations involved.

One common and damaging side effect of poor nutrition is when a child's height falls too far below the healthy average for their age, leading to health problems that can last a lifetime. It affects over a hundred million children worldwide, and China, with eight million affected children, accounts for the fourth largest number. Our partnership with the China Children and Teenagers' Fund, launched in 2018, provides vital advice and nutrition packs for pregnant mothers. It also works with rural hospitals and trains up to 5,000 professionals in local maternal centres to help monitor pregnant women's health. The programme is initially being rolled out in the remote western regions of China, to reduce the impact of poor nutrition by 40% in rural China by supporting 10,000 pregnant women and babies.

Project Oscar, Vietnam

- **96** hospitals and clinics – provided education and training
- **100** phototherapy units provided
- **261** healthcare professionals trained.

Although neonatal jaundice (NNJ) is common, if untreated it can lead to conditions such as cerebral palsy, hearing loss, vision problems and brain damage. Around the world, an estimated 114,000 infants die from NNJ annually, and in Vietnam severe NNJ rates are 25 times higher than some high-income countries.

Oscar Anderson, a disability activist born in Vietnam living with cerebral palsy from untreated NNJ, joined forces with a group of RB delegates from One Young World, our global change summit, to create Project Oscar. Their plan includes putting more phototherapy devices for NNJ treatment in clinics, training healthcare professionals and educating parents.

It launched in April 2019, in collaboration with local RB affiliate Mead John Nutrition Vietnam and the Vietnamese government's Maternal Child Health Department. Over time, the five-year programme aims to treat 150,000 newborns for NNJ.



Partnering for social impact continued



Water and sanitation

Access to clean water and sanitation are some of the most basic social needs. Yet today, 2.4 billion people live without access to basic sanitation services such as toilets, 785 million people have no access to clean drinking water, and almost 1,000 children die each day due to preventable water and sanitation-related diarrhoeal diseases.

More than a toilet, Water.org

- **\$10.8m** in capital mobilised for microfinance loans
- **45,420** WaterCredit loans disbursed
- **216,275** people positively impacted.

Access to safe water and sanitation are among the most fundamental of social needs, and going without affects almost every aspect of life. In 2018, RB entered a year-long partnership with Water.org, investing \$1 million to support their work. Half of the investment was channelled into Water.org projects in India, a country where there is significant need and also a focus country for RB. The other half supports various Water.org projects all over the world. With RB's investment, Water.org and its partners gave some of the world's poorest access to clean water and sanitation, including 216,275 people specifically in India.

We're building on this partnership with a second project running to 2021, focused on India and Indonesia. Our support will help Water.org mobilise a further \$29.1 million enabling us to help improve the lives of 641,400 people. One approach will see microfinance initiatives providing 138,000 small, affordable loans to help people build a toilet for themselves.

Project Hope, Pakistan

- **40** door-to-door health advisers (sehat aapas) visiting rural communities to educate and sell products
- **36,154** households visited
- **231,385** people enabled to improve their health and hygiene.

In Pakistan, 62% of all households (20 million) are in rural areas, where lack of access to good healthcare means that poor health and hygiene are the norm. According to the Pakistan Demographic and Health Survey, almost 53,000 Pakistani children die of diarrhoea each year.

Project Hope empowers Pakistani women by training them as door-to-door health advisers, or sehat aapas (which means 'health sister' in Urdu). The sehat aapas spread awareness of unhealthy practices such as using open toilets and encourage good habits like washing hands and boiling water to sterilise and make it safe for drinking. They also introduce other women to various health products by selling a specially selected basket with both RB and local partner products.

The idea is to not only give these women a new way of making a living, but to help them help others by improving the hygiene and health of their friends and neighbours.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to: The Sustainability team

Reckitt Benckiser Group plc (RB)
103–105 Bath Road
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Product stewardship – ingredients and transparency

We want to make high-quality products that consumers can trust.

Introduction

We want to make high-quality products that consumers can trust. That trust is based on two things: that the ingredients we use are safe for people and the environment in their journey from source to product, use and disposal; and that the information we provide about our products is comprehensive, clear and honest.

We've established global internal policies for our ingredients that go beyond legal requirements. Our Safety, Quality and Regulatory Compliance (SQRC) function oversees the implementation of these across the product life cycle. Transparency throughout the process is vital, not only as a means of tracking and certifying our supply chains but also through product information for our increasingly conscientious consumer. We are aiming for 100% transparency on ingredients through both clear product labelling panels and online information.

Highlights of 2019

Our approach to ingredient transparency has gone from strength to strength with information for consumers reflected on much of our product labelling and websites. Our aim for all our brands is to provide consumers with information throughout the product journey, from the full spectrum of ingredients we use to how we manage our supply chains, including:

- New 'ingredient panels' on Finish, Vanish and Airwick products in the US, Europe and other markets. These clearly communicate what ingredients we use and why we use them. We are rolling out similar approaches on our Health brands, such as Durex with its Naked Truth labelling.



OUR PRODUCT INSIGHT PAPERS

We want consumers to trust our brands; to feel confident that our products are safe and cause no harm to the ecosystems or the people that they touch during their life cycle. Sustainable product innovation is ultimately about the overall integrity of our products, which combines several aspects of responsible business. The overall topic is covered by several insights to make the subjects more accessible.

They are:

- **Product stewardship – ingredients and transparency** (this insight): the processes we follow to consistently use safe, environmentally friendly ingredients and our work on ingredients labelling to help our consumers make informed decisions when buying our products.
- **Protecting ecosystems across our value chain**: the steps we take to safeguard our planet for future generations.
- **Plastics and packaging**: how we seek to use less material, reduce virgin material, and use recycled and recyclable components in our packaging.
- **Sustainable product innovation**: how we develop our products to make them more sustainable for the future.



Product stewardship – ingredients and transparency continued



- Improvements to our ingredient transparency website (www.rbnainfo.com), which discloses ingredients for our products sold in the US and Canada. It now offers extra technical details through a much more user-friendly platform. We are looking at similar approaches for other markets.

Beyond transparency, we continue to measure and report on our progress to manage ingredients of concern. We also continue to champion the adoption of safer and more sustainable chemicals.

- We participated in the Chemical Footprint Project (CFP) for the second year running. The CFP enables us to benchmark our progress on chemical management, the selection of safer alternatives and the use and reduction of ingredients of concern. We're proud to say that we scored 73.5%, a 20% improvement compared with 2018, driven by: increased transparency of our footprint, building on external partnerships for safe and effective alternatives, and closer partnerships with key suppliers.
- We launched a number of products that employ 'safe and effective alternatives' including our new brand, Botanical Origin, a range of eco-certified detergents. We also launched Veo Probiotic active surface cleaner in the US which works via competitive inhibition, using pro-biotics to kill bacteria in much the same way as probiotic supplements promote healthy guts.



- We were named as a Safer Choice partner of the year by the US Environmental Protection Agency as a result of our work in conducting an educational outreach campaign and expanding consumer access to safer antimicrobial products.

Looking ahead to 2020 and beyond

Transparency around ingredients and materials will always be high on our agenda, and we want to ensure all our brands apply our transparency principles consistently. This can be a challenge, for example where we have raw materials such as fragrances whose suppliers may not be keen to share proprietary information on ingredient composition. We are working with those suppliers so that we can share more with our consumers. It's also important for us to ensure that the information we provide is helpful for consumers who may not have an understanding of why certain materials are used, or where they come from. To help this, we are introducing connected packs for a number of our Health brands that will incorporate ingredient panels with further information online. We will also publish our Restricted Substances List (RSL).

We're also strengthening our approach to ingredients, to ensure we use those most resilient for the long term. This means finding purer, simpler ingredients wherever possible, while still delivering the same effective products that our consumers know and trust. To do this we are updating our internal tools to help our teams choose safe and effective alternative (SEA) technologies. This involves evaluating the materials we use and being informed by stakeholders such as the Green Chemistry & Commerce Council (GC3), who help us implement the principles of emerging agendas such as sustainable chemistry.

EXPLAINING MATERIALS AND INGREDIENTS

We use a number of terms to describe elements we use to manufacture our products and it's helpful to define the meaning of each of these.

- 1. Natural raw materials (NRMs)** are those that come from nature; they can be farmed, grown in plantations, mined, caught in the wild or harvested and are used in raw materials (RMs) such as natural latex rubber or palm oil that is used in ingredients such as surfactants. For more information on our sourcing of these materials, please see the [Protecting ecosystems in our value chain insight](#).
- 2. Raw materials (RMs)** are commodities made from natural raw materials and/or organic chemical feedstocks (often oil-based). They can be unique chemical ingredients or contain multiple unique chemical ingredients. For example, sodium percarbonate (a common cleaning agent) is a raw material used in Finish; as a purchased RM, it contains multiple ingredients including sodium carbonate, sodium percarbonate, sodium sulfate and water.
- 3. Ingredients** are individual chemical substances that we use in our products. Examples include preservatives which extend the active life of products, or surfactants which are commonly found in products such as household detergents where they lower the surface tension of a liquid to increase contact between the liquid and another substance.

Product stewardship – ingredients and transparency continued



How we manage ingredients and transparency

Everything begins with a solid foundation in SQRC. We have global standards for product quality and safety to ensure the consistency and reliability of our products, and in many cases our standards are far superior to local regulations.

Our quality assurance functions monitor process and product quality at global, regional and site levels and regularly audit key suppliers. This oversight drives continuous improvement in the quality of our raw materials, ingredients, components and, inevitably, our finished products.

The Global Safety Assurance team is an integral part of SQRC. They evaluate the safety of new products and changes to existing products based on their intended use and any foreseeable misuse. They monitor the safety of our products in the market and provide any resulting safety insights to our product development teams. Our consumer safety policy sets out guidelines, standards and procedures for our entire product life cycle.

Overseeing our entire approach is the Ingredient Steering Committee, which was set up in 2017 and comprises leaders from across R&D, SQRC and Sustainability teams. They work to identify emerging issues, to generate our position on the subject, and to coordinate any resulting procedures such as product changes. The committee is also responsible for assessing priority ingredients against applicable regulations, consumer and environmental safety, sustainability, public perception and the potential for substitution with safe and effective alternatives.

Helping our approach are partnerships with our suppliers, customers, trade associations (such as GC3), academia and civil society. The Chemical Footprint Project is one such example, which is also supported by one of our key customers, Walmart. We also work with universities such as the University of York in the UK, funding research on the environmental degradation of products on disposal.

Our approach to ingredients

We strive to select the safest and purest ingredients for our products, using only the ingredients that are needed and nothing more. We have a track record of advocating for reductions in hazardous chemicals and making public commitments to that through our sustainability reporting. Some examples of our commitments are voluntarily banning polyethylene (PE) beads by 2018, PVC packaging of household products by 2009 and formaldehyde in 2006. We are also proud to have supported the California Ingredient Disclosure Bill in 2017 by leading industry efforts in disclosing product ingredients used in North America.

Recently, we're seeing increasing awareness from across the industry around chemicals of concern – from consumers, our peers, NGOs and regulations. Large customers such as Walmart now have their own RSLs that their suppliers must follow. In response to the changing landscape, we've been taking part in the annual Chemical Footprint Project (<https://www.chemicalfootprint.org/>), benchmarking our approach to chemicals management, inventory, measurement, public disclosure and verification.



PARTNERSHIPS AND COLLABORATIONS

Green Chemistry Commerce Council (GC3)

We are a member of GC3's Sustainable Chemistry Alliance group which promotes policies to accelerate the development of sustainable chemistry processes and products. Public policy can drive innovation to help industry develop and adopt safe and effective alternatives. There is a growing global demand for safer, more sustainable chemistry. This year, the GC3 Sustainable Chemistry Alliance led the effort to progress the Sustainable Chemistry Research & Development Act. This proposes national support for research and development, commercialisation, training, and education on chemistry research. The Bill has yet to pass into legislation and we are working with the GC3 Sustainable Chemistry Alliance to enable this and its subsequent implementation.

<https://greenchemistryandcommerce.org/>

European Chemical Industry Council – CEFIC

Our experts represent us on CEFIC's Long-range Research Initiative projects. These help to steer wider industry research efforts towards a better understanding of the potential impacts of chemicals on human health and the environment. <http://cefic-lri.org/>

Academic partnerships

We co-sponsor and support research on the environmental risks associated with the use of polymers at the University of York, UK. We are supporting an EU project to understand better the environmental risks of chemicals in the future. <https://ecorisk2050.eu/>

Task Force to support the European Commission (DG ENV)

This year we joined the European Commission Task Force (DG ENV) that works to understand how front-runner companies can best deal with substances of concern. In particular, they look at: substituting substances of concern from their supply chains, products and portfolios; what lessons can be drawn from their experience; and how good practice can be scaled to expand opportunities for innovation. We supported the publication of an action plan designed to do this, the '[Chemicals Innovation Action Agenda: transitioning to safer chemicals and technologies](#)'.

Product stewardship – ingredients and transparency continued



Restricted substances and safe, effective alternatives

We maintain a Restricted Substances List (RSL) which ensures a consistent global approach towards minimising and eliminating ingredients of potential concern. We also maintain an RSL watch-list, comprising ingredients with emerging concerns or evolving standards. Our RSL policy defines our commitment and approach which often leads us to setting global limits or bans on certain ingredients beyond what is mandated by regulation. It also includes guidance for formulators on how to choose better alternatives, for example, for colourants and polymers.

Alongside the RSL, the Ingredient Steering Committee oversees the adoption of safe and effective alternatives in new or reformulated products. To help us develop safe products that have the lowest possible environmental impact, we apply the key concepts of green chemistry, adapted for product development:

- Designing safer products.
- Waste prevention.
- Design for energy efficiency.
- Design for degradation / reuse / recyclability.
- Design for bio-based / use of renewable raw materials.

For example, the availability of a wide and safe palette of preservatives is one of the key challenges facing industry today. We want our products to reach our consumers in the best possible condition and that is why we use preservatives to prevent any microbial growth or undesirable changes. Recently, preservatives have been under increasing scrutiny due to consumer concerns and regulatory restrictions, making them a priority area for the development of safe and effective alternatives.

In response, our Ingredient Steering Committee established a global cross-functional task force to screen novel, safe alternatives that we can use across our portfolio. We have also developed a rigorous screening and testing strategy so that we can make sure any new ingredients we use are effective and safe. We are setting up collaborative programmes with industry groups and suppliers to make these safe and effective alternatives more readily available.

Our approach to consumer information and transparency

We want to give our consumers all the information they need to make informed decisions about the products they're bringing into their homes, and this means giving information that goes above and beyond legislative requirements. We understand that consumers want to know more about the products they buy. To support this growing expectation, we are committed to being clear, honest and transparent. The information we provide helps our consumers understand the benefits from our products together with the ingredients we use, why we use them and where they come from – in the case of natural raw materials.

Explaining the safety of our ingredients

Our ambition is for 100% transparency on the ingredients we use, through clear labelling on our products and online information. This year we are pleased to say that 75% of our net revenue came from products where we disclose ingredient information on-pack or online. The remaining 25%, for which we do not disclose ingredient information, are mainly Hygiene products that are sold outside Europe and the US where regulatory requirements are often still evolving and may even be a barrier to greater information being on-pack. We are working to support labelling policy to address this and give more information to consumers.

We also include disposal and recycling information; for example we ask our consumers not to dispose of our wipes by flushing. Of course, variations in recycling infrastructure in different parts of the world make this a challenge, and we are looking into ways to support their future development. One example is through our work with Terracycle's Loop programme – see our [Plastics and packaging insight](#) for more information.

Improving our online information for consumers

Websites are an easy and efficient way of getting detailed information to consumers. This year we improved our North American ingredient website by adding more technical details, including fragrance information, and by making it easier for consumers to search for information about popular brands. Our European website already has similar information, and we're planning to extend this approach to other markets as well as to our brand websites.



WHAT IS GREEN CHEMISTRY?

Green chemistry, also known as sustainable chemistry, includes the design, development, demonstration, commercialisation and/or use of chemicals and materials that:

- are less toxic to health and the environment;
- have lower energy consumption and related emissions;
- have reduced natural resource impacts; and
- have been designed to result in less waste and the reuse or recycling of chemicals and materials across a product's life cycle.

Products using sustainable chemistry demonstrate improvements in at least one of these, without significant degradation in another. This could be in their production, use, or end of life when compared to chemicals and materials in similar use.



CASE STUDY

EPA SAFER CHOICE PARTNER OF THE YEAR

The US Environmental Protection Agency's Safer Choice label promotes the use of safer chemicals in the home. We have been a Safer Choice partner since 2009. It is recognised for having adopted chemicals that meet Safer Choice criteria at an early stage. The 2019 award recognises its outreach and education campaign over the previous year. This resulted in all 50 US states adopting Safer Choice labelling for antimicrobial products. Consumers can now find safer antimicrobial products much more easily.

Promoting the benefits of our products to consumers

Our products provide health, hygiene and nutritional benefits, whether that's germ protection with Dettol or Lysol, pain relief with Nurofen or safety from sexually transmitted diseases with Durex. In line with our purpose – to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world – we aim to help our consumers understand the benefits from using our products. We do this through providing transparent and accessible information about the use of our products, their ingredients and their origins.



We also aim to design products that have benefits beyond their primary purpose, for example that produce less waste, or require less energy or water in use. Calgon increases the energy efficiency of washing machines by reducing the build-up of limescale, while Vanish extends the lifespan of clothes by removing stains. Finish dishwasher tablets are the most effective on the market for the eco cycle setting of dishwashers – and dishwashers use less carbon and water than doing the washing-up by hand. Read more about how we are developing more sustainable products in our [Sustainable product innovation insight](#).

Our animal testing policy

We are committed to avoiding unnecessary animal testing. We will not conduct or commission animal tests on ingredients or finished products, or request our suppliers to do this, unless there is a legal requirement or a safety concern for which there is no alternative method. For more details, see our [Animal Testing policy](#).

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

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Or write to:

The Sustainability team

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Sustainable product innovation

We encourage and empower our product designers to think about sustainability right from the start. We're fostering a culture where sustainability is always considered, and where improvements are made wherever and whenever possible.

Creating more sustainable products

Our approach to developing sustainable products covers a broad spectrum of innovation. This can involve small improvements to existing products, such as using less plastic packaging, all the way to inventing completely new products with lower environmental footprints. We've been working on this for some years now, with some progress. But we still have much to do and are absolutely determined to continue improving in this area.

We encourage and empower our product designers to think about sustainability right from the start. We're fostering a culture where sustainability is always considered, and where improvements are made wherever and whenever possible. Part of this culture is recognising that a more sustainable product isn't necessarily perfect – it's better than before, or better than other products.

For example, for RB to consider a product 'more sustainable' in terms of its carbon footprint or water impact, we aim for a 10% improvement on the benchmark (see later scoring table). This creates trade-offs – for example, a natural ingredient may have a higher water and carbon footprint than a synthetic one, or plastic may have a lower carbon footprint than metal or composite. There are always benefits and drawbacks, and we weigh the impact of our decisions carefully.

We're one of the very few global consumer goods companies using quantitative metrics to measure sustainable innovation, thanks to our sustainable innovation calculator (SIC) app launched in 2013. This year, we added a plastics metric to this app to help speed our innovation in this important area and meet our plastics pledge.



OUR PRODUCT INSIGHT PAPERS

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- **Protecting ecosystems across our value chain:** the steps we take to safeguard our planet for future generations.
- **Plastics and packaging:** how we seek to use less material, reduce the use of virgin material, and use recycled and recyclable components in our packaging.
- **Sustainable product innovation (this insight):** how we develop our products to make them more sustainable for the future.

Sustainable product innovation continued



Our performance in 2019

TARGET

One third of our net revenue coming from more sustainable products as measured by our sustainable innovation app.

Aim

1/3

Net revenue from more sustainable products by 2020

2019

24.6%[†]

We've made significant headway, and learned a lot along the way, although we know we need to make more progress if we are to achieve this target by the end of next year. This will be particularly challenging for our Health products. Although we've made notable innovations, the longer development times and additional regulations mean the process from innovation to commercialisation usually takes longer than is the case for other sectors. And, we've yet to completely integrate IFCN from our 2017 Mead Johnson acquisition into our sustainable innovation app.

NET REVENUE FROM MORE SUSTAINABLE PRODUCTS¹

	More sustainable net revenue (m)	% More sustainable net revenue
2013	£230	3.0
2014	£350	5.0
2015	£558	5.0
2016	£1,193	13.2
2017	£1,716	18.2
2018	£1,868	18.5
2019	£2,397	24.6 [†]

¹ Excluding our Infant Formula and Child Nutrition business.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Looking ahead – our focus for 2020 and beyond

We're doing as much as we can to achieve our target in the coming year – a real focus is to extend our sustainable innovation app to more products, particularly in IFCN where we're starting with our infant milk formula brands, Nutramigen and Enfamil. This is an important next step, given the carbon footprint of the dairy industry and the large amounts of energy involved in producing milk formula.

We're also working to include a metric in our sustainable innovation app that reflects the principles of green chemistry, sometimes known as sustainable chemistry and which supports more sustainable ingredients. For more detail on our approach to green chemistry see our [Product stewardship insight](#). This is in addition to our current metrics on carbon, water, plastics, packaging and preferred sustainability credentials, including certified origins for natural raw materials. Developing our app in this way helps us consider the sustainability of products in greater detail, for example through their contribution towards a circular economy, and strengthening support for sustainable origins.



Sustainable product innovation continued



2019 product highlights

This year, we saw some great innovations from some of our most popular brands.

One important way to lower the environmental impact of our products is to reduce their packaging. Not only does this decrease the volume of raw materials required per unit, it also has associated water and carbon impacts. We completely removed the secondary carton in our Scholl Expert Care Intense Nourishing Cream by moving the consumer information on to the tube, which also guarantees that useful information remains with the product until disposal. We've also introduced some new packaging firsts with Finish. Our award-winning product pouch uses new, flexible material that can be fully recycled, and Finish Quantum Ultimate's new box uses 30% post-consumer recycled plastic. This year, we received the EU Ecolabel certification for our Finish Eco dishwasher detergent gel.

Another approach is to develop concentrated versions of products, greatly reducing materials used in packaging as well as water consumption in the manufacturing process. On top of that, it

significantly cuts the weight of the products, reducing carbon emissions generated throughout our distribution networks. Our Optrex ProVision supplements are now in a smaller pack compared to other supplements, and our Schiff MoveFree's reformulated joint health supplement has decreased in size, while its packaging became 45% lighter, all achieved while providing the same benefit to the consumer.

Often, we can deploy multiple approaches to a product to create even more positive impact. We modified our Vanish Stain Removal Gel into a new, concentrated formula and the bottle cap now doubles as a dose-measure which has allowed us to remove the plastic dosing ball and further reduce the packaging.

We are very active in the fast-emerging area of green chemistry, which is reflected both in our involvement is numerous industry groups as well as new developments in some of our products. In France, our reformulated Harpic organic gel was certified as biodegradable and independently audited to confirm it meets the AISE Charter for Sustainable Cleaning requirements. We've made similarly exciting progress with our new brand Veo in the US which is described in our case study.



CASE STUDY

REVOLUTIONARY SCIENCE RESULTS IN A REALLY DEEP CLEAN

For Veo, our new probiotic cleaning brand in the US, we talk as much about what's not in it, as what is. The 99% biodegradable formula is free from chlorine bleach, formaldehyde, phosphates, and disinfectant chemicals – and instead uses active probiotic bacteria. In Veo, this probiotic bacteria works on dirt for up to three days, enabling a longer-lasting impact with less negative environmental impact than traditional chemicals. Veo's bottle is made from 100% post-consumer recycled plastic. Its sleeve can be easily removed to enable more efficient sorting and recycling that delivers higher quality recycled plastic afterwards.

Sustainable product innovation continued



How we manage sustainable product innovation

Our sustainability team works closely with our finance team to track our net revenue from more sustainable products, and thus create a strong business case for sustainability. We also have a network of Sustainability Champions in our R&D teams around the world who work in each of our product categories to help keep sustainability front and centre when designing and developing products.

Measuring progress via our sustainable innovation app

Our app helps us compare the impacts of our new products against existing benchmarks, allowing us to determine whether a product can be considered more sustainable and have its revenues count towards our net revenue target.

The app is a streamlined life cycle assessment (LCA) tool that models the most significant environmental impacts of products, their ingredients, raw materials and the impacts in use by consumers. To qualify as sustainable, a product innovation must score better in at least one of the categories below (see table) without scoring worse in any others.

We are continually evolving and improving this vital tool, adding new insights and focus areas to give our development teams more clarity. For example, the app's new plastic packaging metric allows us to quantify post-consumer recycled plastic content, recyclability and total plastic weight.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

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HOW THE SCORING WORKS

To be considered sustainable, our product innovations must score as follows in each of the following categories:

Packaging					
Sustainable Innovation Calculator	Carbon g CO ₂ / Dose	Water Effective Water L / Dose	Plastics Reduction / %PCR / Recyclability	Weight Effective Packaging Weight / Dose	Ingredients Self Declaration
Better	> 10% Savings	> 10% Savings	Plastic score combinations*: • Green, Green, Green • Amber, Green, Green • Green, Amber, Amber	> 10% Savings	Complies with Restricted substances list (RSL) and has a preferred sustainability credential
Same	1.5 – 10% Savings	1.5 – 10% Savings	Plastic score combinations*: • Amber, Amber, Amber • Green, Green, Red • Green, Amber, Red • Amber, Amber, Red • Green, Red, Red	1.5 – 10% Savings	Complies with RSL
Worse	> 1.5% Increase	> 1.5% Increase	Plastic score combinations*: • Amber, Red, Red • Red, Red, Red	> 1.5% Increase	Does not comply with RSL (or variance)

Protecting ecosystems across our value chain

We have a complex network of direct and indirect suppliers that spans the globe from rural family farms to global companies.

Acting responsibly every step of the way

Natural raw materials are derived from nature; they can be farmed, grown on plantations, caught or harvested in the wild, or even mined. Our network of suppliers spans the globe, and most of the materials we buy are not in their raw form as we don't usually deal directly with the farms themselves. However, we are the ultimate user of natural materials, whether the milk in our infant formula coming through our supplier of milk powder, or the palm oil used in surfactants, just one of the many compounds that make up our detergents. As such, we are just as responsible for their sustainability impacts as our suppliers.

Whatever the route that natural raw materials take to our products, we work hard to ensure that we can map their journey and make sure it's a sustainable one. This means protecting the ecosystems in which they're grown and the human rights of those involved in growing or farming or harvesting them.

We use natural raw materials in approximately 70% of our products, including packaging. This means our potential impact is considerable – and we do not underestimate the complexity and scale of the mapping task. We've come a long way since setting our targets since 2012. We've built specific standards, monitoring activities and remediation programmes for key natural raw materials, and we still have a long way to go. But we know that focusing on this issue and working with partners will enable us to help address some of the most pressing global challenges – like widespread biodiversity loss and labour rights – while supporting our brands and satisfying the increasing expectations of our many stakeholders.

In this insight, we look at our impacts on ecosystems throughout our supply chain (see page 4 for diagram), together with our impact on the human rights of those working or living in those ecosystems and involved in the farming or harvesting of those natural raw materials. This includes how we work to protect vulnerable groups, such as smallholder farmers, children and migrant workers. In doing so, we consider how we can improve conditions for those communities, for example by strengthening the livelihoods of people whose lives are intertwined with these natural raw materials and associated ecosystems.

This is closely connected to our work to improve human rights, more details of which can be found in our [Human rights and responsible business throughout our value chain insight](#).

OUR PRODUCT INSIGHT PAPERS

We want consumers to trust our brands; to feel confident that our products are safe and cause no harm to the ecosystems or the people that they touch during their life cycle. Product stewardship is ultimately about the overall integrity of our products, which combines several aspects of responsible business. The overall topic is covered by several insights to make the subjects more accessible.

They are:

- **Product stewardship – ingredients and transparency:** the processes we follow to consistently innovate and produce safe, environmentally friendly products, and our work on ingredients labelling to help our consumers make informed decisions when buying them.
- **Protecting ecosystems across our value chain (this insight):** the steps we take to safeguard our planet for future generations.
- **Plastics and packaging:** how we seek to use less material, reduce virgin material, and use recycled and recyclable components in our packaging.
- **Sustainable product innovation:** how we develop our products to make them more sustainable for the future.

2019 PROGRESS AGAINST TARGETS

- **90%** palm oil traceable for suppliers globally, excluding surfactants, one of the many compounds that make up detergent (88% in 2018).
- **92.35%** paper and board from certified or recycled sources, excluding third-party manufacturing sites (2020 target 100%; 90.5% in 2018).

Protecting ecosystems across our value chain continued



We know it's important to focus on establishing traceability for the palm oil we use to the plantations and processing mills. We have made more progress in understanding where the greatest risk of deforestation and destruction of peatland lies. In 2020, we will be publishing an updated list of mills that supply our suppliers. For some of the raw materials we buy, such as surfactants, we are working with the Earthworm Foundation and our suppliers to establish traceability in more complicated supply chains. For the time being, these complex ingredients are excluded from our target but we hope to report on them during 2021.

In 2019, we also worked with the Earthworm Foundation to establish satellite monitoring of deforestation. This involved working with our suppliers on how best to focus efforts to protect the most valuable and largest ecosystems that support the most species.

For paper and board, we've continued to focus on using either timber from certified origins or recycled paper which has an added advantage of using less energy in its production. For primary packaging, such as product cartons, we usually combine both virgin paper from certified origins with some recycled paper. We also use the highest percentage of recycled cardboard that's practical in the boxes we use to transport our products.

Looking ahead – our focus for 2020 and beyond

We are continuing to strengthen our standards for key natural raw materials, while looking for ways to go further, through independent certification where appropriate and available. In some cases, we are also exploring new partnerships with NGOs to help us understand and manage the key risks in specific natural raw materials such as talcum powder. This is helpful in sectors where independent certification has yet to be developed and partnerships with NGOs and civil society can support independent assessment of standards. In both cases, these will increase transparency within our value chains, and help us to share more information with our consumers.



Protecting ecosystems across our value chain continued



Highlights from the year

- We broadened our natural raw materials programmes to include those used in fragrances, surfactants and dairy. We'll continue to expand beyond the core materials like latex and palm oil. We'll focus on those with human rights and ecosystems challenges, where we can have most positive impact.
- We established a new responsible sourcing framework based on our six priorities. This focuses on social, biodiversity and wider environmental challenges. We are also developing new ways to measure impact in these areas, together with economic impacts all the way along our value chain.

- We took part in the Carbon Disclosure Project (CDP) Forest Survey Report, scoring: B for timber, B for palm oil, B- for cattle and B- for soy. We remain committed to the CDP as an effective tool to measure our impacts on forest commodities.

How we protect ecosystems

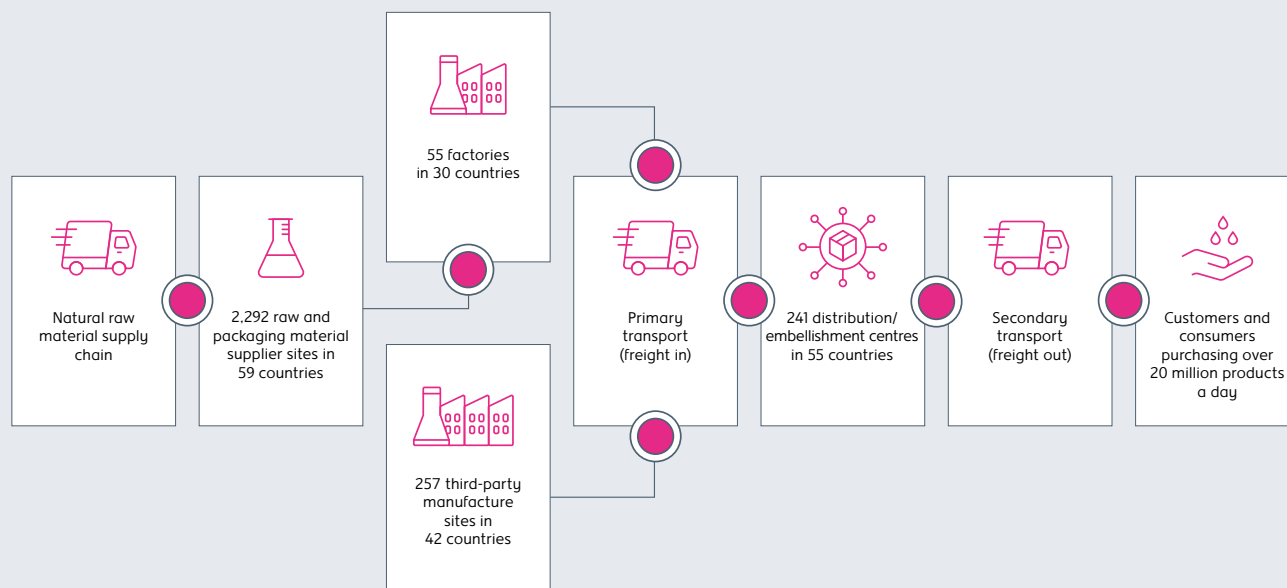
We source natural raw materials from all over the world and the challenges and opportunities vary hugely. The measures to tackle those challenges in the private sector, to government and civil society also vary, from region to region and crop to crop. To apply this consistently, we are developing a new policy framework. This will apply to all natural raw materials and help protect the ecosystems they come from together with the livelihoods of workers and communities. It outlines our expectations for the natural raw materials we use in our products, and strengthens our approach in the areas of:

- **Traceability** – the origins of our natural raw materials, perhaps small farms or plantations for palm oil, dairy farms in various parts of the world or oceans where we source krill. We also include the location where those natural raw materials are first processed, for example the palm oil mill close to the plantation.
- **Protection of vulnerable groups** – including women, children, migrant labourers and smallholders.
- **Protection of important ecosystems** – including IUCN-defined Protected Areas, nature reserves, wilderness areas, High Conservation Value, primary forest, peatlands and marine protected areas.
- **Animal welfare** – we adhere to the internationally recognised 'Five Freedoms', committing to protecting animals from hunger, fear and distress, heat stress and discomfort, pain, injury and disease, and the ability to express normal patterns of behaviour.

We take account of emerging good practice and use external support to assess the sustainability risk of our natural raw materials. Our current priorities are based on our impact (how much we use) and the vulnerability of the material itself. We are focusing initially on: palm oil, latex, dairy, natural raw materials used in fragrances, krill, and timber used in our paper and cardboard. Our approach to managing each material is different, due to unique circumstances, the ecosystem and the human rights issues.

We're embedding our policies and standards with our priority material suppliers. This is an important step towards making sure our business is equipped to source natural materials that will bring sustainable benefits to the whole value chain and consumers. For more on human rights, refer to our [Human rights insight](#).

Our product supply chain



Protecting ecosystems across our value chain continued



Palm oil

Compared with other similar crops, palm oil can use less land and cost less to produce a higher yield. This has driven large-scale, often unregulated conversion of forests and peatlands to oil palm cultivation. This contributes to the destruction of important landscapes and the biodiversity and protected species within them.

Although RB is a comparatively small user of palm oil, we recognise its importance and know we need to work on it. Palm oil is under scrutiny and the World Wildlife Fund gave us a 6.5, 'lagging behind', rating on their palm oil scorecard. This was largely to do with our limited use of certified oils. While certainly helpful, this is not the only solution, especially in highly processed uses handled in many processing locations which makes certified traceability difficult and costly, if it is possible at all. Instead of taking the potentially simpler route and just buying certified oils, we have been working towards a collaborative solution with all stakeholders involved. This includes international NGOs, governments, industry, local communities and individual farmers (who make up around 40% of the whole palm oil network).

One example of this is our support for the Earthworm Foundation's pioneering programme to establish sustainable, long-term transformation in Aceh Tamiang, Sumatra, Indonesia. This programme aims to reduce deforestation by:

- Establishing a partnership with the district government and local community representatives to bring the government, NGOs, civil society and local communities into an inclusive approach to land use planning. The programme has secured the formal support of the government in Southern Aceh.
- Assessing the forest lands held by large companies in the region to monitor land use, the treatment of local communities and potential unauthorised deforestation arising from work on plantations or where the government has granted concessions on land development. These assessments are firmly established. They enable dialogue with local communities who live around concession areas to maintain their rights to live and work the land.

We buy products derived from palm oil, sourced from refineries in Malaysia and Indonesia. During 2019, we worked hard to understand each step of the journey to mills which supply those refineries, helping us to source responsibly. We will publish an updated list of these mills in 2020 <https://www.rb.com/media/4521/rb-transparency-and-traceability.pdf>.

We work closely with our suppliers and NGO partners. Our 2019 highlights include:

- **Traceability and transparency** – using real-time satellite technology to monitor recently deforested areas at risk of being turned to palm oil plantations. We're working to systematically identify these and work with our suppliers to ensure deforested areas do not enter other supply chains. Our case study on page six explains more about this.
- **Child labour** – we worked with the specialist non-profit consultancy Business for Social Responsibility (BSR) to support the implementation of a child protection policy in the palm oil supply chain. 70 representatives from companies, government, trade unions and civil society took part in a workshop to prevent child exploitation.
- **Migrant labour** – we continued to support the Earthworm Foundation's Ethical Recruitment Initiative, developing practical tools that our suppliers can use to ensure labourers recruited from overseas avoid potential exploitation. There are increasingly visible risks facing these workers such as the accumulation of debts with recruitment agencies for fees to secure jobs overseas. Workers can struggle to repay these debts, making it difficult for them to leave their current job or move away. We supported a multi-stakeholder forum on Ethical Recruitment for the palm oil industry which developed tools and resources for companies to understand the risks and solutions around this within their recruitment process.
- **Smallholders** – the Earthworm Foundation's Rurality programme works to develop better agricultural practices and diversify farmers' incomes to improve rural livelihoods. Small farmers under economic pressure are more likely to cut down forests to grow more crops.

Latex

Natural latex is the key ingredient we use to make condoms. Our latex is primarily sourced from Malaysia and Thailand, with a little from India and Brazil. Grown largely as monocultures, with trees taking up to seven years to reach maturity, plantations can be susceptible to disease. Our suppliers routinely use different varieties of trees to avoid this. Rubber farming for latex can share many of the challenges faced by the palm oil industry such as poor supply chain traceability, low supply chain resilience and deforestation. The few farms and plantations who provide the high-quality latex for the Durex brand are well-known to RB. They are generally long-established and some with almost 100 years of carefully managed history, so they have not recently been involved in land-use change around forests. Our relationship with these suppliers helps us to manage risks and find better ways of working to support longer-term supply and better farm and worker standards.



Protecting ecosystems across our value chain continued



CASE STUDY

USING SATELLITES TO SPOT PALM OIL DEFORESTATION

In Brazil, with PZ Cussons, Earthworm Foundation and Airbus, we're monitoring our palm oil supply chain through real-time satellite technology to make sure we play no part in deforestation. Combining satellite imagery and radar data, we can differentiate between natural forests and production forests that include palm plantations. This enables us to identify risk-prone areas, predict potential deforestation and work proactively with our suppliers to eliminate deforestation over time. Building on our 2018 pilot in Malaysia, this project in Brazil is one step further in rolling out this technology to our entire palm oil supply chain.

Smallholders

In 2019, we worked more closely with plantations and smallholder communities and the few, key suppliers they work with to strengthen our supply of latex for the long term. By protecting the local ecosystems and improving the lives of latex tappers, this builds on our work with Earthworm's Rurality programme, working to promote smallholder livelihoods in palm oil and latex supply chains.

On average, small-scale farmers produce around one third of the latex and 40% of the palm oil we use. We empower farmers through training to improve agricultural practices to increase yield and quality. This enables better and more productive relationships between farmers and buyers. We also work to strengthen livelihoods by diversifying incomes for smallholders and their families, for example, through raising goats on palm oil land in Borneo. We track our progress each year by assessing the number of farmers trained and proportion of supply chain covered.

Farmers reached through training:

- Indonesia: 332 farmers (91% increase since 2018).
- Malaysia: 290 farmers (29% increase).
- Thailand: 520 farmers (53% increase).

Smallholders empowered through access to commercial information (price, deductions, payment schedule):

- Indonesia: 60 farmers (up from 2 in 2018).
- Malaysia: 70 farmers linked to government information through WhatsApp.

Number of farm households with livelihoods strengthened through diversified incomes:

- Indonesia: 233 women engaged in cultivation of food and medicinal crops (150% increase since 2018).
- Malaysia: 52 farmers involved in income diversification activities (273% increase).
- Thailand: 214 farmers that have diversified their crop cultivation (31% increase).

Dairy

With the acquisition of Mead Johnson Nutrition in 2017, we added infant formula products to our portfolio. We've now taken steps to map and understand the sustainability of our dairy supply chains. In 2018, we joined the Sustainable Agriculture Initiative's Sustainable Dairy Partnership (SDP), a group of suppliers and industry peers who work to increase sustainability in the dairy industry. Members take responsibility for key challenges such as greenhouse gas production, human rights, deforestation and animal welfare.

We are pleased to report that our largest suppliers are active members of the SDP. In 2019, we collectively worked on:

- Creating a digital solution to help dairy processors and buyers improve traceability and transparency by sharing information more efficiently.
- Developing training and communications materials for SDP members and non-members.



Paper and board

We use paper and cardboard as packaging for almost three-quarters of our product range. Compared to some sectors, we use a relatively small amount but our goal is to use sustainable sources of paper. In 2012 we set out our commitment that, by 2020, all our supplies should either be recycled or approved by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). We've worked consistently with suppliers to build traceability in their supply chains where differing certification systems have made the process more complex. This year, we've achieved 92%, a 2% increase compared with last year, setting us on track to reach our target by the end of 2020.

Protecting ecosystems across our value chain continued



Krill

We use krill in our MegaRed oil supplements. While krill oil has fantastic health benefits for humans, krill are also the foundation of the Antarctic food chain, supporting a protected ecosystem that includes penguins, seals and whales. Environmental NGOs are calling for more marine protected areas in the Antarctic. They are asking fishing companies to view the regulations as minimum standards and to do more on a voluntary basis to safeguard the marine ecosystem. To ensure the sustainability of this natural resource, we chose our supplier, Aker BioMarine, on the basis of four sustainability criteria:

- Third-party verification: Aker BioMarine's Antarctic fisheries are certified by the Marine Stewardship Council (MSC).
- Engagement with the Antarctic scientific community: our supplier works with the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), which regulates krill fishing and decides on conservation measures.
- A network of relevant stakeholders: our supplier's decision to back a network of ocean sanctuaries in the Antarctic was an important step in strengthening political momentum for the protection of sensitive Antarctic waters.
- United industry approach: our supplier has been instrumental in setting up the ARK group, which brings together 85% of krill-fishing companies. ARK has worked with the CCAMLR and others to develop a single, workable sustainable fishing solution including a voluntary agreement to restrict fishing in the buffer zones, protecting penguin colonies during the breeding season.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to: The Sustainability team

Reckitt Benckiser Group plc (RB)
103–105 Bath Road
Slough, Berkshire, SL1 3UH
UK

Climate change

OUR PERFORMANCE IN 2019

Aim 40% reduction in greenhouse gases (GHG) from manufacturing by 2020	2019 42%^{1†} reduction per unit of production vs 2012
Aim 35% reduction in energy consumption by 2020	2019 22%^{1†} reduction per unit of production vs 2012
Aim 100% renewable electricity by 2030	2019 33%^{2†} use of renewable electricity
Aim 1/3 reduction in our carbon footprint per dose by 2020	2019 6%^{3†} since 2012

† Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

1 Excludes IFCN and covers manufacturing and warehousing only.

2 For manufacturing only.

3 Excludes IFCN.

Climate change is a significant issue for us and through our own actions we're determined to do our part to deliver global climate change targets.

Introduction

There has been a huge shift in public concern and scientific understanding of the global climate challenge faced by the world today. We have been on a journey over the last decade to develop our understanding of environmental sustainability, the impacts and consequences of climate change and the role we must play.

We recognise the threats posed by climate change not just to our business, but to whole ecosystems and societies around the world, from changing weather patterns, including floods and droughts, to economic migration and threats. Climate change is a significant issue for us and through our own actions we're determined to do our part to deliver global climate change targets.

We're pleased with the progress we've made in reducing the carbon emissions directly under our control because they come mainly from our manufacturing sites. However, our biggest challenge is that more than 75% of our carbon footprint comes from consumers using our products, with another 6% from our transport of goods around the world. This is complex, slow and difficult to deal with, and reducing our emissions in those areas is proving a challenge. Take, for example, our Finish

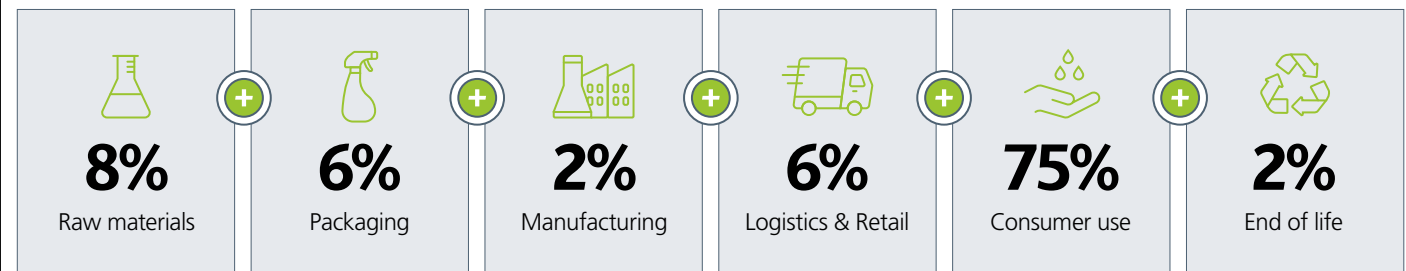
dishwashing products. Their carbon footprint involves consumers using electricity to power their dishwashers as well as the energy used to produce the Finish product itself.

This means we need to do more about the way our products are used as well as how we make them. This includes considering the design of products and their packaging, the ingredients we use, and the energy and water associated with every aspect of their use. These include the way we deliver them to consumers, and the way consumers then use and dispose of them. We can reduce the ultimate footprint by using different ingredients, using recyclable or recycled packaging and improving product design so that our brands can be used with less water or energy. Achieving this involves working with our suppliers, including farmers in the case of dairy, and at the other end of the value chain appliance manufacturers and consumers. This allows us to reduce emissions over time.

The interrelationship of climate change and water stress is another area of focus for us. Some of our largest and fastest-growing markets, such as the Middle East and India, are in water-stressed areas, and adapting products for this environment adds another layer of complexity. For information on how we manage our water resources, see our [Water insight](#).

Reducing our carbon emissions in line with global requirements is a complex process. We need to consider the carbon impact we have throughout our value chain, and set targets that mean we are playing our part in delivering global goals on climate change. Our value chain, from the origins of raw materials, through manufacturing of products to their subsequent use and disposal, is complex. Reducing carbon emissions in one part of the chain may affect emissions in another. For example, we might produce concentrates to reduce packaging material and reduce

Our carbon footprint



Due to rounding, the total figure does not add to 100%

Climate change continued



carbon emissions from transport, but we must weigh this against the fact that consumers may have to heat and add water when using our products. We will be using a science-based target approach to help manage that complexity and help us to see what steps we need to take to help achieve those global goals, to keep global warming within 1.5°C.

Added to that, with the impact of climate change, many of the more water-stressed regions where we operate are also those with greater difficulty in reaching hygiene and health services – making access to our products all the more important. We need to look at the full context of each and every product, and ensure that in our drive to reduce emissions, we arrive at the right outcome for our consumers and our planet.

EXPLAINING SCOPES 1, 2, AND 3

- Scope 1 emissions – direct emissions that are under our control, for example the combustion of fuel used at our manufacturing sites
- Scope 2 emissions – indirect emissions from the generation of purchased electricity, heat or steam we use at our sites
- Scope 3 emissions – all other indirect emissions from sources we do not own and have limited control over, for example from the ingredients we buy, the packaging we design, and from disposal and consumer use

Review of progress against our targets Greenhouse gases (GHGs) from manufacturing

Aim	2019
40%	42%[†]
reduction in greenhouse gases (GHG) from manufacturing by 2020	reduction per unit of production vs 2012

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight. Excludes IFCN and covers manufacturing and warehouse only.

During 2019, we continued to reduce greenhouse gas emissions from our manufacturing and warehousing operations, and are pleased that we have achieved our GHG target a year ahead of schedule. This was partially due to energy savings but a more significant contribution came from using more renewable energy. Indeed, 79% of electricity used in our Hygiene factories now comes from renewable sources.

Renewable electricity

Aim	2019
100%	33%[†]
renewable electricity by 2030	use of renewable electricity

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight. For manufacturing only.

Since joining RE100, the global initiative to use 100% renewable electricity by 2030, we have more than doubled our use of renewable electricity. In 2019, we switched more of our supply in areas such as South East Asia and India either to renewable electricity contracts, direct renewable power purchase agreements (PPA) or by investing in on-site renewables. For example, following the lead of our plants in the US, EU and Mysore in India, additional sites at Sitarganj, Baddi and Hosur, also in India, now buy renewable electricity. Three of our sites (Mira, Shashi and Sitarganj) are also using solar power for thermal renewable energy to heat water.

Energy and Greenhouse gas (GHG) data

Energy usage	Units	2012	2013	2014	2015	2016	2017	2018 ²	2019 [†]	Change vs 2018	Change vs 2012
Energy use per unit of production	GJ per 1,000 CU	0.4704	0.4488	0.4130	0.3959	0.3939	0.3767	0.3640	0.3672	0.9%	-21.9%
GHG emissions per unit of production ¹	tCO ₂ e per 1,000 CU	0.0402	0.0392	0.0374	0.0347	0.0313	0.0278	0.0260	0.0232	-10.8%	-42.2%

Note: all data for manufacturing and warehouses unless otherwise stated.

¹ GHG emissions data are in line with scope 1 and 2 GHG protocol market-based approach.

² Pre-acquisition data for our IFCN business is not available. To ensure like-for-like comparisons, target performance trends vs. 2012 exclude IFCN. Including IFCN, 2019 manufacturing data and warehouse GHG emissions were 0.0424 tCO₂e per 1,000 CUs and energy use was 0.6453 GJ per 1,000 CUs.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Climate change continued



Energy consumption

Aim

35%

reduction in energy consumption by 2020

2019

22%[†]

reduction per unit of production vs 2012

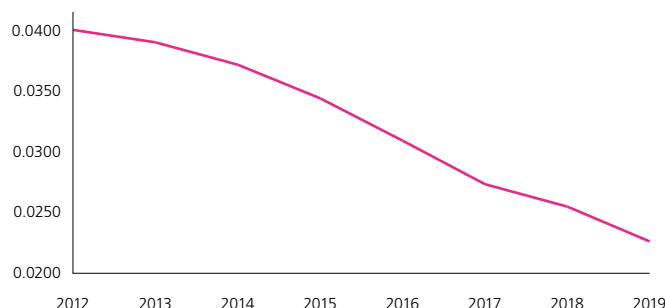
[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight. Excludes IFCN and covers manufacturing and warehouse only.

With our Company-wide energy monitoring and reporting system we continually drive energy improvements across our sites, regions and business units. This year we looked for further opportunities, implementing energy savings projects at a variety of sites. These included:

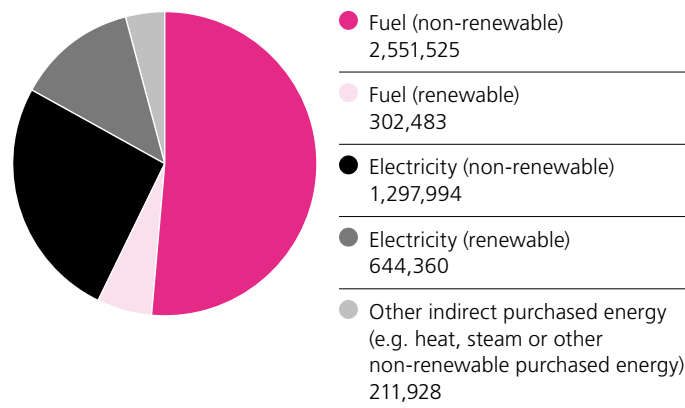
- Heat, ventilation and air conditioning system upgrades at Chartres, France, Nowy Dwór, Poland and Cali, Colombia.
- Optimising steam boiler and spray dryer operations at Granollers, Spain.
- Upgrading pumps and motors in Mauripur, Pakistan.
- Investing in LEDs to improve lighting and save energy in Chonburi, Thailand.
- Improving the energy-intensive compressed air process at many sites, including Elandsfontein, South Africa, Hull, UK, Mauripur, Pakistan, Nowy Dwór, Poland and Cali, Colombia.

This year our energy use efficiency (per unit of production) remained at a 22% reduction compared with 2012, while our overall energy consumption went down by 18%. While this is still progress, it was less than we'd planned, because other manufacturing site projects around quality and efficiency took up more of our time this year, reducing our capacity to focus on energy-saving engineering projects. In some cases, the focus on quality actually results in an increase in energy consumption, especially where we commission new equipment as we have done in Delicias, Mexico with our new dryer. Changes to our production profile, with smaller product pack sizes, have also meant that energy use per unit was higher, in relation to the base load of energy required to run a plant. This is something which we are looking to address in 2020 and beyond to help us get back on track.

GHG emissions per unit of production



Energy used across our sites in 2019 (GJ)



In 2019, we used 4,935,532* GJ across our manufacturing and warehousing sites.

*72,758 GJ energy exported or used by third parties.

Carbon footprint per dose

Aim

1/3

reduction in our carbon footprint per dose by 2020

2019

6%[†]

reduction since 2012

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight. Excludes IFCN.

Carbon footprint per dose is the only one of our four targets that includes emissions across the full value chain (scope 3). As already discussed, these emissions are especially challenging to reduce because they include consumer use. Historically, we started by reducing our own emissions, and are increasingly moving our focus to upstream and downstream emissions. We also aim to improve the overall impact of our products through our goal to increase net revenue from more sustainable products (see our [Sustainable product innovation insight](#)).

We have a much better understanding of the impacts now and have started to look more closely at product design and working with our suppliers to reduce our products' impact up and down the value chain. We have to do this while of course ensuring that our products still deliver their health and hygiene benefits. We're currently developing science-based targets in this area.

Other emissions

We are not a significant user of ozone depleting substances (ODS) so it is not meaningful to report on them here; similarly we emit very little in the way of common industrial air emissions such as sulphur and nitrous oxides (SOx and NOx) and particulates (dust). Where we do, they are below the legal minimum.

Climate change continued



Greenhouse gas emissions across the whole value chain (scopes 1-3)¹

Total carbon footprint impact 2019 (RB excluding IFCN)	Raw materials	Packaging	Manufacturing	Logistics & retail	Consumer use	End of life	Total/average
Carbon total (million tCO ₂ e)	2.7	2.1	0.4	1.5	24.9	0.8	32.4 [†]
Carbon g/dose	5.2	4.0	0.8	2.8	47.3	1.5	61.6 [†]
Carbon % split	8%	7%	1%	5%	77%	2%	100%

The system had been developed with reference to the requirements and principles of recognised international standards such as PAS 2050:2011 and the greenhouse gas protocol.

Total carbon footprint reductions (RB excluding IFCN)	2012 (baseline)	2018	2019 [†]	% change vs. 2012	% change vs. 2018
Carbon g/dose	65.7	63.1	61.6	-6%	-2%

Total carbon footprint impact 2019 for IFCN	Raw materials	Packaging	Manufacturing	Logistics & retail	Consumer use	End of life	Total/average
Carbon total (million tCO ₂ e)	0.4	0.1	0.2	0.8	2.4	0.1	4.0 [†]
Carbon % split	9%	4% ²	4%	20%	60%	3%	100%

¹ Pre-acquisition data for our IFCN business is not available. To ensure like-for-like comparisons, target performance trends vs. 2012 exclude IFCN.

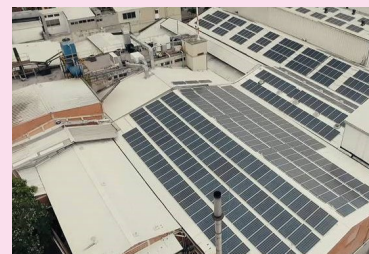
² This figure has been rounded up from 3.4% for presentation purposes.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

CASE STUDY

EXTENDING INVESTMENTS IN RENEWABLES, DRIVING GHG REDUCTIONS

Since joining RE100 it's been our mission to switch to 100% renewable electricity. This is quite easy for locations that already have a good supply of renewable electrical power, like the US and Europe. But it's not the same story everywhere – which is why we're investing in developing energy sources at our sites, such as solar power at Cali, Colombia and Mauripur, Pakistan. This year we upped our investment in on-site solar at Sitarganj, India, one of our largest sites, to provide renewable hot water and solar electricity so that, together with the renewable electricity we buy, Sitarganj's energy supply is now 100% from renewable sources. We extended this approach to achieve 100% renewable electricity for our sites in Baddi and Hosur, India. This is a significant element of our overall programme on climate change, as electricity is one of our largest sources of carbon emissions for our sites.



PV solar installation at our Cali site



Sitarganj on-site PV solar producing renewable electricity (2019 investment)



Sitarganj on-site hot water recovery system reducing on-site fossil fuel use (2018 investment)

RE 100

Climate change continued



Looking ahead to 2020 and beyond

Although we delivered our GHG target, we haven't made as much progress overall in energy efficiency as we would have liked. This is due to our recent focus in manufacturing – on strengthening product quality, safety of our teams and production efficiency.

Looking forward to 2030, we're resetting our priorities with new science-based targets to tackle climate change and reduce global warming. We will be updating and publishing these new long-term goals later in 2020. We will also re-invigorate our work on more sustainable products, looking at how we reduce our scope 3 impacts through the design of products, the ingredients and packaging we use and the way they are used and disposed of by consumers. For more detail on this, see our [Sustainable product innovation insight](#).

We are looking particularly at:

- Our infant formula manufacturing sites – these factories are our largest users of energy and water.
- Energy in manufacturing sites – further scrutinising the energy we use and how we use it.
- Product development – looking at product design, the ingredients and packaging we use and consumer awareness to help us reduce our indirect (scope 3) emissions (read more in our [Sustainable product innovation insight](#)).

For the emissions from our operations, we'll continue to focus on two things:

- Improving energy efficiency: this will include process optimisation and design to reduce energy as well as developing site-specific action plans based on energy audits and new modelling tools. We're also empowering our global community of environmental specialists with new digital tools so good practice can be quickly shared and adopted across our network.
- Switching to less carbon-intensive energy sources: as members of the RE100 group, we pledged that, by 2030, all electricity we buy will be from renewable sources. This commitment is a key part of delivering our GHG emissions target, given the large contribution electricity makes to our overall emissions. We're also stopping using coal as fuel even though it remains common in certain markets. For example, we're looking at replacing coal in South Africa in the coming year.

We will also continue to use modelling tools to assess the relative merits of different options to reduce our overall impact. For example, since launching our carbon offsetting Trees for Change programme in 2006, we've learned that we can make bigger inroads into reducing our carbon footprint through other means. However, we will continue to maintain the programme and its woodlands and we won't rule out the further use of carbon offsetting.



Climate change continued



How we govern and manage climate change risk

Understanding risk

In terms of managing climate change risk, we consider our business operations as well as our products and value chain, and focus our efforts where we can have the biggest impact. Through our Company-wide risk management process, we have identified climate change as a sustainability risk. We look to mitigate this risk while acknowledging external policy frameworks and conventions such as the Paris Agreement. Our governance and programmes for manufacturing and products take account of these external policy frameworks and aim to reduce the impacts of climate change and restrict global warming to less than 1.5°C.

Our approach includes scenario analysis that considers world temperature increases of 2°C and 4°C and the risks these may pose. We also consider the potential policy environment that may emerge to address climate change and how low-carbon transition policies may affect our business. And we consider risks and opportunities at a product and physical asset level, for example our manufacturing sites. Our approach involves three risk horizons – short-term (up to three years), medium-term (three to six years) and long-term (six to twelve years). For more on this and our wider approach to corporate risk, please see our 2019 Annual Report (pages 64-77).

We reviewed our current climate change strategy and targets in light of recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and are committed to setting science-based targets in line with global climate change policy positions. We'll be introducing our new long-term climate change targets in 2020, as we launch our new sustainability goals.

We believe we have an opportunity to position RB competitively for a low-carbon, low-water economy. We're well placed to meet the increasing demand from consumers for environmentally sustainable products. And our activities can help mitigate risks arising from potential increased environmental taxation and other fiscal policies, as governments begin to tackle climate change.

Understanding product risk

When developing products, we use our sustainable innovation calculator (SIC) app to assess climate-related and water scarcity risks across the entire life cycle, from sourcing natural raw materials to consumer use and disposal. Since the SIC was launched in 2013, we've made over 6,000 assessments and have over 700 live users who are helping us to drive sustainable innovation. For more on sustainable innovation and how we manage our impact, see our insight on [Sustainable product innovation](#).

Understanding site risk

For our manufacturing sites we run global assessments of our sustainability risks, including climate change, flooding and water scarcity. These include:

- A water scarcity study across 24 sites in water-stressed locations to better understand how we can develop products that minimise risks to water sources.
- A risk analysis of our energy infrastructure to find ways to improve energy efficiency, reduce greenhouse gas emissions and use more renewables across the business, which is key to reaching our RE100 group target.

Our risk management approach in practice

We are using more energy-efficient production processes, investing in renewable energy, and increasing our sustainable innovation. Our overall approach includes site-specific plans and targets that contribute to our annual objectives and climate change KPIs. As our employees are central to delivering our environmental targets, we're promoting good practice and celebrating achievements through channels such as internal news stories, spotlights and peer-nominated awards.

Our sites monitor and report climate change KPIs monthly. Our regional teams conduct regular audits as part of our overall Global Environment Standards management and compliance programme. Similarly, our suppliers must comply with our environmental requirements and take responsibility for their own energy management.

From 2020 we'll introduce new approaches with key suppliers and co-packers to help reduce their energy use, improve their environmental performance and help them to address the risks and opportunities we have identified for RB.

Governance

Our Board is ultimately responsible for our climate change strategy, which is delivered through the Executive Committee and management team. The Board Committee for Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) oversees the programme's implementation, as well as its progress and performance against targets.

We report performance quarterly to our Risk Committees and the CRSEC, while our monthly KPI reporting enables site, regional and functional teams to monitor performance and adjust their activities to address emerging issues. For more details on how we report performance to senior leadership and the CRSEC, see our [Sustainability governance, reporting and assurance insight](#).

We also take part in external benchmarking and indices which are often viewed and used by our investors and customers. In the case of climate change, the most recognised of these has been the Carbon Disclosure Project (CDP). We're proud that in 2019 CDP awarded RB an A- for efforts on climate change for the second year in a row.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to:

The Sustainability team

Reckitt Benckiser Group plc (RB)
103–105 Bath Road
Slough, Berkshire, SL1 3UH
UK

Water

OUR PERFORMANCE IN 2019

Aim	Progress	Aim	Progress
33%	4%[†]	35%	37%[†]
reduction in water impact per dose by 2020	decrease in water impact per dose vs 2012	reduction in water use in manufacturing and warehousing by 2020	reduction per unit of production vs 2012

1 Manufacturing and warehousing only.

† Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight. Excludes IFCN.

Our biggest challenge is often not the water we use in our operations or products, but the water needed by people to use our products.

Our approach to water

Across the world today, millions of people are affected by water scarcity and poor water quality, and that number is predicted to rise due to climate change. This year 55 million people suffered from drought, and two billion people lack access to safe water supplies. Therefore managing water resources well is essential for the health of our planet and society and for our long-term success as a business.

Our biggest challenge is often not the water we use in our operations or products, but the water needed by people to use our products. Since 2012, we've been working to measure and reduce water use throughout our value chain.

We're also working to help people in our communities have better access to clean water and sanitation, particularly in water-stressed areas where we operate such as Turkey and India. Our efforts to make a positive difference to people's health and the environment are both good for our business and the communities that surround us, while supporting UN SDG 6, calling for clean water and sanitation for everyone.

We've made good progress in reducing the water impact of our own operations, such that water used in our manufacturing now represents less than 1% of our total water impact. This is thanks to our sites achieving their water reduction targets, using water more efficiently,

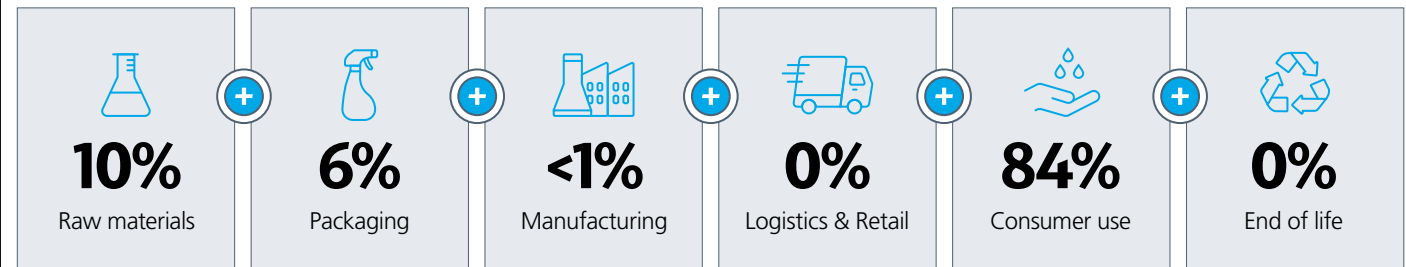
treating wastewater more effectively, and in some cases reaching a goal of zero wastewater being discharged from the facility. However, there are challenges ahead – the IFCN business we acquired as part of Mead Johnson in 2017 offers products which are water-intensive throughout their life cycle. As we're still integrating IFCN into our reporting, the historic performance for Mead Johnson is not yet part of our metrics and will have an impact on our performance in the future.

What is much more difficult, however, is reducing our impact on water across our value chain, particularly the 84% attributable to consumer use. Even though we achieved a small decrease in our overall water use this year, we're still some way off our overall target to reduce this by a third.

The remaining 16% of our impact comes from our supply chain, with 10% attributed to raw materials and 6% to packaging.

While we've made some progress, we still have much to do. We're focusing more closely on the complete life cycle of our products, and have several promising initiatives to lower the impact on consumer water use. These include reformulating our products using ingredients with a lower water footprint, as well as building consumer awareness on how to conserve water when using our products. This year our Finish brand, in conjunction with National Geographic, began our campaign on water in Turkey and Australia. We will extend the campaign to other markets in 2020 to help raise awareness and encourage people to use less water at home.

Our water impact



Water continued



Managing our water resources

With the exception of our IFCN sites, which we acquired more recently, all our sites are certified to ISO 14001. IFCN sites are in the process of completing final assessments for certification and should all be certified by the time of our next report. All sites must also meet our Global Water Management standards, our best practice framework. Sites also assessed potential ways to reduce their water impact, which supports improvements and our future planning.

Across many of our sites including; Atizapan, Mexico; Cileungsi, Indonesia; Shangma Qingdao, China and Raposo Tavares, Brazil, we increased water reuse and recycling. We achieved this using various water treatment techniques, such as reverse osmosis which cleans the water before we reuse it. In Granollers, Spain we saved water by reformulating some of our products, and in Atizapan by treating water to deliver different levels of quality which we then use appropriately. Higher quality water is used for products while lower quality water is used for flushing toilets. We increased water efficiency in various sites by changing how we clean our production lines, including; Tuas, Singapore; Sitarganj, India; Mira, Italy and Chartres, France. We also installed water efficient equipment to reduce water use in toilets or showers in Raposo Tavares, Brazil and Cali, Columbia.

We're also evaluating water use as part of our sustainability assessments when developing our products. At each stage of development, we run models using our sustainability innovation calculator (SIC) app to make sure we're keeping water use and waste to an absolute minimum. See more on this in our [Sustainable product innovation insight](#).

We have previously carried out global water scarcity assessments using the WRI Aqueduct tool. This identified where we can have the greatest positive impact, and where we want to increase our efforts. We look to drive water performance across all our sites, but this is especially true of sites in areas of water scarcity.

We operate in 24 water-stressed areas, and we have more to do to understand how we can mitigate risks, by working in the water catchment areas where our sites operate. This has already led to initiatives such as water harvesting, ensuring that rainwater captured from roofs is reused, or perhaps returned to local agriculture.

A major focus is making sure we treat and reuse as much water as possible in areas where water is scarce – treating water so we can use it for different purposes and challenging ourselves to find new ways of reusing water and reducing its use as much as possible. This year through these programmes, several sites, including Hosur, Mysore and Irungattukottai in India and Bangplee, Thailand, have achieved zero liquid discharges – by purifying, recycling or putting back into production water used on site.

Our focus for 2020 and beyond

To address our challenges for water, we're developing a new water resource strategy that incorporates IFCN and sets ambitious targets to 2025 and beyond. We'll be focusing particularly on improving water efficiency, the impact of our water use on the overall catchment area and the quality of wastewater in water-stressed locations. Where possible, we are aiming for zero effluent discharge.

Over the next five years we'll work even harder to understand the impacts of our products across their life cycles. While our focus so far has primarily been on manufacturing, where we can most make a difference, we know that taking an end-to-end view is the right and responsible thing to do. So we're looking to reduce our impact on water at all stages: from design and manufacture to ingredients and materials, and through to how people use and dispose of our products. Examples of this include our Vanish Stain Remover Gel with its more concentrated formula and the removal of the plastic dosing ball and Finish Eco Dishwater Detergent Gels where reformulation enabled less water to be used in the wash and which received a certified EU eco label in 2019.



Water continued



Water use – product¹

Total water use 2019 (RB excl IFCN)	Units	Raw material	Packaging	Manufacturing	Logistics & retail	Consumer use	End of life	Total/average
Water use 2019	total (million litres)	577,200	429,600	5,700	0	1,658,500	0	2,670,900 [†]
	litres/dose	1.1	0.8	<0.1	0	3.2	0	5.1 [†]
	% split	22%	16%	<1%	0%	62%	0%	100%
Total water use reductions (RB excl IFCN)				2012 (baseline)	2018	2019	% Change on 2012	% Change on 2018
Water use (litre/dose)				4.9	5.1	5.1 [†]	+1%	0%
Total water use for IFCN 2019	Units	Raw material	Packaging	Manufacturing	Logistics & retail	Consumer use	End of life	Total/average
Water use 2019	total (million litres)	453,900	69,500	4,100	0	409,200	0	936,600 [†]
	% split	48%	7%	<1%	0%	44%	0%	100%

Water impact – product¹

Total water impact 2019 (RB excl IFCN)	Units	Raw material	Packaging	Manufacturing	Logistics & retail	Consumer use	End of life	Total/average
Water impact 2019	total (million e-litres)	260,800	273,100	6,300	0	3,960,500	0	4,500,600 [†]
	e-litres/dose	0.5	0.5	<0.1	0	7.5	0	8.6 [†]
	% split	6%	6%	<1%	0%	88%	0%	100%
Total water impact reductions (RB excl IFCN)				2012 (baseline)	2018	2019	% Change on 2012	% Change on 2018
Water impact (e-litres/dose)				8.91	9.25	8.55 [†]	-4%	-8%
Total water impact for IFCN 2019	Units	Raw material	Packaging	Manufacturing	Logistics & retail	Consumer use	End of life	Total/average
Water impact 2019	total (million e-litres)	215,600	44,100	900	0	147,400	0	407,900 [†]
	% split	53%	11%	<1%	0%	36%	0%	100%

¹ Pre-acquisition data for our IFCN business is not available. To ensure like-for-like comparisons, target performance trends vs 2012 exclude IFCN. IFCN results are shown as a separate entry.

[†] Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance insight](#).

Figures in the above tables have been rounded for presentation purposes.

Our performance in 2019 – data detail

We measure and report on water use by product, water impact by product, water used in our operations, and our wastewater discharge by destination and volume. All our reporting is against a 2012 baseline, excluding our Infant Formula and Child Nutrition (IFCN) data, which is shown separately. This year we were particularly pleased to receive leadership status in the Carbon Disclosure Product (CDP) for water stewardship. We scored A-, up from B- in 2018, after we focused on improving our disclosure, policies and water accounting.

This year we incurred no fines or prosecutions with regards to environmental breaches or pollution, and there were no significant spills.

Overall, we used less water this year than in 2018 for two reasons – our overall production volumes declined and we also made our processes more efficient. However, water used per unit of production increased after launching different products and pack sizes.

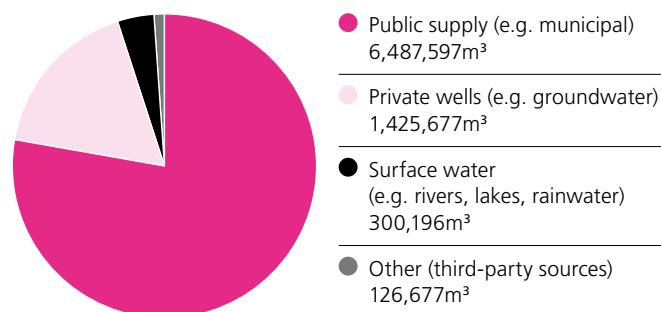
Water continued



Water used in our operations

Across our operations we use water from a number of different sources depending on the local area. Since 2012, we have reduced our water use by 37% (per unit of production), despite a slight increase of 1.1% since 2018 which occurred due to changes in the type and size of products we make. This year our total water withdrawals (including IFCN sites) were 8,340,146 m³, a reduction of 5.4% since 2018, while we recycled and reused 222,708 m³, up 3% since 2018.

Total water use (withdrawals) in 2019 in m³



Wastewater discharge

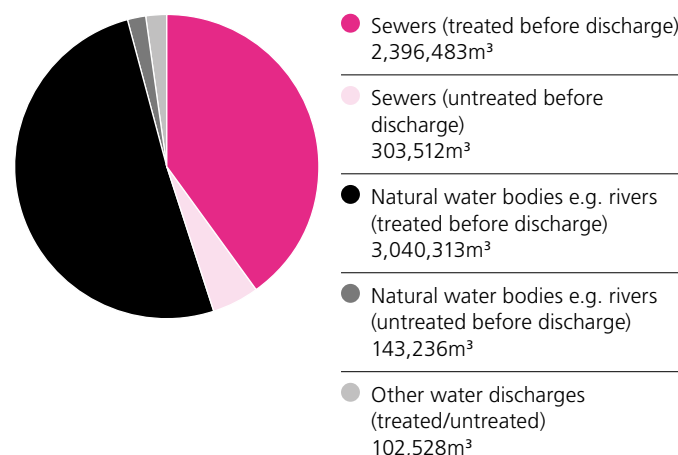
Wastewater discharge this year was higher compared with 2018, as a result of improvements in on-site waste water treatment capacity and reductions in wastewater treated off-site.

Wastewater discharges – quality

	Units	2016	2017	2018	2019
Direct chemical oxygen demand	metric tonnes	1,421*	1,517*	1,338*	750

* Previous years restated due to data reporting improvements and correction of previous unit factor error. Improvement in quality of data is ongoing and will be further worked on over the next 12 months.

Wastewater discharges in 2019 in m³



Listening to our stakeholders

Reporting effectively across the breadth of our sustainability issues, and the regular updates on our many programmes and activities, is always a work in progress and so we look forward to hearing your feedback – what should we keep and where can we do better?

Email us at sustainability@rb.com.

Or write to: The Sustainability team

Reckitt Benckiser Group plc (RB)
103–105 Bath Road
Slough, Berkshire, SL1 3UH
UK

Water use – manufacturing and warehouse operations¹

Metric	Units	2012	2013	2014	2015	2016	2017	2018	2019†	Change vs 2018	Change vs 2012
Water use per unit of production	m ³ per 1,000 CU	0.964	0.788	0.718	0.675	0.657	0.612	0.598	0.605	1.1%	-37.2%
Water discharge per unit of production	m ³ per 1,000 CU	0.496	0.344	0.289	0.281	0.289	0.238	0.246	0.268	8.7%	-46.0%

¹ Pre-acquisition data for our IFCN business is not available. To ensure comparison with our 2012 target baseline, 2019 data shown in this table excludes IFCN. Including IFCN, 2019 manufacturing and warehouse water use was 1.090m³ per 1,000 consumer units (CU) and water discharges were 0.783m³ per 1,000 CUs.

† Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.



CASE STUDY

#FINISHWATERWASTE DRIVES GROWTH, SAVES WATER

Our #FinishWaterWaste campaign in Australia is helping us change consumer behaviour and reduce our carbon footprint when consumers use our products. The New South Wales bushfires this year illuminated the catastrophic effect that drought can have on homes, livelihoods and wildlife. Working in partnership with Rural Aid, our dishwashing brand Finish encouraged consumers to stop pre-rinsing their dishes, saving 40 litres of water per wash. For every tablet sold, (at retailers Coles and Woolworths in September and October), Finish promised to donate the same amount to rural communities in need. In September, Finish and Rural Aid donated a much needed 1,900,000 litres of water to communities in Warwick, Queensland which were experiencing some of their worst droughts in recent history.



FINISH AND NATIONAL GEOGRAPHIC

In Turkey, our Finish brand worked with National Geographic to raise consumer awareness about water scarcity. The documentary, 25 Litres, posed the challenge of living with only that amount of water each day, mirroring drought conditions. Together we also revitalised Lake Kuyucuk in Turkey. And working with our retail customers we built consumer awareness through television coverage and supermarket events to emphasise the importance of managing water resources for the future. With one customer, Migros, we introduced the 'Water Bill Challenge', where customers received discounts on Finish products when making savings on their water bill.



MISSION PAANI, INDIA

Our Mission Paani in India aims to generate nationwide awareness, behaviour change and action for protecting and conserving water resources. It's a campaign that combines compelling communication with water conservation and governance measures.

Community projects play a large part, promoting water awareness among households and supporting reuse of water. A pilot with local households, communities and Panchayati Raj Institutions (a key governance mechanism in rural India) will do three things: (1) identify ways to build a culture of water consciousness; (2) develop a baseline of household water availability, water sources and consumption, against which we can measure improvement; and (3) find ways to reduce wasteful use of water.

Under the Jal Jeevan Mission, a government initiative to ensure access of piped water for every household, we have been inspiring people to 'Measure-Reduce-Reuse' water. All our work complements the Indian Government's efforts on water. We aim to build from our pilots to scale up and drive significant positive impact on India's future water resources.

Plastics and packaging

People and companies all over the world are coming together to address the challenge of plastic and other types of packaging waste. This is an increasingly important issue for the planet, and something we are committed to tackling.

OUR PERFORMANCE IN 2019

Aim	Progress	Aim	Progress
25%	3%	100%	48%
post-consumer recycled content (PCR) in our plastic packaging by 2025		of plastic packaging reusable or recyclable by 2025	

Meeting the plastic challenge

If all global businesses met their current commitments, this would only reduce plastics and packaging waste by 30%. So we must all do more – by changing our packaging, finding new ways of bringing our products to consumers, designing to enable recycling. We recognise that we cannot do this on our own and we can only achieve the change we need by working with others.

Our 2018 pledges reflect our commitment to tackling the problem of plastics and packaging. While those pledges are still relatively new, the agenda is moving fast. Our first priority is to reduce our use of plastic, or indeed any material, in our packaging as much as possible. In doing so we bear in mind the overall life cycle impacts of packaging we use. We then work to make it recyclable and include recycled content where we can. We are also committed to contributing to the circular economy by supporting the development of better recycling infrastructure and encouraging consumers to recycle more.

We have some improvements in the pipeline, and we're determined to find more innovative solutions. Sometimes these initiatives will take time to work through our research and development process – for example we have to make sure that anything we do for packaging does not compromise public health requirements. Nonetheless our development programme is moving at pace as we identify new opportunities to address plastics used in our packaging. To help our approach, we work with our partners and strategic suppliers to identify new opportunities. These might be in terms of different materials and better designs that are more recyclable or to find new longer-term supplies of materials such as recycled plastic, all to develop more sustainable solutions.

OUR PRODUCT INSIGHT PAPERS

We want consumers to trust our brands; to feel confident that our products are safe and cause no harm to the ecosystems or the people that they touch during their life cycle. Sustainable product innovation is ultimately about the overall integrity of our products, which combines several aspects of responsible business. The overall topic is covered by several insights to make the subjects more accessible.

They are:

- **Product stewardship – ingredients and transparency:** the processes we follow to consistently use safe, environmentally friendly ingredients and our work on ingredients labelling to help our consumers make informed decisions when buying our products.
- **Protecting ecosystems across our value chain:** the steps we take to safeguard our planet for future generations.
- **Plastics and packaging (this insight):** how we seek to use less material, reduce virgin material, and use recycled and recyclable components in our packaging.
- **Sustainable product innovation insight:** how we develop our products to make them more sustainable for the future.



Plastics and packaging continued

Product quality and safety

We are clearly still some way off our targets, but we do have a number of innovations in the pipeline that are yet to reach our consumers. Nonetheless, we do face challenges in some parts of the world in getting adequate recycled materials of the right quality. But we are working to increase the amount of recycled plastic we can use as quickly as possible and to help us fulfill our pledge – 25% recycled post-consumer resin (PCR) in our plastic packaging by 2025.

As we work to increase the amount of recycled plastic in our packaging, there are a number of areas that are important:

- We are working with resin suppliers to acquire sufficient recycled plastic to support our regional and global goals. Where recycling infrastructure does not exist, we are working with others to develop an infrastructure and encouraging consumers to recycle through it which will eventually create a better recycled plastic supply for the future. Through our R&D 'Partners to Innovate' programme, which includes Dow and Veolia and other key resin and packaging material suppliers, we have strong, global supply chain partners with whom we can develop solutions.
- In the US, all Hygiene bottles have an average of 25% recycled plastic content and in some instances, like our Old English bottle, we use 100% PET PCR plastic (100% polyethylene terephthalate from post-consumer recycled resin). Also in the US, we launched Veo Surface Cleaner using 95% post-consumer recycled plastic while our Airwick Botanica room spray uses 99% of PET PCR in the bottle and 35% in the trigger spray.
- In Europe, we increased our Airwick blisters from 50% to 70% PET PCR while our Finish tubs incorporate 30% PP (polypropylene) PCR. We recently launched Rinse Aid bottles in Germany with 50% of HDPE (high-density polyethylene) PCR.
- Since the beginning of this year, our dilutable fragrance bottles in Colombia have been produced with 50% PET PCR, while in Mexico we have begun to use 25% PET PCR for some products.

100% of plastic packaging reusable or recyclable by 2025

The design of packaging, as well as the materials we use, helps it to be more readily recycled.

- This year, we created a plan to phase out carbon black plastic by 2021. Bottles made from carbon black plastic are sent to waste because they can't be detected by optical sorting machines in recycling plants. We have now phased this out from our Harpic and Finish brands.
- We implemented our innovative metal-free spray trigger which only uses one type of plastic and no metal springs or other components which were previously commonplace. For the trigger to have been recycled in the past, it would need to be dismantled into its component parts – a time-consuming and costly process – and so largely didn't happen. The new design means the trigger and bottle can now be readily recycled, reducing unrecycled plastic waste by 500 tons per year.
- We launched Veo Surface Cleaner in the US with a removable sleeve to enable simpler recycling of the bottle so it can be reprocessed into higher-quality recycled plastic.
- In Germany we launched a recyclable flexible pouch for Finish – the first of its kind in the dishwasher category. This addressed the issue of laminated films not being readily recycled and was recognised as a game changer, winning the UK Packaging Award for Best Flexible Packaging of The Year as well as DOW's 'Packaging Innovation Awards – GOLD'. We are now looking at how we can use this in other categories and regions.

Highlights from the year

- We assessed our global plastics and packaging footprint and continue to monitor emerging regulation across all our markets. We also took an in-depth look at recycling infrastructure in 11 key markets to help us plan for the future and also understand where we can use our influence to strengthen recycling.
- We embedded new tools and knowledge across the organisation, especially in product development. For example, we are continuing to evolve our sustainable innovation calculator (SIC) app to help us make good choices about product design, including meeting our targets for plastics – see our [Sustainable product innovation insight](#).

- We announced a new partnership with Veolia to contribute to the creation of a circular economy for plastic, and we continue to be members of Ellen MacArthur Foundation's (EMF) New Plastics Economy. We are also part of the UK Plastics Pact and are working with the Association of Plastic Recyclers in the US.
- We have continued to strengthen our labelling to inform consumers how to recycle our packaging, using nationally recognised approaches where practical. For example, we use How2Recycle in the US, the On-Pack Recycling Label approach in the UK and the APCO Packaging Recycling Label Program in Australia.

Looking ahead – our focus for 2020 and beyond

We aim to reduce the plastic we use while also increasing the percentage of recycled plastic content. We will stay focused on improving packaging design to support recyclability and continue working with the recycling sector and the manufacturers of recycled plastic to improve the supply of the right quality materials.

We will also continue to encourage recycling, through our brand communications with consumers and on specific initiatives where these can stimulate more recycling in a particular market. We will broaden our current activity to trial different ways of reaching consumers with our products, using reusable packaging – and will work with others, for example Terracycle's Loop programme, as well as developing our own solutions.



At the same time, we are designing more packaging that can be reused by consumers. This extends the work done by brands such as Dettol and Lysol and helps to reach larger numbers of consumers.

Plastics and packaging continued

How we manage plastics and packaging

As part of our commitment to more sustainable packaging, we apply four Rs: reduce, reuse, recycle and replace.

- **Reduce** plastic use where possible. We're especially focused on removing virgin plastics in packaging and using less plastic overall. This helps to minimise the amount of waste that could potentially end up in the environment, especially so given the limited recycling infrastructure in some parts of the world.
- **Reuse** by designing products and packaging that can be reused. For example, introducing refillable and reusable trigger spray bottles for our Dettol and Lysol brands.
- **Recycle** by designing our products to use recyclable materials and be readily recycled. This year, we introduced new guidelines to help make sure our marketing and R&D teams design for recyclability. For example, we are now beginning our global journey in using best-in-class labelling to explain to consumers how to dispose of our packaging at the end of our products' life.
- **Replace** materials with ones that can be more readily recycled and have a lower environmental footprint. We look at the life cycle of a product, including the energy and water used in production, when deciding whether to bring in replacement materials. This year, we consolidated data across our global businesses to simplify this process.

Working with others

We will never solve the global plastics challenge alone. The only way we can make a difference is by working closely with others involved in the issue – governments, not-for-profits and industry associations, as well as our retailers, suppliers, consumers and peers. Our partners include:

- The Ellen MacArthur Foundation's New Plastic Economy which is a cross-sectoral group developing common solutions to drive circularity with plastics (see case study).
- We work with DOW, a materials science company, to develop recyclable solutions to replace previously non-recyclable multilayer polyethylene/PET laminates alongside ways to improve the quality of recycled polyethylene.

- Terracycle, an innovative recycling company:

- In the US, we have partnered with Terracycle to create a national programme (Healthy You, Healthy Planet) which cleans and melts our packaging, such as vitamin bottles and caps, into hard plastic that can be used in new recycled products.
- Our vitamin and mineral brands – Airborne, MegaRed, Move Free and Neuriva – can be collected and refilled as part of Terracycle's Loop milkman programme in the US.
- In the UK, Terracycle runs a programme for flexible packaging which is currently not readily recyclable which includes the brands Finish, Vanish, Airwick and Dettol. This allows the plastic to be reused, perhaps made into moulded rigid products like plastic benches or used as film for bags.



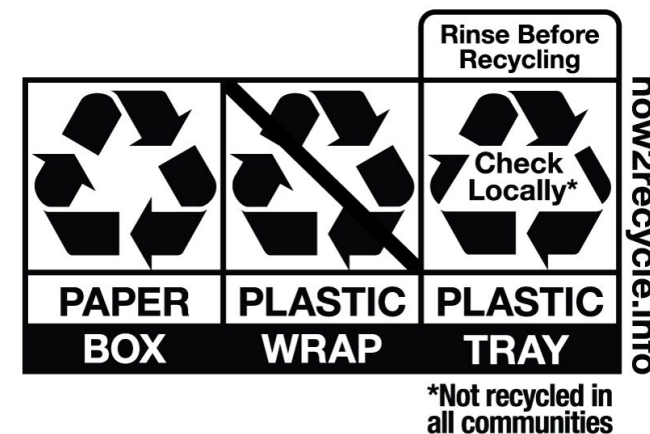
- Our work with Veolia to accelerate a more circular plastics economy has led to our first project – the development of new grey packaging for Finish Quantum with 30% recycled plastic. A team of experts from RB and Veolia in Europe are also working to improve recycling collection systems to help consumers sort their recycling at home.

Innovating for sustainability

Our SIC app helps us choose and design more sustainable packaging every time we launch and relaunch a product. Our innovation pipeline includes different ways to deliver our products to our consumers. For example, Lysol will launch a refill product in the US in February 2020 which can be reused up to 25 times and reduces plastic by 75% compared to a 32oz multi-purpose cleaner. It has the same effectiveness (99%) against germs and can be reloaded with a new cartridge, filled with water and easily reused.

Communicating with consumers

One of the biggest challenges around plastics and packaging is helping consumers understand recycling and reuse and encouraging them to do more. To this end, we work with On Pack Recycling Label (OPRL) in the UK, How2Recycle in the US and APCO Packaging Recycling Label Program in Australia to communicate better and more consistently on our labels.



Plastics and packaging continued

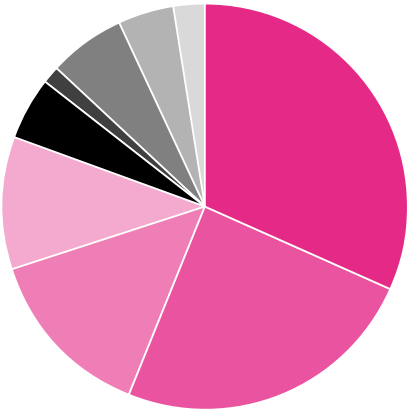
CASE STUDY

PARTNERING WITH THE ELLEN MACARTHUR FOUNDATION

We're one of 450 organisations taking part in the Ellen MacArthur Foundation's New Plastics Economy (NPE) Global Commitment to meet targets on plastics and packaging waste. This initiative unites businesses, governments and other organisations behind a common vision and an ambitious set of targets to address plastic waste and pollution at its source. At the heart of the Global Commitment is a vision of a circular economy for plastic in which it never becomes waste. The organisations working with the Foundation together account for more than 20% of all plastic packaging produced globally. By working together, the Global Commitments report has helped to increase transparency around the different plastics used in packaging which strengthens progress towards use of more recycled plastic. At national levels, the NPE has supported the development of plastic pacts in more countries which champion the reduction and recycling of plastics.



Overview of business signatories



● Packaged goods companies 66	● Raw material producers – non-compostable plastics
● Packaging producers 51	● Suppliers to plastic packaging industry 13
● Recycling and after-use 29	● Durable goods producers 9
● Retail and hospitality 22	● Investors 5
● Raw material producers – compostable plastics 10	

Over 450 organisations from different industries have signed the EMF's global commitment on plastic.

Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at sustainability@rb.com.

Or write to:
The Sustainability team
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Reducing waste

OUR PERFORMANCE IN 2019

Aim	Progress	Aim	Progress
30%	27%^{2†}	100%	96%^{1†}
reduction in waste from manufacturing and warehouses by 2020	reduction in waste per unit of production versus 2012	zero waste to landfill at all factories	of our manufacturing operations with zero waste to landfill

1 Includes IFCN, for manufacturing operations only.

2 Excludes IFCN, for manufacturing and warehouse operations only.

† Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

We are acutely aware of the growing problem of waste in our world.

Minimising waste

To minimise our impact wherever possible, we're developing innovative ways to recycle and reuse materials – aiming to send zero waste to landfill.

We consider waste at all stages of our value chain, from supply and manufacturing all the way through to leftover packaging when consumers use our products. Minimising waste in the areas where we have direct control, such as our manufacturing processes, helps us to become more efficient and cost-effective, as well as benefiting the environment.

We're also working to reduce our packaging waste after consumers use our products – for example, by investing in developing more recyclable and reusable packaging (please see our [Plastics and packaging insight](#) for more detail).

This year we continued to develop, roll out and track the impact of initiatives to reduce waste across our global manufacturing sites – and we're pleased that 96% of these reached our zero waste to landfill 2020 target. The missing 4% was owing to the closure of a waste-to-energy facility in the US used by two of our factories, and we're looking for an alternative to avoid using the last resort for disposal, landfill. We're also working to bring the sites from our Mead Johnson Nutrition acquisition up to our standards for waste reduction – and will include these in our next set of targets for 2020 and beyond.

We continued to build on our track record in complying with local and national regulations around waste management. This year we revised our global waste management requirements, putting better protection measures into place at all our manufacturing sites. It's especially important, for example, that we safely and securely dispose of waste pharmaceutical products and materials to prevent them from being misused.

We also worked to reduce waste in our supply chain by monitoring each site's waste, promoting packaging reduction, and encouraging suppliers to use more reusable and recyclable materials. With a particular focus on emerging markets, we took steps to minimise our packaging – for example, removing an external secondary shrink wrap from our Durex products to reduce waste in China and Thailand.

Waste in our manufacturing and warehouse operations

	Units	2012	2016	2017	2018	2019 ¹	% Change vs 2018	% Change vs 2012
Waste per unit of production ²	Tonnes per 1,000 CU	0.01170	0.00940	0.00919	0.00863	0.00849	-1.5%	-27.4%
% of sites with zero waste to landfill	% of manufacturing sites	–	98%	100%	93% ¹	96% ¹	n/a	n/a
Hazardous waste per unit of production ²	Tonnes per 1,000 CU	0.00160	0.00126	0.00133	0.00140	0.00163	16.9%	2.0%

Note:

% changes versus 2018 and 2012 are stated accurately and not affected by rounding. This is to provide full year-on-year comparison.

1 Includes zero waste to landfill status of our IFCN sites, acquired in 2017. Since acquisition we have been actively working with these sites to improve waste reduction and recycling, resulting in seven of these sites sending zero waste to landfill during 2019.

2 Pre-acquisition data for our IFCN business unit is not currently available. To ensure comparison with our 2012 target baseline, 2019 data shown excludes IFCN. Including IFCN, 2019 manufacturing and warehouse waste was 0.0125 tonnes per 1,000 CUs and hazardous waste was 0.00157 tonnes per 1,000 CUs.

† Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

Reducing waste continued



CASE STUDY

NOTTINGHAM SITE MAKES STRIDES TO SAVE THE PLANET

We don't stop trying to reduce waste just because we've hit our targets. Our Nottingham manufacturing site achieved zero waste to landfill in 2017, but the team wanted to go much further and so looked at how to reduce, recycle and reuse waste wherever possible. In 2019, this led to their 'War on Waste' programme with targets for production lines to identify and reduce waste. One of the successes has been the manufacture of Strepsils, where the team saved around 600 tonnes of raw material waste. This helped the site reduce their waste per unit of production by over 30%, and save money in the process. But the team have not stopped there. Looking for other opportunities, they also eliminated around 120,000 single-use bags that were used each year to collect blister packs during manufacturing by switching to reusable boxes, plus they also eliminated paper towel waste by moving to hand dryers.

Waste from manufacturing and warehouse operations by type and disposal method

	2016*	2017*	2018	2019
Total waste generated (mT)	71,410	70,064	95,822	95,881†
Total waste recycled, reused (mT)	68,174	64,051	81,947	66,301†
% waste recycled	96%	91%	86%	69%†
Total waste disposed (landfill) (mT)	2,696	6,031	13,875	29,580

* Prior to IFCN acquisition.

† Assured by ERM CVS as part of their limited assurance scope; for details, see our [Sustainability governance, reporting and assurance insight](#).

Managing our operational waste

Our overall aim is to avoid waste. Our individual manufacturing sites are accountable for the management and disposal of their waste. We have a Global Waste Management standard that applies across all our manufacturing sites, covering every aspect of waste management and compliance. Sites must report monthly on their progress and are also audited by our regional team, as part of our overall Global Environment standards management and compliance auditing. Sites with a good rating are audited every two years; sites that only pass are audited every year; and sites that fail are audited more frequently to bring them up to standard.

Similarly, our supply sites must comply with the global ISO 14001 certification and take responsibility for their own waste management.

Minimising waste involves more than simply making our own production processes more efficient. Other factors come into play – for example, changes in quality control, manufacturing equipment, labelling or consumer preference can lead to unused or obsolete stock. We naturally try to avoid such issues as far as possible, by planning effectively, and working closely with consumers to understand their preferences and how they may be changing – for example, our partnership in the UK with Terracycle, a free scheme where people can drop off waste packaging which is then repurposed through reuse, upcycling or recycling.

Where practical, we will re-work and reuse materials to avoid waste, but of course our paramount aim is to maintain the safety and quality of our products.

One of our challenges is the high cost of alternatives to landfill. For example, incineration to create energy is a better but sometimes more expensive solution as it often involves extra transport and storage costs because facilities are further away. We must also navigate local policies and infrastructure changes in some parts of the US, which have led to a reduction in recycling facilities.

Looking ahead – focus for 2020 and beyond

We're in the process of setting new targets for 2025 and beyond and will be announcing these in 2020.

We will continue to focus on finding better ways to dispose and recycle our waste. For example, we're beginning to identify recycled ingredients as part of our support for 'green' chemistry initiatives. (See more on this in our [Product stewardship – ingredients and transparency insight](#).)

We're also looking to innovate through repurposing our own waste, such as sending waste food to be reused in animal feed and using waste latex from our condom factory in Brazil to produce soles for shoes. This is a great example of the circular economy at work, when we can create something of value from waste and extend its useful life.

Listening to our stakeholders

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If you have any comments or queries on this report or our sustainability performance, please contact

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