



# ENABLING A FAIRER SOCIETY ACROSS OUR VALUE CHAIN

## Modern Slavery and Human Trafficking Statement 2022

Reckitt Benckiser Group plc and other relevant Group companies\* (Reckitt) slavery and human trafficking statement for the 2022 financial year, as required by section 54(1) of the Modern Slavery Act 2015, the California Transparency in Supply Chains Act of 2010 and the Australian Modern Slavery Act 2018 (Cth) in consultation with RB (Hygiene Home) Australia & Reckitt Benckiser (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 2022, including RB (Hygiene Home) Australia Pty Ltd (ABN 58 629 549 506) and Reckitt Benckiser (Australia) Pty Ltd (ABN 17 003 274 655).





# CONTENTS

Reckitt and our global value chain	02
Human rights and modern slavery risk	06
Our policies and training	08
Governance	11
Respecting human rights across our value chain	13
Remedying human rights breaches	24
Partnerships and collaboration	28
Monitoring progress	29
Looking ahead	30
Appendix	31





## RECKITT AND OUR GLOBAL VALUE CHAIN

# 2022 – STRENGTHENING AND BUILDING MOMENTUM

Wherever we work, we fight to make access to the highest quality hygiene, wellness and nourishment a right not a privilege.

The global challenges that many people faced in 2022 made our fight more relevant than ever. Last year saw high levels of inflation, global supply challenges and consumers facing cost of living pressures. Despite this, we managed to deliver our purpose along with business growth.

Our Purpose and fight are at the heart of our business strategy. 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. With reported growth in forced labour over the past five years, the challenge for everybody involved in global value chains continues to increase. Migrant workers routinely face risks, while women and children are often the most vulnerable. Businesses have a critical role in tackling this issue, working alongside governments and civil society to support and enable human rights. We believe that by working collaboratively with our supply chain partners, and being open about our progress, we can help to end modern slavery in global supply chains.

Our collaborative approach, with peers and across sectors, enables collective action. In 2022, this continued through work with AIM-Progress to improve employment practices for migrant workers within our Malaysian supply chain. Similarly, as members of the Consumer Goods Forum Human Rights Coalition, we are working collectively to end forced labour.

Modern slavery is absolutely contrary to who we are, to our Purpose and to the Compass that guides us, and we continue to strengthen our policies and activity to prevent and tackle it. Alongside programmes strengthening labour standards and human rights in our global value chain, we have further embedded human rights into the ways of working for our procurement and supply functions. To make all our teams globally more aware of the way we protect and enable human rights, we launched an eLearning programme that is embedded within our Code of Conduct and applicable to all our teams.

Exploitative recruitment practices, including demands for recruitment fees and imposing substitute contracts, are forms of modern slavery that affect many migrant and vulnerable workers. Many of these practices occur deep within the migrant labour supply chain, enabled by weak state governance, corruption and wider criminality. In 2022, we continued to work with our peers and partners from civil society to accelerate progress, aiming to focus activity where it is needed most.

We know there is no easy solution to modern slavery. However, with greater visibility of global supply networks, new innovative tools and use of technology and by joining forces with others, we aim to drive change at scale. We will continue to share details of our work, our progress and the challenges we face, learning from them as we strive to enable a fairer, more inclusive society.

Signed:

**Nicandro Durante**  
CEO  
May 2023

This statement was approved by the Board of Directors of Reckitt Benckiser Group plc on 3 May 2023.



RECKITT AND OUR GLOBAL VALUE CHAIN CONTINUED

Reckitt<sup>1</sup> is a FTSE 20, global consumer health, hygiene and nutrition group headquartered in the UK. Reckitt exists to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world through the power of our brands.

Across the categories we play in, our brands are recognised and trusted by consumers and, every day, millions of Reckitt products are sold globally. Each brand has a specific fight, aligned with the UN Sustainable Development Goals, which helps to identify unmet opportunities. 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 40,000 colleagues. We draw on our collective energy to meet our ambitions of purpose-led brands, a healthier planet and a fairer society. We operate in over 60 countries, with 55 of our own sites and logistic centres, which are supported by a global supply network. Our overall business strategy and organisation is described in our [Annual Report](#).



<sup>1</sup> Reckitt is the trading name of the Reckitt Benckiser group of companies.

## OUR PURPOSE

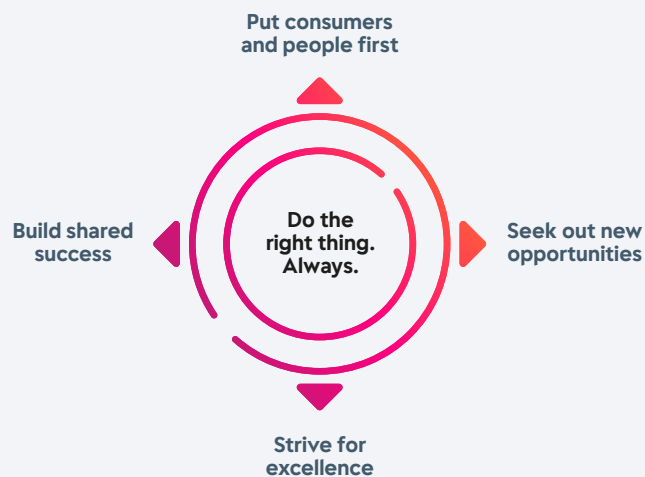
We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

## OUR FIGHT

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

## OUR COMPASS

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



## OUR LEADERSHIP BEHAVIOURS

To deliver on our ambitions around Purpose and our business strategy, our culture enables our people to have the Freedom to Succeed and operate at their best. Our culture is embedded in our Leadership Behaviours. These behaviours set out our expectations for how every one of us at Reckitt behaves. They are deeply embedded inside our company and are the basis for how we evaluate our leaders going forward in line with our desired culture. Reckitt leaders Own, Create, Deliver and Care.

### Own

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

### Deliver

- Focus on what matters
- Move boldly and at pace
- Join forces to win bigger

### Create

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

### Care

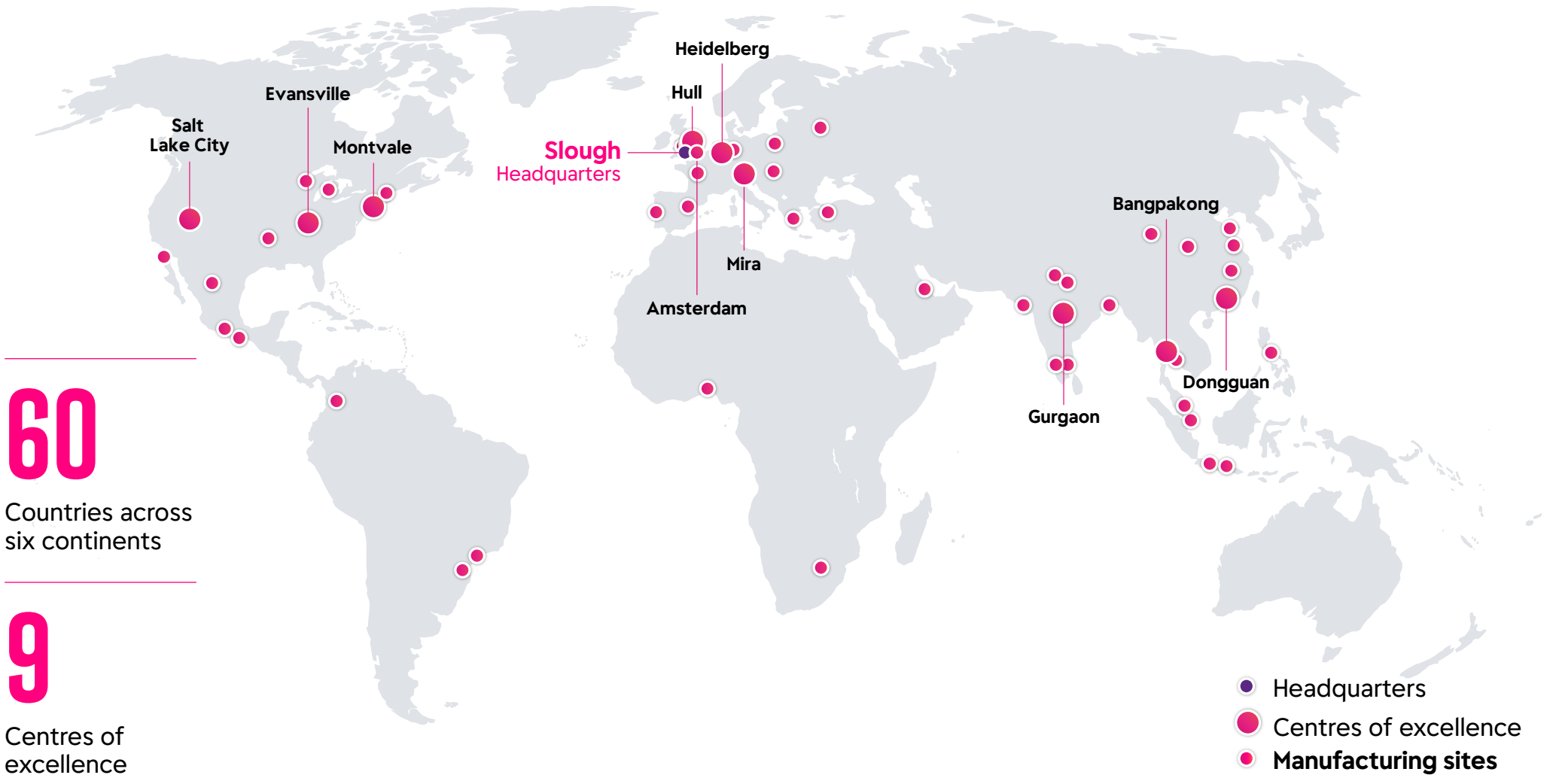
- Actively listen, learn and include
- Speak direct with respect
- Act to unleash potential



RECKITT AND OUR GLOBAL VALUE CHAIN CONTINUED

OUR GLOBAL FOOTPRINT

Reckitt factories, offices and R&D centres



60

Countries across six continents

9

Centres of excellence



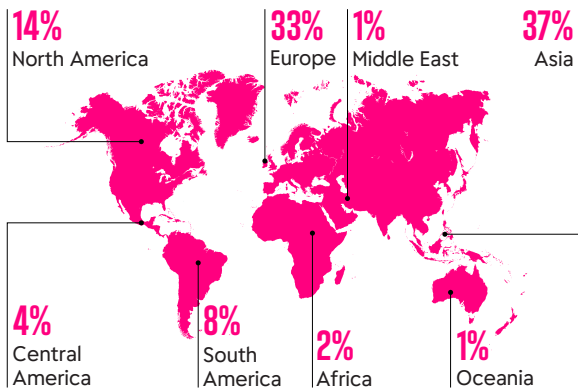
RECKITT AND OUR GLOBAL VALUE CHAIN CONTINUED

**OUR GLOBAL SUPPLY NETWORK**

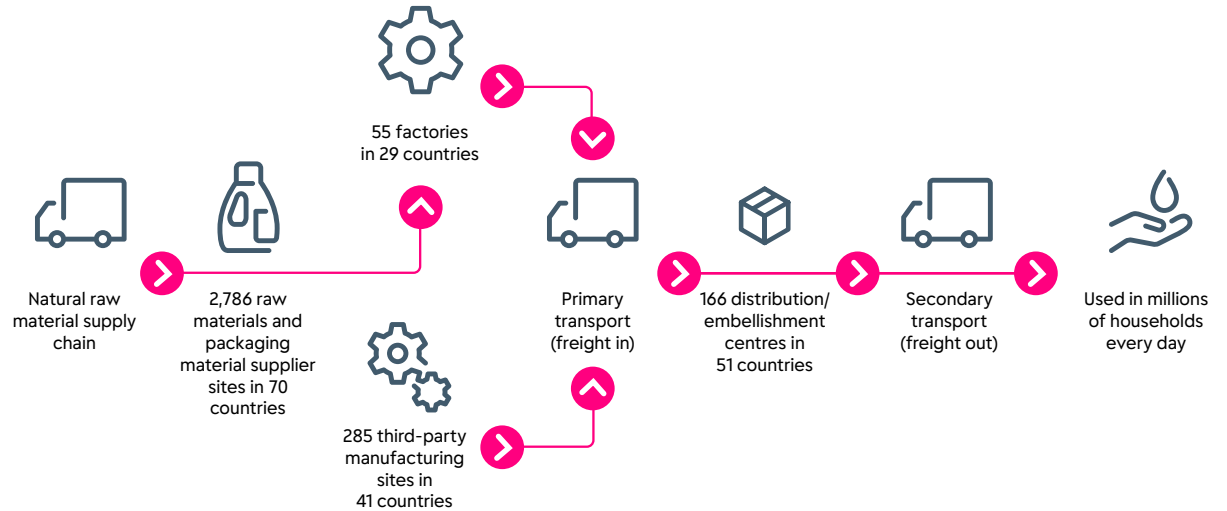
We have a truly global supply network comprising 55 Reckitt production and warehouse facilities and 285 third-party manufacturer sites (co-packers) that support our global business. For our operations, we source a range of packaging and raw materials –from product packaging and household product chemicals, to pharma ingredients and agricultural commodities including dairy, palm oil and latex from 2,786 supplier manufacturing sites around the world. These are distributed by our global network of 166 distribution and embellishment centres.

We have approximately 34,000 indirect suppliers providing us with financial and legal, contractor, consultancy, facilities and maintenance, technology, marketing, sales support and logistics services, with a spend of £4.5 billion.

**GLOBAL DISTRIBUTION OF RECKITT'S MANUFACTURING FACILITIES, DIRECT SUPPLIER AND THIRD-PARTY DISTRIBUTION AND EMBELLISHMENT CENTRES**



**OUR PRODUCT SUPPLY CHAIN**



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

Some of our suppliers are large multinational companies with substantial business and ethical conduct programmes of their own, while others are smaller, local companies, and may be within emerging economies. The latter may not have the same degree of environmental and social programmes in place, but they can still be excellent suppliers with reasonable controls. Our suppliers are chosen based on quality, cost, location and compliance with our policies and standards. These policies include our **Third Party Code of Conduct** and **Sourcing for Sustainable Growth Policy and supporting standards**.

In addition to our traditional direct and indirect suppliers, all significant and relevant investment activity, including acquisitions if appropriate, undergo appropriate due diligence which includes human rights where relevant.

🔗 To find out more about Reckitt please see: <https://www.reckitt.com/investors/annual-report-2022/>



## HUMAN RIGHTS AND MODERN SLAVERY RISK

66

**SAMI NAFFAKH,**  
Chief Supply Officer

Modern slavery poses a real and significant risk within global value chains. At Reckitt, we are committed to using our scale and reach to protect and promote human rights in line with our Compass.



Modern slavery is complex and multi-faceted. It takes many forms including slavery, human trafficking, servitude, and forced and compulsory labour. It is also constantly evolving, is often hidden and, as a result, can be hard to identify.

Guided by our Purpose, Fight and Compass, we take seriously our responsibility to ensure human rights are respected across our global 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 enable remedy in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs). In partnership with the Danish Institute for Human Rights, and in consultation with other key stakeholders including NGOs, customers, investors and peers, in 2020 we identified our salient human rights impacts on which to develop our strategy and focus our activity. This assessment took into consideration a range of resources, including internal supply chain audit data, external resources and risk assessments, as well as key risks across our value chain and the rights holders, commodities and countries most likely affected.



We identified the following salient issues:

- Working hours
- Fair wages
- Health, safety and environment
- Freedom from forced labour
- Freedom of association and right to collective bargaining
- Gender, diversity and inclusion
- Effective grievance mechanisms
- Access to water and sanitation
- Sexual health and rights
- Access to health, hygiene and nutritional products
- Marketing practices
- Product safety
- Data privacy

Understanding our salient issues has been pivotal to our approach and prioritisation of human rights. And in the context of the ever-changing social, economic and political landscape, we will continue to review our salient issues, focus on the most critical and consider any new or emerging issues or trends.

We aim to maintain a dynamic approach that understands potential risks and emerging situations. We endeavour to keep up to date with publicly available research from a range of external sources and collaborate with NGOs and peer companies to better understand risks and ways to address them. The importance of this approach will grow as the impacts of climate change, conflict and economic migration continue to displace millions of people around the world.



## HUMAN RIGHTS AND MODERN SLAVERY RISK CONTINUED

Modern slavery is a complex issue and often hidden. This makes it hard to identify. The most vulnerable in the world are generally more susceptible to becoming victims of modern slavery. Many of the issues that contribute to modern slavery are constantly evolving, as does our approach to tackling it. In 2022, we focused on gaining further visibility in high-risk regions associated with modern slavery in our value chain through the **Diginex LUMEN tool**.

We are currently focusing much of our activity on our supply networks in Malaysia and the Middle East, where millions of migrant workers are employed in low-skilled jobs within the manufacturing, agricultural, logistics, construction, security and hospitality sectors. This creates a systemic challenge, not just one for us and our supply network. 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 that create debt bondage, 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.

The continuation of the war in Ukraine has resulted in further displacement and migration. We are acutely aware that conflict is a driver of human trafficking and exploitation. This poses a significant risk to displaced women and children who are often more vulnerable to trafficking and exploitation. We recognise this could increase the risk of exploitation within Europe, so we will continue to monitor labour markets closely. Research from a range of external sources and collaborative forums with NGOs and peer companies help us keep abreast of such risks.

We work with many stakeholders in our supply network including: third-party manufacturers, distribution and embellishment centres, promotional goods suppliers, contract labour providers, transport and logistics suppliers, and raw and packaging material suppliers. We prioritise activity by risk, and describe our approach later in this statement. This has led us to prioritise 579 sites across the high and medium-risk locations of North and South Asia, the Middle East, Africa and Latin America. Recognising that primary producers of natural raw materials, including plantations and smallholder communities are also areas of significant risk, we are also engaging specific supply networks in palm oil, latex, dairy, paper and board and fragrances. Further details on our activities, findings and respective actions are described later in this statement.

# 526 supplier sites

prioritised across our high-risk locations



## OUR POLICIES AND TRAINING

At Reckitt, we believe that human rights, and specifically freedom from slavery and human trafficking, are an absolute and universal right. Our policy framework supports this approach.

### 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 corruption and bribery, discrimination, confidentiality, conflicts of interest, anti-trust, money-laundering, environment, health and safety and the confidential Speak Up! whistleblowing 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 Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

[See more about our Code of Conduct](#)

### Embedding Sustainability into the Business:

In support of our ambitions to create a healthier planet and fairer society and as we look to further embed sustainability into the business, from 2023 our Human Rights Policy commitment will be integrated into Reckitt's Code of Business Conduct. This reflects the evolution and further integration of human rights into core business practices and policies.

### SOURCING FOR SUSTAINABLE GROWTH POLICY AND SUPPORTING STANDARDS

In 2021, we overhauled our policies and standards on human rights and responsible sourcing of natural raw materials by bringing them into one: our **Sourcing for Sustainable Growth Policy**. It's backed by technical standards covering Labour and Human Rights, Workplace Health and Safety, Environmental Protection and Natural Raw Materials Sourcing. This update puts us in step with best practice in our industry, as well as capturing the scope of our current supply chain sustainability activities and ambitions.

Our policy and standards were developed using internal and external expertise provided by the Danish Institute for Human Rights, Earthworm Foundation and others, and were influenced by the UN Guiding Principle on Business and Human Rights, legislative requirements such as those outlined by the **Modern Slavery Act** and industry best practice. There are specific provisions and requirements to prevent modern slavery within our value chain contained within our technical labour standards.

All business partners providing goods and services to or on behalf of Reckitt are within the scope of this policy. This includes third-party manufacturers, raw and packaging material suppliers, service providers, vendors, traders, agents, contractors, joint venture partners and distributors, including their employees' agents and other representatives.

Our six responsible sourcing principles involve:

- 1. Ensuring labour and universal human rights are respected**
- 2. Providing a safe and healthy working environment**
- 3. Sourcing natural raw material responsibly**
- 4. Protecting the environment and reducing environment impact**
- 5. Using ever safer and more sustainable ingredients**
- 6. Conducting business with integrity**

## OUR LABOUR AND HUMAN RIGHTS STANDARD DEFINES CORE STANDARDS:



Workers are of a suitable age to work



All work is conducted voluntarily



Recruitment is conducted responsibly



All workers are treated equally with dignity and respect



All workers have the right to freedom of association



All workers have reasonable working hours and sufficient rest days



All workers receive a fair wage



Fair conditions for workers in temporary employment



All workers have access to fair remedy



Respecting land rights



Community impacts



Worker and community safety and security



## OUR POLICIES AND TRAINING CONTINUED

At the start of any commercial relationship, we communicate our requirements to suppliers and integrate the need to comply within the commercial contract. We have further strengthened this process in 2022 by embedding sustainability into the new supplier qualification process. This includes assessing forced labour and modern slavery risks prior to signing the contract. Additionally, business partners should communicate these requirements to their suppliers, monitoring and strengthening compliance as far as is practical. In 2022, we also embedded sustainability into the supplier balanced scorecard to allow ongoing sustainability oversight for strategic suppliers.

### TRAINING

Our fight to make access to the highest-quality hygiene, wellness and nourishment a right, not a privilege reflects our broad view that human rights and policies alone are not sufficient to embed this in an organisation. 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. This training is composed of seven modules:
  1. Introduction to our Code of Conduct
  2. Competition Law
  3. Anti-Bribery and Corruption
  4. Data Privacy
  5. Cyber Security
  6. Safety of Product
  7. Human Rights

In 2022, all employees were assigned mandatory annual compliance training and business leaders, ethics and compliance professionals and line managers took steps to drive uptake of the training.

- **Human rights training** – Since 2017, all management-level employees have had to take our eLearning programme on human rights. But, as the human rights agenda evolves, so does our understanding and activity. In 2021, we refreshed this training and broadened it to cover all employees and contractors as part of our annual compliance passport training. This will help them better understand human rights and the role of business in respecting them. The training also addresses our salient human rights issues and what we're doing to make sure people's rights are respected across our value chain. The training includes tools, knowledge and advice to recognise and report breaches of human rights. Since we launched the training, 99.9% of employees in scope have completed it.

# 99.9%

of employees in scope have completed our human rights eLearning course as part of the all-employee annual Compliance Passport training

- We continued with our quarterly briefing seminars for relevant employees, providing an update on our programme requirements, activities and challenges. These seminars are led by the Human Rights Team and build two-way communication, while supporting extra training and best practice sharing.
- We continued our training on site standards through an aide-memoire for our Quality auditors to help them better identify and report on breaches of our Human Rights Policy when assessing sites. We also trained the Procurement Teams for their supplier site visits together with a reporting procedure if any issues are identified.

- We expanded the scope of our training to the Sales Team and successfully ran a pilot in Egypt. Here we trained the Sales Team and shared a high-level checklist to assess distributor sustainability practices, including human rights. We also went on site visits with the Egyptian Sales Leadership Team to demonstrate the use of the checklist. In 2023, we plan to roll out this training and checklist to additional high-risk markets.
- We ran a 'Sustainability School' for our CAMEX Market (Central America & Mexico) and will be looking to replicate this in other regions in 2023.

These channels of communication and enhanced training build greater awareness of our human rights policies and risks for our teams everywhere. In building this awareness, we aim to strengthen identification and remediation of modern slavery risks within our value chain.

### SPEAK UP SERVICE

**Following the highest standards of ethical behaviour and responsibility is fundamental to how we do business. And it's about making sure we have the culture and processes to help our people behave in the right way.**

We know it can be hard for employees to speak out when they see behaviour contrary to our Code of Conduct, so we work continuously to create an encouraging and supportive environment. Speak Up! is our independent and confidential online and freephone service. It offers all Reckitt employees, contractors and third parties 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 to Reckitt's Sourcing for Sustainable Growth Policy and supporting standards, which covers slavery and human trafficking.

The issues raised are investigated and are reported to the leadership and with oversight from 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. Details of our governance approach are described in our [Sustainability governance, reporting & assurance insight](#).

## OUR POLICIES AND TRAINING CONTINUED

In 2022, we continued to raise awareness of our Speak Up! service. To make sure we managed and investigated cases in a timely way, we delivered Speak Up! training for those leading investigations. Additionally, we further strengthened our Ethics and Compliance Programme by:

- Quarterly risk and compliance committees with the business units and Group Executive Team, as well as Board members
- Mandatory training modules on Code of Conduct, anti-bribery and corruption, competition law, data privacy, cyber security and product safety. New joiners are also required to complete the training as part of their onboarding
- Introducing role-specific training on interactions with healthcare professionals and entities
- Raising awareness through communications. This was done via compliance messages from our leaders through townhalls, emails, internet posts and other channels

In 2022, 644 concerns were raised through Speak Up!, with 426 cases meriting investigation.

Action taken ranged from training and changes to policies or procedures, to disciplinary action up to and including dismissal. Out of the 426 investigations in 2022, 43 employees were dismissed. The remaining 17 cases are still pending closure.

➤ 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 our [Ethical Behaviour Insight](#) or our [Human rights across our value chain insight](#)



Image credit: Earthworm Foundation (EF)



## GOVERNANCE

Our governance framework remains broadly unchanged in 2022, with effective forums across the business responsible for overseeing progress and ensuring sustainability considerations are embedded into our decision making. 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.



### AT BOARD LEVEL

Our Board of Directors is collectively responsible for the overall leadership of the Group and for promoting its long-term sustainable success while focusing on its strategic direction, Purpose, values and governance. The Board has regular discussions about the risks and opportunities for the company and conducts a formal review of the Group's principal risks at least once a year. Sustainability itself, including the key issue of human rights, is considered one of the company's principal risks. This reflects the continued growth in importance of sustainability and its central role in the company's growth strategy.

The Board delegates regular management of sustainability-related matters 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 targets. Meetings are attended by the CEO, who has accountability for sustainability performance at executive level. He is joined at the meetings by various members of the Group Executive Committee and other senior executives.

GOVERNANCE CONTINUED

AT MANAGERIAL LEVEL

Our managerial oversight of sustainability matters reflects the structure of our business as one Group with three business units. We 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 thus to CRSECC. These committees all meet and report quarterly.

The RSCC reviews risks and our progress in managing them, and covers all our environmental, social and governance activity. This includes, for example, reviewing the management of and responses to issues flagged through our Speak Up! whistleblowing systems, alongside our social impact programme and progress on climate change and human rights. This structure of Group committees supported by business unit equivalents provides quarterly updates to the CRSECC and Board on sustainability issues and risks, notably climate change, including ongoing performance against targets to enable their ongoing oversight of activity (see the CRSECC report in our [Annual Report](#)).



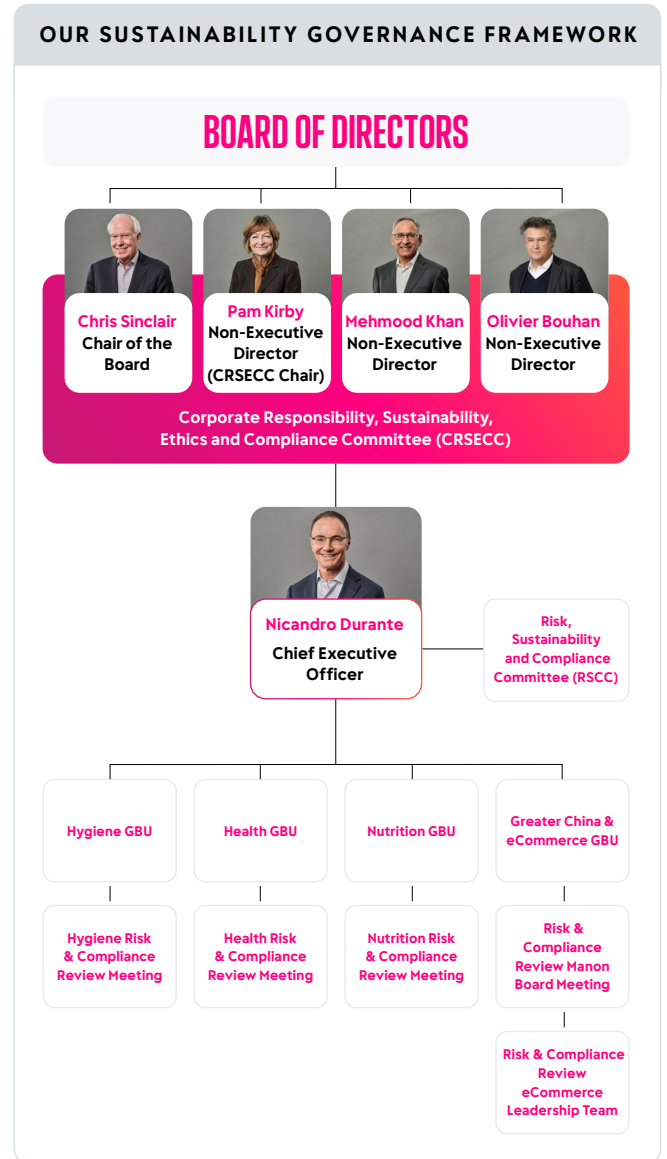
Within the business, our Corporate Affairs & Sustainability function leads strategy development and compliance, while programmes are implemented by our Brands, Supply Chain, R&D, and Safety, Quality and Regulatory Compliance teams. All functions are represented at, and are overseen by, the Executive Committee. With the creation of the new role of Chief Marketing, Sustainability and Corporate Affairs Officer in 2022, the connection between brand purpose, consumer-facing activity and the delivery of our sustainability programmes is consolidated within a single function. This strengthens our ability to deliver impact through our purpose-led brands, while also demonstrating sustainability to consumers who wish to support more sustainable brands.

The Group Executive Committee is the owner of our Code of Conduct and updated Sourcing for Sustainable Growth Policy. The Head of Corporate Affairs and Chief Sustainability Officer, 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, and 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 comply with our Code of Conduct and complete the mandatory annual training. Any breaches of these policies can be reported to the Corporate Affairs & Sustainability function or confidentially through our Speak Up! hotline service.





## RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN

Businesses play a crucial role in ensuring they and their suppliers operate in a way that respects human rights and the natural environment and contributes to sustainable development.

# 217

supplier audits completed in 2022

# 67%

pass rate of supplier audits conducted in 2022

# 96%

of supplier audits with approved corrective action plan in place

Policies are critical to addressing risks to human rights and the environment, but they are only the foundation. 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 three distinct but interrelated streams of activity to drive respect for human rights across our value chain and enable a more sustainable supply chain:

### 1. HUMAN RIGHTS PROGRAMME

- In line with the United Nations Guiding Principles (UNGPs), we are focusing our activity on understanding the broad range of human rights impacts across our value chain and are working both independently through our business and brands and in partnership with others to address these impacts to create a fairer, more inclusive world. This has led us to identifying our salient human rights at a corporate level which has helped frame our programmes and prioritise activity. That activity extends through our ongoing Human Rights programme and associated programmes supporting Responsible Workplaces and Sustainable Sourcing.
- In our Human Rights programme, we consider our corporate salient human rights in the context of local conditions. We are committed to understanding the broad range of human rights impacts across our value chain by conducting Human Rights Impact Assessments (HRIAs). We have risk assessed all our markets using a tool developed with the Danish Institute for Human Rights. This risk assessment considers a range of factors such as our supplier, operational and brand footprint, inherent human rights risk, proportion of net revenue generated and market growth rates. Through this, we have identified 10 priority markets in which we plan to conduct HRIAs by 2030.
- We conducted our first HRIA in 2019, assessing our Durex and Enfa brand value chains in Thailand. This included, for example, reference to sustainable livelihoods for smallholder farmers in our latex supply chain which led to our adoption of the Fair Rubber Standard and a premium payment to those farmers. More details of the programme can be found in our [Human rights insight](#). The assessment also led us to work on sustainable livelihoods more broadly, for contractors in our value chain and continued our focus on migrant workers.

- Our second HRIA was delayed due to COVID-19; however, during the second half of 2022 we started an assessment of our Brazilian operations. We plan to complete this and publish the report in 2023.

We engage with a range of local stakeholders for these assessments. This helps us to develop our policies, procedures and activities to tackle any negative impacts we identify. We report our findings and any action we take. We also look to promote specific human rights where our business and brands are well placed to drive positive impact. For example, our Durex brand promotes sexual health and rights.

## EMBEDDING SUSTAINABILITY INTO PROCUREMENT PRACTICES:

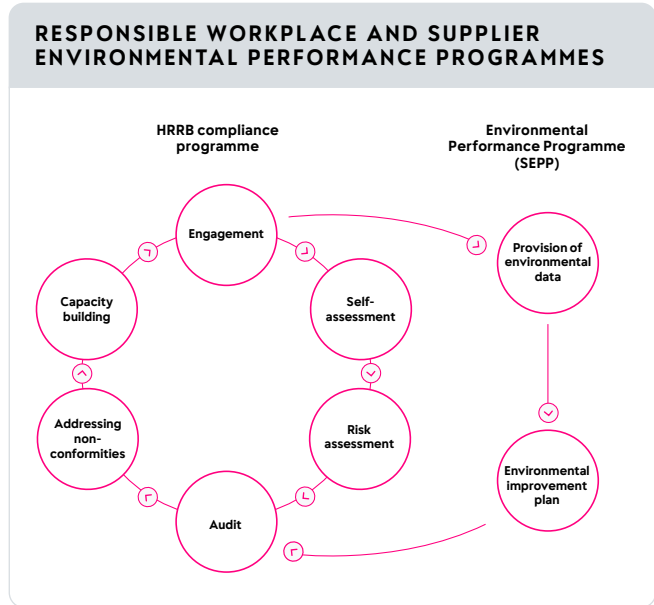
Our procurement teams lead our relationship with suppliers globally. How they work with suppliers to reinforce standards is an important part of each of the three areas of our work. To help assess areas to prioritise for greatest impact, we worked with Ergon Associates to review our procurement practices. We have implemented a series of actions generated by the review, which have helped to better embed sustainability into our sourcing and wider procurement transformation strategy. These included further integrating sustainability into supplier due diligence for raw and packaging material suppliers, adding sustainability into the Procurement Vulnerability Tool and improving procurement awareness around sustainability. These recommendations will support a more resilient supply chain able to withstand social and environmental challenges.

RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

**2. RESPONSIBLE WORKPLACE PROGRAMME**

This programme is focused on Reckitt manufacturing facilities and higher-risk tier one suppliers, outlined earlier in this statement. The programmes aim to both ensure good labour, health and safety and environmental standards and to progressively improve performance. Our Responsible Workplace programme has been in place for a number of years and continues to evolve. The programme of audits, supplier development and training programmes has consistently led to progressive improvements in standards of suppliers.

With the supplier relationships and continuous improvement perspective that the Responsible Workplace programme has created, we also took the opportunity to add environmental performance improvement and create our Supplier Environmental Performance Programme. In 2022, we extended this programme in partnership with **Manufacture 2030 (M2030)**, partnering with key suppliers on their energy, water and waste performance to help create visibility of and reduce their environmental footprint.



**SUMMARY OF HUMAN RIGHTS AUDITS AND ASSESSMENTS IN 2022**

- **Monitoring** – We monitored 526 individual sites (third-party manufacture, distribution and embellishment centres, and high-risk raw and packaging material suppliers) and 55 Reckitt sites
- **Self-assessment** – 100% of Reckitt facilities complete an annual self-assessment of compliance with our responsible workplace requirements on our reporting tool, Enablon. In 2022, we increased the percentage of suppliers with a completed self-assessment questionnaire (SAQ) from 35% in 2021 to 53%. To help accelerate this, we partnered with Sedex and ran a series of SAQ clinics for suppliers. During these clinics, we gave suppliers an insight into why SAQs are important, along with high-level assistance to complete them. During 2023, we will continue to engage with suppliers to increase the completion rate
- **Audits** – 217 supplier and 16 Reckitt site audits were conducted, with 1,622 non-conformities identified (70 in Reckitt sites and 1,552 in supplier audits)
- **Corrective actions** – 96% of suppliers and 100% of Reckitt sites audited have an approved corrective action plan in place, with 50% of Reckitt site non-conformities addressed.
- **Improvement delivered** – The audit pass rate for sites with multiple audits since 2018 increased from 31% in the first audit to 69% in the most recent one. This reflects continuous improvement of standards, supported by both audits and supplier development activities

**3. SUSTAINABLE SOURCING PROGRAMME**

- Palm oil, for example, requires significant resource investment in traceability, no-deforestation verification and grievance identification and monitoring. These workstreams help us to identify and address environmental and human rights risks, including land rights risks for communities. More information on our approach can be found on page 22.
- For latex, we have full traceability to farm level, and in Thailand our NGO partner Earthworm Foundation continues to work closely with latex farmers, and local and migrant worker tappers to improve their livelihoods.
- For dairy, where we have less direct communication with farmers, an industry approach is required. We partner with the Sustainable Dairy Partnership and work collaboratively with our peers and suppliers to drive industry progress; an annex to our Sustainable Sourcing Standard, focused on dairy was published in 2022.
- In 2023, we will continue to assess additional natural raw materials, including cocoa and soy, developing strategies that help address the identified human rights and environmental risks specific to each raw material.

We recognise the human rights challenges that exist in complex supply networks, including the limitations on what we are directly able to control and influence. As a result, our remediation approach focuses on stakeholder collaboration and transparency. We prefer to utilise our position to work with our supply chain to resolve issues rather than terminating business relationships. However, in instances where a supplier is not providing appropriate support to remedy issues, we will have no option other than to terminate our business relationship with them. In 2022, we terminated one supplier of security services due to failure to meet our policy requirements (further information on page 16). We also excluded some palm oil origin plantations and mills which supply the companies from which we purchase palm oil and/or its derivatives, because we were dissatisfied with their approach to preventing deforestation. In most cases where issues are identified, we work with suppliers to remediate, in some cases absorbing some of the costs involved. Our preferred approach of remediation ensures issues are addressed and impacted workers obtain access to remedy, which otherwise might not be the case.



**RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN** CONTINUED**TEAM STRUCTURE**

To lead these three programme areas, we have a dedicated Human Rights & Sustainable Supply Chain Team. Our team is based in areas of highest risk, covering Asia and Africa. It is supplemented by additional resource provided by the expert group Intertek, which works with suppliers and Reckitt teams to support and manage our programmes globally.

In our highest-risk regions – ASEAN and South Asia, North Asia, Middle East and Africa – our own Regional Social and Human Rights Managers work with our own sites, and high-risk and strategic suppliers. This provides a collaborative approach to delivering sustained improvements which is coordinated globally.

Our regional experts work closely with our Procurement, Supply Services, Manufacturing, Human Resources, Legal and Internal Audit teams to coordinate activity. 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 townhall briefings to provide updates on our programme requirements, activities and challenges. These include sharing best practice and success stories in a forum where additional engagement and training can be delivered. In 2022, we continued to work with the Procurement, Quality and Sales teams to embed human rights into their standard ways of working. We also continued to enhance our supply chain data reporting capabilities and the insights they create by improving our Power BI reporting tool. These reports help the local teams better understand and act on key human rights risks alongside supplier compliance and performance levels.





**RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN** CONTINUED

**RECKITT FACILITIES**

All our manufacturing facilities and distribution centres are included in our Responsible Workplace programme. All sites complete an annual compliance self-assessment. High-risk sites, based on location, undergo an announced audit at least every three years or sooner if merited by the latest audit result. In 2022, we expanded our audit activity to consider a key site within North America to better understand compliance within 'lower-risk' geographies. Typically, such countries have long-standing labour standards policy frameworks which are consistently applied. The site received a Pass: Good rating. In 2023, we will further expand this and audit sites in other low-risk geographies working alongside the existing regulatory policies and standards that apply there.

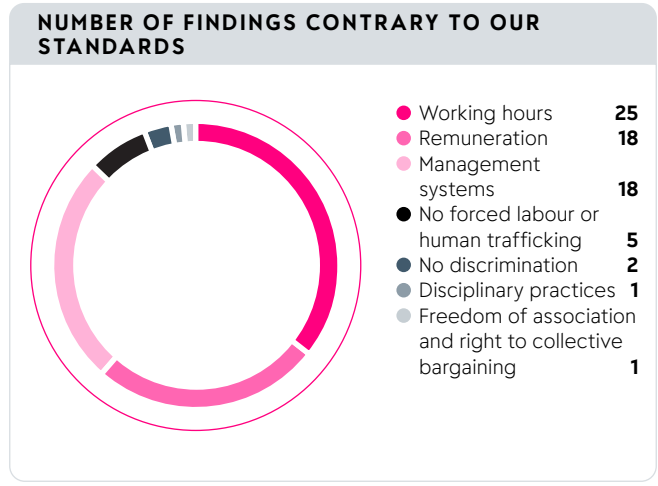
2022 saw audits of 16 of our factories in Argentina, Brazil, China, Thailand, Mexico, North America, India, Bahrain and South Africa. These identified 70 issues contrary to our standards which was an improvement on the previous year, despite conducting eight more audits. As in previous years, these primarily related to management systems, contract worker remuneration and working hours.

Site management systems consider on-site contract labour and service providers to ensure they consistently meet our expectations and standards. Our audits identified five issues pertaining to forced labour, two of which were in our South Africa factory. All three findings relate to various labour agencies making deductions for uniform, PPE or other essential work items. Following the audit, investigations allowed us to confirm that the points had been addressed. We will however visit the factory again in 2023 to assess progress.

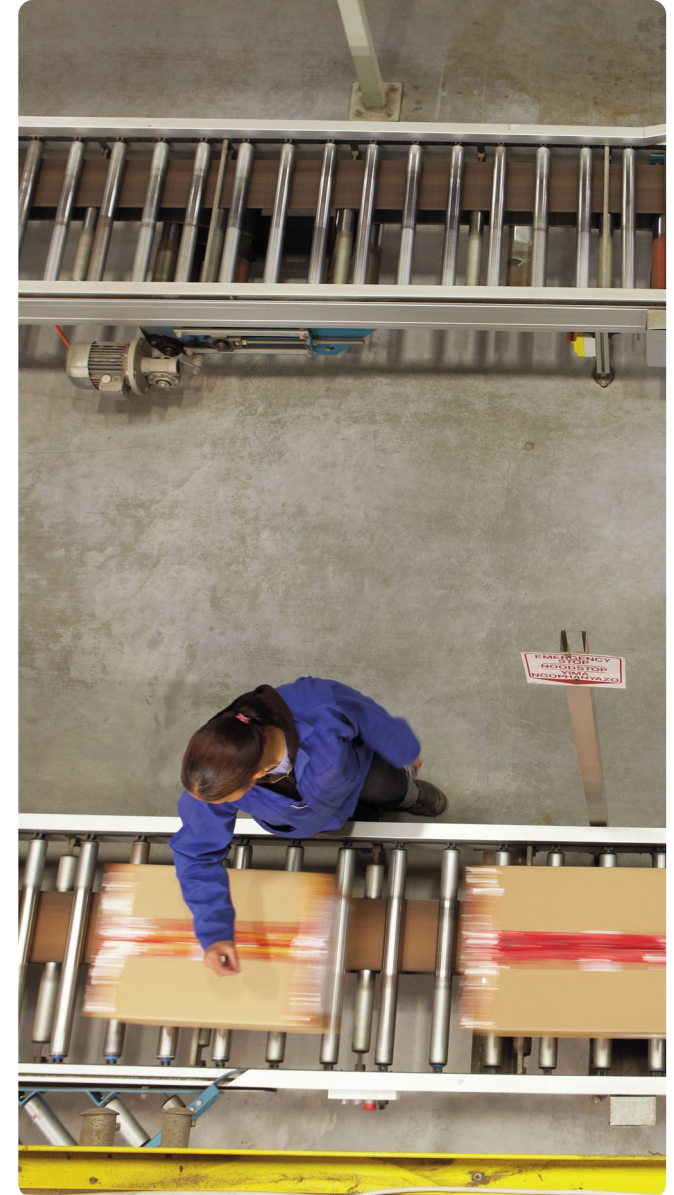
We identified one finding at our factory in Bahrain, where the contracted security provider retained security guards' original identity cards. While the workers had signed consent forms, this practice contravenes our Reckitt policy. Workers may feel pressured not to ask for their identity documents and therefore are unable to move freely. We attempted to work with the security company to return all passports to employees but it was unwilling to stop the practice. As a result, we terminated our contract and moved to a new security provider that does not withhold passports from its employees.

Another finding was identified at one of our Thai factories, where migrant employees of the canteen provider were expected to pay for their work permits. This issue was addressed and workers no longer pay for their permits. The site has also strengthened checks to prevent similar situations when onboarding new contractors.

The final finding was in a site in China, where there was a slight delay in payment for resigned employees. The site is now making final payments promptly to any personnel who leave.



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 the Human Rights & Sustainable Supply Chain team, with monthly reports on remediation compiled for global and regional management. 100% of sites audited in 2022 had an approved CAPA in place, with 50% of the issues raised already satisfactorily resolved. It can take some time to revise practices and systems, and to retrain employees to address such workplace issues. Sites with open non-compliances work to ensure these are closed within an agreed, realistic timeframe and have provided preliminary evidence of such activity. We will continue to work with these sites in 2023 to satisfactorily address the issues and continue to monitor our sites.





## RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

66

**FABRICE BEAULIEU,**  
Chief Marketing, Sustainability  
and Corporate Affairs Office

Sustainability and business success are inextricably linked. Businesses can only succeed in the long term if they're aware of the impact they have on people and the planet, work to create a more positive impact, and are transparent about how they do it. At Reckitt, we are committed to respecting human rights and creating a fairer, more inclusive value chain.



## 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. We are also systematically expanding our due diligence activities over time. In 2022, we continued our work with third-party manufacturers, distribution and embellishment centres and our high-risk raw and packaging material supplier programme.

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

- 40% – World Bank Governance Indicators
- 15% – UN Human Development Index (HDI)
- 15% – Transparency International Corruption Index
- 15% – US State Department Trafficking in Persons Report
- 15% – Sustainable Development Report

These indicators help us look at the site risk and for modern slavery and human trafficking indicators. Additionally, in the overall site risk, we consider the audit rating, where one is available, from the most recent audit.

In 2022, 526 supplier sites were included in the programme. The site risk profile of the suppliers was: 40 (7%) critical, 82 (19%) high, 254 (43%) medium and 200 (31%) low risk. This is an improvement on previous years as we have seen a 19% reduction in critical and high-risk rated sites since 2021 due to our ongoing site engagement to drive improvements.

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, and distribution and embellishment centres located in emerging economies are audited as part of their onboarding. In 2022, we expanded this to ensure selected raw material and packaging suppliers in high-risk regions are also audited before commencing a commercial relationship with us.

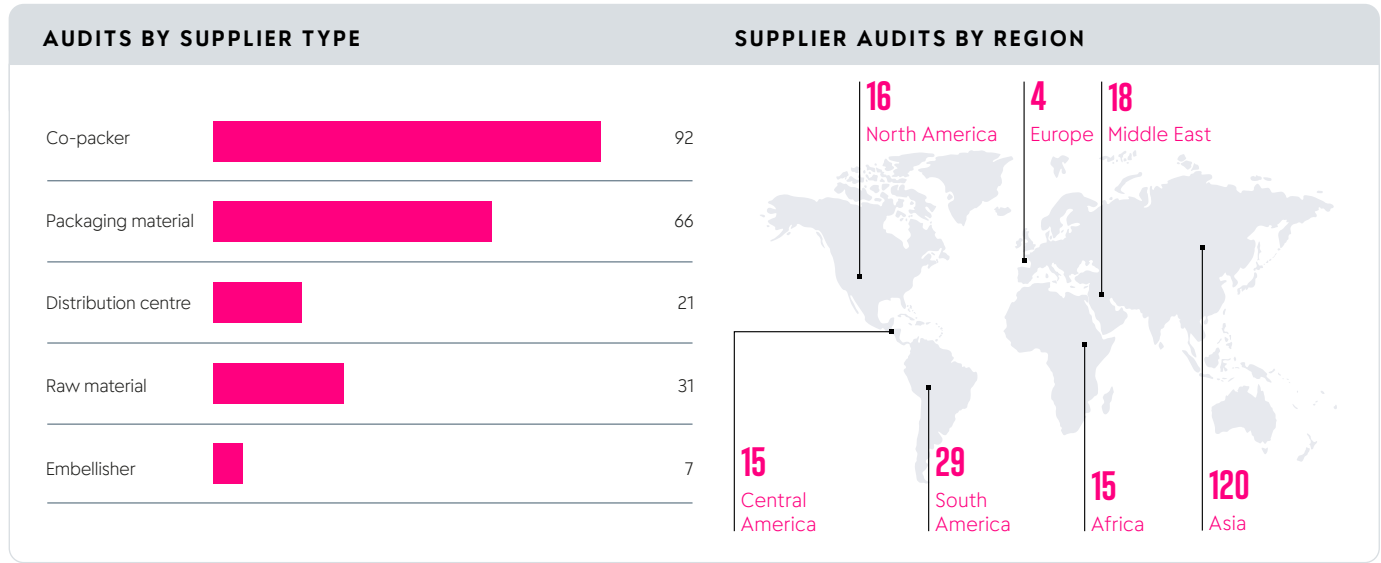
2022 saw an increased percentage of suppliers completing the SAQ, rising from 35% in 2021 to 53%. To accelerate this, we partnered with Sedex and ran a series of SAQ clinics for suppliers. This will continue in 2023 to engage suppliers and increase their completion rate. We see this self-assessment as helpful in building suppliers' understanding of the policies and procedures for their facilities and supply chain, strengthening their management of labour standards, health and safety, environmental compliance and business integrity. We also included Sedex SAQ completion in our risk scoring to add additional detail. However, as completion is self-assessed it only contributed to a small percentage of the total risk score. This helps us drive completion because lapsed or overdue SAQs are flagged in our supplier balanced scorecard reviews.

In 2022, we audited 217 suppliers across seven regions, with over 87,000 workers covered by these audits. This is an increase in the workforce considered in our supply chain, and the numbers positively impacted by our programmes. In 2023, we will enhance our Audit Pro Forma tool to split out salient issues and non-conformities by gender. This will help us better understand disproportionate impacts of findings on females, and help us address gender inequalities in our supply network.

Additionally, 14% of the employees across the sites were migrants, whom we know are more vulnerable to exploitation than local workers. There was also a direct correlation between the countries with the highest percentage of migrant workers and countries where forced labour is more prevalent. These countries were the UAE, Bahrain, Oman, China and Malaysia. To mitigate the risk, our regional teams in these markets assess, partner and build the capability of suppliers in these regions.

In 2022, we increased the number of audits in North America compared to previous years, expanding our audit plan to include a sample of suppliers in North America from different States and business units. We did this due to the weaker labour laws in the United States especially relating to working hours and overtime. Whilst a small number of high and critical findings were identified, the majority of audits and sites were rated as pass. We will continue to engage suppliers in North America to close out any findings.

RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED



**ASSESSING EFFECTIVENESS OF OUR PROGRAMME**

Of the 217 suppliers audited in 2022, 67% (147) achieved a pass rating, a 6% increase on 2021. This contributed to the long-term positive trend described previously, with the cumulative audit pass rate increasing from 31% in the first audit to 69% in the most recent one. While encouraging, we remain focused on delivering our programmes, identifying and addressing issues and ensuring that the corrective actions taken are effective in delivering sustained, long-term improvement.

These improvements are a key metric signifying our programme's effectiveness. They have been made possible through a partnership approach, providing suppliers with free technical support and guidance to elevate standards.

Our audits identified 1,552 contraventions of our standards in 2022. While the number of findings was concerning, it further supports the need for us to expand our activity to identify issues and work with suppliers to drive improvement. Importantly, however, the average number of findings per audit has reduced compared with 2021. This demonstrates the growing maturity of our suppliers and indicates our programme overall is having a positive impact. One key aspect of the audits involves directly engaging workers in the factories through individual and group interviews as part of the monitoring process. We suggest auditors pick a sample of interviewees from a variety of backgrounds, age, gender, race, nationality and length of service. Through an update of our Audit Pro Forma tool, in 2023 we will be able to combine data from these interviews with our grievance mechanism and worker-wellbeing data. We will continue to monitor suppliers through audits, capability building and targeted training to build understanding of these challenges and their root causes.

We have seen a consistent improvement in audit performance over the past few years on sites that have been audited more than once. This is shown in the chart below, with an improvement from the first

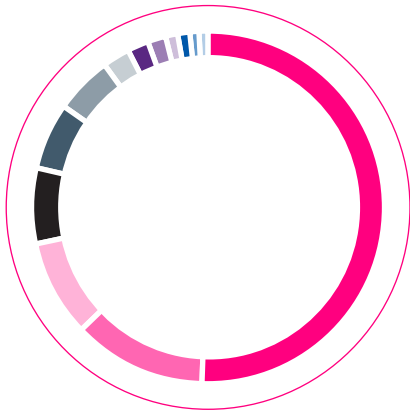
site audit to the most recent. In the initial audit, only 31% of sites achieved a pass rating compared with 69% in the most recent. These improvements are a key metric signifying our programme's effectiveness. They have been made possible through a partnership approach, providing suppliers with free technical support and guidance to elevate standards.

Overall, the most common areas of non-conformance concerned health and safety (52%), working hours (13%), environmental compliance (7%) and wages (9%), similar to 2021. All four areas are salient human rights issues for Reckitt. We continue to partner with our suppliers 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 our top salient human rights issues and provided details on the types of issues and severity by supplier type and geography. Also, 12 findings identified in the 2022 audits pertained to child labour. We would like to clarify that all the findings were due to the site having no policy in place, rather than instances of child labour. The policy gap has been addressed.



RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

2022 FINDINGS



● Health, safety & hygiene	802
● Working hours	195
● Wages	139
● Environment	110
● Management systems	97
● Regular employment	81
● Discipline & grievance	43
● Freedom of association & collective bargaining	31
● Employment freely chosen	16
● Business integrity	13
● Discrimination	10
● Access	3
● Child labour & young workers	2

We review each supplier’s audit corrective action plan (CAPA), providing technical support if required. 96% of CAPAs from audits conducted in 2022 are in place. We are working with those remaining suppliers, monitoring their progress and will re-audit them to verify that actions have been completed.

The actions taken range from improving management systems, enhancing environmental practices on site and updating policies through to improved worker training, particularly in relation to health and safety. Examples of supplier improvements include a premium rate for overtime; improved fire safety, machine guards and production planning to prevent excessive overtime; and better shift patterns.

We continued to focus on protecting workers vulnerable to exploitation and partnered with Oxfam Business Advisory Service to define the gender diversity and inclusion data to collect through our supply chain activities to better understand and address barriers and promote gender diversity and inclusion. This has led to recommendations which we will embed in our updated Audit Pro Forma tool in 2023. It will help us better understand how issues in our supply chain are disproportionately impacting different genders.



Image credit: Aim-Progress

RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

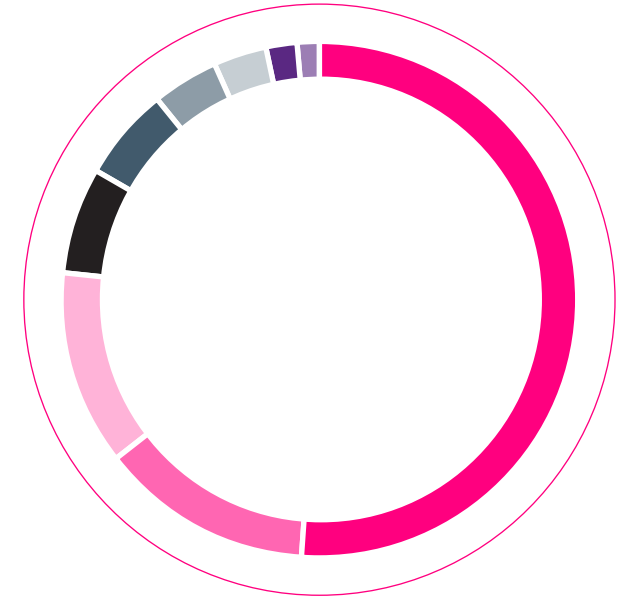
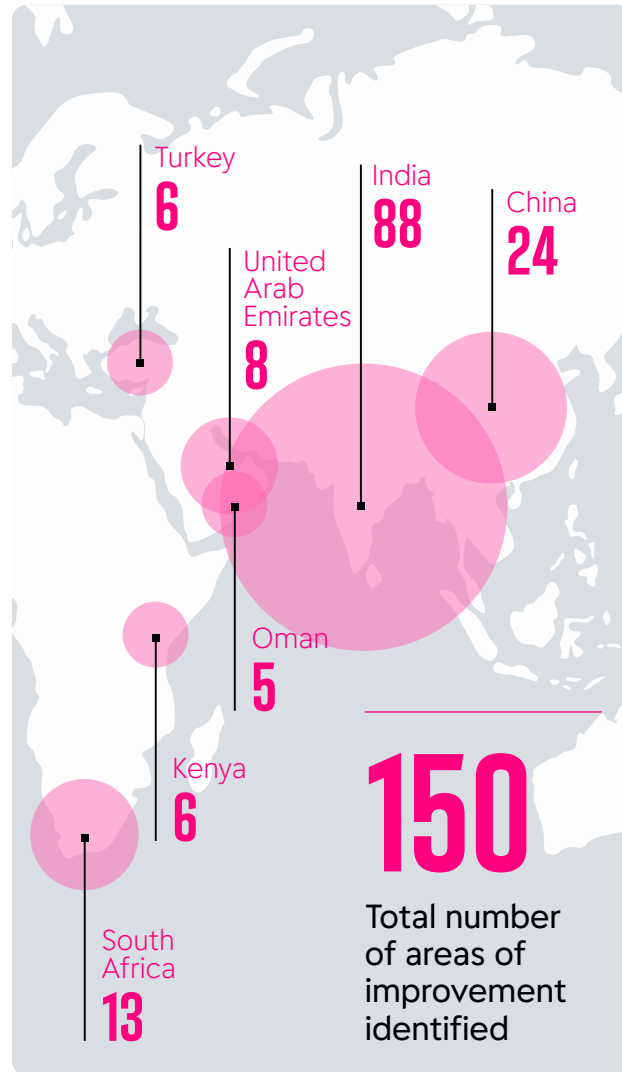
## GOING BEYOND AUDIT TO TREAT SUPPLIERS AS PARTNERS

We've noticed that, on its own, auditing suppliers on workplace standards and human rights doesn't always lead to lasting improvement. It is not uncommon for issues to reappear. 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 management systems, 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 2022, we conducted 28 in-person and virtual visits to sites, identifying 150 areas for improvement. These help foster a closer, partnership-based relationship with our suppliers that delivers sustained long-term improvement, which is becoming apparent from the improvement in audit ratings.

The two instances identified around freely chosen employment both pertained to delayed payments to resigned employees. These now have a CAPA and are being addressed by the sites.

### CAPABILITY BUILDING PROGRAMME



- Health, safety & hygiene 77
- Environment 20
- Wages 18
- Working hours 10
- Management systems 9
- Discipline & grievance 6
- Freedom of association & collective bargaining 5
- Regular employment 3
- Employment freely chose 2

## RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

## RETURNING PASSPORTS IN THE GULF

The Middle East is considered a high-risk region for forced labour. Retention of identity documents and passports, excessive working hours, swapping of contracts, debt bondage, unethical recruitment practices, withholding of wages and poor living and working conditions are systemic issues in the region. Changing industry practice and employers' mindsets is not easy to address quickly. In 2019, we engaged suppliers in the Middle East and Gulf States through capability-building visits. Through this engagement, one of our strategic suppliers returned the 432 passports of all their employees.

We continued our efforts and, in 2022, worked with all active co-packers (manufacturers) in the region to return passports as a requirement of doing business with Reckitt. In 2022, suppliers returned the 1,092 passports of all their direct and indirect employees. We will continue this approach and engage distribution and embellishment centres and RM/PM suppliers to follow this practice. In addition to returning passports, we have also ensured compliance in all our co-packing sites on working hours and providing employment contract letters to all employees.



## ROLLING OUT EFFECTIVE GRIEVANCE MECHANISMS

The UN Guiding Principles on Business and Human Rights focus on the need for businesses to implement effective grievance mechanisms. But there's very limited practical guidance on how to do it.

In 2022, we continued our partnership with Oxfam Business Advisory Service and rolled out the toolkit helping suppliers implement site-level grievance mechanisms to more suppliers. This empowers workers and communities to speak up and have their concerns acknowledged and addressed.

We also identified 15 further suppliers across Brazil, Australia, Italy, Poland, China, India and Pakistan to which we and Oxfam Business Advisory Service could provide further support. We hosted a variety of regional clinics for these suppliers, giving them practical advice and reviewing their policies and procedures.

Engaging workers was central to the design and ultimate success of the grievance mechanism, with one supplier saying, "It was eye-opening that speaking to employees can give you very valuable feedback, if you give them the right forum to share ideas." We did encounter sensitivities around the word 'grievance' from both management and workers; however, as one supplier put it, you shouldn't "be scared of the word grievance; move away from it and release workers to talk about their experience at work. It's about how well you want to know your workforce".

Building on the learnings from the pilot, we plan to roll out more widely in 2023, working with suppliers to encourage them to use the toolkit and assessing the results through our existing audit activity. We also hope to embed some of these metrics into KPIs going forward to better evaluate progress made and quantify our positive impact.



Image credit: Earthworm Foundation (EF)



## RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED

## KEY NATURAL RAW MATERIAL SUPPLY CHAINS

Our Natural Raw Material (NRM) Sourcing Standard captures our commitment to human rights within principle two, "Safeguarding workers and communities", and the subsequent principles focus on protecting ecosystems and reducing negative environmental impacts. Risks to people who grow or harvest raw materials that go into our products include modern slavery drivers such as debt bondage and child labour. Damage to ecosystems also creates human rights risks for primary producers; for example, violations of land rights and loss of access to 'services' such as clean water vital for the livelihoods and wellbeing of local communities.

Our starting point for our work on NRMs is a risk assessment which determines which NRMs we focus on. Principle one in our sourcing standard, traceability, is our starting point and is central to our ability to assess risks within our upstream supply chains for both primary producers (i.e. farms, plantations, fisheries) and for tier two such as palm oil processing mills.

We use a range of approaches to tackle any risks identified, with activities tailored to the individual raw materials. This ranges from certifications to direct interventions with NGO partners. Principle six in our standard, "Partnerships", captures our commitment to working with others to address challenges more effectively and encourage improvements in industry standards. Our aim is to ensure the long-term social and environmental sustainability of our supply chain and the communities that underpin them.



Image credit: Earthworm Foundation (EF)

## PALM OIL

Palm oil uses less land and produces a higher yield of oil for lower cost than similar crops. It's also highly versatile. But large areas of forest and peatland have been converted to cultivate it, which has destroyed palm landscapes and biodiversity. There are also known risks to human rights that take place at palm plantations, such as forced and child labour, low wages, unsafe working conditions and sexual abuse. Communities adjacent to palm plantations are also known to face violations of their land rights through land appropriation and inadequate compensation.

We have a multifaceted approach to addressing these issues and work in close collaboration with our partner, Earthworm Foundation. Our approach is centred on mapping our supply chain from direct supplier to plantation, enabling identification of risks and delivery of interventions to protect ecosystems and safeguard workers and communities. 99% of our palm oil (excluding surfactants) is traceable to mill and 80% to plantation and we publish a [list of the palm oil refineries and mills within our supply chain annually](#). Our approach involves:

- **Roundtable on Sustainable Palm Oil (RSPO) certification** – By the end of 2026, 100% of our palm will be supporting the RSPO sustainability program, through RSPO certification, or RSPO credits where necessary. We are on track to deliver our commitment for all the palm oil we buy as an ingredient, which makes up the c.80% of the palm oil in our products to be supporting the RSPO certification programme through certification and credits by the end of 2023.
- **Satellite monitoring** – Through the Earthworm/Airbus Starling platform, we analyse satellite imagery to identify deforestation in supply chains that are at the highest risk for deforestation: Malaysia and Indonesia. Upon becoming aware, we raise any signs of deforestation with suppliers for verification and follow up to ensure appropriate action is taken to stop and address deforestation, which includes preventing palm being grown on deforested areas. Where primary producers fail to halt or address deforestation, we will exclude them from our supply chain.

- **Supply chain monitoring systems** – We work with our suppliers to ensure systems are in place to monitor No Deforestation, No Peat, and No Exploitation (NDPE) compliance in upstream supply chains. In 2021, this included supporting the roll-out of the Tools for Transformation (T4T) platform within one of our major suppliers. T4T is an online portal that enables suppliers to identify gaps in NDPE implementation in their supply chains through self-assessment and provides tools to support the development of NDPE policies and procedures, action plans and reporting. In 2022, we also worked with Earthworm Foundation to assess the management systems that two of our highest-volume direct suppliers have in place. Our suppliers' approach to due diligence and risk management is key to our ability to identify and address grievances in our shared supply chains. In 2023, we will continue to assess and build the capacity of our direct suppliers, with a particular focus on our Indian traders.
- **Supporting landscape-level approaches to progress our commitment to NDPE** – Through our partnership with Earthworm Foundation we supported three programmes: Riau and Aceh in Indonesia and Sabah in Malaysia. These programmes aim to build a resilient landscape by balancing production, forest conservation, sustainable livelihoods and good social and labour practices. Together, these programmes cover 21% of the palm oil mills in our supply chain.
- **Industry collaboration** – We are active members of the Consumer Goods Forum's Forest Positive (CGF FPC) and Human Rights Coalitions of Action, a group that takes collective action to identify and address deforestation and forced labour in our shared supply chains. As well as directly engaging with our suppliers quarterly, the CGF FPC also engages key palm oil suppliers to develop and deploy a human rights due-diligence system from refinery to plantation.

## RESPECTING HUMAN RIGHTS ACROSS OUR VALUE CHAIN CONTINUED



## ENGAGING OUR INDIAN PALM OIL SUPPLIERS TO INCREASE TRACEABILITY

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

As we mostly procure processed derivatives of palm oil, traceability and monitoring are challenging, given the scale of production and layers of processing in the supply chain. For palm-derived surfactants, this challenge is even greater – we continue to work with Action for Sustainable Derivatives (ASD) to drive increased visibility in these supply chains and increased availability of RSPO segregated or mass balance palm oil which continues to be limited. In 2023, we will be working with ASD to trial satellite monitoring in our palm-derived surfactant supply chains.



Image credit: Earthworm Foundation (EF)

### Engaging our palm oil suppliers

Given the systemic nature of deforestation and human rights issues in palm oil supply chains, our ability to change things alone is limited. We collaborate with our direct suppliers to communicate our sourcing requirements and support our NDPE monitoring and interventions in our extended supply chain.

In 2022, we strengthened our approach through quarterly meetings with suppliers of fats blends and soap noodles, which make up most of our palm oil volumes. These meetings set out our approach to palm oil sourcing and enable suppliers to share their progress to help us monitor delivery and address emerging issues. In 2022, we also included traceability and No Deforestation Verification (NDV) targets as part of procurements supplier performance management process.

### LATEX

Natural latex is the main ingredient in Durex condoms. It comes largely from Malaysia and Thailand, with a small amount from India.

Our assessment of human rights impacts in our Thai latex value chain, carried out with the Danish Institute for Human Rights in 2019, found several risks. They included potential exploitation of migrant latex tappers who work for latex small holder farmers, challenges to community's land rights or unsustainable livelihoods for smallholders. Having a fully traceable supply chain enables us to continue to work with our latex suppliers to ensure they meet our Labour and Human Rights Standard.

Latex farmers' incomes are linked to the global price for natural rubber, which in turn depends heavily on the price of the synthetic rubber used in much larger quantities for products like car tyres. Latex prices have declined over time, reducing incomes and encouraging latex farmers to remove trees and move to crops with more stable markets such as palm oil.

To help address one of the risks identified in our 2019 HRIA we have invested in supporting farmers to have secure, sustainable livelihoods through commercial incentives and investment in training and capacity building. This investment will also help ensure Durex has a sustainable supply of latex.

In 2023 the first phase of accrediting our latex supply chain to the Fair Rubber Standard will begin, this provides a fair-trade type premium to farmers to enhance their incomes. The premium helps farmers invest in their latex quality and yield, while organising farmers into associations enables collective savings on key costs such as organic fertiliser, as well as collective action on income generation. Our Fair Rubber commitment gave latex tappers in Thailand access to a premium payment of over 900,000 Euros in 2022. In 2023, we are supporting the Fair Rubber Association (FRA) to build the capacity of the farmer association to ensure strong governance is in place to enable the latex farmers to realise the collective benefits of being a membership organisation.

We will continue to roll out the accreditation to our whole latex supply chain in 2023, expanding to Malaysia and India.

Alongside the FRA premium, we continued working with Earthworm to improve 1,002 smallholder latex farmers' livelihoods to ensure latex farming is a viable long-term occupation, which in turn makes our Durex supply chains more resilient. The programme delivers:

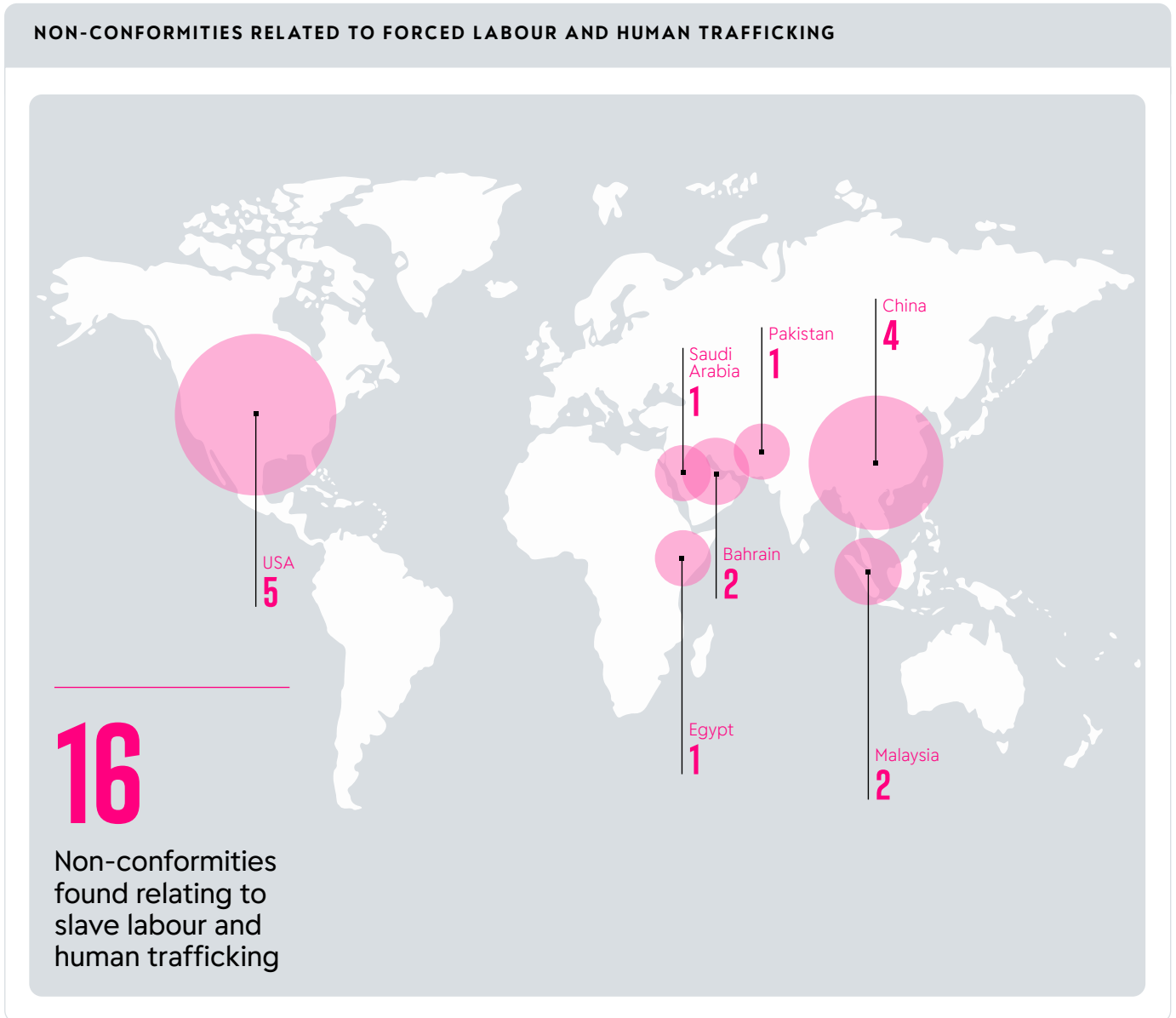
- **increased farmer, tapper and household income** from latex and other sources, like fish farming, beekeeping and mushroom growing;
- **encouraging regenerative agriculture practices** like agroforestry, which improve productivity and enhance ecosystems; and
- **reduced Human-Elephant Conflict (HEC)** with activities to encourage wild elephants to remain in national park boundaries and not stray onto latex farmers' land.

In 2023 we will also complete a living income study in to identify if further additional livelihoods activities are needed for latex farmers and tappers to earn a living income.

## REMEDYING HUMAN RIGHTS BREACHES

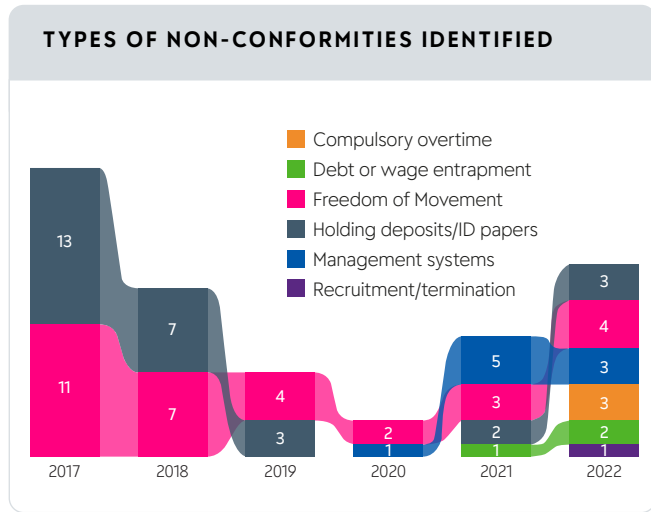
All aspects of modern slavery go against our core values and commitment to ensure human rights are respected. As a global company with a far-reaching supply chain, we have a responsibility to ensure that the human rights of people working in our value chain are respected and they are not subjected to slavery or forced labour.

In 2022, we identified 1,552 non-conformities with our Sourcing for Sustainable Growth Policy in our supply chain, 16 of which were related to forced labour and human trafficking. While one finding is one too many, it is important we identify these issues in our supply chain and take action to ensure those impacted gain access to remedy.





REMEDYING HUMAN RIGHTS BREACHES CONTINUED



Of the 16 findings identified:

- Three cases concerned delayed wages for employees who had resigned and left the company at suppliers in China. In future, the suppliers will pay workers leaving on the day following their last working day rather than during the next wage payment run. Two out of three suppliers have implemented this, and we are working with the final supplier on its corrective action plan.
- Four cases related to passport retention at suppliers in Bahrain, Malaysia, Pakistan and Saudi Arabia. Apart from the finding in Saudi Arabia, passports were retained by management for safekeeping with written consent provided by employees, which is common practice in these countries. Nevertheless, we are actively engaging suppliers to return passports to employees and provide accessible secure storage facilities to ensure the safety of personal documents. This means workers do not have to request access to their passports, a practice that can be abused by employers or leave workers feeling unable to ask – both mean workers lose the freedom to move as they choose. Following our involvement, the suppliers have returned passports to all workers and we will confirm this practice is maintained through follow-up visits in 2023.

- We had two cases related to recruitment fees, one site in Malaysia and another in Bahrain. We have been providing support to both suppliers throughout 2022 to ensure that progress has been made and ensure these practices stopped. One site now has an ethical recruitment procedure in place and the other is streamlining agencies it works with and is ensuring that new starters don't pay recruitment fees.
- In three cases, the site had no policy around freely chosen employment. Two instances were in the United States and one in China. We are currently working with these three suppliers to ensure they have a policy in place, and communicated to employees on-site.
- One instance of freedom of movement involved restricted toilet breaks. It was also identified on this site that women's toilets were in poor condition and that the women had to use them as changing rooms due to a lack of facilities. The site has since stopped restrictions around toilet breaks, created a designated changing area for women and clean the toilets regularly.
- Three cases involved compulsory overtime. There were three separate findings where employees had been mandated to complete overtime due to increased production requirements or the site being short of staff. Two of these findings have since been verified as closed. The sites have created policies and employees were interviewed in the follow-up audits. In the third case, activity is continuing and we are working with the supplier to complete actions. We know this practice is more common in the United States, leading us to pilot the assessment in the region. We have recomunicated our policy on working hours to sites and will continue to engage selected sites in North America in 2023.

Over the last few years our understanding of the various forms of forced labour has evolved, together with 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. We are now increasing our focus on systematically identifying and addressing exploitative recruitment practices within global supply chains.



## NON PRODUCTION SPEND - POINT OF SALE

We continued to involve our indirect procurement team and prioritised engagement with our European point of sale (PoS) suppliers, including sustainability targets and recommendations in the PoS Supplier Playbook. We also partnered with business sustainability ratings specialist EcoVadis to roll out the assessment to our top PoS suppliers. The assessment covers a broad range of non-financial management systems including environmental, labour and human rights, ethics and sustainable procurement impacts. We'll continue to work with these suppliers to improve their EcoVadis score. We'll also expand the scope of our indirect supply chain activity in 2023.

We also updated our NPS (Non-Production Spend) tender process to include sustainability as a weighting and commodity specific criteria.

## REMEDYING HUMAN RIGHTS BREACHES CONTINUED

**RESPONSIBLE RECRUITMENT**

Exploitative recruitment practices, such as the payment of recruitment fees and contract substitution, are forms of modern slavery that many migrant and vulnerable workers face.

Many such practices occur deep within the migrant labour supply chain and can be facilitated by weak state governance, corruption and wider criminality. To help address this risk, we are strengthening our approaches to both preventing and remediating cases of exploitative recruitment practices.

- **Policies and procedures** – In 2021, we strengthened our policies and procedures concerning responsible recruitment. Our updated **Labour and Human Rights Standard** includes specific requirements to ensure recruitment is conducted responsibly, including the need for recruitment fees to be borne by the employer. We developed an internal recruitment fee remediation procedure to address cases where workers have incurred recruitment fees within Reckitt's operations or supply chain. The procedure is closely aligned with Impact's **Principles and Guidelines for the Repayment of Migrant Worker Recruitment Fees and Related Costs**.
- **Due diligence and remediation** – Through our existing audit and capability-building activities, we are increasing our engagement with suppliers on the recruitment of migrant workers and the due-diligence mechanisms they have in place to ensure this is done responsibly. We are also partnering to develop innovation solutions, for example with DiginexLUMEN, to deliver focused and scalable due diligence. Where we have identified that migrants have been subjected to unethical recruitment, we work with our suppliers to ensure workers gain access to remedy, as we have done in Malaysia. With the supplier involved, we and a peer



company arranged for repayment of recruitment fees totalling around £800,000 to prevent ongoing debt bondage for the workers involved.

- **Training** – We deliver training on responsible recruitment, independently and in partnership with others through AIM-Progress and the Consumer Goods Forum, to build understanding and strengthen due-diligence practices of our suppliers and labour providers.

- **Wider sectoral collaboration and advocacy** – Given the systemic nature of exploitative recruitment practices, we can only deliver systematic change through wider engagement with industry, NGOs and governments. Consequently, through the Consumer Goods Forum Human Rights Coalition – Working to End Forced Labour, we are actively working with wider industry to:
  - establish and deploy human rights due diligence systems focused on forced labour in our operations and our palm oil supply chain; and
  - support the development of responsible recruitment markets.



## REMEDYING HUMAN RIGHTS BREACHES CONTINUED



## PIONEERING TECHNOLOGY FOR A CLEARER VIEW OF RISKS TO MIGRANT WORKERS

To effectively tackle exploitative recruitment practices at scale, we need to increase visibility of the migrant labour supply chain and the practices within it in a cost-effective way. We continued our partnership with Diginex and The Coca Cola Company to develop and roll out in the Gulf Co-operation Council (GCC) a pioneering online tool, **DiginexLUMEN**, that provides us with unprecedented insight into our suppliers' risks around exploitation and forced labour. The tool offers a governance and screening procedure, multilingual worker voice surveys, algorithm-based risk scoring and reports that enable us to take targeted action to promote responsible recruitment.

In 2022, 85% of suppliers in the GCC had enrolled and completed the self-assessment questionnaire (SAQ) using the tool. We then initiated worker surveys to verify the results of the SAQ. 268 workers participated and completed the surveys. This has increased our visibility of human rights issues within the supply network, and the tool has identified the high-risk suppliers in the region. We are now planning to validate the results of the survey through on-site capacity-building visits in 2023.



## IMPROVING EMPLOYMENT PRACTICES OF MIGRANT WORKERS WITHIN ASEAN

In 2022, we co-sponsored two training sessions via AIM-Progress workshops on 'Demystifying forced labour' and 'Responsible recruitment – consideration on the subject of recruitment fees'. These sessions were delivered for Asia-Pacific (APAC) hub members, together with Unilever, ADM Group, Coca-Cola and Hershey Group. Those taking part were mostly suppliers based in Malaysia, India and China. The focus of the sessions was to:

- Enhance APAC hub members' understanding of the Employer Pays Principle (EPP)
- Increase awareness of the migrant 'recruitment journey' and the context in which fees and costs are incurred
- Provide an overview of the relevant comparative laws both in the countries of origins and destinations in Asia around responsible recruitment
- Have an informed discussion on APAC-focused experiences and thoughts of APAC hub members and share challenges along with best practices

Feedback described the workshop very positively:

- The evaluation showed an increase of correct responses between the initial evaluation and final evaluation from 55% to 85%
- 100% of responses said they would like training like this in future and would recommend this training to others

Looking ahead, we are considering future events in other languages such as Thai, Mandarin and Bahasa Indonesia and Malaysia to maximise reach and impact.

Given the systemic nature of these issues, we will continue our activities based on our learnings to date and leverage our membership of AIM-Progress and the Consumer Goods Forum to drive long-lasting change through advocacy and multi-stakeholder collaboration

**Image credit:** Earthworm Foundation (EF)



## PARTNERSHIPS AND COLLABORATION

The issues outlined in this statement are global, complex and constantly evolving.

We continue to remain committed to playing our part in ending modern slavery and we understand that our global scale gives us the ability to influence others. While there is no quick fix, we believe that through collaboration with our partners and peers we can positively impact the lives of people and help to end modern slavery in its various guises. Details of some of these partnerships can be found below:

### AIM-PROGRESS



We're 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 workstream.

### 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 2022, we continued to support the CGF's Human Rights Coalition – Working to End Forced Labour and Forest Positive Coalition.

### EARTHWORM FOUNDATION (EF)



EF continues to be our main implementing partner in our latex and palm oil supply chains, as described earlier in this report.

### MANUFACTURE 2030



We partnered with Manufacture 2030 to deliver our Supplier Environmental Performance Programme. We work with our suppliers and M2030 to help them reduce their environmental footprint through a series of innovative projects and behavioural changes.

### OXFAM BUSINESS ADVISORY SERVICE



We work with Oxfam to develop ways to make sure human rights are respected across our value chain. We've focused on issues including gender equality and workers' welfare. Together we have:

- developed a toolkit to help suppliers create grievance procedures for their workers (see case study);
- continued to develop a survey to assess workers' wellbeing. This will be piloted in 2023; and
- defined a process to collect gender diversity and inclusion data within our supply chain to help address barriers and promote gender diversity and inclusion

### PHARMACEUTICAL SUPPLY CHAIN INITIATIVE (PSCI)



PSCI is a group of pharmaceutical and healthcare companies that 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 a member of Sedex, one of the world's leading ethical trade service providers, striving 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.

## MONITORING PROGRESS

Our sustainability ambitions, including human rights, set out the targets and milestones we need to hit to make a positive and enduring impact across our value chain. They support our Purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world.

We monitor progress against our ambitions and human rights programme using key performance indicators (KPIs). These KPIs help us track progress and we're committed to transparently reporting our progress.

We recognise that our KPIs currently focus more on output metrics such as audit pass rates, number of sites audited and percentage of employees in scope completing human rights training. At the end of 2022, we embedded further metrics in our Procurement Teams processes and reporting to strengthen our approach.

During 2023, we will explore other, more impact-driven metrics as we look to strengthen our approach to managing and reporting on human rights and modern slavery risk across our value chain. We will collaborate with others to share learnings and support industry-level KPI development and reporting.

2022 PERFORMANCE			
	2022 progress	2021	2020
Number of suppliers audited	218	232	179
Pass rate of those audited (%)	67%	61%	67%
Approved corrective action plan	96%	93%	92%
Percentage of employees completing human rights training (cumulative since 2021 launch)	99.9%	70%	-



Image credit: Aim-Progress



## LOOKING AHEAD

Over the last few years, we have improved our understanding of human rights impacts within our value chain, strengthening our work to safeguard those by leveraging our business scale.



We have focused on modern slavery, where we have strengthened our policy requirements, monitoring and remediation activity to better identify, prevent and address modern slavery where we find it. Where instances of modern slavery have been identified, we have acted independently or through partners to ensure those impacted gain access to remedy. This includes tackling passport retention within the Middle East and Malaysia and reimbursing recruitment fees to migrant workers in Malaysia. We recognise that modern slavery is a systemic and complex issue in many parts of global supply chains. We remain committed to identifying and addressing modern slavery in all its guises.

We recognise the need to evolve our approach to human rights to drive long-term systemic change. This will involve blending our focus on compliance with an increased drive for positive impact where there are systemic or potentially cultural barriers to human rights. Examples will include work on sustainable livelihoods, equality, migrant labour forces and working hours. With our partners, our suppliers and civil society, we're well placed to influence and create this impact, given the nature of our business and brands.

Audits and assessments will continue to be part of our approach, but we'll also use other tools and ways to engage, while keeping people at the heart of our activity. Audits, together with our capacity-building activity, show promising results over time, with our suppliers' performance improving as their understanding of labour and human rights develops. Coupled with our broader approach of building capacity with suppliers and partnerships with peers, this may help better meet some of the systemic challenges to human rights that exist globally.

Our approach looks at each phase of our value chain and how we can contribute to the salient human rights issues we target. Our innovations and activity over the past two years provide a strong foundation from which we are building momentum for the future and strengthening human rights within our value chain. We will continue to develop our activity and, over the next 12 to 18 months, are targeting:

- **Expanding the scope of our programmes to identify and tackle modern slavery** by engaging more categories of indirect suppliers and distributors. We also aim to further roll out diginexLUMEN to more suppliers within the Middle East and South East Asia together with other high-risk regions to better understand the migrant worker supply chain
- **Deploying effective remediation** where we identify cases of modern slavery and transparently report our findings and actions
- **Supporting wider roll-out and adoption of digital technology** using techniques such as blockchain and digitised records to get a clearer view of the supply chain, and pinpoint risks and monitor them
- **Supporting suppliers to implement effective site-level grievance mechanisms** using the toolkit developed with Oxfam Business Advisory Service to enable grievances to be raised and effectively addressed close to source
- **Looking beyond audit** to actively identify and address potential human rights impacts before they materialise
- **Promoting and enabling sustainable livelihoods** by continuing and strengthening our work on wages with contractors in various markets, helping them to have sustainable local livelihoods
- **Enhancing our sustainable sourcing activities** within our palm oil and latex supply chains to enable a healthier planet and deliver sustainable livelihoods and working conditions
- **Ongoing collaboration and partnership** through industry associations and forums such as AIM-Progress, PSCI and the CGF to promote human rights and co-create sustainable solutions that make a tangible difference to tackle systemic issues such as modern slavery

# APPENDIX

Many of our salient human rights issues are largely found within our supply chain, with 80% of our supply chain audit findings concerning health and safety, working hours, fair wages and environment. This appendix provides greater detail and transparency on these four salient issues, split by severity, geographic region and supplier type. We also outline the actions we are taking to tackle these issues within our supply chain.





APPENDIX CONTINUED

# HEALTH AND SAFETY

Health and safety continues to be a consistent challenge within our supply chain accounting for 52% of all audit findings in 2022, which represents a slight decrease from 2021.



This is most likely due to limited understanding of good health and safety management and the fact that health and safety issues are more easily identified through audits.

69% of the health and safety findings were classified as critical or high severity, covering issues such as insufficient fire exits, blocked fire escapes, locked fire exits and sites not having the required fire safety permits. The majority of findings were in the areas of fire safety, building/site maintenance, chemical safety and accommodation fire safety. We focused on working with suppliers on accommodation fire safety where we saw several critical issues within AME and Thailand.

While it looks like the majority of findings were identified in our co-packer base, we also had the largest number of audits. The supplier types with the highest number of average findings were in our packaging and raw material supplier base. The majority of suppliers are less advanced in their human rights compliance and have more recently been included in our Responsible Workplace programme. When considering the average number of findings by supplier type, it is apparent that these suppliers are less mature in health and safety than co-packers, and distribution and embellishment centres that have been engaged in our programme for a number of years.

At country level, the findings are all in higher-risk regions with the highest number of findings per audit being in India, Mexico, China, Thailand and South Africa. In 2023, we will look at more supplier capability-building workshops to improve supplier understanding at scale.

We are working to improve suppliers' understanding of good health and safety management through our audit and capability-building activities. In 2022, a number of suppliers attended AIM-Progress supplier training in Brazil and PSCI supplier training in China, both of which focused on health and safety. We will continue to work with these suppliers going forward to build their capacity to deliver sustained improvements in health and safety management.

69%

of the health and safety findings were classified as critical or high severity

52%

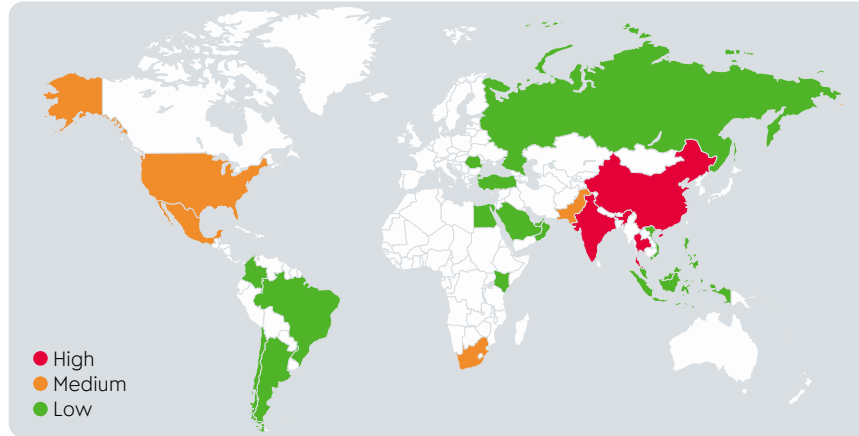
of all audit findings in 2022



APPENDIX CONTINUED

# HEALTH AND SAFETY

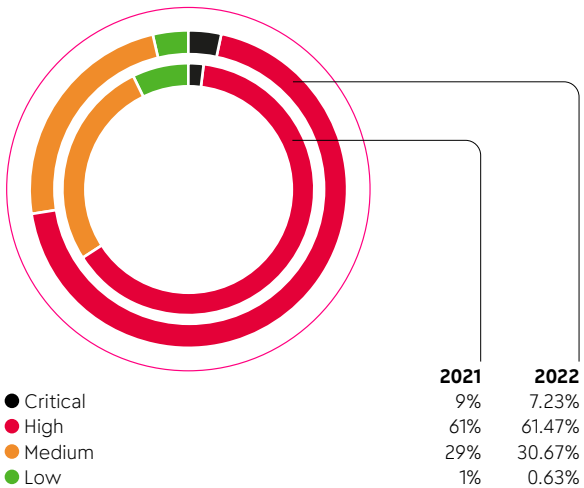
## NON-COMPLIANCE BY COUNTRY



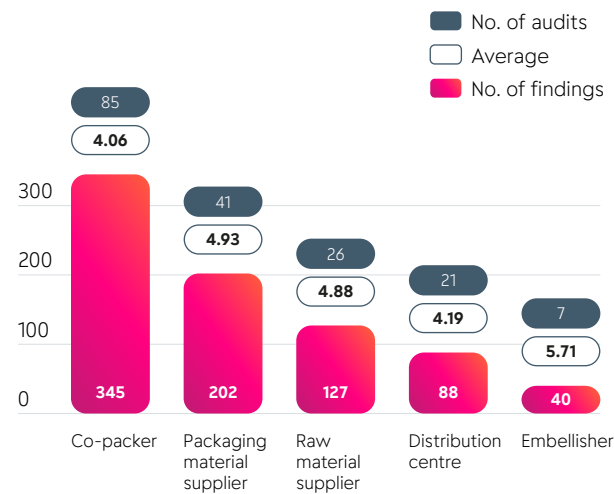
### AVERAGE

India	1.00	Bahrain	0.10
Thailand	0.60	Colombia	0.10
China	0.47	Kenya	0.10
South Africa	0.29	Chile	0.09
Pakistan	0.25	Turkey	0.08
USA	0.23	Saudi Arabia	0.05
Mexico	0.21	Argentina	0.02
UAE	0.15	Philippines	0.02
Malaysia	0.14	Oman	0.01
Brazil	0.13	Romania	0.01
Indonesia	0.13	Russian Fed.	0.01
Egypt	0.12	Vietnam	0.00

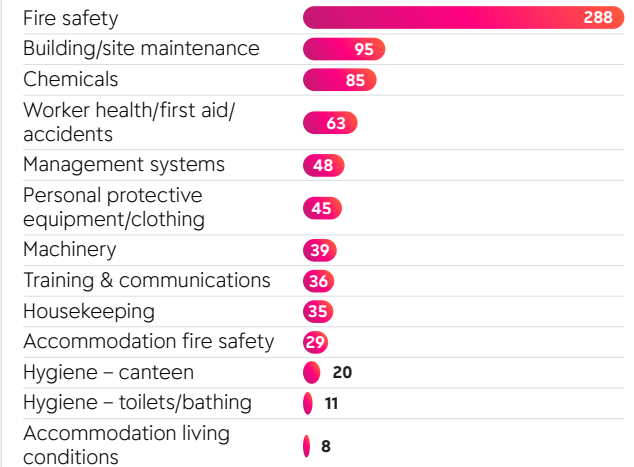
## NON-COMPLIANCE BY SEVERITY LEVEL BY YEAR



## NON-COMPLIANCES BY SUPPLIER TYPE



## NON-COMPLIANCE BY SUBCATEGORY



## APPENDIX CONTINUED

# WORKING HOURS

Working hours was another salient issue identified in our scoping and analysis. Compliant working hours became even more significant throughout the pandemic as supply chains were strained due to fluctuating demands and with employees isolating or being unwell due to COVID-19.



After high levels of engagement with suppliers around this, we witnessed a decrease in critical working hour non-conformances in 2022.

Due to the nature of the findings, 100% of the findings were classified as high or critical severity. 2022 saw a 3% decrease in critical working hour findings in our audits compared to 2021. Typically, these were instances where employees worked for 21 consecutive days or more, or where no time records were available for review. The majority of the findings pertained to the number of overtime hours worked which were not compliant with the local law or Reckitt policy, together with insufficient rest days. Several findings noted insufficient or missing working time records (start and finish times for all workers), preventing working hours from being verified. 90% of the working hours contraventions were in these three subcategories.

The majority of findings were identified in raw material and packaging suppliers, despite these two combined groups not having the highest number of audits. The raw material and packaging suppliers are newly included in our Responsible Workplace programme and had seen little or no engagement in this area before. Therefore, the highest number of average findings per audit was with raw material and packaging suppliers. Compared to co-packers, distribution and embellishment centres, which we have been engaging for several years, are therefore more mature in their responsible sourcing journey and understanding of Reckitt requirements. We will continue to focus on improving supplier capabilities and understanding of these issues in 2023 but are pleased to see a reduction in critical findings around working hours.

When we normalise the data by supplier type, it is clear that the majority of challenges are in our raw material and packaging suppliers. At country level, three countries have significantly more findings per audit than the rest, these being China, India and Thailand. Unfortunately, these were also the top three countries in 2021. This is mainly due to limited understanding from suppliers and also a gap between local legislation and the Ethical Trade Initiative (ETI) base code on working hours. Additionally, there is often weak enforcement in these countries on working hours.

We are looking to ramp up activities working to improve suppliers' understanding of compliant working hours through our audit and capability-building activities where we have a regional manager in all three of the countries with the most findings per audit around working hours. In 2022, we invited suppliers to attend AIM-Progress supplier training in Brazil and PSCI supplier training in China both of which had focus sessions on working hours. We are looking to co-host a similar event in India in 2023 and will continue to work with these suppliers to build their capacity to deliver sustained improvements in compliant working hours.

# 90%

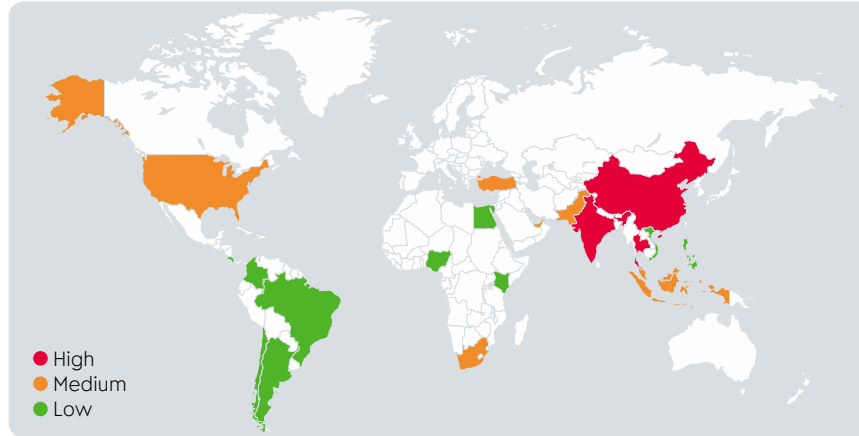
of the working hours contraventions were in three subcategories:

- Level of overtime hours worked
- Weekly rest day(s)
- Record keeping

APPENDIX CONTINUED

# WORKING HOURS

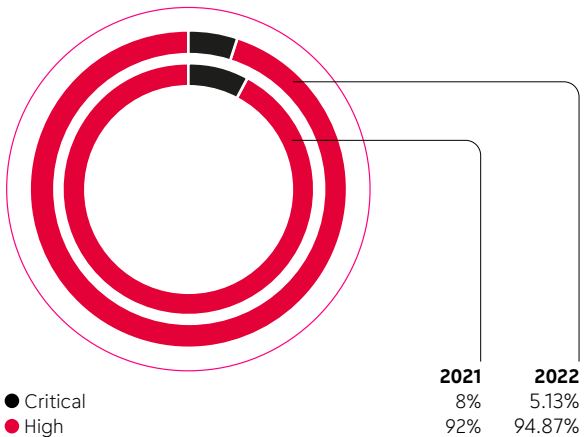
## NON-COMPLIANCE BY COUNTRY



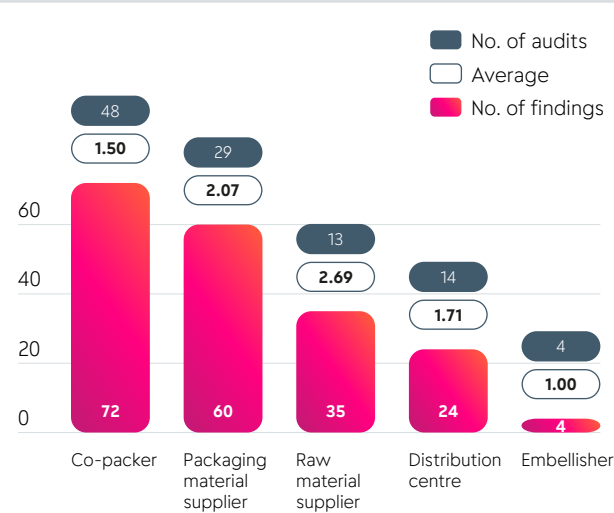
### AVERAGE

China	1.00	Bahrain	0.06
Thailand	0.83	Brazil	0.06
India	0.35	Colombia	0.04
Turkey	0.17	Chile	0.02
USA	0.15	Costa Rica	0.02
Malaysia	0.13	Vietnam	0.02
Indonesia	0.12	Argentina	0.00
South Africa	0.12	Kenya	0.00
Pakistan	0.10	Nigeria	0.00
UAE	0.10	Philippines	0.00
Egypt	0.08		

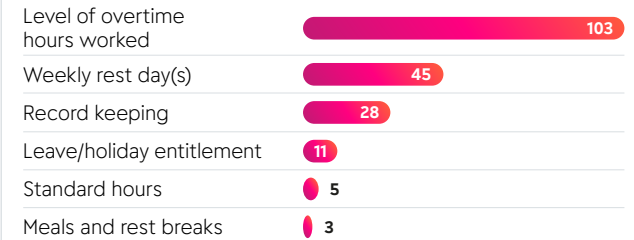
## NON-COMPLIANCE BY SEVERITY LEVEL BY YEAR



## NON-COMPLIANCE BY SUPPLIER TYPE



## NON-COMPLIANCE BY SUBCATEGORY





## APPENDIX CONTINUED

# FAIR WAGES AND WAGE PRACTICES

Fair wages are another salient issue identified in our scoping. Ensuring that employees are paid fair and legal wages is paramount and there is a direct correlation between fair wages and other important areas such as working hours and quality of products.



If wages are below the living wage, then employees often work longer hours or have multiple jobs to provide for themselves and their families. This commonly results in more errors, higher employee turnover, higher onboarding and quality costs, and worse employee safety. Sometimes, if there is the local, legally required, minimum wage, it may not be paid. In other cases, that local legal wage can still be below a living wage where the regulation lags behind the rising cost of living.

From the findings on wages identified in 2022, 92% were categorised as zero tolerance, high or critical severity, which is the same as the previous year. Typical findings involved an absence of payment records, lack of provision for a premium rate of pay for overtime, workers not being paid on time and instances where the minimum (legal) wage was not being paid.

The majority of findings (65%) involved benefits (including insurance, payment of minimum or industry wages and accuracy/understandable contracts). This is commonly due to weak enforcement around wage practice. It is added to by limited understanding of this area from suppliers, particularly contract labour agencies working on-site. Most of the findings were identified in our co-packer base, but this was due to a large number of co-packer audits taking place in 2022. It should be noted that the average number of wage-related findings per audit was higher for co-packer than raw material suppliers. But our packaging supplier averaged the highest number per audit. India and China had the highest number of findings per audit, followed by Thailand.

We have been working closely with procurement teams in these countries to support suppliers in moving towards compliant working hours. The regional human rights team partners with suppliers through audit and collaborative capacity-building activities.

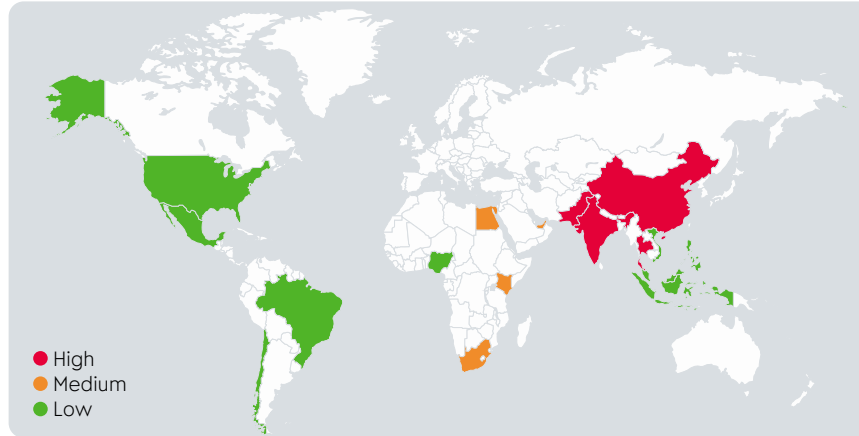
# 65%

of findings involved benefits  
(including insurance, payment of  
minimum or industry wages and  
accuracy/understandable contracts)

APPENDIX CONTINUED

# FAIR WAGES AND WAGE PRACTICES

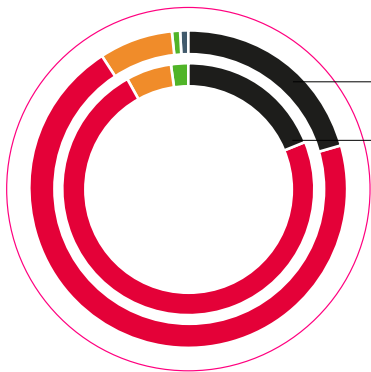
## NON-COMPLIANCE BY COUNTRY



### AVERAGE

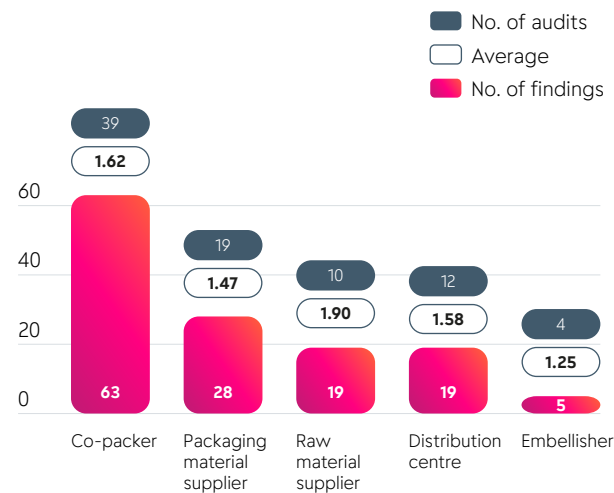
India	1.00	Malaysia	0.08
China	0.58	Indonesia	0.06
Thailand	0.47	Brazil	0.03
Pakistan	0.25	Chile	0.03
UAE	0.17	Mexico	0.03
Egypt	0.14	USA	0.03
Kenya	0.14	Vietnam	0.03
South Africa	0.11	Nigeria	0.00
Bahrain	0.08	Philippines	0.00

## NON-COMPLIANCE BY SEVERITY LEVEL BY YEAR

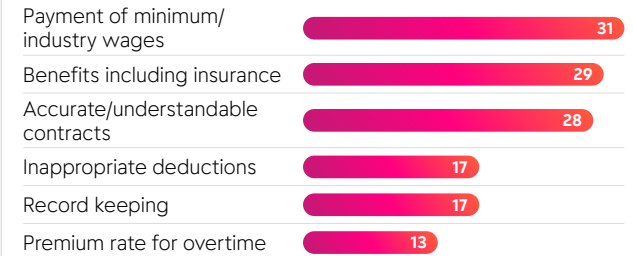


	2021	2022
● Critical	19%	20.74%
● High	73%	70.37%
● Medium	6%	7.41%
● Low	2%	0.74%
● Zero tolerance	-	0.74%

## NON-COMPLIANCE BY SUPPLIER TYPE



## NON-COMPLIANCE BY SUBCATEGORY



APPENDIX CONTINUED

# PROTECTION OF THE ENVIRONMENT

Human rights and the environment are intrinsically connected, with a healthy, clean and safe environment being important in upholding human rights for people around the world.



With increasing environmental disasters caused by global warming, more people are being impacted by climate change. We are seeing a growing understanding of the connection between **planetary health and human health**. Negative impacts often disproportionately affect more vulnerable people. As a result, Reckitt has focused on helping our co-packers to strengthen environmental compliance and improve environmental performance through our Supplier Environmental Performance Programme.

Of the 2022 findings, 73% were categorised as high or critical severity, which is a 7% increase compared to 2021. Typically, these involved waste management issues such as inadequate storage or disposal of hazardous waste and disposal permits that were inadequate or unavailable. Other common subcategories were general environmental policies and insufficient environmental management systems. The majority of findings (72%) involved waste management, general environmental compliance and insufficient environmental management systems. The main countries involved were India, Pakistan and China. Through our programme, we are engaging our co-packers around improving their environmental practices. All co-packers are required to share with Manufacture 2030 their energy, water and waste metrics along with action plans to reduce their footprint. In 2022, our suppliers completed 654 actions around environmental improvements.

Contrary to our other salient human rights issues, distribution centres had the most issues, closely followed by raw material suppliers, which had the most non-compliances around protection of the environment. We are planning on expanding our Supplier Environmental Performance Programme to raw material suppliers in 2023, and will further engage with distribution centres too.

During 2022, we analysed the data and created supplier reduction targets. We developed a novel approach to segment our suppliers in the programme and focus on partnering with the ones with the highest environmental impact. Off the back of this, we launched our Supplier Environmental Performance Programme in partnership with **Manufacture 2030**.

We believe that we all have a role to play in combatting climate change and as a result we will ensure that our suppliers continue to receive support from Reckitt and ongoing expertise and assistance from Manufacture 2030. We also launched three dynamic workstreams around Supplier Environmental Performance. These focus on data, water and energy and Power Purchase Agreements. Additionally, in 2023 we are looking at increased collaboration in this space with our peer companies along with green finance solutions.

**SUPPLIER ENVIRONMENTAL PERFORMANCE PROGRAMME – 2021-2022 HIGHLIGHTS**

962

actions completed by suppliers to reduce environmental footprint

5.44m

metric tonnes of carbon saved

507,022

m<sup>3</sup> of water savings

4.94m

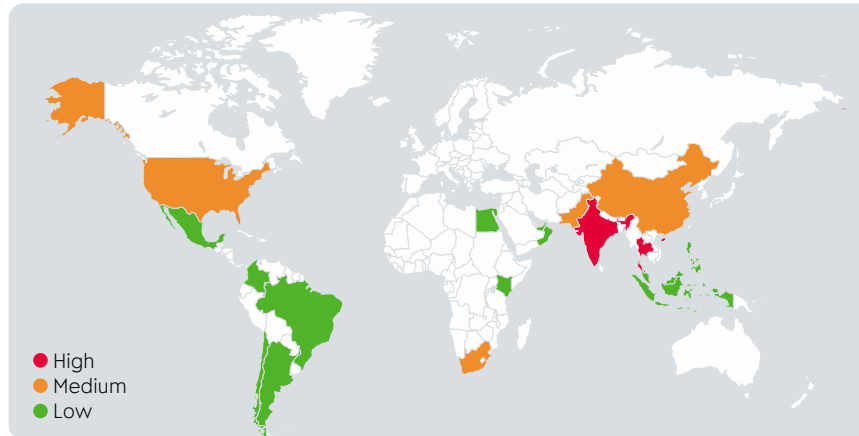
kg of waste savings



APPENDIX CONTINUED

# PROTECTION OF THE ENVIRONMENT

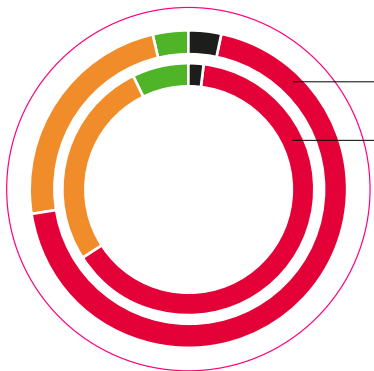
## NON-COMPLIANCE BY COUNTRY



### AVERAGE

India	1.00	Malaysia	0.05
Thailand	0.29	Egypt	0.02
China	0.17	Indonesia	0.02
South Africa	0.14	Philippines	0.02
Pakistan	0.10	Argentina	0.00
USA	0.10	Brazil	0.00
Bahrain	0.07	Kenya	0.00
Chile	0.07	Oman	0.00
Mexico	0.07	UAE	0.00
Colombia	0.05		

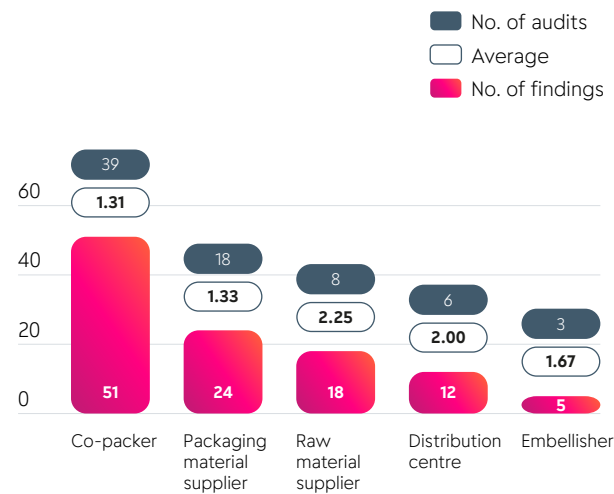
## NON-COMPLIANCE BY SEVERITY LEVEL BY YEAR



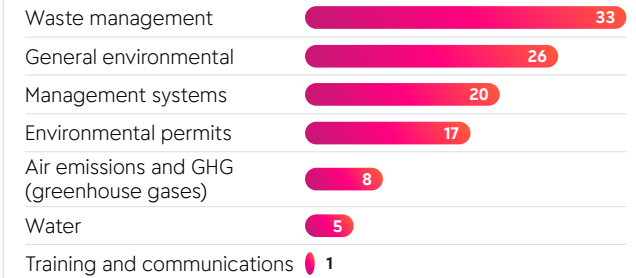
● Critical  
● High  
● Medium  
● Low

	2021	2022
Critical	2%	3.64%
High	64%	69.09%
Medium	27%	23.64%
Low	7%	3.64%

## NON-COMPLIANCE BY SUPPLIER TYPE



## NON-COMPLIANCE BY SUBCATEGORY



**APPENDIX** CONTINUED

Globally, Reckitt Benckiser Group plc has various policies, processes and programmes in relation to ethics, compliance, human rights and modern slavery that cover multiple subsidiaries and related entities around the world, including RB (Hygiene Home) Australia Pty Ltd and Reckitt Benckiser (Australia) Pty Ltd (Reckitt Australia). The policies, processes and programmes relating to modern slavery and human rights are implemented by Reckitt and are applied consistently across the world. Furthermore, due to the global nature of our supply network, suppliers are shared across regions and the procurement teams work together.

This statement was prepared in consultation with a wide range of functions and regions within Reckitt, including the procurement teams that help manage our modern slavery compliance and Reckitt Australia, which was consulted in the development of this statement prior to publication. It was approved by the Board on 3 May 2023 and by the relevant reporting entities.



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