



# ENABLING A FAIRER SOCIETY – WITHIN OUR VALUE CHAIN

## Modern Slavery and Human Trafficking Statement 2020

Reckitt Benckiser Group plc and other relevant group companies\* (Reckitt) slavery and human trafficking statement for the 2020 financial year, as required by section 54(1) of the Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018 (Cth) in consultation with RB (Hygiene Home) Australia.

\*This statement covers all subsidiaries of Reckitt Benckiser Group plc, a full list of which is available in Reckitt's Annual Report and Financial Statements 2020, including RB (Hygiene Home) Australia Pty Ltd (ABN 58 629 549 506).



# 2020 – MEETING GLOBAL CHALLENGES



Laxman Narasimhan,  
Chief Executive Officer  
and Chair of The Global  
Inclusion Board



**Modern slavery and challenges to human rights remain systemic global issues. We care about them and the people involved**

**Laxman Narasimhan,**  
CEO, Reckitt

**2020 was an immensely tough year for the world. In our own way, we are playing our part and helping people around the world to meet the challenge of COVID-19.**

This is central to our purpose, to protect, heal and nurture in the relentless pursuit of a cleaner healthier world. It exemplifies our fight to make access to the highest quality hygiene, wellness and nourishment a right not a privilege. Our purpose and fight are at the heart of the business strategy we set last year. In delivering our strategy and purpose, and winning our fight, we are guided by our compass, to do the right thing, always. Our strategy includes our new sustainability ambitions. Through our purpose-led brands, we are aiming to reach half the world to help people live cleaner, healthier lives while enabling a healthier planet and a fairer society.

Our work to prevent modern slavery is important in enabling that fairer society. Modern slavery is absolutely contrary to who we are, to our purpose and to the compass that guides us. We are making progress amidst global and systemic challenges. One example is our work with suppliers, especially those in the Middle East and Malaysia where people often travel internationally for work. Those workers can face debt bondage from recruitment fees paid to get jobs. Their passports are often taken away, preventing them from leaving. We worked with our suppliers to ensure workers retain their passports and are reimbursed for recruitment fees.

Our approach recognises the global nature of modern slavery and the need for collaboration and collective action. We know we cannot nor should not tackle these issues alone. We work with peers and our suppliers, for example within the Consumer Goods Forum (CGF)'s Human Rights Coalition of Action, a group committed to ending Forced Labour. Partnerships also help strengthen our activity. With the Danish Institute for Human Rights, we identified the salient human rights impacts across our value chain and published our first country level Human Rights Impact Assessment for our operations in Thailand.

We continue to strengthen our approach. We expanded the scope of our human rights due-diligence activity, working with more high-risk raw and packaging material suppliers. Through a strengthened audit and capability building programme, we're working with suppliers to improve standards across our value chain. Results from our audit programme demonstrate improvements in standards with suppliers.



Modern slavery and challenges to human rights remain systemic global issues. We care about them and the people involved. We are committed to tackling these challenges and will continue to work with others for greater impact. In doing so, we will progressively and collaboratively achieve our ambition to enable a fairer, more inclusive society.

**Signed by:**  
**Laxman Narasimhan**  
CEO  
May 2021

This statement was approved by the Board of Directors of Reckitt Benckiser Group plc on 28th May 2021.

# RECKITT & OUR GLOBAL VALUE CHAIN

Reckitt<sup>1</sup> is a FTSE 20, global consumer health, hygiene and nutrition company headquartered in the UK. Reckitt exists to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We believe that access to the highest-quality hygiene, wellness and nourishment is a right, not a privilege. We are a diverse global team of more than 43,000 colleagues. We draw on our collective energy to meet our ambitions of purpose-led brands, a healthier planet and a fairer society.



## Reckitt at a glance

# £14BN

Net Revenue in 2020

# 43,500+

employees in offices, R&D centres, production facilities and logistics centres in more than 60 countries

# 3,932

direct suppliers, distribution and embellishment centres

# FTSE 20

company headquartered in the UK

# 53

Reckitt manufacturing facilities in 30 countries

# 45,000

indirect suppliers

# 20+ MILLION

products sold daily

# 9

R&D Centres of Excellence

## Reckitt and our global value chain continued

### Our compass

Our compass guides us, setting out the behaviours we expect from our people. At its heart is the goal of always doing the right thing with clear principles around putting consumers and people first, seeking out new opportunities, striving for excellence and building a culture of shared success. Our compass will guide us to sustainable growth in the future.



See more: [www.reckitt.com/about-us/our-purpose-and-compass](http://www.reckitt.com/about-us/our-purpose-and-compass)

## OUR PURPOSE

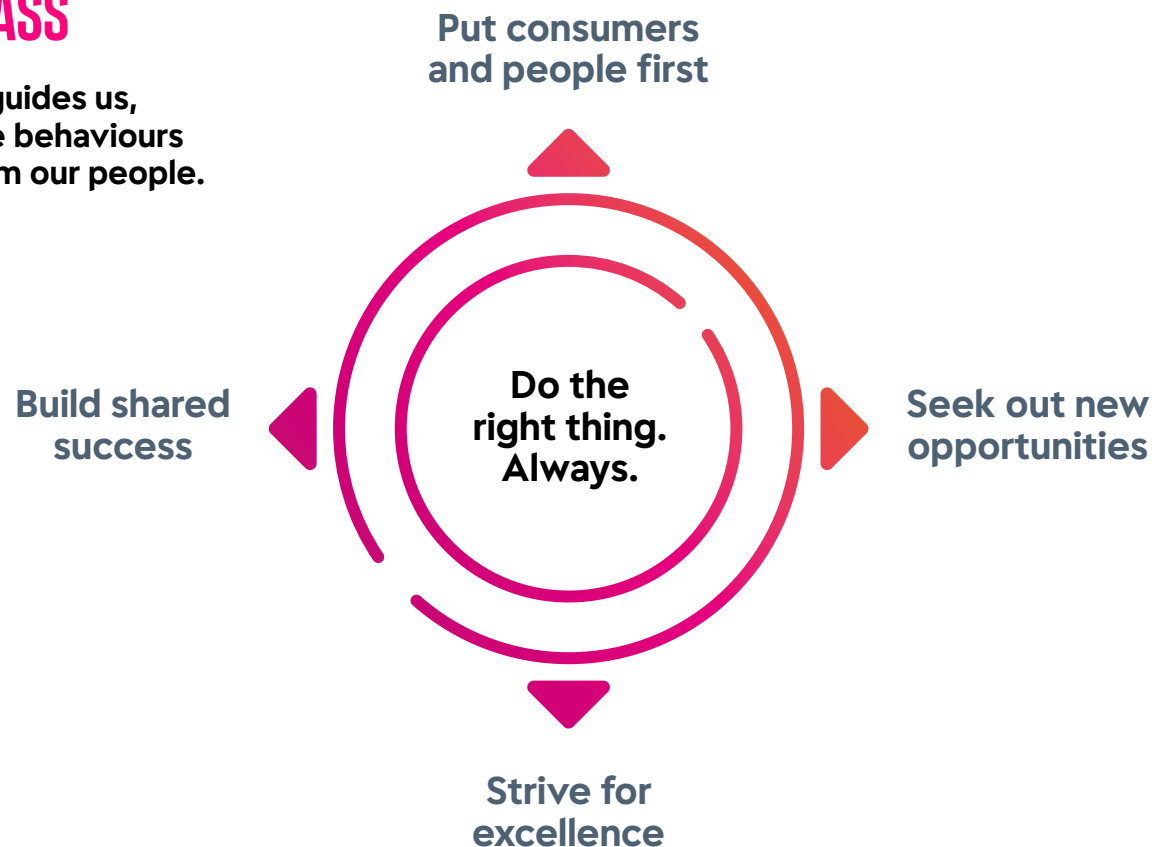
We exist to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

## OUR FIGHT

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

## OUR COMPASS

Our compass guides us, setting out the behaviours we expect from our people.



# Reckitt and our global value chain continued continued



## We are a consumer-centric organisation with a focused portfolio of trusted brands

We own, build and acquire high-quality, trusted brands within our chosen categories of hygiene, health and nutrition. We address environmental impacts and advance important social objectives through our brands. Every day, more than 20 million Reckitt products are bought globally.

### Key Hygiene brands



### Key Health brands



### Key Nutrition brands



## Our organisational structure

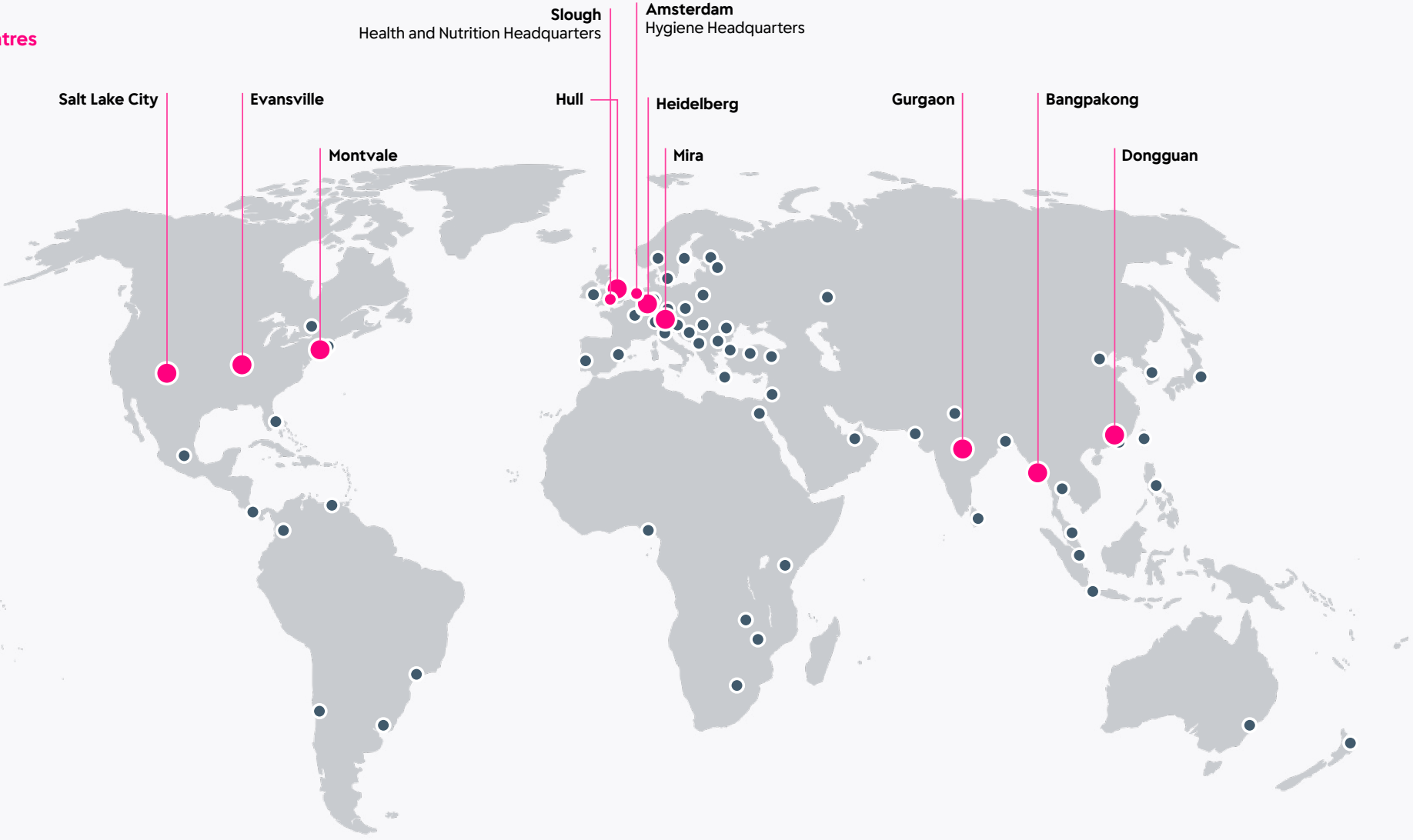
Getting the right balance between scale, focus and accountability is key. As such, during 2020 we moved to three category-focused business units with full P&L accountability: Hygiene, Health and Nutrition, with the latter comprised of the IFCN and VMS businesses. Within each of these three Global Business Units we are developing capability centres of excellence that can be leveraged across the Company.



# OUR GLOBAL FOOTPRINT

Reckitt factories, offices and R&D centres

- Key**
- Centres of excellence
  - Reckitt factories, offices, R&D centre.



60

Countries across six continents

9

Centres of excellence

## OUR GLOBAL SUPPLY NETWORK

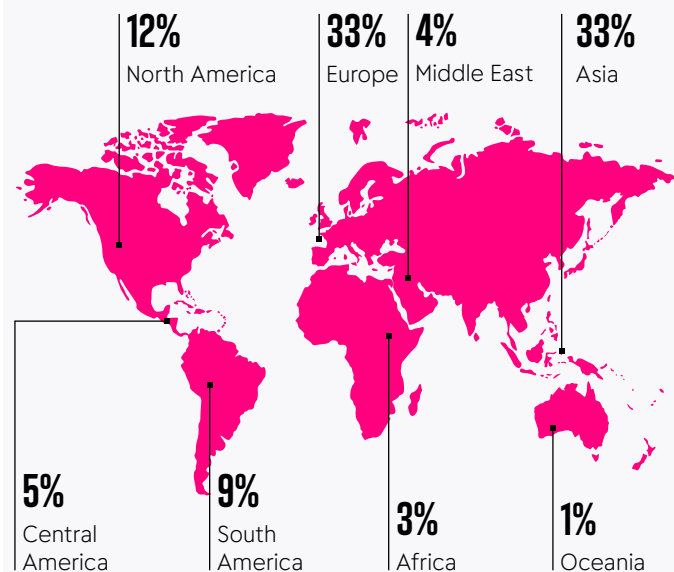
**45,000**

indirect suppliers

With a spend of just under

**£4.5 BILLION**

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



In our Supply operations, the combined organisation includes 53 Reckitt production facilities and 283 third-party manufacturer sites (co-packers) supporting our global business. Our 53 manufacturing facilities source a range of packaging and raw materials ranging from product packaging to household product chemicals, pharma ingredients and agricultural commodities including dairy, palm oil and latex from 3,413 supplier manufacturing sites around the world.

We also have approximately **45,000 indirect suppliers** providing us with financial and legal services, contractors, consultancy, facilities and maintenance, technology, marketing, sales support and logistics with a spend of just under **£4.5 billion**.

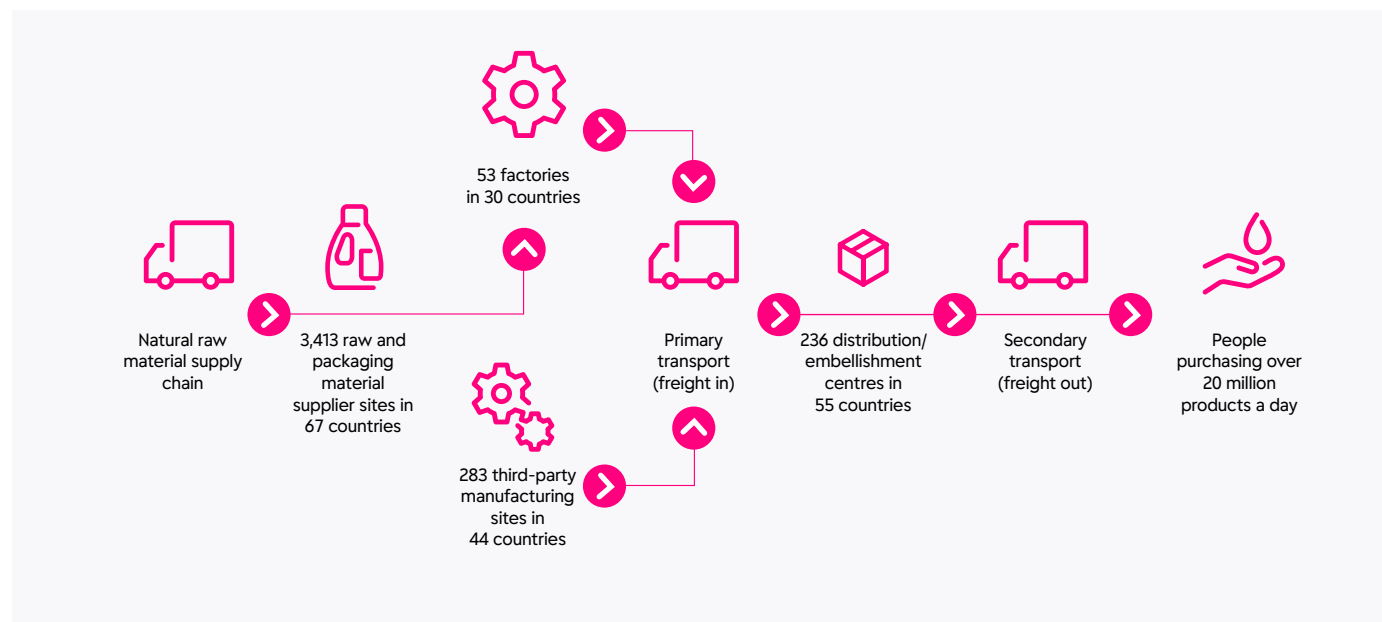
Some of our suppliers are large multinational companies with substantial business and ethical conduct programmes of their own, while others are smaller, local companies, for example within emerging economies. They may not have the same degree of programmes in place but can still be excellent suppliers with reasonable controls. Our suppliers are chosen based on quality, cost, location and compliance to our policies and

standards. This always includes adherence to our Policy on Human Rights and Responsible Business.

In addition to our traditional direct and indirect suppliers, all significant investment agreements (greater than £50 million) undergo a due diligence analysis of human rights. This is conducted mainly through our manufacturing due diligence and factory visits. On the rare occasions that access to a facility is not possible, due diligence is carried out by accessing publicly available information on the Company's human rights performance.

**i** To find out more about Reckitt please see: [https://www.reckitt.com/infographic-assets/AnnualReport2020/assets/pdf/reckitt\\_ar20.pdf](https://www.reckitt.com/infographic-assets/AnnualReport2020/assets/pdf/reckitt_ar20.pdf)

### Our product value chain



# HUMAN RIGHTS AND SLAVERY RISK WITHIN OUR VALUE CHAIN

**Modern slavery is a crime and a violation of fundamental human rights. It can take many forms. These include slavery, human trafficking, servitude, forced and compulsory labour. At Reckitt we're against all forms of modern slavery. Modern slavery has no place in our value chain and we are committed to playing our part in tackling it.**



Given Reckitt's global scale and guided by our purpose, fight and compass, we take seriously our responsibility to ensure human rights are respected across our value chain. We are committed to identifying, avoiding and addressing any negative impacts on human rights, including modern slavery. If we are directly linked to adverse human rights impacts, we will use our position to facilitate remedy in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs).

With our partners the **Danish Institute for Human Rights**, we identified our salient human rights issues. This is helping us focus on areas at most risk through our activities and relationships across our value chain. Our assessment took into consideration a range of resources including internal supply chain audit data, external resources and risk assessments. It was supported by discussions with internal and external stakeholders, including NGOs, customers, investors and peers. Our salient issues are:

1. Working Hours
2. Fair Wages
3. Health, Safety and Environment
4. Freedom From Forced Labour
5. Freedom of Association and Right to Collective Bargaining
6. Gender, Diversity and Inclusion
7. Effective Grievance Mechanisms
8. Access to Water and Sanitation
9. Sexual Health and Rights
10. Access to Health, Hygiene and Nutritional Products
11. Marketing Practices
12. Product Safety
13. Data Privacy

To help maintain our understanding of the potential risks and emerging situations, we keep up to date with publicly available research from a range of external sources. We also collaborate with NGOs and peer companies to better understand key risks and the best practices to address them.

Forced labour is a complex and multi-faceted issue with a combination of factors and interrelationships at its origin. It is often hidden and that makes it hard to identify. We are focusing especially on our supply networks in Malaysia and the Middle East, where millions of migrant workers are employed in low-skilled jobs within manufacturing, agricultural, logistics, construction, security and hospitality sectors. Many migrants in these sectors and countries can face exploitative employment practices that are considered forms of forced labour. It is not uncommon to see practices such as passport retention, excessive recruitment fees, inability to resign from employment prior to a set date, contract substitution, excessive working hours, low wages and poor accommodation. While the risk is greatest where there is weak state-level governance, the issue is global, and similar aspects of modern slavery have been seen in many developed markets.

Mapping our salient human rights issues is helping identify key risks across our value chain together with the rights holders, commodities and countries most likely to be affected. As a result, we continue to strengthen our activities such as self-assessments, audits, capability building, traceability initiatives, smallholder farmer engagement and wider industry collaboration. These programmes are helping us to better understand, identify and address risks to human rights and modern slavery.

Within our programmes, we are working with a myriad of stakeholders in our supply network including: third-party manufacturers, distribution and embellishment centres, promotional goods suppliers, contract labour providers, transport and logistics, and raw and packaging material suppliers. This now covers 665 priority sites across the high and medium-risk locations of North and South Asia, the Middle East, Africa and Latin America. We are also targeting specific natural raw material networks in palm oil, latex and fragrances. Further details on our activities, findings and respective actions are provided in this statement.



# OUR POLICIES & TRAINING

**At Reckitt, we believe that human rights, which include freedom from slavery and human trafficking, are an absolute and universal requirement. Our policy framework supports this in action.**

## Code of Conduct

Our Code of Conduct outlines the principles and ethical values that Reckitt expects all employees and contractors to uphold. The Code covers key issues including anti-corruption and bribery, discrimination, confidentiality, conflicts of interest, anti-trust, money-laundering, environment, health & safety and our Speak Up service. Additionally, it outlines our commitment to respecting human rights, specifically those rights expressed in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work.

To find out more see our Code of Conduct: <https://www.reckitt.com/media/6173/rb-code-of-conduct-fv-13may2020.pdf>

## Policy on Human Rights and Responsible Business

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, the UNGPs and the conventions of the International Labour Organisation. In partnership with external partners, we are currently reviewing and updating our policy to better reflect the evolution of the external human rights landscape and our internal activities. An updated policy will be published later in 2021.

To find out more see our Human Rights Policy: <https://www.reckitt.com/media/1622/rbs-policy-on-human-rights-responsible-business-final-4416.pdf>

To find out more see our Detailed Requirements: <https://www.reckitt.com/media/1623/rbs-policy-on-human-rights-responsible-business-detailed-requirements-final-4416.pdf>

## Responsible Sourcing of Natural Raw Materials policy

Our policy outlines our requirements for sourcing natural raw material. We are committed to sourcing raw materials that have been produced in a way that meets or exceeds applicable laws and regulations, respects human rights, safeguards health & safety, protects the environment, does not cause deforestation and generally supports the contribution of the business to achieving sustainable development. Similarly to our policy on human rights and responsible business, we will publish an updated policy later in 2021.

To find out more see our Raw Materials Sourcing Policy: [https://www.reckitt.com/media/780/natural-raw-materials-sourcing-policy\\_oct-2012.pdf](https://www.reckitt.com/media/780/natural-raw-materials-sourcing-policy_oct-2012.pdf)

To find out more see our Standard for Responsible sourcing of raw materials: [https://www.reckitt.com/media/1469/standard-for-responsible-sourcing-of-natural-raw-materials\\_july-2014-update\\_final\\_version.pdf](https://www.reckitt.com/media/1469/standard-for-responsible-sourcing-of-natural-raw-materials_july-2014-update_final_version.pdf)

Our policies were developed using a range of internal and external expertise and were influenced by the UNGPs, legislative requirements such as those outlined by this Act, industry best practice and through consultation with peers. These policies apply to all employees, contractors and suppliers of goods and services to Reckitt, and we encourage our suppliers to communicate our requirements within their supply chain. At the start of any commercial relationship, we communicate our requirements to suppliers and integrate the need to comply within the commercial contract. Additionally, these policies are also available for business partners, investors and other stakeholders to ensure they are aware of our policies and position on adhering to the UNGP and other legislative requirements.

## Our standards



No child labour. Limitation of work by young workers.



No harmful or inhumane treatment.



No forced labour or human trafficking.



Fair working hours, remuneration and employment conditions.



Provision of a safe and healthy working environment.



Protection of the environment.



Freedom of association and right to collective bargaining.



Conducting business with integrity.



No discrimination - equal opportunities and rights.



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

## Our policies & training continued

### Training

Policies alone are not sufficient. That's why we engage and train our teams at Reckitt to ensure that they are not only aware of our values and policy requirements but also have a basic understanding of how to prevent, identify and act on issues.

#### • Code of Conduct

Every year, all employees and contractors must take our mandatory Compliance Passport training to better understand our Code of Conduct and important corporate policies. We redesigned this training in 2020, and it is composed of seven different modules:

- Code of Conduct
- Speak Up
- Product safety
- Data privacy
- Cyber security
- Anti-bribery and anti-corruption
- Competition law

In 2019, 98% of our employees completed mandatory Compliance Training, with a module on Inclusion. The reasons for the 2% who have not completed the training is due to a variety of reasons such as sickness, contractors working for less than three months, employees on maternity or paternity leave and resigned employees or leavers. We are following up where required to ensure all employees complete the training. In 2020 the training was divided into two phases and employees have until March 2021 to complete all modules.

#### • Honest reflections on ethics training

To continuously strengthen our organisation's culture and further embed the principles set out in our compass and Code of Conduct, we partnered with psychology-based transformation consultants to develop our Honest Reflections on Ethics training. The training aims to equip employees with a better understanding of the risks they may face in 'getting the job done', and how to make ethical business decisions and 'Doing the Right Thing. Always'.

To date, our Ethics and Compliance teams have deployed the Honest Reflections on Ethics campaign to thousands of employees worldwide. It is particularly helpful for those operating in high-risk countries and covering positions with significant decision-making influence, such as General Management and Commercial functions.

#### • Human Rights & Responsible Business Training

We continued to run human rights eLearning for our management employees globally and 98% of management employees assigned to the training have completed it since 2017. We are updating our training and will roll out a new version during 2021.

# 98%

completion rate for management employees assigned Human Rights training

In 2020, we continued with our quarterly briefing seminars for relevant employees, updating them on our programme requirements, activities and challenges. These seminars build two-way communication while supporting extra training and best practice sharing. We conduct half-yearly human rights training for our Quality auditors to help them better identify and report breaches of our Human Rights policy when carrying out Quality audits. A new site visit aide-memoire for our Quality and Procurement teams helps do similar and identify poor practices during less formal site visits.

These channels of communication and training build greater awareness of our human rights policies and risk for our teams everywhere. In doing so, we'll also strengthen identification and remediation of modern slavery risks within our value chain.

#### Speak up service

We know it can be hard for employees to speak out when they see behaviour contrary to our Code, so we're working hard to create an encouraging and supportive environment. Speak Up, our confidential online and freephone service, is available to all Reckitt employees, contractors and third parties. It provides a trusted channel to raise concerns around violations of our Code of Conduct, local laws and regulations or any unethical behaviour. This also includes any breaches with Reckitt's Policy on Human Rights & Responsible Business, which covers slavery and human trafficking.

Reported issues are investigated and reported to the leadership and also the Corporate Responsibility, Sustainability, Ethics and Compliance Board Committee (CRSECC). The committee provides oversight of activity, reviewing and monitoring implementation and compliance with the Company's Speak Up policy.

We received 439 cases through Speak Up, our formal whistleblowing channel, during 2020. We initially earmarked 173 cases that could raise issues that breach our Policy on Human Rights and Responsible Business.

As of 4th January 2021, 96 of these cases had been closed following internal investigations, with 38 cases being partially or fully substantiated, a reduction of 11 cases since 2019. Action has been taken on all of these 38 which related to:

- disciplinary practices – 5%;
- discrimination, including sexual, moral or verbal harassment, favouritism, or gender and race discrimination – 76%;
- working hours, pay and pay disputes – 11%; and
- health and safety (mostly working conditions) – 8%.

**To find further information on our Speak Up line, the type of reports received relating to human rights and our respective actions taken please see:**  
**Reckitt's Ethical Behaviour Insight**  
**Reckitt's human rights across our value chain Insight**



# GOVERNANCE

## At Board level

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 standards, and overseeing sustainability and corporate responsibility. They have regular discussions about the risks and opportunities for the Company and conduct a formal review at least once a year. Sustainability, which includes human rights and modern slavery, itself is considered one of the Company's key risks, and its status in the risk register has evolved this year from 'emerging' to 'actual'. This reflects the growing importance of the non-financial, environmental, social and governance agenda and its central role in the Company's growth strategy – as it becomes a more important opportunity, it may also pose greater risks.

The Board delegates regular oversight of sustainability to a sub-committee, the Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC). 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

This year we changed the managerial approach to oversight of sustainability matters to reflect the new structure of our business as one single group with three business units. We now have a single committee for the Group as a whole, the Risk, Sustainability and Compliance Committee (RSCC), chaired by our CEO. This is supported by business unit-level committees, which report up to the RSCC and correspondingly to the CRSECC. These committees all meet and report quarterly.

The RSCC is responsible for overseeing the implementation of compliance and ethics activities across the Company, in conjunction with functional department heads, while the business unit committees are responsible for implementation within their own business unit.

This structure of Group committees supported by business unit equivalents provides quarterly updates to the CRSECC and Board on sustainability issues and risks. This includes ongoing performance against targets to enable the CRSECC's oversight of activity (see CRSECC 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, R&D, and Safety, Quality, Regulatory Compliance (SQRC) teams. SQRC is responsible for the health & safety of our people, and for product safety and quality, including regulatory compliance with product standards (In 2021, the SQRC function was integrated into appropriate business functions. Specifically, Safety and Quality was integrated into Supply and Regulatory was integrated into R&D.). All functions are represented at, and have oversight from, the Group Executive.

The Chief Supply Officer and Chief Human Resources Officer are the owners of our Policy on Human Rights and Responsible Business. The SVP Corporate Affairs & Sustainability, reporting directly to the CEO, is responsible for ensuring the policy remains current and compliance is monitored across our operations and high-risk supplier base through our compliance-monitoring programme.

We have a range of reporting channels to ensure leadership teams are aware of our human rights risks, due diligence and remediation activities. We circulate a monthly progress report to the Global Supply Leadership Team and quarterly updates to the RSCC, reporting supply chain risk, audit validity, improvement and remediation plans especially for sites with the most concerning findings such as modern slavery or passport retention.

## At operational level

It is the responsibility of every employee within the business to ensure compliance and support our compliance programme. Any breaches of these policies can be reported to the Corporate Affairs & Sustainability function or confidentially through our internal 'Speak Up' hotline service.

## Reckitt Sustainability Governance Model

### BOARD OF DIRECTORS



**Chris Sinclair**  
Chairman



**Pam Kirby**  
Non-Executive Director



**Nicandro Durante**  
Non-Executive Director



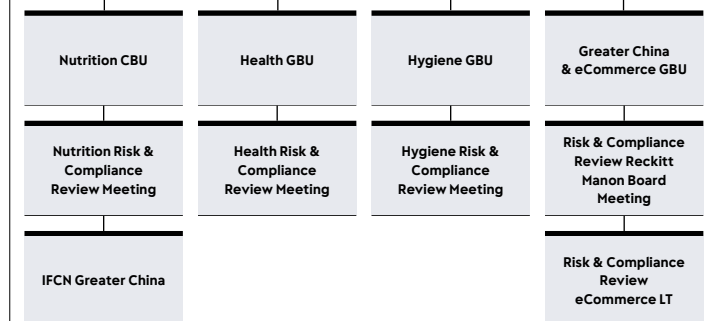
**Mehmood Khan**  
Non-Executive Director

Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC)



**Laxman Narasihan**  
CEO

RSCC – Risk, Sustainability and Compliance Committee



# ACTIONS WE ARE TAKING TO ENSURE THE RESPECT FOR HUMAN RIGHTS AND THE ENVIRONMENT WITHIN OUR VALUE CHAIN

## SUMMARY OF AUDITS AND ASSESSMENTS IN 2020

- **Monitoring** – we monitored 673 individual sites, including 620 suppliers (third-party manufacture, distribution & embellishment centres, and high-risk raw and packaging material suppliers) and 53 Reckitt sites.
- **Self-assessment** – 100% of Reckitt facilities complete an annual self-assessment of compliance with our human rights and responsible business requirements on our reporting tool, Enablon. 79% of suppliers have a completed Sedex self-assessment and we continue to proactively engage with those still to complete.
- **Audits** – 179 supplier and seven Reckitt site audits were conducted with a total of 965 non-conformities identified (44 in Reckitt sites and 921 in supplier audits).
- **Corrective actions** – 92% of suppliers and 100% of Reckitt sites audited have an approved corrective action plan in place, with 37% of Reckitt site non-conformities addressed.

179

supplier audits conducted

92% OF SUPPLIERS

of suppliers have an approved corrective action plan in place

Businesses play a crucial role in ensuring they and their suppliers operate in a way that respects human rights and the natural environment, and contributing to sustainable development. Policies are critical to addressing risks to human rights and the environment, but they are only the start. To reinforce our policies and standards, we have a range of tools to enable us to proactively identify, avoid and address negative impacts on human rights, including modern slavery, and the environment across our value chain. We have four distinct but interrelated streams of activity to drive respect for human rights across our value chain and enable a more sustainable supply chain:

### • Human Rights programme

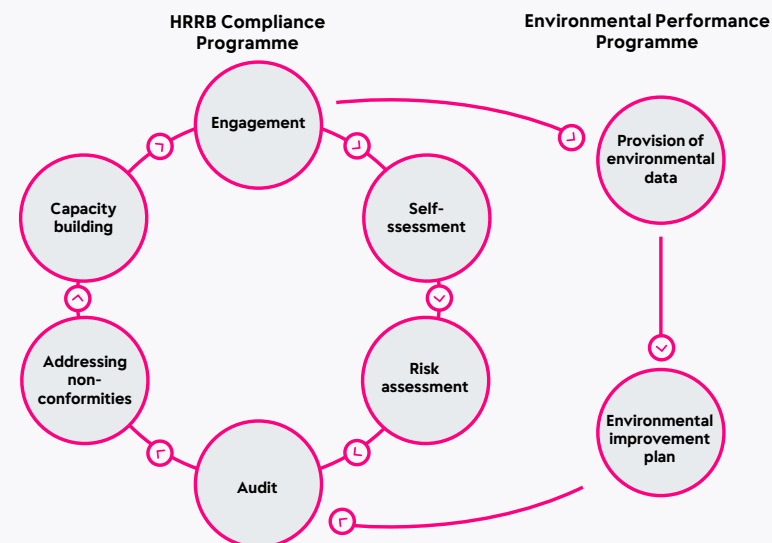
In line with the UNGPs, we are focusing our activity on understanding the broad range of human rights impacts across our value chain and working independently through our business and brands or in partnership with others to address these impacts to create a fairer, more inclusive world. The Danish Institute for Human Rights (DIHR) have been our key strategic partner since 2019 and supported us in developing our understanding of the business and human rights agenda. The partnership has significantly enhanced our human rights activity by:

- assessing our human rights performance at a corporate level, providing recommendations to better embed a human rights lens in our policies and procedures;
- identifying our salient value chain human rights issues;
- developing a country risk assessment tool that provides us with visibility of human rights risks relevant to our business and enables us to take appropriate action; and
- conducting our first country-level Human Rights Impact Assessment of our Enfa and Durex condoms brand value chains in Thailand.



We are committed to tackling our human rights impacts in a transparent and collaborative way and published both the assessment report and action plan, which can be found here: <https://www.reckitt.com/sustainability/fairer-society/sustainable-livelihoods-and-working-conditions/>

### Responsible Workplace and Supplier Environmental Performance Programmes



## Actions we are taking to ensure the respect for human rights and the environment within our value chain continued

We will continue to implement the recommendations highlighted through the corporate gap analysis. This includes conducting human rights assessments in key value chains by 2030 which also helps embed human rights into our business activities.

### • Responsible Workplace and Supplier Environmental Performance programmes

These programmes are focused on all Reckitt manufacturing facilities and higher-risk tier 1 suppliers. The programmes aim to ensure good labour, health & safety and environmental standards and to progressively improve performance. Our Responsible Workplace programme has been in place for a number of years and is increasingly mature. As a result, in 2020 we wanted to increase activity with our key suppliers on their energy, water and waste performance to support them in delivering improvements and contributing to our ambition of creating a cleaner world. In September 2020, we launched our Supplier Environmental Performance programme in partnership with **Manufacture 2030**. We are working with suppliers to develop performance improvement plans and create greater visibility of performance to reduce our overall carbon and water footprint.

### • Sustainable Sourcing programme

Our sustainable sourcing programme focuses on environmental and social issues within our natural raw material commodity supply chain, from our tier 1 supplier to origins. We map the origins of our high priority natural raw materials. This targets our work with suppliers, NGO partners and wider actors to safeguard workers & communities, protect ecosystems and reduce environmental impacts. We set our first targets in 2012 and have made progress with suppliers since. We've created standards to guide our decision making and put programmes in place to track and reduce our impact. We realise there's still much to do, though, and we're working all the time with our suppliers, partners and other stakeholders to monitor what we do, and change what we need to. Our high priority natural raw materials are palm oil, latex, dairy, timber and natural fragrances. Human rights issues vary with each and we are targeting the highest risks. We're continuing to assess other raw materials too, and will widen our programme as needed.

We recognise the complexity of human rights and environmental issues and the limitations on what we are directly able to control and influence. Accordingly, our approach to remediation focuses on stakeholder collaboration and transparency. Our preferred approach is to utilise our position to work with our supply chain to resolve issues rather than

terminating business relationships. In 2020 we did not terminate any business relationships due to failure to meet our policy requirements. Instead, we worked with suppliers to remediate, in some cases absorbing some of the costs involved. This approach ensures issues are addressed and impacted workers obtain access to remedy, which otherwise might not be the case. However, if we believe a supplier is not providing appropriate support to remedy issues, we will have no option other than to terminate our business relationship with them.

We have a dedicated Human Rights & Sustainable Supply Chain team, with regionally based resources. The team includes four regional human rights leads provided by Intertek who work with suppliers and Reckitt teams to manage our programmes within the various regions.

Within our highest risk regions – ASEAN and South Asia, North Asia, Middle East and Africa – we have our own Regional Social and Human Rights managers who work with our own sites, high-risk and strategic suppliers and partner with local procurement teams. This provides a collaborative approach to delivering sustained improvements. Alongside our global team, these experts lead our programmes at a regional level, involving relevant members of our Procurement, Supply Services, Manufacturing, Human Resources, Legal and Internal Audit to support its delivery. Our programmes are reviewed regularly by our senior leadership team who also steer our long-term strategy and targets.

We regularly engage appropriate internal colleagues through our monthly compliance reports and quarterly town hall briefings to provide updates on our programme requirements, activities and challenges. These also include sharing best practice, learnings and success stories in a forum where additional engagement and training can be delivered. In 2020, we continued to work with our Procurement and Quality teams. We also enhanced our supply chain data reporting capabilities and the insights they create by improving our PowerBi dashboard to support our Supply teams. This helps us better understand key human rights risks alongside supplier compliance and performance levels.

### CASE STUDY



## AIM-PROGRESS SUPPLIER TRAINING ON RESPONSIBLE RECRUITMENT – MALAYSIA

Through AIM-Progress and in partnership with other multinationals, we co-sponsored a virtual capacity building series to help suppliers better understand brand expectations around responsible recruitment, providing practical guidance on how to strengthen existing migrant worker recruitment and employment practices. The training covered:

- Pre-departure – Information suppliers should know about responsible recruitment.
- Worker arrival – How to ensure migrant workers are not exploited once they arrive in their host country.

The training culminated with a virtual roundtable where suppliers and brands spoke about how they can collaborate and ensure best practices for responsible recruitment are adhered to.

# Actions we are taking to ensure the respect for human rights and the environment within our value chain

## continued

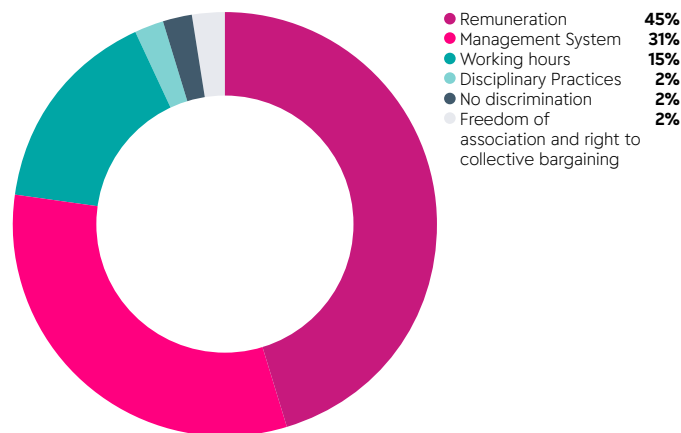
### Reckitt facilities

All our manufacturing facilities and distribution centres are included in our Responsible Workplace programme. They complete an annual self-assessment and 2020 again saw 100% completion. High-risk sites undergo an announced audit at least every three years or sooner if merited by the latest audit result.

2020 saw audits of seven of our factories in Bangladesh, Thailand and India. These identified 44 issues contrary to our standards. Similarly to 2019, these primarily related to contract worker remuneration and working hours. Site management systems need to consider on-site contract labour and service providers to ensure they consistently meet our expectations and standards. Our audits identified two issues concerning deduction from a worker's salary by a staffing agency for essential work items such as safety boots or ID badges if they lost their original one. These were subsequently provided free of charge in line with our expectations. In 2021, we will look to strengthen site-level due diligence of contract labour and service providers.

After each audit, the site develops a corrective and preventative action plan (CAPA) which we record in our Enablon management system. The CAPA is reviewed by our Human Rights & Sustainable Supply Chain team, with monthly reports on remediation compiled for global and regional management. 100% of sites audited in 2020 have an approved CAPA in place, with 37% of the issues raised already satisfactorily resolved. This is slightly lower than in previous years because 28 of the findings were identified across three sites in December 2020. Those sites are working to ensure these are closed and have provided preliminary evidence to support this. We will continue to work with these sites in 2021 to satisfactorily address the issues and continue to monitor our high-risk production sites.

### Issues contrary to our standards



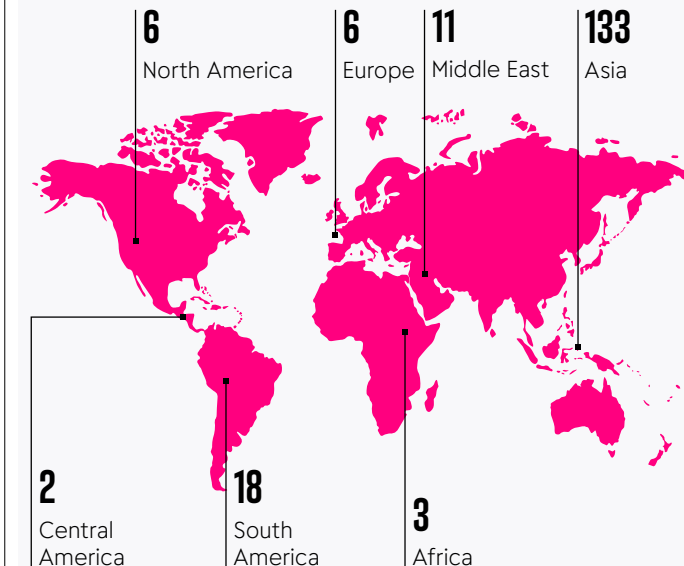
### Our supply chain Tier 1 suppliers

Due to the complexity and scale of our supply chain, we take a risk-based approach and focus on higher-risk supplier categories and are systematically expanding our due diligence activities over time. In 2020, we continued our work with third-party manufacturers, distribution and embellishment centres and moved into the second phase of our high-risk raw and packaging material supplier programme. This added an additional 171 suppliers into our programme.

We require all suppliers included in our programme to complete a Sedex Self-Assessment Questionnaire (SAQ) and conduct a site-level risk assessment based on the supplying site's inherent country risk using the indicators below:

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

### Supplier audits by region



These indicators both help us look at the site risk but also allow us to look for indicators that relate to modern slavery and human trafficking. Additionally, where one is available, the audit rating from the most recent audit is considered in this overall site risk. In 2021, we will be strengthening our site-level risk assessment to better capture human rights risks.

In 2020, 620 supplier sites were included in the programme. The site risk profile of these suppliers was: 35 (6%) critical, 239 (39%) high, 189 (30%) medium and 157 (25%) low risk. 79% of which have completed the Sedex Self-Assessment Questionnaire. We consider the self-assessment to be a useful tool in helping suppliers understand the policies and procedures to implement within their facilities and supply chain to best manage labour standards, health & safety, environmental compliance and business integrity. We, therefore, continue to proactively engage with those outstanding.

Sites assessed as critical or high-risk undergo a site audit to assess compliance at least every three years. This may be sooner where the most recent audit suggests the need for more frequent follow up. In addition, all third-party manufacturers, distribution and embellishment centres located in emerging economies are audited as part of their onboarding.

# Actions we are taking to ensure the respect for human rights and the environment within our value chain

continued

## CASE STUDY

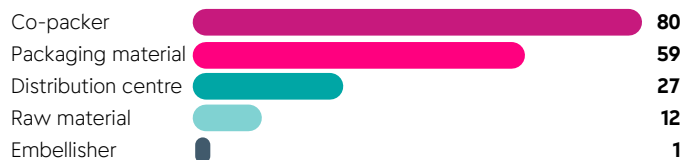


## TRANSPORT & WAREHOUSING SUPPLIER EVENT

Historically, the focus has been on forced labour within developing market supply chains. This problem, however, is not exclusive to these markets and Reckitt has also been working to address this and mitigate the risk in developed countries. As part of this, we are active members in the Indirect Procurement Human Rights (IPHR) forum. The IPHR is a group of UK retailers, brands and manufacturers with a common vision to protect and respect human rights in our goods and services not for resale supply chains and facilitate collaborative responses to shared risks. In 2020, the IPHR co-hosted an event on tackling labour exploitation supply chain risks for warehousing and logistics suppliers based in the UK.

The event provided an opportunity to hear from experts in business and government about forced labour risks in warehousing and logistics, and how labour shortages, Brexit and other legal changes will impact labour exploitation risks. Brands, retailers and third-party providers presented their experiences of addressing and remediating labour exploitation risks. There were also breakout sessions on how attendees can collaborate to tackle these issues moving forward, especially regarding social compliance certification for labour providers.

### Audits by supplier type



In 2020, we audited 179 suppliers across seven regions. 71,049 workers, 29% of which were migrant workers, were covered by these audits, with a gender split of 38% female and 62% male.

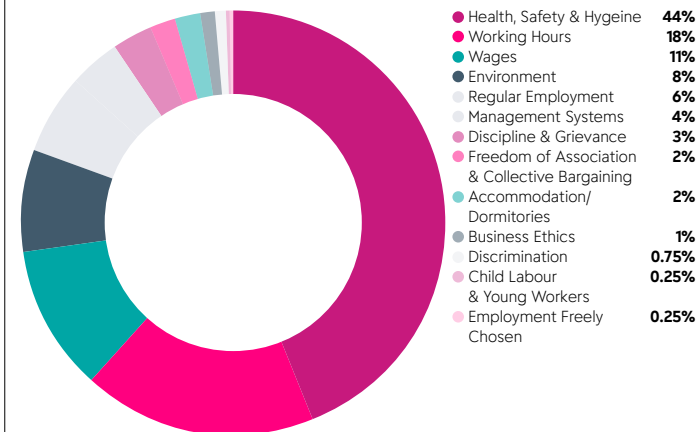
Our audits identified 921 contraventions of our standards. While a high number, this was lower than the 941 found in 132 audits in 2019. On follow-up audits, we have observed a consistent reduction in findings over the past few years through providing suppliers with free technical support and guidance to support them to elevate standards.

Overall, the most common area of non-conformance concerned health & safety (44%), working hours (18%) and environmental compliance (8%). We will continue to partner with our suppliers through a variety of channels and mechanisms to tackle the root cause of these findings and enable them to remediate in a sustainable manner. In the appendix, we have broken down these findings by supplier type and the countries where these issues were most common.

We review each supplier's CAPA from the audit, providing technical support if required. 92% of CAPAs are in place or being finalised, with 85% of the issues raised already addressed. We are working with outstanding suppliers, monitoring progress and will audit again to verify that actions have been completed.

The actions taken range from improving management systems, enhancing environmental practices on site, updating policies through to improved worker training, particularly in relation to health & safety. Examples of supplier improvements include the provision of a premium rate for overtime, improved fire safety, machine guarding, quarterly briefings and Q&A sessions with site management, improved collaborative production planning to prevent excessive overtime and implementation of new shift patterns. We continued to focus on protecting workers vulnerable to exploitation, such as migrants and women.

### Non-conformance



As a result of our audit and ongoing engagement activities, we are seeing improvements in labour and human rights standards in our supply chain. Of the suppliers audited in 2020, 67% (120) achieved a pass rating which is an improvement of 16% on 2019. Additionally, we're seeing tangible improvements in standards at suppliers we've supported for a number of years, with the pass rate increasing from 31% to 69% since their first audit. We remain acutely aware that we have more to do, particularly to ensure the efficiency and sustainability of corrective actions.

### Going beyond audit to treat suppliers as partners

We've noticed that auditing our suppliers' approach to human rights doesn't always lead to lasting improvement. In many cases, we've audited suppliers more than once, only to see the same issues appearing.

Suppliers don't always have the capabilities or resources to spot and understand the root causes of issues, or grasp the changes it will take to stop them. They may take tactical action but not address root causes. They need support to strengthen their understanding and performance.

Our Capability Building programme has been underway since 2018. It's a mixture of training workshops, site visits and regular technical guidance. In 2020, we conducted more than 25 in-person and virtual visits to sites, developing a far closer, more partnership-based relationship with our suppliers. We'd planned to do more visits, but COVID-19 travel restrictions meant a switch to a virtual approach to support suppliers.

## Actions we are taking to ensure the respect for human rights and the environment within our value chain continued

Niroshan Dalpethado, General Manager at CDDEF, one of our third-party manufacturers in Sri Lanka, said: "It's always an indispensable learning, every time we interact with Reckitt, whether it's an audit, training session or knowledge-sharing. These engagements enable us to lift our standards to a par with global ones. This adds immense value to our systems."

Workshops have helped make improvements in workplace safety and working hours, and modern slavery issues like employers keeping workers' passports and charging recruitment fees. This creates a better, fairer working environment for thousands of people in our supply chain. Despite COVID-19, we've carried on supporting our suppliers virtually to keep up progress.

Vishal Gupta, our General Manager in Bangladesh and Sri Lanka, says the switch from compliance to making lasting improvements has led to, visible and fantastic progress, both in the infrastructure and mindset of our suppliers. They're more aware of our human rights requirements, and committed to lasting improvement.



**"It's always an indispensable learning, every time we interact with Reckitt, whether it's an audit, training session or knowledge-sharing. These engagements enable us to lift our standards to a par with global ones. This adds immense value to our systems."**

### High-risk natural raw materials and value chains

We recognise that many human rights and ecosystems risks don't just exist within our tier 1 suppliers but also further upstream in our supply chain at farm level and in primary processing. These include debt bondage, child labour and damage to ecosystems which can result in a loss of the 'services' such as water that are vital for the livelihoods and wellbeing of people in that community. To address these challenges, we work with a range of partners to build solutions across our supply chain. We work with suppliers, farming communities and civil society, including NGOs such as Earthworm Foundation (EF).

We are committed to a high level of transparency in our supply chains. This can be challenging when supply chains are characterised by a high number of producers supplying a small number of processors, as is the case for palm oil. This is why 2021 will be the third year **we publish the names and locations** of over 1,500 palm oil processing mills that provide oil to our suppliers. With this level of transparency, we can work with our suppliers to understand actions needed at the plantations supplying mills and continue to improve the conditions for the workers and communities that serve them.

Our aim is to ensure the long-term social and environmental sustainability of our supply chain partners and the communities they serve. In key commodities, palm oil and latex, we invest in a range of programmes that are community-centric, delivering impact for farmers, their families and communities and which support human rights.

## PALM OIL

During 2020, we focused on three core areas to ensure modern slavery and other human and labour rights issues were addressed in our palm oil supply chains:

- **Child labour** – We worked with Business for Social Responsibility (BSR) to help implement our supplier Wilmar's child protection policy upstream in the palm oil supply chain. We supported workshops to further build capacity of tier 2 suppliers of Wilmar and others to develop practices that ensure child exploitation can be identified and eliminated.
- **Migrant labour** – We continued to support EF's Ethical Recruitment Initiative to develop a practical tool and training resources for suppliers to help identify and mitigate risks to avoid exploitation of migrant workers. EF worked with a key supplier to identify a pilot site for the tool in 2021.
- **Smallholders** – We continued our involvement in EF's Rurality programme, which develops better agricultural practices to diversify farmers' incomes and improve rural livelihoods. Small farmers under economic pressure are more likely to exploit workers on their farms and rely on children to contribute to harvests. Under COVID-19 restrictions remote training and coaching for over 300 smallholders was provided, with over 7,000 views on live webinars and videos in Sabah, Malaysia.



## LATEX



We have been working to build strong and stable relationships between farmers, first-tier buyers and other key stakeholders along the latex supply chain for a number of years. This helps strengthen traceability and enables engagement to support adherence to our standards.

Our programme has assessed supplier sites to ensure compliance with our human rights and responsible sourcing standards. Following two visits by our Sustainability team in 2019 to supplier sites in Malaysia and Thailand we have joined the Fair Rubber Association and in 2020, will begin paying a price premium to smallholder farmers and plantation workers. This will support their livelihoods and strengthen the supply of latex we depend on, reinforcing sustainable farming practices. The premium will also support the communities living and working on rubber plantations. Overall, this will enable us to deliver our commitment to embed human rights in our business by addressing issues raised in the DIHR's Human Rights Impact Assessment of the Thai value chain. Most importantly, we're supporting the livelihoods of farmers, workers and their families, which will mean a sustainable latex sector in the years to come.

We will also continue to work with EF to improve the livelihoods of smallholder latex farmers, helping the supply network to be more resilient for the future. We are focusing on:

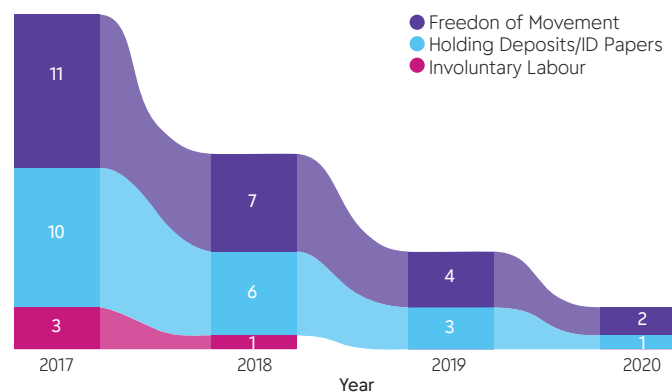
- increasing farmer and household income from latex and other sources, such as livestock;
- adopting regenerative agriculture practices such as agro-forestry, which can improve productivity and enhance ecosystems; and
- improving living and working conditions, for example through better use of personal protective equipment; enabling farmers to invest in their farm community for their long-term livelihoods.



# FINDINGS RELATED TO SLAVERY OR HUMAN TRAFFICKING AND HOW WE ARE TACKLING THEM

**In 2020, we identified 921 non-conformities with our Human Rights and Responsible Business policy in our supply chain, three of which were related to forced labour and human trafficking. While one finding is one too many, we have made progress and are reassured that our ongoing supplier engagement activities are resulting in a downward trajectory of these findings.**

**Non-conformities in supply chain**



Of the three findings identified:

- One concerned delayed wages for resigned piece-rate workers at a Chinese supplier as the supplier was unable to count pieces and pay on the same day. Moving forward the supplier will pay resigned piece-rate workers the day after their last working day rather than during the next wage payment run. This issue was satisfactorily addressed in 2020.
- Two related to passport retention at a supplier based in the UAE. In this instance, passports were retained in a fire-proof cabinet within the supplier's head office for safe keeping. Not all workers however had provided their written consent. Interviews with workers demonstrated that workers weren't given an option and needed to submit a passport requisition form should they want access to their passports, outlining the reason why and the date they would return it. Following our involvement, the site returned all passports. We will confirm this again during another visit in 2021.

Over the last few years our understanding of the various guises of forced labour has evolved and so has our activity to tackle them. Our initial focus was on addressing those aspects which are more visible and where we have greater ability to drive change, such as preventing passport retention, enabling freedom of movement, improving employment terms and conditions and improving company-provided accommodation. One of the remaining hurdles we highlighted in our 2019 statement was the payment of excessive recruitment fees by migrant workers. In 2020, we significantly advanced our activity to combat this and to enable migrant workers to obtain adequate access

to remedy. We negotiated the repayment of around \$800,000 worth of recruitment fees from February 2021 at a key Malaysian supplier.

Given the systemic nature of these issues within Malaysia and the Middle East, we will continue our activities based on our learnings to date and work within our membership of AIM-Progress and the Consumer Goods Forum to drive long-lasting change through advocacy and multi-stakeholder collaboration. Additionally, we are finalising our updated human rights policy for publication in 2021, which will include enhanced requirements concerning forced labour and responsible recruitment.

## Allegations of human rights abuses in our palm oil supply chain

In September 2020, we were made aware of reports by Associated Press (AP) regarding serious human rights abuses and law-breaking in Malaysian and Indonesian palm oil plantations, with a specific focus on Felda Group Ventures (FGV) who are one of our tier two suppliers. The findings were not specific in order to protect sources. They were not directly attributed to specific mills, plantations or farms. Nevertheless, we contacted our palm oil suppliers to ensure appropriate action was taken by them, including – in some cases – suspension.

We know these issues are structural and endemic in palm oil and agricultural supply chains within South East Asia. Consequently, we continue to work with suppliers and NGO partners to understand how best we can address issues and have sought additional advice from human rights consultancy, Impactt.

Prior to the findings outlined in the AP articles, we were working with the Earthworm Foundation (EF) to help FGV adopt a supply management system. This was designed to help FGV better prioritise and take action in areas of human rights and labour standards. As part of this, we supported a training session at the FGV-owned Yapidmas plantation, in Sabah, Malaysia, in January 2020. This found 'No Deforestation, No Peat, and No Exploitation' (NDPE) requirements to be included in FGV's requirements. FGV was interested in supporting the roll out of an engagement and monitoring system that would enable mills and plantations provide feedback on the effectiveness of company SOPs and systems, highlighting priority areas for investment.

## Findings related to slavery or human trafficking and how we are tackling them continued

We know FGV is working with the Fair Labour Association and we remain committed to supporting external efforts to improve human rights within this operation and across the palm oil production landscape as a whole. Given the complexity and scale of human rights issues within palm oil, we support a mix of wider mill, plantation and smallholder focused projects with our partners EF and some of our suppliers. Recent activity includes:

- Focused mill and plantation assessment and support – We supported a labour rights assessment at PT DSN mill in our Wilmar supply chain in January 2020, covering:
  - Ethical and responsible recruitment
  - Production target, wages, and paid leave
  - Occupational Safety and Health
  - Gender
- Wider industry capacity building activities – We support **Earthworm's 'Tools for transformation' (T4T)** initiative, which aims to build the capacity of palm oil suppliers to better manage the recruitment of migrant labour. T4T provides suppliers with the capability to monitor NDPE performance by mills and provide us with aggregated datasets that enable us to prioritise areas on NDPE implementation. In 2020, we supported two suppliers, one direct and FGV, on the roll out of the systems.

### CASE STUDY



## RETURNING PASSPORTS TO MIGRANT WORKERS IN THE GULF

In the Middle East, passport retention by employers is widespread. Around 35 million migrants, mainly from Asia and Africa, live and work in the region. We've been working with some of our strategic suppliers to make sure employees have free access to their passports. And that's led to one of our suppliers returning the passports of 432 workers at all three of their sites. Where workers ask their employer to hold their passport for safekeeping, we insist there's written consent, with a clearly documented and understood process for workers to ask, for their passports freely and without any fear of redress.

### CASE STUDY



## REIMBURSEMENT OF RECRUITMENT FEES AND THE POWER OF COLLABORATION

In 2018, we found critical issues for migrant workers at a supplier in Malaysia. They included passport retention, poor accommodation and discriminatory and unethical recruitment practices that saw workers charged recruitment fees, often leaving them in debt.

We've been working with another multinational company that uses the same supplier so we can tackle these issues and improve conditions. In 2019, we piloted a scalable, five-step approach to end the practice of charging recruitment fees, which is endemic. It's based on developing responsible recruitment practices that employers can use in the future and paying back recruitment fees to existing workers.

In 2020, in partnership with an expert third party and a peer company we negotiated collective repayment of around \$800,000 of recruitment fees to workers beginning in February 2021. We're now looking to use the same approach with other suppliers in Malaysia and the Middle East.

# OUR RESPONSE TO COVID-19

**In 2020, we saw the COVID-19 pandemic take hold and cause unprecedented disruption on countries, businesses, supply chains, workforces and communities globally with a whole host of cascading economic and human impacts; however, the impact has not been equal. The most vulnerable have been disproportionately affected.**

As a global leader in health, hygiene and nutrition, we have a responsibility to play our part in providing increased access to hygiene products to break the chain of infection. However, the role of Reckitt was much greater than just ensuring products were on shelves, we also have a responsibility to protect the health and safety of our people and safeguard the rights and wellbeing of people within our supply chain. Consequently, we put our purpose and fight into action, taking a number of steps to mitigate the impact of COVID-19.

## **Fight for Access Fund**

In 2020, Reckitt launched our 'Fight for Access' Fund to improve access to health, hygiene and nutrition for all and to help fight the spread of COVID-19. Reckitt committed to ringfence annual investment equivalent to 1% adjusted operating profit to improve access by ensuring high-quality products, providing education and information and driving availability as we believe access to these products should be a right not a privilege. Our immediate focus was to address the stress faced by our consumers and communities where we operate by breaking the chain of infection. Some of our actions included:

- Providing 150,000 Dettol care packages to support NHS workers and keep their hands and homes germ free.
- Lysol joining forces with the Red Cross to disinfect and protect within the Philippines.
- Committing £1 million to at risk communities in the Middle East.
- Partnering with Meals on Wheels Australia to help support and protect the elderly.

## **Navigating our new normal together: Reckitt's plan to stay safe in workplaces**

Using recommendations from the world's leading health and disease institutions, including the World Health Organisation, Reckitt created a comprehensive guide, and outlined a phased and gradual approach, to provide safe and healthy workplaces for all our colleagues. Our playbook was informed by five guiding principles:

- **People first** – The health, safety and wellbeing of our people and their families is paramount. We must take all possible measures to ensure returning is safe.
- **Locally led** – Although we are providing global standards, each site will be responsible for deciding if they meet the criteria to reopen whilst keeping people safe. All local legislation and guidelines must be followed at all times.
- **Structured and phased** – We will only begin our return to the workplace when three triggers of readiness (External, Internal and Individual) have been fully met. This will then begin a phased and gradual approach.
- **Mutual accountability** – We will all take ownership. We will not mandate when employees should return as only they know their personal readiness. This will include a self-certification process.
- **Protect our frontline** – Unless it is a business-critical activity, wherever possible, we ask people to continue to work from home until the situation improves.

Employees working from home were supported too, with assistance for home office equipment and welfare support, for example around mental health wellbeing. All employees received an additional two days holiday in recognition of the efforts that everybody made.



**Our 'Navigating the new normal' playbook, can be seen here:**  
<https://www.reckitt.com/media/6063/navigating-our-new-normal-playbook.pdf>

## **Protecting our people on the front line**

Given the critical role a number of brands play in breaking the chain of infection, it was crucial that our manufacturing facilities were able to continue production to ensure we meet the demand of our consumers. Consequently, we had to implement measures to ensure we protected the safety and wellbeing of our people and their families. Measures included, safe transportation and provision of in-house lodgings for those employees who continued to work in manufacturing operations. The following case studies highlight some of the many examples.

## CASE STUDY



## RECKITT'S MAKATI FACTORY, PHILIPPINES

Provision of in-house lodging for employees, especially those residing in areas with a high number of confirmed cases to avoid increased exposure to them and their families due to their daily commute. Additionally, amenities such as access to a locker room, personal protective equipment (PPE), washing facilities, access to a health clinic, provision of food, hardship allowance, internet access and phone facilities was provided so employees could remain in touch with their family and adhere to social distancing. Safe transport was also provided for employees preferring to commute daily. Employees who test positive also had access to 14 days of emergency leave on top of the annual and sick leave that is offered to them.

## CASE STUDY



## RECKITT'S BADDI FACTORY, INDIA

Provision of employee transportation to enable employees to safely return to work, with emergency guest houses provided for employees who couldn't move due to travel restrictions. Furthermore, isolation zones, COVID-19 testing, periodic sanitation, and personal protective equipment was provided to create a safe working environment.

## CASE STUDY



## RECKITT'S FACTORIES IN THAILAND

Several measures were implemented to ensure worker safety and adherence to social distancing guidelines. These measures included installation of partitions in the canteen, office area and work stations, implementing a temperature checking system at the entrance and COVID-19 guidance and signage in three languages.

## Developing virtual audit procedures, remote assistance and best practice guidelines

Visits to factories, plantations and other sites are an important way for us to find out more about human rights issues in our supply chain and improve our suppliers' capabilities. COVID-19 posed our programmes a clear challenge in 2020, as it stopped us making these visits. But our regional human rights managers have good relationships with suppliers and know their standards well. So, we've been able to respond by conducting remote audits, including virtual tours, interviews and document-checking. That let us carry on due diligence work and make sure workers' rights are respected, as well as supporting suppliers. Whilst we are aware that virtual audits have limitations and can't replace physical audits, they allow us to get a sense of the issues our suppliers are facing during the pandemic and help them improve labour practices on site.

Furthermore, we developed and shared guidance for Procurement teams and suppliers outlining our human rights and COVID safety expectations. This included support such as increased visibility of production scheduling and demand planning, in addition to helping suppliers secure cargo space to ensure deliveries could arrive in a timely manner.

# PARTNERSHIPS & COLLABORATION

## AIM-Progress:



We are a leading member of AIM-Progress, a forum of leading Fast-Moving Consumer Goods (FMCG) manufacturers and common suppliers working to enable and promote responsible sourcing practices and sustainable supply chains. It is a global initiative supported and sponsored by AIM, the European Brands Association in Europe. The goal of AIM-Progress is to positively impact people's lives and ensure respect for human rights, while delivering value to members and their supply chains. Reckitt is on the leadership team and co-chairs the Capacity Building work stream.

## The Consumer Goods Forum (CGF):



Being part of the CGF helps us work with other leading brands, manufacturers and retailers committed to social and environmental sustainability. In turn, this helps us boost our collective impact through safe, resilient and sustainable value chains. In 2020 we joined the CGF's Human Rights Coalition of Action – Working to End Forced Labour. This aims to advance the CGF's Forced Labour Resolution and Priority Industry Principles, in line with the UNGPs, by targeting forced labour and supporting responsible recruitment markets.

## The Pharmaceutical Supply Chain Initiative (PSCI):



PSCI is a group of pharmaceutical and healthcare companies who share a vision of better social, health, safety and environmental outcomes in the communities where we buy. PSCI believes that collectively members can share knowledge and expertise, across the industry, to drive complex, global change more effectively than any one organisation alone. We have joined forces to promote responsible supply chain management and better business conditions across the industry.

## Sedex:



We are members of Sedex, one of the world's leading ethical trade service providers, working to improve working conditions in global supply chains. Sedex is a collaborative platform that enables the sharing of social and environment data, including indicators related to forced labour and modern slavery, between suppliers, buyers and customers to improve responsible and sustainability business practices within global supply chains.

## Danish Institute for Human Rights (DIHR):

We have a partnership with the DIHR to provide us with strategic advice on how to embed the UNGPs into our organisation and develop the tools required to identify, avoid and address any negative impacts on human rights across our value chain.

## Earthworm Foundation (EF):



EF continue to be our main implementing partner in our latex and palm oil supply chains. In 2021, we will support 'landscape-level' programmes in our palm oil production landscapes in Malaysia and Indonesia. These will be supported by a coalition of multinational companies to bring improvements to human rights at scale.

## Oxfam GB's Business Advisory Services:



Our partnership with the DIHR highlighted opportunities to enhance our approach to making sure there's respect for human rights across our value chain. As a result, in 2020 we approached the Oxfam's Business Advisory Service to support us in the following areas over 2021:

- **Workers' wellbeing** – developing a scalable approach to assessing wellbeing issues that are relevant to workers in our supply chain to complement our existing audit and capability building work.
- **Site-level grievance mechanisms** – developing a toolkit to help suppliers implement grievance mechanisms. This will give workers effective channels to raise grievances without fearing consequences, and in the knowledge that they'll be investigated properly and fairly.
- **Gender equality and women's economic empowerment** – integrating gender into our supply chain sustainability activities to promote gender equality.

# LOOKING FORWARD

Over the last few years, we have strengthened our understanding of our human rights impacts and modern slavery more specifically. We have strengthened the rights of migrant workers. This included tackling passport retention within the Middle East and Malaysia and enabling migrant workers to pay debts from recruitment fees in Malaysia. Despite this progress, there remain areas of systemic human rights risk that we continue to tackle, all the more so given the heightened risk to vulnerable workers in the post-COVID recovery. Over the next 12 months, we will strengthen our work by focusing on:

- **Continuing our efforts to tackle modern slavery**, applying our learnings on passport retention and responsible recruitment with other suppliers and in other countries while developing additional tools to combat modern slavery across our supply chain.
- **Updating our human rights and responsible sourcing policies**, to include enhanced requirements around forced labour and responsible recruitment.
- **Updating our human rights training**, to ensure employees fully understand our developing policy requirements, value chain risks and the role we have in ensuring human rights are respected.
- **Collaborating with Oxfam's Business Advisory Service** to develop a site-level grievance mechanisms toolkit, a scalable approach to assess the wellbeing of workers within our supply chain to complete our audit activities and to embed a gender lens through our supply chain sustainability activities.
- **Further developing our Sustainable Sourcing activities** within our palm oil and latex supply chains to enable a healthier planet and deliver sustainable livelihoods and working conditions.
- **Increasing collaboration and partnership**, through industry associations and forums such as AIM-Progress and the CGF to promote human rights and collectively tackle systemic issues such as modern slavery and other labour rights impacts among migrant workers.



# APPENDIX

The appendix provides greater granularity and transparency on 2020 supply chain issues and improvements by supplier type through our Responsible Workplace programme.

## Co-packers

In 2020, we conducted 80 audits and identified 431 non-conformities with our policy. 81% of non-conformances were identified in three countries:

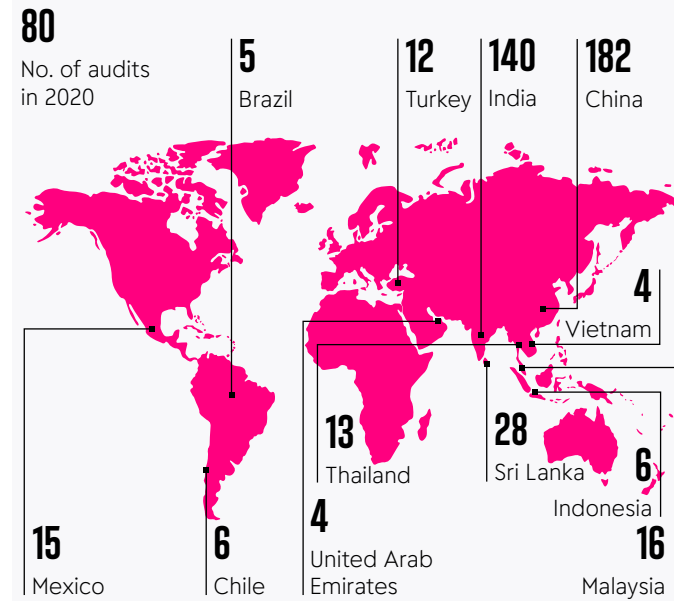
- **China** – 39 audits conducted and 182 findings identified. The most common findings concerned working hours and overtime (30%), employment benefits (9%), fire safety (8%) and environmental issues (6%) such as policy requirements, monitoring and measuring impacts.
- **India** – 17 audits conducted and 140 findings identified. The most common findings concerned environmental issues (21%) such as adherence to local regulations, relevant permits, and management of water usage, fire safety (11%) and building maintenance (11%).
- **Sri Lanka** – three audits conducted and 28 findings identified. The most common findings concerned health & safety (14%) such as electrical safety, use of machine guards and handling of chemicals, environmental issues (11%) such as training and adherence to local laws and worker first aid (11%).

Since 2017, we have identified 30 non-conformities with our policy relating to freely chosen employment. 13 issues concerned passport or original document retention in the Middle East, Malaysia, Pakistan and South Africa; ten issues concerned a lack of, or inadequate, policies on site; with the remaining issues concerning wage deductions for PPE or other essential work items, delayed wage payments for resigned employees and specific employment terms and conditions omitted from employment contracts.

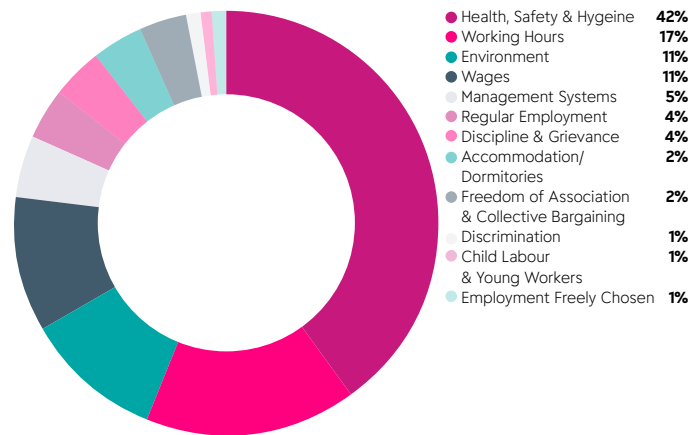
Through our increased supplier due diligence and engagement, findings have consistently reduced year on year.

Our audit and ongoing engagement activities are delivering tangible improvements in labour and human rights standards in our co-packer base over time. The first audit of these sites resulted in a pass rate of 30%, which has increased to 65% in most recent audits. We are conscious there is still more work to do, especially in the countries and areas listed above. We will continue to support suppliers through our audit and capacity building activities.

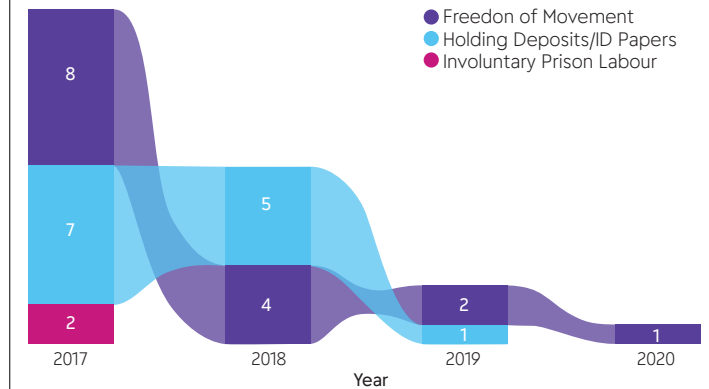
## Distribution of audit findings



## Issues contrary to our standards



## Forced labour related issues identified over time



## Improvement since the first audit



# Appendix continued

## Distribution and embellishment centres

In 2020, we conducted 28 audits and identified 132 non-conformities with our policy. 62 non-conformances were identified in three countries:

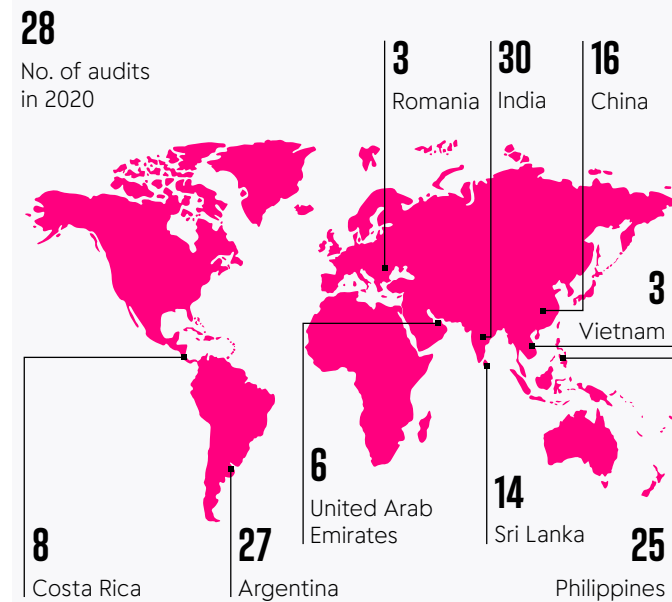
- **India** – five audits conducted and 30 findings identified. The most common findings concerned record-keeping (17%), payment of minimum/industry standard wages (17%) and employment benefits (13%). The majority of these findings were related to contract rather than permanent workers.
- **Argentina** – four audits conducted and 27 findings identified. The most common findings concerned fire safety (19%), excessive overtime (15%) and building/site maintenance (11%).
- **Philippines** – two audits conducted and 25 findings identified. The most common findings concerned health & safety (20%), contract labour/service provider management (16%) and environment (16%) which was mainly around inadequate use and disposal permits in addition to non-compliance with local environmental laws. Another important area of improvement that we flagged was fire safety (12%).

Since 2017, we have identified 15 non-conformities with our policy relating to freely chosen employment. Six issues concerned a lack of, or inadequate, policies on site and five concerned passport or original document retention and withholding cash deposits within the Middle East and Malaysia. The remaining issues concerned wage deductions for PPE or other essential work items and specific employment terms and conditions omitted from employment contracts.

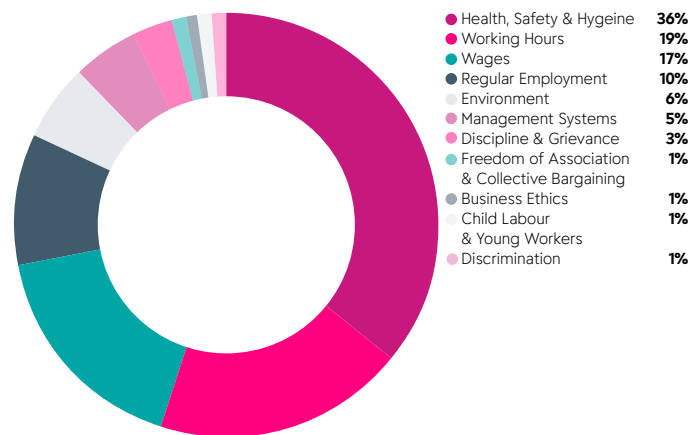
Through our increased supplier due diligence and engagement, findings have consistently reduced year on year to no cases identified in 2020.

Our audit and ongoing engagement activities are delivering tangible improvements in labour and human rights standards in our third-party distribution and embellishment centres over time. The first audit of these sites resulted in a pass rate of 21%, which has increased to 69% in the most recent audits. We are conscious there is still more work to do, especially in the countries and areas listed above and will continue to support suppliers through our audit and capacity building activities.

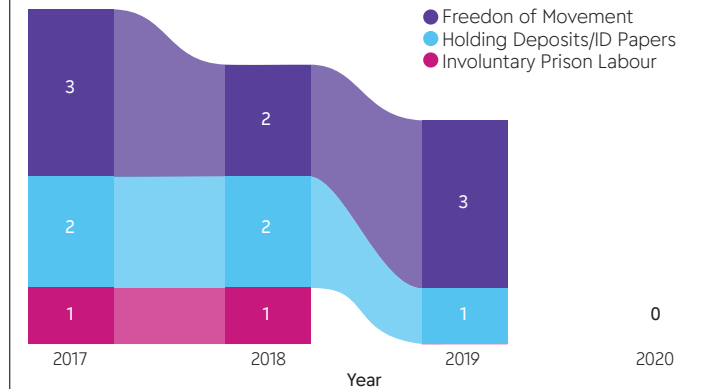
## Distribution of audit findings



## Issues contrary to our standards



## Forced labour related issues identified over time



## Improvement since the first audit





## Appendix continued

### RM & PM suppliers

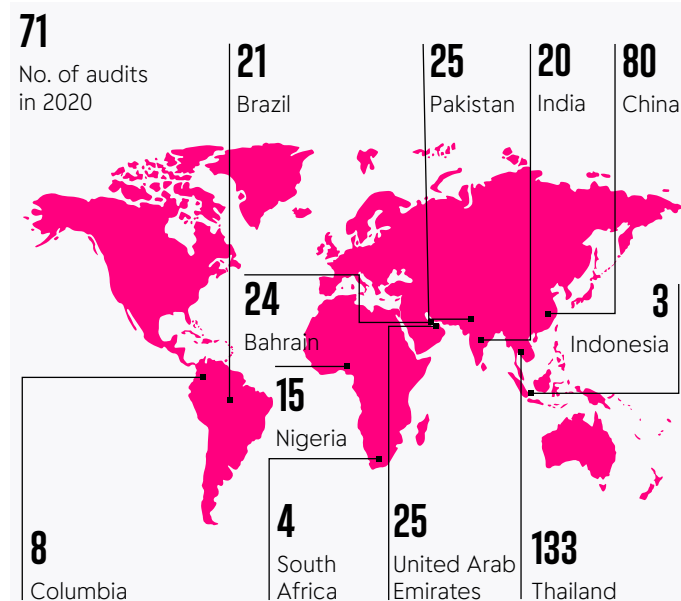
In 2020, we significantly increased activity with raw and packaging material suppliers as part of the second year of our three-year engagement plan. We conducted 71 audits and identified 358 non-conformities with our policy. 66% of non-conformances were identified in three countries:

- **Thailand** – 21 audits conducted and 133 findings identified. The most common findings concerned fire safety (14%), excessive overtime (11%) and chemical handling and safety (8%).
- **China** – 22 audits conducted and 80 findings identified. The most common findings concerned chemical safety and handling (21%), excessive overtime (18%), health and safety training (8%) and worker health & first aid/accident compliance (8%).
- **Pakistan** – two audits conducted and 25 findings identified. The most common findings concerned fire safety (28%), environment (16%) these were mainly around non-compliance with local environmental laws and regulations, and employment benefits (12%) such as legally required bonuses and benefits that should be paid to employees.

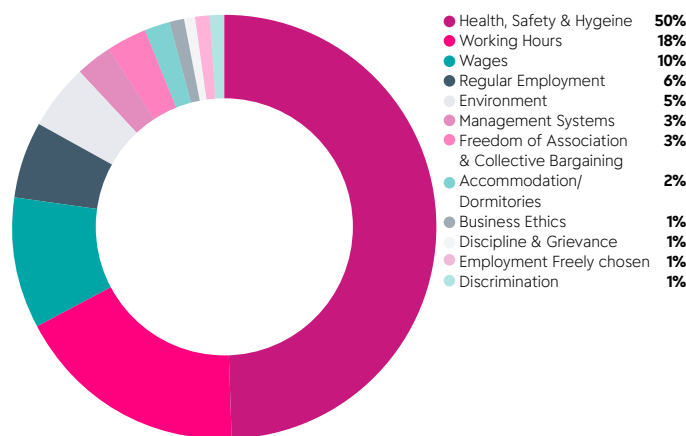
Since 2017, we have identified three non-conformities with our policy relating to freely chosen employment. All three findings were cases of passport or original document retention within suppliers in the Middle East and Pakistan. We started to engage our raw material and packaging material suppliers in 2019 which is why we have not identified many findings over the last few years. As our engagement activities increase over the next year, it is likely that additional findings will be identified.

As a result of our audit and ongoing engagement activities, we are seeing tangible improvements in labour and human rights standards in our raw and packaging material supplier base over time. The first audit of these sites resulted in a pass rate of 48%, which has increased to 85% in most recent audits. We are conscious there is still more work to do, especially in the countries and areas listed above and will continue to support our suppliers through traditional audit and capacity building activities.

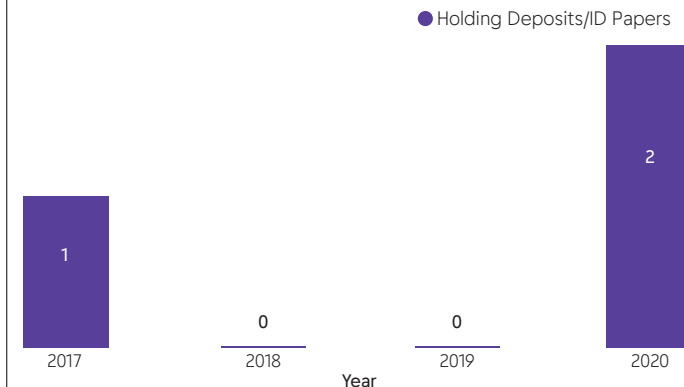
### Distribution of audit findings



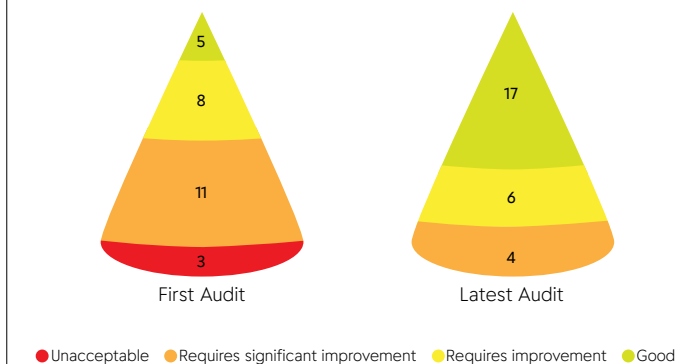
### Issues contrary to our standards



### Forced labour related issues identified over time



### Improvement since the first audit



## NEXT STEPS

To mitigate these findings and deliver sustained improvements moving forward, our regional human rights managers partner with suppliers and local Procurement teams to provide on-site and remote technical support. This will also include working with peers and other external stakeholders particularly on the more systemic issues to build capabilities and deliver systematic and sustained change. Key areas of focus include:

- Excessive overtime and non-payment of social security in China where we are developing specific, long-term, financially feasible action plans for all co-packers over 2021 to deliver a phased transition to full compliance.
- Forced labour related issues particularly within the Middle East and Malaysia.
- Health and safety policies and procedures, with a focus on fire safety.
- Record-keeping, contractor labour/service provider management, wages and easily understood employment contracts within India & Sri Lanka.

Additionally, our Supplier Environmental Performance programme is supporting suppliers to move beyond compliance to performance improvement on environmental management. This helps deliver tangible reduction in energy and water use and waste generation.





**For more information  
please contact:**  
[sustainability@reckitt.com](mailto:sustainability@reckitt.com)

[reckitt.com](http://reckitt.com)

